

Minutes of a Meeting of the Audit Committee AUD1112-2**Held on Monday 17 October 2011 at 5.30 pm****In Room W108 in the Willow Building****Present:**

| Audit Committee | | | |
|------------------------|----------------------|-----------------|--|
| Garry Charles | Chair | Adrian Stallard | Apologies |
| Rob Setchell | Member | Jill Jeffreys | Absent |
| Hollie King | Member | Harry Hodgkin | Apologies |
| In attendance | | | |
| Peter Avery | Principal | Marc Webb | Director of Finance |
| Jane Scott | Clerk to Corporation | Martyn Owen | Assistant Principal: Curriculum and Operations |
| K Williams | RSMTenon | Charles Evans | Francis Clark LLP |

The meeting opened at 5.32 pm and was quorate throughout.

1. Apologies for absence

Apologies for absence are recorded above.

2. Declarations of Financial Interest

There were no declarations of personal or financial interest in the business of the meeting.

3. Minutes of the Meeting held on Monday 6 June 2011 (AUD1011-6) and Monday 3 October 2011 (AUD1112-1)

The Minutes of the meeting held on Monday 6 June 2011 were agreed and signed as a correct record subject to an amendment in AUD1011-6/II/1 in respect of the Bribery Act to read '...the College is making progress towards further embedding all the requirements contained within the Corporate Manslaughter and Bribery Acts into cross-college culture/ethos.'

The Minutes of the meeting held on Monday 3 October 2011 were agreed and signed.

4. Matters Arising

Reference AUD1011-6/II/2 Internal Audit Plan, members noted that the College is looking at a number of areas of activity which could be usefully benchmarked, including safeguarding and post-19 peer referencing. In order for the process to work effectively, it would be helpful to work with one institutional partner and to consolidate such links. The College is actively working towards engaging in new areas for benchmarking.

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

5. Review of Business Items from 2010-11 Retained as Closed Business

There were no items of Closed Business which had been retained from publication during 2010-11.

PART 2

1. Update on Financial Statements/Regularity Auditing for Year Ended 31 July 2011

The representative from Francis Clark LLP noted that much of the preparatory work in respect of preparation of the Members' Report and Annual Financial Statements had been completed in advance of the current meeting. Audit field work had taken place at an early juncture following the financial year end. Subject to similar time planning during subsequent years, it would be useful for the Committee to approve the plan of work before the financial year end in question. The auditors will be undertaking a detailed examination of figures and examining areas of accounting judgment. There has been no detailed analysis of controls systems as this work forms part of the remit of the Internal Audit Service upon which the External Auditors place reliance. It is considered that the College is well controlled. In noting the level of materiality for audit findings, members were advised that this is usually 1% of turnover, but that at some £105k this level would have a significant impact on the financial viability of the College. The level of materiality determines the sample sizes of audit investigation. Looking forward, Financial Reporting Standards could make a difference to the disclosures which the College must make. Changes to reporting standards are still at the consultation stage, and with a requirement for the sector to re-write specimen accounts in due course.

Garry Charles recommended the external audit plan for approval by the Corporation. This was seconded by Rob Setchell and agreed *nem con*.

2. Risk Management Action Planning

As information in respect of risk management action planning had not been available until the time of the meeting, members deferred consideration of the Risk Management Action Plan to the next meeting of the Committee.

Members noted that significant progress has been made during the recent period to lessen/diminish the risk scores and their potential impact on the College. The management restructuring which had taken effect at the start of 2010-11 had provided considerable energy for risk management processes to be refined and strengthened, with senior management at Assistant Principal level in closer touch with staff across the College. Any internal audit fieldwork in respect of risk management processes will look at previous weaknesses and check progress/follow up in respect of those weaknesses. Internal audit fieldwork in respect of IT and Disaster Recovery will be the first test of strengthened risk management processes.

3. Consideration of Internal Audit Reports

In consideration of the Follow Up Report 6.10.11, members noted that good progress had been achieved in respect of responding to previous audit recommendations. The results of fieldwork testing concur with the information contained within the Outstanding Audit Issues Report. There was one minor finding in respect of the raising of invoices, which has now been addressed.

Members noted that prompt response/action by the College in respect of draft internal audit reports, and subsequent reporting to the Audit Committee help to

underpin an effective internal audit process.

4. The Annual Report of the Internal Audit Service

Members noted that the assurance provided by the Internal Audit Service was clean and unqualified. The audit of data protection had given rise to a 'red' opinion, but members were assured that this opinion did not reflect the overall assurance, rather that one of the practical data protection issues had never been exposed to practical testing. Members were satisfied that the Annual Report gave assurance in line with the requirements of the Audit Code of Practice.

Rob Setchell recommended the Annual Report of the Internal Audit Service for approval by the Corporation. This was seconded by Garry Charles and agreed *nem con*.

5. Update/Progress Report on Internal Audit Services 2011-12

Field work associated with the Internal Audit Plan for 2011-12 has not yet commenced, but practical arrangements are in hand, with the first audit taking place during November 2011.

6. Consideration of Outstanding Audit Issues

- Review of Financial Procedures - opening of post

The College is currently evaluating the three month trial period of post opening. The issue will be retained on the Outstanding Audit Issues Report until the Committee receives further information about the exercise.

- Terms of Reference for College Boards

The Committee noted that there had originally been two College Boards in respect of Teaching and Learning, and Support Services. However, the recent Integrated Quality Enhancement Review (IQER) had recommended that the College also create a Higher Education Board. A Higher Education Board recently met for the first time. The College must now develop terms of reference for each of the three boards which bring a cohesiveness of approach. Meetings are an opportunity for strategy to be communicated and appropriate action instigated via senior managers. Further developmental work will be undertaken, and the Principal will provide the Committee with further information at the February 2012 meeting of the Committee.

The Committee noted completion of action in respect of the following issues:

- Development of an IT Inventory
- Documented process for establishing/disabling user accounts
- Compliance with Section 7 of the Data Protection Act
- Restriction of email communication of personal information
- Recruitment and Selection Procedures to reflect all processes used

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

7. Framework for Excellence: Financial Management and Control Evaluation

The Clerk to the Corporation advised members that the College would be completing a full submission in respect of the current Financial Management and Control Evaluation (FMCE) questionnaire, and that the Committee would be required to recommend the

approval and signing off of the FMCE by 30 November 2011. A recommendation to the Corporation would mean that the Corporation gives its retrospective approval to the document. The Committee requested that all members of both the Finance and General Purposes Committee and the Audit Committee be advised of imminent reporting deadlines.

Action: Clerk to Corporation to remind FGP/Audit Committee members of forthcoming meetings and key business issues.

8. Work Towards Preparation of the Committee's Annual Report to the Corporation

Members noted the content of the draft annual report. In addition to some minor typographical errors, it was noted that the report could not be completed until such time as the Members' Report and Financial Statements had been presented to the Committee by the External Audit Service. The Committee will finalise the draft annual report at its meeting on 21 November 2011.

9. Any Other Business

Members were advised of the recent Office for National Statistics announcements in respect of the potential de-regulation of colleges. Risk Management Action Planning does not currently include provision in respect of the changes which could be required if plans proceed. Until further substantive information is available to the sector generally, the College will continue to deal with the demands of current curriculum and financial planning issues.

10. Dates of Next Meetings

Audit Committee - Monday 21 November 2011

Joint Meeting with Finance and General Purposes Committee - Monday 14 November 2011

Presentations by External Audit Service Providers: Wednesday 23 November 2011

11. Closed Business

The External Audit Service providers selected to present their tenders to the College had been invited to attend the College on 23 November 2011.

Arrangements in respect of the audit presentations were discussed. It was agreed that there would be a core set of questions, plus scope for members to ask questions as circumstances dictated. The Finance and General Purposes Committee will also be asked for its input in respect of the type of information it would like to secure from the presentation process. The Clerk to the Corporation will provide members with a set of exemplar questions which may be used as circumstances permit.

The Audit Committee must reach a recommendation to the Corporation for the appointment of External Auditors on 23 November 2011.

The meeting closed at 6.50 pm.

Chair.....

Date.....