

The following actions were agreed:

IA Reference - Capital and Estates (01.07/08)

- 14 This item should stand. Members noted the written progress report provided by the Director of Finance and Estates concerning the post project review of the Learning Zone development. The Director of Finance and Estates advised that the review, once completed, was expected to show a very positive outcome when measured against the objectives in the original business case which had been presented to the LSC. **It was resolved** that a further up-date should be provided in the Schedule of Recommendations prepared for the November meeting of the Committee. It was felt that it would be more appropriate for the full report to be considered by the meeting of the Finance and Estates Committee on 25 November 2009 before it was submitted to the Corporation on 15 December 2009.

JF

IA Ref : Risk Management - Learning Zone (03.07/08)

- 9 This item should stand. The Director of Finance and Estates should provide a further progress report in the Schedule prepared for the November meeting of the Committee.

JF

IA Ref : Enrolment Procedures (October 2008)

- 01 This item should be deleted.
07 This item should be deleted.

IA Ref : Budgetary Control and Use of Staff Resources (January 2009)

- 01 This item should be deleted.

IA Ref : Learner Records (May 2009)

- 01 This item should be deleted.

IA Ref : Follow Up Arrangements (May 2009)

- 01 This item should be deleted.

32/09 ANNUAL INTERNAL AUDIT REPORT

The Committee received the Annual Internal Audit Report for the year ended 31 July 2009, which was attached as appendix B. The Audit Partner spoke on his firm's report, drawing Members' attention to its most significant points. He advised that the work had been carried out in accordance with the audit plan agreed by Members of the Committee. **Members welcomed the auditors' conclusion that the College had adequate and effective management, control and governance processes in place to manage the achievement of its objectives.**

The Audit Partner spoke on the conclusions and recommendations arising from the individual audit assignments conducted during the year. It was noted that PKF had met all agreed performance indicators and a report on the auditors' performance had been made to the meeting of the Committee in June.

In conclusion, Members thanked the Audit Partner for his report and **commended the document contained within appendix B to the Corporation meeting of 15 December 2009. This recommendation was made subject to one amendment being made ie the figure of 51.25 on page**

13 of the report should be changed since it was incorrect. The Audit Partner would provide a corrected copy before the document was submitted to the meeting of the governing body later in the term.

33/09 WORK BASED LEARNING AUDIT REPORT 2008/09

The Committee received the above report, which was attached as appendix C, from Baker Tilly, together with the written commentary from the Director of Finance and Estates, which was contained within appendix Ci.

The Director of Finance and Estates advised that the audit related to adult apprenticeship funding during 2008/09. In accordance with the LSC's audit methodology, two separate opinions had been generated, one of which had been unsatisfactory and the other satisfactory. Members acknowledged the difficulties which had been encountered by the College because of the methodology adopted during the course of the audit. In particular, the audit had related to a relatively small contract, with a correspondingly small cohort of students. This had made it difficult to draw firm conclusions without sampling across the whole relevant student population. Furthermore, the type of contract involved was new and there was, therefore, no comparative historical data available. Nevertheless, the Director of Finance and Estates felt that important lessons had been learnt and more robust procedures had now been introduced to address any problems which had been identified.

The College had declined the LSC's offer to undertake a further separate audit of this area in July because of the potential detrimental impact on the achievement of operational priorities. Full provision had been made in the Financial Statements for any outstanding funds due to be returned to the LSC under the Council's 'clawback' arrangements. It was noted, however, that the amount in question was very modest in value. It was confirmed that the internal auditors would review this area again later in the academic year, as part of their 'follow-up' work for 2009/10.

34/09 AUDIT PLANNING MEMORANDUM FOR YEAR ENDED 31 JULY 2009

The Committee received the above document, which was attached as appendix D, from Tenon.

It was noted that the Memorandum had been presented in draft format to the Audit Committee meeting of 8 June 2009. The External Audit Manager drew Members' attention to the minor revisions which had been agreed with College management, following completion of the planning process. She advised that there had been no change made to the scope of the audit. The materiality figure on page three of the Memorandum had been increased to £105k, in line with the increase in the College's total income and general reserves. Good progress was being made in executing the agreed plan. Tenon had liaised with the internal auditors to avoid any unnecessary duplication in the auditors' work. The audit of the Teachers' Pension Agency return had been completed and the audit of the Financial Statements had been undertaken during the previous fortnight. It was intended to present the report for consideration by Members of the Audit Committee at their next meeting on 9 November 2009.

35/09 PLANNED LSC FUNDING AUDITS

Members received an oral report on the above subject from the Director of Finance and Estates. Guidance from the LSC had been delayed but had been received in College at the end of September. It was proposed that KPMG would undertake the audits during the week beginning 2 November 2009. Members noted that KPMG were, in fact, conducting this audit in seventy six colleges across the sector. **It was agreed that** the Director of Finance and Estates would give an oral progress report to the next meeting of the Committee on 9 November concerning the outcome of the audits.

JF

36/09 RISK MANAGEMENT

The Committee received a written progress report from the Director of Finance and Estates, which was attached as appendix E, together with an up-dated copy of the Risk Management Register (Key Risks), which was attached as appendix Ei.

The Director of Finance and Estates spoke on his report, advising Members of the action taken to ensure that the Risk Management Policy approved by the governing body continued to be effectively implemented. Discussion ensued concerning the business planning cycle. The Director of Finance and Estates reported that the next meeting of the Risk Management Group was scheduled to take place on 22 October 2009. **It was, therefore, agreed that** an item on risk management should be included on the agenda for the meeting of the Committee on 9 November 2009. However, it was felt that it would be preferable, in future years, to consider this matter at the October meeting of the Committee. This would inevitably mean that the meeting of the Risk Management Group in the autumn term would need to be scheduled at an earlier date from 2010/11 onwards.

PJC

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Members considered at length the Risk Management Register and, in particular, the criteria which were used for determining which items should be included in the document. They noted the advice of the Internal Audit Partner that the key criterion to be used for this purpose should be the level of gross risk. In conclusion, **it was agreed that** any item with a gross risk score of sixteen should appear on the Register. The Director of Finance and Estates would check that all items falling within this category were included in the document to be submitted to the next Committee meeting. Furthermore, a summary report should be attached to the Register, on an annual basis, listing all items with an overall gross risk score of 12.

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Members noted that in accordance with the new Risk Management Policy, there was a requirement for the Corporation to articulate its risk appetite at least once per year. **It was agreed that** the Director of Finance and Estates should bring forward written proposals to the next Committee meeting with a view to inviting the governing body on 15 December 2009 to determine how it wished to discharge this duty, as part of the annual business cycle.

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37/09 DATE OF NEXT MEETING

This would be held on Monday 9 November 2009 at 9.30 am.

Pamela J Connell
Clerk to the Corporation
8 October 2009

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