

## Minutes of the Audit Committee held on Tuesday, 15<sup>th</sup> April 2008

Present: Mr N Hainsworth (Chair)  
Mr B Dugdale  
Mr P Brown  
Mrs C Atkinson  
Mr M Brannan

In attendance: L Swift (Head of Finance)  
J Stott (Clerk)  
S Shaw (Deputy Clerk)  
Karen Jamieson – TIAA (Internal Auditors)

Meeting commenced: 17:30 pm

Meeting closed: 18.12 pm

There were no apologies. However, P Brown had indicated that he would arrive late to the meeting.

### **01/08 Disclosure of financial and/or personal interest**

There was no disclosure of financial and/or personal interest.

### **02/08 To agree agenda and order of business as circulated**

The agenda and order of business was agreed.

### **03/08 To approve the minutes of the meeting held on 27<sup>th</sup> November 2007**

Page 4 – a colon to be inserted at the end of the last sentence.

The minutes were agreed as a true record.

### **04/08 Matters Arising**

Page 2 – it was noted that the Vice Chair of Audit Committee had received the amended set of accounts and approved them prior to the Corporation Meeting.

### **05/08 To receive a provisional Internal Audit Report**

The Internal Auditor presented the item.

The Committee noted the outcomes of the first Block internal audit report conducted in March 2008 as follows: -

Strategic Planning (Appraisal Review) – Outstanding  
IT Physical Security / Environment Controls (System Review) – Good  
Curriculum Planning (Appraisal Review) – Outstanding  
Risk Management / Risk Register (Appraisal) – Outstanding

The Head of Finance informed the Committee that the scheduled audit of "Quality Control" had been postponed until the next Audit Block.

It was noted that the Management Action Plan arising from the IT Physical Security / Environment Controls system review circulated with the papers (draft dated 17<sup>th</sup> March) contained 5 recommendations. None of these were deemed "urgent". One was deemed to be "important" and required a copy of the IT equipment loan form to be supplied to the person borrowing the equipment.

The Internal Auditor was satisfied that Management Response to the Action Plan was acceptable. However, at 13.3 of the Management Action Plan, she suggested that manual checks be instigated as a matter of course on all system accounts that had remained "dormant" for 3 months or more.

17:36      Phill Brown arrived.

A discussion followed on the subject of "dormant accounts" and the need to retain "user" accounts for part-time lecturers and other staff who may not be able to access the accounts for periods of time. The Internal Auditor advised that it would be sensible to suspend such accounts until they were needed again.

In response to a request for clarification from a Member regarding Report Recommendation 13.3 on page 6 of the report: "consideration to be given to reviewing the financial limit at which an item is required to be capitalised and added to the asset register", the Head of Finance explained that the financial limit was £500 but that all computer equipment was included in the asset register.

The Head of Finance pointed out that this recommendation had been removed from the final version of the report since the Auditor had agreed, following issue of this draft report that the current arrangements were acceptable.

The draft report (17<sup>th</sup> March ) was received.

17:43      The Internal Auditor left the meeting.

**06/08      To undertake a review of the key performance indicators for Tenon**

The Committee noted that all indicators had been met.

College Management were satisfied with the service and approach taken by Tenon to date.

There were no further comments and the report was received.

**07/08**

**To receive a progress report on the operational effectiveness of the Risk Management Plan**

The Head of Finance presented the report in detail and drew particular attention to the following:

1(b) Achievement of 16-18 and Level 2/3 19+ LSC Student Number targets

Management were expecting some under-achievement of overall adult numbers. However, it was noted that, despite this, the 19+ Level 2 and 3 targets to increase provision in line with LSC priorities were expected to be achieved.

2(h) It was noted that the impact of Capital Project Feasibility Study fee costs was likely to be small since funding had been received from the LSC and the Local Enterprise Grants Initiative (LEGI) to support this work.

2(j) The College had returned to Band A Financial Status.

2(k) The forecasts for 08-09 had incorporated a 2.5% pay increase. It was noted that UCU were pressing for a 6% rise and that a one day strike was proposed for 24<sup>th</sup> April 2008. Management were not sure at this stage how many Shipley College lecturers would join the strike.

A Member asked whether risk element 9(e) remained a potent risk to the College. The Committee asked Management to re-consider this element with a view to down-grading its significance.

9(h) The Head of Finance confirmed that Management were modelling the likely impact of changes to the FE Funding Methodology. A particular area of concern was the effect on cash-flow of the proposed arrears payments for the Employer Responsiveness strand. She explained that the full impact of the changes was still being assessed. The College had received a provisional allocation for its 16-18 year old provision but the adult allocation would not be received until May.

Members of the Committee felt that it was important to be kept informed of changes to the funding methodology. The Head of Finance explained that Tenon had been asked to come in and deliver an input on the implications of the new funding methodology.

**08/08**

**To monitor the progress of the College in implementing recommendations made by Auditors**

The Committee received the report from the Head of Registry and Information Services which updated the Committee on progress with the audit recommendations from 2006-07.

Clarification was provided about the difference between "listed" and "load-banded" courses.

Members wanted to know whether all staff were clear about the importance of the paper trail and the Head of Finance and Clerk felt that this was the case. In particular, the Head and Deputy Head of Registry had led some staff development on this.

Committee Members expressed a wish to receive training focussing on the audit trail of a student from the moment of enrolment as this would assist them in understanding the processes involved. The Clerk noted this for a future meeting.

## **09/08 (a) Terms of Reference**

It was noted that there were no substantive changes to be made to the Terms of Reference, however, the following changes to the membership list were requested and agreed:

C Atkinson requested that her name be recorded correctly.  
M Brannan to be added to the membership.

In response to a question from the Chair, the Clerk confirmed that a new Chair of Corporation would be elected at the Corporation's May meeting and that this may result in further changes to membership of the Audit Committee.

Concerning the necessity of the Head of the External Audit Service to attend all Committee meetings, it was agreed that a note should be included in the July Audit Committee minutes concerning the necessity of the Auditor to attend the final Committee meeting of the calendar year.

## **(b) Identify any training needs for individual members or the Committee**

It was agreed that a training item be a regular item on the agenda of the April meeting of Audit Committee. It was agreed that an item on the auditable trail of a student from the moment of enrolment be included on the April 2009 agenda.

It was also agreed that, in future, the April meeting agenda could include an item to discuss the audit plan for the following year, prior to receiving and recommending it to Corporation in July.

## **10/08 Any Other Business**

- (a) It was noted that the Audit Committee to be held on 1<sup>st</sup> July would start at 5.30pm, to be followed by a Corporation Training item. Items for the agenda included the 2<sup>nd</sup> Block Audit Report, the Annual Report to Corporation and the Audit Plan for 08-09.
- (b) Mick Brannan gave his apologies for the July meeting.
- (c) Dates of meetings to December 2008

- (i) Tuesday 1<sup>st</sup> July 2008 at 5.30pm
- (ii) Tuesday 25<sup>th</sup> November 2008 at 6.30pm

There was no other business.

The meeting closed at 18.12pm.