

Minutes of the Audit Committee

Date: 1 December 2009

Present: N Hainsworth
P Brown
M A Awan
C Atkinson
M Brannan

In attendance: J Stott
L Swift
S Butler
J Holmes (Tenon)

Apologies: -

Meeting commenced: 17:30

Meeting closed: 18:50

27 /09 Disclosure of financial and/or personal interest

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

28/09 To agree agenda and order of business as circulated

Jonathan Holmes, the auditor from Tenon, was delayed in traffic so it was decided to push back items 6 and 7 if he had not arrived in time. Otherwise, the agenda and order of business were agreed.

29/09 To appoint

a) Chair of the Committee

The Clerk asked for nominations. Nigel Hainsworth was proposed, seconded and was happy to remain as Chair.

b) Vice Chair

The Chair asked for nominations. Phil Brown was proposed, seconded and was happy to remain as Vice Chair.

To take effect at the 20 April 2010 meeting

30/09 To approve the minutes of the meeting held on 9 June 2009

The minutes were approved.

31/09 Matters arising

There were no matters arising.

32/09 To consider the Draft Financial Statements to inform their review of the Management Letter of the Financial Statements Auditor and consideration of the statement on Corporate Governance

The Auditor had not arrived but, before deferring this item until later, members wished to point out that they had a number of things to raise concerning this report, including typos. The Head of Finance pointed out that Tenon would have to approve any suggested changes, so it was decided no discussions would take place until the auditor was present.

The Head of Finance invited members to approach her after the meeting with all their comments on the report.

This item will be raised again later in the meeting.

33/09 To consider a recommendation to the Corporation for the reappointment of Financial Statement Auditors under the terms of the existing engagement letter

The Head of Finance said the auditors, who are based in Nottingham, had been excellent throughout. We are one of the first colleges in the region to use them and they are now moving to other colleges in the area. We have a five year agreement with Tenon, currently in its fourth year. They have proved to be great value for money with no deadlines being missed. She informed the meeting we need to start thinking about renewal around Spring time ie at the next Audit meeting in April, as the final year is approaching. Following some discussion it was agreed that given the good experience with Tenon, they should be approached for a quote to extend the contract for the next meeting. If this was felt to be reasonable then the contract should be extended without a full tender. The Head of Finance to request F&GP approval of this process at the meeting next week.

Following a discussion the meeting agreed to recommend to the Corporation the reappointment of Tenon as Financial Statement Auditors for 2009/10 under the terms of the existing engagement letter
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34/09 To receive a report on the Funding Assurance Review Audit 2008/09

Members considered the report and raised a couple of queries

- Grade M indicates medium risk.
- 2.2.3 (Substantive Testing) found that for 10 out of 50 learners tested the start dates of their learning were inconsistent upon comparing the ILR and the learner's first date of attendance recorded on the register. The College agreed that in a number of instances the planned curriculum set up did not always reflect the actual start dates. This data entry issue will not occur in future, with the introduction of Curriculum Planner in UNIT-e and a report will be introduced to compare register start dates and ILR start dates.

The Report was received.

35/09 To consider the College's Draft Self Assessment of their Financial Management and Control Arrangements using the Financial Management and Control Evaluation document

The Head of Finance introduced the item, taking Members through the report and informing them that this report was an update on last year's and we have not changed any of the scores as there are no significant changes in the system.

Following a discussion the Audit Committee agreed to make a recommendation to the Corporation that the self-assessment of their Financial Management and Control Arrangements is graded as Outstanding.

36/09 To receive a progress report on the operational effectiveness of the Risk Management Plan

The Head of Finance presented the report informing Members that the Heads of Service Team (HOST) review the plan regularly. Each of the main risks were then highlighted to the group. Clarification was requested on RMP Ref No 2(n) on page 3. The SRIP funds are for community provision and these end in December 2009 as the external funding has dried up. The College has removed as much expenditure as it can and found other funding to help replace the SRIP funding lost. It is not a direct replacement, but other options are being sought to fill the gap for instance there is an enhancement bid in for £98k and the College should find out if it has been accepted in a couple of weeks.

The report was received.

37/09 To consider the Draft Financial Statements to inform their review of the Management Letter of the Financial Statements Auditor and consideration of the statement on Corporate Governance

The Auditor took members through this item, first giving a quick overview, then taking it page by page so members could make any comments.

Page 7 - it lists "net liabilities" as a resource. This was agreed that this wording be given further consideration by Tenon.

Pages 19 - 25 - these are Tenon's words so we have no choice about wording and content.

Page 25 - Property Strategy costs refer to Note 13, but no reference can be found there to the figures. This is because no further breakdown can be given on these particular figures not already shown on the face of the accounts.

Page 27 - General reserve costs refer to Note 22, but the figures can not be found there. It was agreed this could be misleading and that perhaps we need a sub-total on the balance sheet to make it clearer. The Head of Finance confirmed she will look into this in conjunction with Tenon.

Any additional comments on the grammar in the report were to be reported to the Head of Finance at the end of the meeting.

The report was received.

38/09 To receive a report from the Financial External Auditors on the Draft Management Letter for the financial year 2008/2009

The Auditor presented the report addressing key points.

One of the key points Tenon needed to address under regularity was the additional spend on the capital building project work after the LSC had asked for no further work to be committed. However, Tenon were satisfied that this was a correct use of funds, which resulted in documentation detailing six separate projects, so that any one of them can be picked up at any time if funding arises. The Head of Estates is currently looking at many different opportunities for funding.

The Auditor was thanked by the Committee.

39/09 To consider the Audit Committee's Annual Report 2008/2009 to the Corporation and the Principal

The Clerk presented the Audit Committee's Annual Report for work undertaken in 2008/09.

Following consideration of the report the Audit Committee agreed to recommend to the Corporation their opinion from information presented to the Committee that:

* The systems control reviews undertaken by both Internal and External Auditors have shown that the College is operating with economy and efficiency and give reasonable assurance regarding the effective achievement of the College's objectives

* The arrangements for risk management, control and governance processes have been adequate and effective; and

*The Governing Body's responsibilities included in the financial statements have been satisfactorily discharged.

40/09 To monitor the progress of the College in implementing recommendations made by Auditors

The Clerk informed Members that most of the recommendations had now been achieved.

The Report was received.

41/09 To consider the Performance Indicators for the Internal Audit Service

The Head of Finance confirmed that all of the indicators have been met.

The report was received.

42/09 To consider for recommendation to the Corporation the reappointment of the Internal Audit Service

The Head of Finance confirmed that we have a formal agreement with the IAS and there are no problems with that continuing.

Following a discussion the meeting agreed to recommend to the Corporation the reappointment of TIAA as Internal Auditors for 2009/10

43/09 To consider an update report on Partnership arrangements

The Head of Finance presented the Report saying that, along with the BACS contract, we have ongoing contracts with Job Centre Plus. The meeting was informed of a new initiative delivering training for the Security Sector. Although Security provides only a small income, it does provide us with more numbers which we need. Our relationship with Job Centre Plus is still emerging but could become a key area in the future.

44/09 To consider the Audit Committee's annual review of the Independence of the Clerk

Members had no issues with the report and agreed the independence of the Clerk had been maintained.

45/09 Any other business

a) Date of meetings to December 2010

- ❖ Tuesday 20 April 2010 at 6.30 pm
- ❖ Tuesday 6 July 2010 at 6 pm
- ❖ Tuesday 30 November 2010 at 6.30 pm

b) To decide which of the above items are reported to the Corporation in more detail

The Clerk confirmed that recommendations are highlighted in a box so are set out clearly for Members to see.