

Minutes of the Audit Committee 30 June 2009

Present: Mr N Hainsworth (Chair)
Mrs C Atkinson
Mr P Brown

In attendance: L Swift (Head of Finance)
J Stott (Clerk)
Peter Harrison – TIAA (Internal Auditors)

Apologies: Mr M Brannan, Mr MA Awan

Meeting commenced: 18.02 pm
Meeting closed: 18.55 pm

13/09 Disclosure of financial and/or personal interest

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

14/09 To agree agenda and order of business as circulated

The agenda and order of business was agreed.

15/09 To approve the minutes of the meeting held on 15th April 2008

The minutes were agreed as a true record

16/09 Matters Arising

a) 06/09: The Head of Finance informed the meeting that the Internal Auditors had agreed to regrade Income and Debtors to outstanding.

17/09 To receive the Internal Audit Report (2nd Visit undertaken in April 2009)

Peter Harrison of TIAA guided Members through the Report of the 2nd Internal Audit visit.

Members noted the summary outcome of the System Reviews conducted on the following five areas:

| | |
|--------------------------|-------------|
| Key Financial Controls | Good |
| Service Contracts | Outstanding |
| Student Welfare Services | Good |
| Estate Management | Good |
| Follow-up | Good |

Members asked Management about the input of payroll, which was part of the Key Financial Controls Audit. They questioned the fact that no subsequent check was made to confirm that the amount transmitted was the amount authorised. The Head of Finance provided an explanation of how the payroll was processed and agreed that there had been a shortcoming, which had been rectified immediately. She confirmed that a check had now been introduced to verify that the amount transmitted was the amount authorised.

Members commented on the Management Action Plan and asked if the description under the 'Probity Risk Column' could be made more meaningful or deleted. Members confirmed that they refer to the main body of the report to identify the main risk. The Internal Auditor agreed to take on board the comments of the Committee.

The report was received.

18/09 To receive the Internal Audit Annual Report 2008-09 for recommendation to the Corporation

The Internal auditor informed the meeting that they had carried out 10 system reviews, which had been designed to ascertain the extent to which the internal controls in the system were adequate to ensure that activities and procedures were operating to achieve the College's objectives.

Members noted that the grades were heavily weighted to 'Outstanding' and 'Good' and that in the opinion of the Internal Auditors, Shipley College has adequate and effective management, control and governance processes to manage its achievement of the college's objectives.

A member asked under the Internal Auditors opinion who the 'I' referred to.

Mr Harrison confirmed that the 'I' referred to a Partner of TIAA.

Following a discussion Members agreed to recommend the Internal Audit Annual report 2008/09 to the Corporation.

19/09 To consider the Internal Audit Plan for 2009-10 for recommendation to the Corporation

The Internal Auditor introduced the item and apologised that the paper had had to be tabled.

He referred Members to the Internal Audit Strategic Plan table 2009/10 to 2011/12 and the scope for the reviews that would be undertaken in 2009/10. He explained that with the introduction of a new Finance System 'Key Financial Controls' would be looked at again in 2009/10 along with 'Capital Development Programme'.

The Head of Finance informed the meeting that the 2009/10 Plan had been thoroughly considered by the Heads Of Service Team (HOST) and a number of changes had been proposed.

Following a discussion Members agreed to recommend the Internal Audit Plan 2009/10 to the Corporation.

**20/09 Mr Harrison left the meeting.
To recommend to the Corporation the reappointment of TIAA as Internal Auditors**

The Head of Finance introduced the item and informed the meeting that, although there had been one or two small matters she had taken up with TIAA, she confirmed that they are challenging and thorough in the way they undertake the audit. She confirmed that that the College wished to propose the recommendation to reappoint TIAA.

Following a discussion Members agreed to recommend to the Corporation the reappointment of TIAA as Internal Auditors.

21/09 To consider the External Audit Planning Memorandum for the year ended 31st July 2009

The Head of Finance presented the Planning Memorandum. She explained that the scope would remain the same as in previous years. The Audit Materiality would be £76k compared to £72k last year.

The Committee discussed two of the main Audit Risks as:

- 1 FRS 17 Accounting for Pensions; and
- 2 Capital development costs.

The report was received.

22/09 To consider the outcome of the Train to Gain Audit (April 2009)

The Head of Finance introduced the item and referred Members to the percentage error rate of 1.9%, which was well inside the tolerance rate of 5%.

Members noted the successful audit and received the report.

23/09 To receive a progress report on the operational effectiveness of the Risk Management Plan

The Head of Finance presented the end of year report on the operational effectiveness of the Risk Management Plan prepared by the Principal. She reminded Members that the Internal Audit Report on the College's Risk Management arrangements had assessed these as "outstanding".

In particular, the Head of Finance drew Members' attention to the following elements of the "In-year Review of Significant Risks":

- 2(a) Whether the College's financial health is stable or declining.

It was noted that the College's financial health for 08/09 to 10/11 is still assessed as "Good". However, members were reminded that the 09/10 and 10/11 years incorporate significant levels of assumed income.

2(n) Failure of the College's 08/09 quest for alternative funding in late 09/10 to replace SRIP funds.

The Head of Finance informed the meeting that it was proving difficult to identify new income sources to replace SRIP funds.

The report was received

24/09 To monitor the progress of the College in implementing recommendations made by Auditors

The Head of Finance introduced the report and took the meeting through the progress made in implementing Audit Recommendations.

Members received the report.

25/09 To consider an update report on Partner Provider Provision

The Head of Finance introduced the item and informed Members that the indications from the LSC suggest that there will be a reduction in the total numbers of learners funded for this type of activity in 2009/10.

Members noted that the College was unlikely to be entering into or extending any partnership arrangements for this type of activity and the learners that are funded would be accommodated within College.

26/09 Any Other Business

(a) Dates of meetings to December 2009

- (i) Members noted that the meeting in the Autumn Term had been rescheduled to the **1 December 2009 at 5.30pm**