

ACCRINGTON AND ROSSENDALE COLLEGE

MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT 8.15am ON TUESDAY 10TH FEBRUARY 2009
IN THE CONFERENCE ROOM, BROAD OAK CENTRE

PRESENT:

Mrs R Andrews (Chair)
Mrs L Higham
Dr A-M Coyne

In attendance: Mr K Rushton : Grant Thornton
Ms K Musgrave : Tenon Group [*Items 51.4 – 51.6*]
Mr C Moss : Tenon Group
Mrs S Collinge : Vice Principal (Corporate Services) [*Item 51.7 & 51.8*]
Ms A Holt : Finance & Systems Improvement Manager [*Item 51.7*]
Mrs N Tattersall : Minuting Clerk

51.1 Apologies for Absence and Welcome

Apologies for absence were received from Ms C Wilkins, Mr T Gill, Mr M Smallwood and Mrs G Winward

The Chair welcomed Dr Ann-Marie Coyne to her first Audit Committee Meeting.

51.2 Minutes of the Previous Meeting

Mrs S Collinge advised that one item in the minutes needed to be amended:

1. ***50.4 – Financial Statements for year ended 31 July 2008, Item a (iii) “credit crunch” – the last sentence should read “Furthermore the College cannot afford to make any losses greater than £500k in two consecutive years”.***

Subject to the above amendment the Minutes of the previous meeting held on 11th November 2008 were approved as a true and accurate record.

51.3 Matters Arising

- a) **50.8 – Financial Management and Control Evaluation (FMCE) Resolution 289 –**
Mrs Collinge advised that the FMCE was signed off outside the Audit Committee and Mrs Andrews gave approval before it was sent to the LSC.

51.4 Internal Audit Reports

Mrs K Musgrave presented reports on Key Financial Controls, Risk Management and Corporate Governance which all were asked to note and consider.

Key Financial Controls - the report ties in with the College’s Strategic Aims and Risks. Mrs Musgrave highlighted the key areas covered in the report were as follows:

- The Introduction set out why the audit was carried out and that it was in line with the plan agreed. As it was Tenon's first audit Mrs Musgrave confirmed that they looked at all financial areas.
- Key control objectives
- Details of the tests carried out together with any relevant risks identified
- An executive summary which confirmed a conclusion that the College overall has good controls.
- A summary of issues/recommendations of which 4 were identified and shown on page 5
- 3 areas of good practice had been identified
- Advisory points in relation to Treasury, Quotations and the Student Records System had been made.
- A diagrammatical version of all the risks was highlighted on page 13 show the likelihood of occurrence

Mrs Andrews asked whether we got a Benchmarking recommendation. Mrs Musgrave confirmed that this could be included in the final report.

Action: Benchmarking Recommendation to be made in final report

Risk Management – this report was carried out in line with their plan and code of practice. Again this report is linked with the Strategic Aims. Unlike the key controls this report was prepared after meeting with the risk management contact and ticking all the boxes. Key areas were highlighted as follows:

- The conclusion identified on page 4 confirmed we had adequate controls. It was noted the report advised "good" but this was incorrect.
- Two areas of good practice had been identified
- A recommendation was made that we didn't appear to have a risk management policy – this has now been rectified and will be discussed at SMT today.

Corporate Governance - this report had been prepared following a self assessment audit with Mrs G Winward. The key areas were highlighted as follows:

- Following the risk review it was concluded that the controls were good.
- 1 recommendation was raised in relation to Board attendance.

51.5 Internal Audit Progress Report

Mrs Musgrave confirmed that this report summarised the outcome of work undertaken to date. Final reports issued so far relate to Key Financial Controls, Risk Management and Corporate Governance.

An update on work in progress was given:

- Significant Partnership/Employer Responsive – draft report to be issued by 30th January
- Long Term Planning – draft report issued 5th February
- IT Security/Disaster Recovery – draft report to be issued 20th February

Audits still need to be carried out in relation to Learner Number Systems and Capital Project Planning, Management and Evaluation.

Mrs Musgrave advised that there had been regular contact between management and audit staff to date. It was also noted that no changes had been made to the original audit plan.

51.6 Audit Findings Monitoring Report

Mrs Collinge confirmed that the report was a summary of the recommendations that had arisen following the audits both internally and externally. There were two important issues to note:

- Health & Safety – all companies need to undergo a health & safety appraisal and with the increased work placement it is proving difficult to find staff to carry out the checks. We are on with resolving this and staff are currently being trained.
- Implementation of Student Records System – it was noted that there were still some issues relating to the inclusion of enrolled students on the register and regular monitoring to ensure the accuracy of the data in respect of withdrawals. Mrs Collinge confirmed that a suite of reports were currently being developed to assist tutors, managers and SMT in the monitoring of student attendance.

51.7 Procurement – Progress Report

Mrs Holt presented her Procurement report which all were asked to note and highlighted key areas as follows:

- £300k savings had been demonstrated to the LSC since April 2008 through the Efficiency Measurement report.
- the College had saved over £100k on IT equipment following collaboration with two other colleges.

Mrs Higham advised that Mrs Holt in her new role as Finance & Systems Improvement Manager has been going into all teams across College and reviewing staffing and procurement. This has proved successful and key recommendations are then made by Mrs Holt.

Mrs Collinge reminded the Committee that Procurement came to the Audit Committee over a year ago when Governors were advised about the Gershon Efficiency Review. Mrs Collinge asked if the Committee would like an annual update. All confirmed that they would.

Action: An update on Procurement is to be given annually.

51.9 Risk Management Plan – Monitoring Report

Mrs Collinge presented the standard monitoring report which the Committee had seen at the beginning of the year. A request had been received from Mr Gill to put in order of high risk which had now been completed. Mrs Collinge confirmed that as and when new risks appeared she would update as required. Since the last report was presented details relating to concerns about our banking sector and the College complying with the banking covenants had been included.

Mrs Collinge advised the Committee that the high level action plan was being presented to the Senior Management Team today. It was also noted that all future papers presented at SMT would include details of any potential risk.

51.9 Any Other Urgent Business

There were no other areas of urgent business.

51.10 Date and Time of Next Meeting

8.15am : Tuesday 9th June 2009 : Conference Room

The meeting closed at 8:55am