

Minutes of the Audit Committee
Date: 20 April 2010

Present: N Hainsworth
P Brown
M A Awan
C Atkinson

In attendance: L Swift
S Butler
A McCulloch (TIAA)

Apologies: M Brannan
J Stott

Meeting commenced: 18:30

Meeting closed: 19:30

The auditor, Andrew McCulloch, was introduced and welcomed to the meeting.

01/10 Disclosure of financial and/or personal interest

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

02/10 To agree agenda and order of business as circulated

The agenda and order of business were agreed.

03/10 To approve the minutes of the meeting held on 1 December 2009

The minutes were approved.

04/10 Matters arising

a) Tendering for External Auditing Services

The Head of Finance explained that, following the last meeting, she had approached Tenon for a quote which has now been provided. She cannot see that there will be any problems and it was noted that their increases were just inflationary. The Head of Finance Reported this action was checked with the LSC Provider Financial Assurance Team who agreed it was within the guidance in the Audit Code of Practice. Tenon have provided an excellent and smooth service so far with no delays, having always hit their deadlines. We also get very good added

value, for example, the Head of Finance was able to attend a Seminar on staff utilisation and we also received some free reports.

The Audit Committee agreed to recommend to the Corporation the re-appointment of Tenon as External Financial Statement Auditors for a further term of 3 years.

b) Financial Management Control Evaluation (FMCE) Document 2009/10

The Head of Finance informed members of the re-submission of this document which was necessary as the questionnaire had a small number of new questions that needed to be answered. Members' attention was drawn to the summary of grades on page 2, with the outcome being that the College had been validated as outstanding. The LSC had also agreed with this assessment.

05/10 To receive a provisional Internal Audit Report (visit undertaken February 2010)

Attention was drawn to the summary on page 1 of the report and the table which shows the system reviews as outstanding in all cases.

Page 3 of the report highlighted one minor recommendation on quoracy. It had been noted that there were often just three members present at the Curriculum and Quality Committee meetings and that one of the members was the (previous) Principal. This could be seen as a clash in the role of the Principal as an officer and as a member, so recommendation was given for consideration on the rules on quoracy.

In response to this, one member explained that, at the last Corporation meeting, the Clerk had mentioned the possibility at looking at a new structure of meetings. This might be something we can consider. If we have fewer committees, this may solve itself.

The Head of Finance finished by saying how pleased she is that the key financial controls are graded as outstanding, given that this is now based on the new finance software.

06/10 To give initial consideration to the Internal Audit Plan for 2010/11

The TIAA Auditor presented this item. TIAA had raised at their last visit that a review of the plan for next year was needed. The plans listed are for general consideration today. In terms of internal help, the Head of Finance was asked if there is anything she needs that is

not listed but she confirmed that most things come under the key financial controls so she is not aware that anything else is needed. One member asked, what do we feel we need currently on internal strategic planning and if the auditors can feed into this. He said that the Corporation has three roles:

- a) Community (which we do fairly well);
- b) Audit (which we do very well); and
- c) Strategic Planning

It was agreed that if we have a copy of the scope for the strategic planning review before the next meeting, this would be helpful to decide if this is what is required.

Attention was drawn to page 4 of the Internal Audit Strategic Plan showing all the systems, types of review and days required for each. Several areas were highlighted. It was explained that the Risk Register is very extensive. We have to cover IT as there are some issues with this. Also, with HR and recruitment there are a lot of changes in legislation plus lots of pending changes due with our curriculum planning. The curriculum process can be very different from one year to the next so TIAA were asked for the scope details for this review. Exam entries is also a big spend area so was added to the list.

The Auditor left the meeting at 7 pm.

07/10 To undertake a review of the key performance indicators for Tenon

The Head of Finance explained that there are no issues at all with this. Just one small typo was noted at number 10 which says ' designated contacted' instead of 'designated contact'. In summary, we just need to ask ourselves two things:

- a) Do they do what we pay them to do?
- b) Do they fit in with us?

The answer is yes in both cases.

08/10 To receive a progress report on the operational effectiveness of the Risk Management Plan

The Head of Finance took members through the report explaining that, last year, our financial health was satisfactory. The report shows all those risks currently assessed as 'significant'. Members were taken through the 6 high risk areas.

The forecasts are showing as 'good' for all three years and we are chipping away at this year's shortfall, as well as next year's. Risk 2g has now been removed - 'the effect of capital projects and changes to LSC Policy'. We have found alternative funds to replace SRIP funds for 2009/10 - one is a Skills for Jobs project with Craven College worth £40k and the other LSIS teaching and learning funds worth £14k.

The Risk Register is driven mainly from Head of Service input, as well as from Heads of Sector. The HOST team are in the process of consolidating the three separate risk documents into just one. The Corporation gets to see the Risk Register in July each year. Members said they would prefer the full Risk Register to come to the Audit Committee first and for the Corporation to receive just the main issues to concentrate on. The Head of Finance thought this a sensible approach and a good use of the Audit Committee, so will look into the feasibility of doing this and will check with the Audit Code of Practice.

For the future, one member requested that the report include a table of figures showing income target and where income or savings may be found to assist in the risk assessment decisions. The Head of Finance agreed to look into this.

09/10 To consider an update report on Partner Provision

The Head of Finance said there had been few significant developments here. The BACS (Bradford & Airedale Care School) relationship is in its final phase and coming to completion. We have a new agreement with Job Centre Plus with which we have struggled a bit, especially with Shipley, though they are starting to come round with more numbers coming through.

Two other new partnerships are with Trescom and Elite Top Guards. It is just a matter of building up the volume now. They have been making a lot of visits and it is all part of the unemployment contract which seems to be working okay. Our Workforce Development Team has been working on getting employers more involved with us and in maintaining those relationships. It was confirmed that we are not paid for all of the referrals, only for those that actually turn up, so this is a major risk which needs careful monitoring.

10/10

a) To note there are no proposed changes to the terms of reference

It was thought mid year is not the best time to consider any changes or not, so it was agreed to defer this item to the next meeting.

b) To identify any training needs for individual members or the Committee

It was noted that Tenon run some free courses so this is something to be considered. The Head of Finance will keep her eye open for things like that and inform the Committee accordingly.

11/10 Any Other Business

a) Dates of meetings to December 2010

- ❖ Tuesday 6 July 2010 @ 6 pm
- ❖ Tuesday 30 November 2010 @ 6.30 pm

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

- 1) The reappointment of Tenon
- 2) The key financial controls being outstanding