

Minutes of the Audit Committee AUD1011-6**Held on Monday 6 June 2011****In Room C108****Present:**

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

The meeting opened at 5.34 pm and was quorate throughout.

PART 1 : MEETING FORMALITIES

1. **Apologies for absence**
2. **Minutes of the Meeting held on Monday 11 April 2011 AUD1011-5**
The minutes of the meeting held on Monday 11 April 2011 were agreed and signed as a correct record.
3. **Matters Arising**
There were no 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 noted that the Risk Management Action Plan has been updated to reflect the final changes during the current academic year. The following points were noted in discussion:

- The Assistant Principal: Curriculum and Quality and a member of staff will deliver a presentation at a national conference on the practical use of social networking sites as part of learning resources.
- 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 imminent retirement of the Manager of the Learning Resources Centre has created an opportunity to progress the transformation of IT/CIS services. There was a strong list of applicants for the vacancy.

- In respect of day-to-day operations, health and safety, fire procedures and examinations have all been operating smoothly. A weekly fire bell procedure has been introduced. The College had not received a visit from an examinations moderator.
- The College had not yet received formal confirmation about the capital build grant, or the first payment, but it was anticipated that there would not be any issue with the award.
- The College had anticipated that the new scheme in respect of the county bus ticket would have been published by 31 May 2011. There was still no substantive information in this respect, giving rise to some anxiety on the part of the College and potential students of the College. Significant changes to the county bus ticket scheme would impact on all Somerset colleges, and it is anticipated that there would be concerted action by all colleges if the cost of any new scheme impacts more severely than the originally anticipated one.
- The College is still awaiting further substantive information about how the replacement scheme for Education Maintenance Allowance will be administered.
- In-year activity in respect of Business and Professional Development has been positive, with the College portfolio of activity increasing. The College is careful to always adopt a system of due diligence with prospective partners.
- Careful staff planning has resulted in some £315k of savings in the budget for 2011-12.
- It is anticipated that recruitment to upper sixth will not fall below 890 students. The Committee noted that growth will ultimately be restricted by the constraints associated with the size of the campus.

Adrian Stallard recommended that the Risk Management Action Plan be approved by the Corporation, seconded by Garry Charles, and agreed *nem con*.

The Committee noted that at the next review of the Risk Register, the Senior Management Team should consider the number of risks having the highest risk scores, and take action to ensure that all risks reflect the actual current level of risk.

In respect of Business and Professional Development activity, the following points were noted:

- Higher education activity is strong, with outcomes for students at the same level as with the partner universities. An inspection of the College will determine whether the College is able to provide a true higher education culture, rather than a further education culture.
- In respect of accountancy courses, the College is taking steps to develop its on-line training facilities, complemented by the good seminar facilities which it offers. The College is maintaining its competitive position with Accountancy Plus.

2. Internal Audit Plan for 2011-12

The Internal Audit Service noted that the audit plan for 2011-12 is based on the longer-term strategic audit plan and the requirements laid out in the Audit Code of Practice. Governance/risk management/financial planning have been merged into one audit, providing a timely means to examine long term planning within the College. There is no provision for a quality management audit - other means of assurance offer

benchmarking opportunities for the College in this respect. Sample testing in respect of funding income is an on-going requirement. Payroll controls have not been tested by the current Internal Audit Service; it is considered timely to undertake some work in this respect. Staff utilisation analysis will include some advisory and benchmarking work. The overall number of audit days has been reduced by four, to a total of thirty days, reflecting RSM Tenon's commitment to helping colleges plan their budgets in times of severe constraint. The annual uplift has been limited to 3%, making the total cost of the audit £12,630. The Committee sought advice on whether safeguarding could be included as part of internal audit provision, but noted that Ofsted has traditionally provided the formal audit of this process. It was agreed that the College could investigate options for peer referencing in respect of this issue.

Action: College to investigate options in respect of peer referencing of safeguarding arrangements

Adrian Stallard recommended that the internal audit plan for 2011-12 be approved by the Corporation, seconded by Rob Setchell and agreed *nem con*.

3. Consideration of Internal Audit Reports

Agency Funding 5.10.11

The Committee noted that the Internal Audit Service has maintained a strict interpretation of the guidance associated with the signing of learner forms. The single recommendation noted in the audit report concerned sampling where a pre-enrolment form was signed by the parent, not the learner. Whilst the College noted the guidance in respect of the learner signature on learner agreement forms, it was considered appropriate for the pre-enrolment form to be amended to reflect a requirement for the parent to sign the questions relating to nationality, rather than the learner. It was agreed that the Internal Audit Service would re-issue the report reflecting this action.

Action: Internal Audit Service to re-issue report 5.10.11 reflecting the College undertaking to amend the pre-enrolment form

4. Review of Outstanding Audit Issues

The following actions were agreed in respect of outstanding audit issues:

- Development of an IT inventory - retain on report
- Review of Financial Procedures - retain on report pending review of three month trial of new post opening procedures
- Post project review - action complete, remove from report.

The Committee noted that the recent capital project was £3k over the total budget - with overspend on building and underspend on furniture, The College had recruited an additional fifteen students who would not otherwise have come to the College if there had been no course in photography. Sixty students take photography as part of the chosen programme of study. Without the fifteen students, the College would have received some £60k less of funding. Current applications for photography are strong, necessitating individual review of each application. At the most recent data collection point, current photography students had achieved a 100% match against minimum target grade (MTG).

- Log of lessons learned - action complete, remove from report
- Publication of College information security policy - action complete, remove from report
- Identification and recording of software not subject to campus agreement - a trial of the new system has been undertaken, action is complete, remove from report
- Documented process for authorising establishment of network accounts - retain on report
- Documented process for disabling user accounts - retain on report
- Encryption of data - action complete, remove from report
- IT Disaster Recovery Plan - retain on report
- Dissemination of Policy information to staff - retain on report
- Terms of Reference for College Boards - retain on report
- Governance Self-Assessment Process - retain on report
- Comprehensive audit of all data - retain on report
- Compliance with Section of the Data Protection Act - retain on report
- Restriction of email communication of personal information - retain on report
- Recruitment and Selection Procedures to reflect all processes utilised in recruitment of staff - retain on report
- All Adverts to be signed off by Principal - action complete, remove from report
- Shortlisting Exercise fully documented and retain on file - action complete, remove from report
- All Staff subject to PRAD - action complete, remove from report
- Date stamping of application forms - action complete, remove from report
- Identification of interview officers and potential removal of scoring process - action complete, remove from report.

The actions above were recommended for approval by Garry Charles, seconded by Hollie King, and agreed *nem con*.

Members noted the content of the Post Project Review of the Juniper Building. Although the project had ultimately been £3k over budget, the College had secured at least 15 additional students who would not otherwise have attended the College. The 15 students had resulted in an additional £60k of funding for the College. Applications in respect of photography had been very buoyant, with 60 students taking photography in its first year of operation. There were around forty students taking graphics. Performance in AS photography is anticipated to be 100% Minimum Target Grade (MTG) match. Applications for AS photography in 2011-12 are strong.

Members noted that the current capital building projects must be strictly monitored in order to eliminate any overspend. The building project in respect of the six new classrooms is significantly less complex than the Juniper Building project and should

therefore avoid any requirement for amendment to building specification during the project.

5. Schedule of Meetings for 2011-12

Members noted the proposed schedule of meetings, and the necessity to incorporate timely meetings to deal with the consideration of tenders in respect of External Audit Services for 2011-12 and beyond. Garry Charles recommended the calendar of meetings for approval by the Corporation, seconded by Rob Setchell and agreed *nem con*.

6. Any Other Business

The Principal noted that the draft Development Plan had been subject to significant discussion and review by all members of the Corporation, and that the Plan would be used be adopted as the starting point for financial and other planning as budgetary information for the planning period becomes available during the coming months.

7. Date of Next Meeting

Members of the Committee will meet at 4.00 pm on Monday 3 October 2011 in order to short list the tenders for External Audit Services.

8. External Audit Planning

Members noted the draft paperwork associated with the invitation to tender for external audit services. In reviewing how presentations from prospective providers should be assessed, members agreed that 55% of scores should be attributable to quality, and 45% to risk management and the value added by the services.

It was noted that it is not possible for Internal Audit Services and External Audit Services to be provided by the same organisation.

The meeting closed at 7.37 pm.

Chair.....

Date.....