

Minutes of the meeting of the Audit Committee held on Thursday 12th March 2009

Membership:

- * Mr David Lavarack
- Dr Anne Grant
- * Mr Peter Hickman
- * Mr Chris Johnson
- Mr Robin John
- * Mrs Jo Canessa

Also present:

- * Mr Dan Dean – Advising Officer
- * Mr Geoffrey Bowley- Advising Officer
- * Mr Dion Ferguson – Horwath Clark Whitehill

In attendance:

- * Mrs Sue Gunter – Clerk to the Corporation

1 REGISTER OF INTERESTS

The Chair asked if anyone present had any interests to declare with regard to the agenda of the meeting. None were declared.

2 APOLOGIES FOR ABSENCE

Anne Grant, Robin John.

3 MINUTES OF THE LAST MEETING

The minutes were agreed and signed as a true record.

4 MATTERS ARISING

Item 11 Internal Audit Report – There was a half-day credit from the previous year's audit which needed to be used this year.

Item 13 Financial Targets – These would be looked at as part of the budget setting process.

Item 14 FMCE – To be considered under Item 5 of this agenda.

5 FINANCIAL MANAGEMENT AND CONTROL EVALUATION

David Lavarack confirmed that he had reviewed the FMCE submission prior to its submission in December. He asked whether there had been any feedback from the LSC on it, and Geoff Bowley said that nothing had been heard so far although it was possible that feedback would be provided in due course.

The committee then reviewed the document section by section. The following comments were made.

Chris Johnson raised a point under 2.2.10 asking how the College knew that courses were viable if they did not undertake individual course costings. Dan Dean advised that this was unnecessary as the budget was set at College level and if individual courses did not have sufficient numbers, they were withdrawn. All courses run are viable in financial terms. This applied to both Sixth form and adult courses.

Under 3.1.8 Dion Ferguson confirmed that the auditors would be looking at Risk Management each year.

The weakness identified under 3.2.7 was discussed. Geoff Bowley confirmed that the revised Financial Regulations would be brought to the summer term meeting of the Finance committee and then to the Corporation for approval.

The issue of the production of monthly financial statements (Point 4.1.1) had been discussed before. The College had taken the decision some time ago that termly reports were sufficient for governor purposes and that these should be presented on a cash basis. However, this latter point had been reviewed and Dan Dean and Geoff Bowley felt that it would be appropriate to change this in the forthcoming year to the more traditional accruals basis. This would make the information consistent with annual accounts and the budget figures provided to the LSC in the three year Financial Forecast. This proposal would be discussed at the next Finance committee meeting.

The issue of benchmarking data was discussed. There is some data publicly available in published accounts although this would be historical. S7 Colleges may be prepared to share data and Geoff Bowley said that the LSC asked Colleges to complete a Finance Record document annually containing various items of data specifically for LSC benchmarking purposes and it was possible that this information would be available on their website. Chris Johnson felt that any exercise needed to be meaningful and should include output factors such as sustainability and efficiency. All agreed that any benchmarking exercise was only worth carrying out if it could be done simply and the information obtained was meaningful.

Action: Dan Dean and Geoff Bowley to consider whether there was a straightforward way of benchmarking data with meaningful results.

Chris Johnson proposed approval of the FMCE document. This was seconded by Peter Hickman and approved unanimously by the meeting.

6 DRAFT INTERNAL AUDIT NEEDS ASSESSMENT & THREE YEAR PLAN

Dion Ferguson outlined the main points of the Audit Needs Assessment and three-year plan. As

previously agreed, the total time allocated to the audit would be reduced to 12 days in this and the next year. Chris Johnson queried the use of historical data in a strategic plan and it was agreed that a rolling three-year plan would be more helpful.

Action: Horwath Clark Whitehill to work on a rolling three year plan in future.

In reviewing the plan, the committee noted that financial aspects, together with governance and Risk Management were covered every year, with other areas being looked at on a cyclical basis. They felt that this was appropriate. Dion Ferguson confirmed that the audit would look at the issues of laptop computer security and the potential for items of data to get into the public domain accidentally. It was not thought that information on laptops was

encrypted. The committee queried the fact that student records were not included in the audit plan. Dion Ferguson replied that this was because his firm did not have specific expertise in this area. However, it had been examined as part of the LSC Funding Assurance Review covered below. It was agreed that issues concerning capital development should be reviewed when there was a capital project under way.

Both the College and the auditors felt that the programme was appropriate, provided that there was no significant change in staffing or systems, and complied with LSC requirements.

Peter Hickman proposed approval of the plan with a recommendation to the Corporation. This was seconded by Chris Johnson and approved unanimously by the meeting.

7 LSC FUNDING ASURANCE REVIEW AUDIT

Dan Dean reported on the Funding Assurance Review Audit which had just been carried out by two auditors from Tenon, over a day and a half. The College had received an unqualified report with only two items being noted. The first was that one adult learner application form did not have residency status noted. The second was that the date used for student withdrawals was the date on which Dan Dean signed the form, and should be the last date of the student's attendance on the course.

Both of these areas would be addressed. Dan Dean also commented that, under the new arrangements, student funding was triggered six weeks after starting the course instead of at a stipulated enumeration point.

The committee complimented the College on the excellent outcome of this Review.

8 DISASTER MANAGEMENT UPDATE

Dan Dean provided the committee with an update on some events which had tested the disaster management systems recently.

A computer crash just before Christmas had resulted in the potential loss of all attendance data. However, this had been swiftly restored with only half a day's registers lost.

An IT security issue had been identified in that all staff had had access to information on an old network

drive for a period of time. This particular problem had now been rectified and tighter controls on permissions introduced. Chris Johnson asked whether the information concerned needed to be retained, as there may be implications under the Freedom of Information Act. It was agreed that the College should routinely dispose of information which was no longer required.

On the day of heavy snow, there was a message on the website to say that the College was closed. Additionally all students and staff had been contacted by email by 7.30 in the morning. However, an attempt to put a message on the local radio station had failed, as the password was not known. This has now been ascertained and recorded.

9 ANY OTHER BUSINESS

David Lavarack reported that he and Dan Dean had attended a recent LSIS (Learning Skills Improvement Service) course on Risk Management. Both felt that it had been useful and reassured them that the College was following best practice in this area. The course had examined the roles of the management of the College and the Audit Committee. The essential message was that it was the duty of the managers to run the College appropriately and effectively and of the governors to see that this was done. In terms of Risk Management, governors should focus on strategic risk, and look at the most critical issues rather than all of them. The presenter had suggested that this should be done at each audit committee meeting rather than annually. He had also suggested that as well as indicating gross and net risks, a directional indicator was also helpful to show whether the risk was increasing, decreasing or static.

Action: Committee to consider these recommendations at its annual review of Risk Management at its next meeting.

It had also been proposed that Risk Management should be covered at the Governors' INSET day, although a presenter for this needed to be found. Chris Johnson suggested that this might be something that the College's insurance company might be prepared to do. Geoff Bowley advised that the College had had recent risk audit visits from the College's property and liability insurers, both of which had both been very positive.

10 DATE OF NEXT MEETING

The next meeting would be on Thursday 18th June 2009