

**Minutes of the Audit Committee AUD1011-5****Held on Monday 11 April 2011****In Room C108****Present:**

<b>Audit Committee</b>			
Garry Charles	Apologies	Adrian Stallard	
Rob Setchell	Member	Jill Jeffreys	Absent
Hollie King	Member	Harry Hodgkin	Parent Member
<b>In attendance</b>			
Peter Avery	Principal	Karen Williams	RSMTenon
Jane Scott	Clerk to Corporation	Marc Webb	Director of Finance
		Martyn Owen	Apologies

The meeting opened at 5.31 pm and was quorate throughout.

**PART 1 : MEETING FORMALITIES****1. Apologies for absence**

There were apologies for absence from Garry Charles; Adrian Stallard chaired the meeting in his absence. There were also apologies for absence from the Assistant Principal: Curriculum and Operations, Martyn Owen.

**2. Minutes of the Meeting held on Monday 31 January 2011 AUD1011-4**

The minutes of the meeting held on Monday 31 January 2011 were agreed and signed as a correct record.

**3. Matters Arising**

Reference AUD1011-4/I/3, the matter is dealt with in the agenda for the current meeting.

Reference AUD1011-4/I/1, the matter is dealt with in the agenda for the current meeting.

Reference AUD1011/II/4, RSMTenon had been able to provide some benchmarking information in respect of performance management, and will provide additional information in respect of data protection. It was also confirmed that further analysis of the performance management information will be undertaken with specific reference to the College.

There were no other matters arising which are not dealt with under the agenda for the current meeting.

**PART II ISSUES FOR THE MEETING****1. Risk Management Action Planning**

The Principal highlighted a number of points associated with overall risk management action planning within the College:

- College representatives will attend the Sixth Form Colleges conference in Cambridge, a key opportunity to develop a greater understanding of the impact of changes in the sector.
- Following recent staffing changes to IT and CIS services within the College, there has been an opportunity to complete a planned reorganisation and integration of both these facilities, creating a synergy and efficiency of operation which will be further reinforced through the out-sourcing of some functions, notably the development of the College web site.
- The outcome of the College bid for funds from the Building College Improvement Fund is still awaited, and governors will be advised about this at the earliest juncture.
- In respect of Education Maintenance Allowance, the College understands that those students currently in the lower sixth currently receiving £30 per week will next year be in receipt of £20 per week. It is anticipated that the College may receive some £140k of funding in respect of supporting learners, but the criteria for the administration of this funding are still unknown.

The reduction in funds for student support may have a negative impact on how students decide on their place of study, with the only option being for them to attend the nearest place to their home. However, there is currently no evidence of a decline in applications to the College.

The College will take every step to ensure that there is improved targeting of support funding, and it is anticipated that changes to the way in which information is gathered will ensure that students know their entitlement at the start of their course in September.

- The College is currently negotiating with Pursuit Training in order to develop training partnership arrangements.
- A staff meeting on 31 March 2011 provided the opportunity for all staff to learn about the impact of the Comprehensive Spending Review and the specific implications for the College. Staff are currently working with members of the management team to seek ways in which savings can be secured in respect of 2011-12, and the final staffing position should be known by the end of the current term.

In respect of risk management of the activities associated with Business and Professional Development, the following points were noted:

- The income generated by Business and Professional Development (BPD) activity is critical to the overall financial health of the College. Any interruption to this income - much of it of a volatile nature - would necessitate cuts in spending. The costs of BPD activity, such as those related to premises, are subsumed within the overall College budget.
- Partnership arrangements with Pursuit Training, specialists in the field of care training, provide an opportunity for the College to stretch the geographic field of

its activity. Income from this activity is generated on the basis of actual activity completed. Members received an assurance that retention to and completion of course in respect of students working with Pursuit is sound, with the completion rate above the sector norm.

- The College continues to monitor the success of Accountancy Plus, a significant competitor in the field of accountancy training. Accountancy Plus places emphasis on an on-line training facility. There is considerable potential to be afforded by the College seeking ways in which it might work in close collaboration with Accountancy Plus, or how it might profit from providing services which are complementary to those of Accountancy Plus - perhaps maintaining a focus on CIMA training, whilst Accountancy Plus maintains its focus on ACCA training.
- A new fee structure for higher education will affect the way in which the College works with its higher education partners, as well as in respect of its own work associated with Foundation degree courses. There is considerable potential for expansion of work at higher education level, currently restricted by the availability of accommodation. There are a number of potential options under investigation, including developing partnership work and enhancing in-house provision through externally accredited degree programmes.
- The current cohort of 34 international students significantly contributes to income generation within the College. Any increase to the intake of students would have to be balanced with the need to increase accommodation. The College Highly Trusted Sponsor status places the College in a strong position to positively market its services to an international market.

## 2. Review of Outstanding Audit Issues

The following points were noted in respect of Outstanding Audit Issues:

**Inventory for assets to be established** - action complete, remove from report

**Development of an IT inventory** - retain on report

**Review of Financial Procedures** - retain on report until the results of three month trial of a new system has been trialled in respect of the opening of post

**Terms of Reference of Project Board (Capital Planning Committee)** - action complete, remove from report

**Post Project Review** - retain on report pending completion

**Log of Lessons Learned** - retain on report pending completion of post project review

**Risk Management Action Plan to Include Separate Narrative** - action complete, remove from report

**Timetable for New Transport Plan** - action complete, remove from report

**College Information Security Policy** - retain on report

**Identification and Recording of Software** - retain on report

**Documented Process for Authorising User Accounts** - retain on report

**Documented Process for Disabling User Accounts** - retain on report

**Encryption of Data** - retain on report

**IT Disaster Recovery Plan** - retain on report

**Dissemination of Policy Information to Staff** - retain on report

**Terms of Reference for all College Boards** - retain on report

**Register of Interests** - action complete, remove from report

**Governance Self-Assessment Process** - retain on report

**Data Protection Training** - action complete, subject to staff receiving an annual reminder/refresher, remove from report

**Comprehensive Audit of all Data** - retain on report

**Documentation of Procedure to notify Data Co-ordinator of changes to personal data** - action complete

**Verification of Personal Records** - action complete, subject to staff receiving annual reminder, remove from report

**Compliance with Section 7 of the Data Protection Act** - action complete, and subject to follow up by the Internal Audit Service, remove from report

**Restriction of email Communication of Personal Information** - retain on report

**Creation of Proforma Template for Business Case** - action complete, remove from report

**Additional Risk Management Analysis** - action complete, remove from report

**Review of Controls on Risk Management Action Plan** - action complete, remove from report

Rob Setchell recommended that the identified issues above be removed from the Outstanding Audit Issues Report, seconded by Harry Hodgkin, and agreed *nem con*.

### 3. Internal Audit Reports/Progress Report

#### Corporate Governance and Risk Management 3/10/11

Of four recommendations, three were low priority and one medium priority. The meeting noted that action was complete in respect of following up missing/incomplete Risk Register entries (low priority). Work is in hand on establishing a system to ensure that all staff are made aware of new and updated policies (medium priority). Similarly, work is also in hand to ensure that the College Teaching and Learning Board and the Support Services Board have terms of reference which ensure that a risk management approach is embedded into all the work of the committees (low priority). The Search Committee is currently working on strengthening the governance self-assessment process and all governors will be expected to participate in the annual process (low priority).

#### Human Resources - Recruitment and Selection 4/10/11

Having noted that the internal audit field work was based on a period when the Personnel Director had been absent on maternity leave and a temporary member of staff had been administering the recruitment and selection process, members were advised that there were four medium priority findings, and two low priority findings.

In respect of the recommendation that procedures should be updated to reflect all

processes (medium priority), the College must ensure that the procedure for non-standard appointments is set out.

The College must also ensure that all adverts are signed by the Principal as evidence of authorisation to recruit, and implement a document to record the authorisation for recruitment which is unadvertised to ensure transparency (medium priority). Although the Personnel Director had requested that this recommendation be considered low priority, the Internal Audit Service noted that the authorisation is necessary on the grounds that there is a financial commitment and that to omit the authorisation would be non-compliance. The recommendation was retained as medium priority.

In respect of the medium priority recommendation that the College should ensure that the shortlisting exercise is fully appropriately documented on the shortlisting forms and retained on file, there was some discussion about whether this should be part of the same recommendation as the College ensuring that officers complete interview notes and that scoring information should not be retained if not required (low priority). The Internal Audit Service reserved a preference to retain these as two separate recommendations. It was noted that the shortlisting stage is critical, and that the interview relies on the quality of comments, not on interview notes. The medium priority recommendation relating to the full implementation and recording of the PRAD process is a matter subject to on-going monitoring and review, and a standing item of business at meetings of the Personnel Committee. The low priority recommendation about date stamping application forms was recognised as good practice, although it is not currently part of the College recruitment and selection policy.

The current cycle of internal audit fieldwork is on schedule, and the Internal Audit Service will make arrangements to discuss the draft audit plan for 2011-12 in due course.

#### 4. External Audit Planning

The meeting noted that in seeking the view of the Finance and General Purposes Committee, they had been informed that the Finance and General Purposes Committee considered that the College would be well-served by an external audit process which covers the basic requirements of the Audit Code of Practice in respect of regularity auditing, and that the services of the Internal Audit Service continue to be used to provide not only the basic internal auditing process, but also any additional specialised sector advice/work which the College identifies as necessary. The Audit Committee noted that the regularity auditing process must be of a sufficiently robust nature to ensure that there is sufficient challenge for members to receive the assurances necessary to sign off the annual accounts, and that fieldwork should provide a robust testing of fundamental sources. It was considered that external audit fieldwork could only be undertaken by an audit team with a sound understanding of the sector.

It is anticipated that the invitation to tender for external audit services will be issued in late August 2011, and that presentations in respect of tendering will take place later in September 2011. The meeting was of the view that the tender process should ensure that the College is offered a range of competitive pricing from those invited to tender, and that those invited to tender should be drawn from local, regional and national firms.

***Action: Adrian Stallard and the Clerk to the Corporation to collaborate on drafting of invitation to tender ready for the next meeting of the Committee.***

**5. Code of Governance**

The Clerk to the Corporation noted that the consultation process associated with the introduction of a Code of Governance has become protracted and incoherent, particularly as the Sixth Form Colleges Forum has not yet formally reported on the consultation process specifically in respect of the sixth form colleges sector.

Whilst the outcome of the consultation process still seems unclear, it is anticipated that the sector will be required to 'comply or explain' in respect of a set of best practice guidelines. The Clerk to the Corporation had provided a summary position of the Corporation/College position viz a vis the currently drafted Code of Governance. Whilst it is not anticipated that this draft Code in any way represents the final outcome of the consultation process, it has served as a useful process to review current practice. The Search Committee is being proactive in reviewing a number of issues associated with Corporation business.

Members will be advised of any update about the consultation process.

**6. Any Other Business**

RSMTenon had provided the Committee with a benchmarking report in respect of performance management, and was advised that further specific information about benchmarking in respect of the College would be provided as soon as possible.

There was no other business.

**7. Date of Next Meeting**

The date of the next meeting is 6 June 2011.

The meeting closed at 7.14 pm.

Chair.....

Date.....