



**Accrington and Rossendale College
Corporation Board – Audit Committee**

**Minutes of the Meeting Held on
Tuesday 12th June 2012
in The Conference Room, Broad Oak Centre**

Confirmed

Present:

Mrs R Andrews	Chair of the Committee and Independent Member
Dr A-M Coyne	Independent Member
Mr T Gill	Independent Member
Mr S Sugarman	Independent Member
Prof Ian Smith	Independent Member

In Attendance:

Mrs S Collinge	Vice-Principal (Corporate Services)
Mr A Armiger	Clerk to the Corporation
Karen Musgrave	RSM Tenon
Toby Wilson	Grant Thornton

Apologies were received from:

Mrs L Higham	Staff Member
Mr Steve Ireland	Independent Member

	Date:	
Draft Minutes Prepared by: AA	12/06/12	
Draft Minutes approved by the Chair of the Committee:	19/06/12	
Minutes Approved by the Committee:	20/11/12Rosemarie Andrews.....
		<u>Chair</u>

61.1 Apologies for Absence

Apologies had been received from Mrs Lorraine Higham and Mr Steve Ireland

61.2 Declarations of Interest

There were no declarations of interest

61.3 Minutes of the meeting held on 20th March 2012

375 Resolved to approve the minutes of the meeting held on 20th March 2012 as being a true and accurate record

61.4 Matters Arising (not on the agenda)

There were no matters arising and the Clerk confirmed that there were no actions required to be taken following the meeting on 20th March 2012

61.5 Internal Audit Reports

Mrs Musgrave, of RSM Tenon, reported to the committee on two internal audits that had been carried out in the college.

Report 03: 16 -19 Bursary Fund

Mrs Musgrave began by saying that the audit, which had been carried out in May 2012, reviewed and assessed the policies, procedures and controls involved in administering the college's 16 -19 Bursary Fund; complying with YPLA guidance, whilst ensuring the financial need of students are met.

Mrs Musgrave noted that the audit had received an overall opinion of "Reasonable" as there were some issues that required a "tightening up" in terms of the processes involved. This had led to there being five recommendations made; two of medium risk and three of low risk. Mrs Musgrave stated that all the recommendations were relatively minor and college management had accepted and were acting on all the recommendations.

Members then discussed the implications of the Bursary fund, its use and the risks of students not receiving the bursary. The Vice Principal (Corporate Services) explained the use of bursary funding within the college and that the college went over and beyond the YPLA funding available to the college, setting aside additional funds from the college budget to provide kit, transport and free breakfast for students.

Members also queried the matter of attendance and payment of bursaries. Mrs Collinge explained that there had been some ambiguity over what constituted attendance required, but this has been resolved and the College will be ensuring that student meet the criteria set by the college before payment is made.

Report 04: HEFCE/ HE Provision

Mrs Musgrave said that this audit had been undertaken to examine the risk management and control of the current contracts (6) the college holds in respect of its Higher Education provision.

Mrs Musgrave was pleased to say that this audit had been very clean, resulting in an overall opinion of "Substantial" assurance and that there had been no recommendations made and that the controls that the organisation relies on to manage this area of its work are suitably designed, consistently applied and effective.

61.6 Internal Audit Progress Report 2011/12

Mrs Musgrave told members that all four scheduled internal audits had now been completed and reported on. Two audits had received "Substantial Assurance" opinions and two had received "Reasonable Assurance" opinions. There had, in total, been three 'medium' recommendations and ten 'low' recommendations. There had been no 'high' recommendations.

The remaining work to be done for the year was Report 05 which would involve following up the 2010/11 recommendations.

Members

376 Resolved **to note the Internal Audit Reports and Internal Audit Progress Report**

61.7 Outcomes of Other External and Internal Audits

The Vice Principal (Corporate Services) presented her report on the three additional audits carried out on behalf of external funding providers and also the extension of the audit carried out by RSM Tenon on Subcontracting and partnerships.

Mrs Collinge began by dealing with the **European Integration Fund 2008 (Citizenship) – year 2** audit. This part of the 2 year project, running from January 2011 to December 2011, had been audited in February 2012 and had been deemed 'Satisfactory' with no funding clawback. Mrs Collinge noted that the College was yet to receive the final report for this project

Moving on, Mrs Collinge dealt with the **Skills Support for the Unemployed (Project 398)** audit. The project itself has run from April 2011 and continues until July 2012, supporting people who have been unemployed for over 6 months back into sustainable employment. Mrs Collinge was disappointed to report that this audit had received an 'Unsatisfactory' outcome with four 'fundamental' and two 'significant' recommendations. Mrs Collinge went on to reassure members that lessons had been learnt from this audit and that the main issues around recording guided learning hours for participants had been resolved with the team responsible for the project. She also noted that although there had been an unsatisfactory outcome there had, in fact, been no clawback of funds.

Mr Gill commented that it would be easy to be complacent when there had been no financial 'penalty', but Mrs Collinge reassured him that this was not the case and the whole of the project team had been disappointed with the outcome and had endeavored to put procedures in place to prevent it happening again.

Mrs Collinge then went on to discuss the **Skills Support for Redundancy (NW8588)** audit. This project was to support people facing redundancy back into sustainable employment. The audit produced a 'Satisfactory' outcome with only one 'Fundamental' recommendation and totals errors worth £250 against a project value of £12,850. Mrs Collinge said that the lessons learnt from the SSU project (above) had contributed to this successful audit and would also be used for future projects.

Mrs Collinge informed members that there were less and less of this type of projects becoming available and that many of funds were now going to large prime contractors who would then subcontract to smaller providers. The College has applied to be subcontractors on a range of projects and is awaiting decisions on those projects.

Finally, Mrs Collinge talked about the **Additional Data Audit for Subcontractors/ Partnership Provision** carried out by RSM Tenon. She explained that this audit had been carried out after the original subcontractor audit and involved RSM Tenon giving an opinion on college procedures for data collection from partners. There were four recommendations made which have resulted in the implementation of new procedures to ensure that the systems used are robust. Members

377 Resolved **to note the report**

61.8 Audit Findings Monitoring Report

The Vice Principal (Corporate Services) presented her report to members. It was noted that from the two internal audits carried out in the autumn term there had been eight recommendations made and all but one had been fully implemented, but this was being dealt with. There were no recommendations to be dealt with following external audits.

Mrs Collinge went on to say that the monitoring report will be updated following the recent completion of the two internal audits which had been presented to members at this meeting, and brought to the next meeting.

Mrs Collinge told members that there was one issue still outstanding and that this was in regard to CRB checks for Governors. The Clerk confirmed that there had still been no progress on this matter as there had been no further movement from the government on re-instigation of the ISA registration. The Clerk informed members that governors still remained on the College's volunteer's data base. Members

378 Resolved **to note the report**

61.9 Internal Audit Plan 2012/13

Mrs Musgrave, of RSM Tenon, began by saying that the plan had been developed in conjunction with College management in May and would deal, this year, with:

- Learner Records for Employer Responsive (Apprenticeships) provision, looking at core aspects of the College's MIS and student records;

- Key Financial Controls for Procurement, reviewing the College's purchasing function and providing benchmarking comparisons;
- The Efficiency and Effectiveness of Staff Utilisation, in particular a review of assessor staff linked to Employer Responsive Provision; and
- Review of the College's Risk Management Arrangements, focusing on the college's risk register

It was noted that this work would take 25 days.

Mr Gill asked a question with regard to the proposed risk management audit in that how would RSM Tenon know if the Risk Register was, in fact, right. Mrs Musgrave replied that as they would be taking an objective view of the register they would be able to advise on their opinion of its content. Following further discussion, Members

379 Resolved **i) to note the plan; and**
 ii) to recommend the Internal Audit Plan for 2012/13 to the
 Corporation Board for approval

The Chair thanked Mrs Musgrave for presenting her reports

61.10 Draft Audit Approach Memorandum for the year ending 31 July 2012

Mr Wilson of Grant Thornton presented the memorandum to the Committee and explained the key points of the document. He noted that the main section was Section 2 - Key Audit Issues and Financial Reporting Matters. Mr Wilson reported the college's Vice Principal (Corporate Services) and the Director of Finance had met with Joanne Love, of Grant Thornton, to provide the focus for the audit plan. The key areas the audit would particularly centre on would be Revenue and Debtors; Creditors; Loan Covenants; the effects of FRS 17; the College's financial relationship with the Pennine Lancashire Education Trust (PLET); and also the College as a Going Concern.

Members were interested on how the audit plan was different from last year. Mr Wilson responded by saying that the auditors take a fresh approach every year and are always prepared to take on board advice from this committee and the full board. The Approach Memorandum was in fact about communication with the Audit Committee and the Board to allow the conversation to take place. After further discussion it was

380 Resolved **To recommend the Audit Approach Memorandum for the Year**
 Ending 31 July 2012 be approved by the Corporation Board.

The Chair thanked Mr Wilson for his Report

61.11 Risk Management Monitoring – Updated June 2012

The Vice Principal (Corporate Services) ran through the updated Monitoring report highlighting progress made to date. Mr Gill asked that the recent external ESF audits (previously discussed at

this meeting) be recorded in the document under 3.1. Mrs Collinge agreed to do this. Professor Smith asked, under 3.2 if there was benchmarking available to assess the pay rates of management staff against competitor colleges and other colleges generally. Mrs Collinge replied that there was data available and the Association of Colleges (AoC) published data annually to provide this information. After further discussion, members

381 Resolved to note the report

Mrs Musgrave and Mr Wilson left the Meeting

61.12 Re appointment of Internal and Financial Statements Auditors

Members discussed the Audit Providers Performance indicators proformas which had been distributed by the Clerk. The form had been completed previously by the Vice Principal (Corporate Services) and members were required to comment on questions relating to the respective auditors relationship with the Audit Committee and also comment on Mrs Collinge's assessment. It was noted that there were no changes to be made from Mrs Collinge's assessment and members were agreed on their comments about the auditors.

Mrs Collinge then explained to members that the current contract for The Financial Statements Auditors, Grant Thornton, would expire on 31st July 2013 and the current contract for the College's Internal Auditors, RSM Tenon, would also expire on the same date. Although both firms had given a very good service, it seemed prudent that the College should go through a tender process to compare the services available from a range of firms and to ensure that the college receives value for money for these services. Mrs Collinge also noted that there would be an opportunity to invite firms to extend their applications to include the Hyndburn Studio School and the PLET

Mrs Collinge proposed that the tender process should take place between January and March 2013. She said that firms from the CPC framework would be invited to tender along with other firms who, it had been reported, had provided excellent service to other local colleges.

Mrs Andrews (Chair of the Committee), Mr Gill and The Clerk said that they wished to be part of the panel who would receive the presentations from between three and five audit firms. Mrs Collinge and Mrs Jarvis, Director of Finance, would complete the panel.

Mrs Collinge said that she would keep other members up to date with the tender process at subsequent Audit Committee meetings.

Members

382 Resolved that Mrs Andrews, Mr Gill, The Clerk, Mrs Collinge and Mrs Jarvis would make up the panel to receive audit firm tender presentations at a date to be confirmed

61.13 Declaration of any confidential item

There were no items deemed to be confidential.

61.14 Date and time of next meeting

To be advised

The meeting closed at 9.45am