



Accrington and Rossendale College

Minutes of the Audit Committee
held at 4.30pm on Tuesday 8th June 2010
in the Conference Room

Confirmed

Present:

- Mrs. R Andrews (Chair)
- Mrs. L Higham
- Mr. T Gill
- Dr A-M Coyne

- In attendance:** Mr. A Armiger: Clerk to the Corporation
 Mrs L Mason: Deputy Principal
 Mr N Rickard : Director of Information
 Ms K Musgrave: RSM Tenon Group
 MS J Love: Grant Thornton

55.1 Apologies for Absence

Apologies were received from Mrs. S Collinge: Vice Principal (Corporate Services) and Mrs. C Jarvis: Director of Finance who were attending the National Finance Directors Conference

55.2 Declarations of Interest

There were no declarations of interest

55.3 Minutes of the previous meeting

314 Resolved To approve the minutes of the meeting held on 9th February 2010 as being a true and accurate record

55.4 Matters Arising (not on the Agenda)

The Clerk noted that there were no actions required from resolutions made at the 9th February 2010 meeting

54.9 The Clerk reported that the Director of Finance had requested that he report to the Committee that the college had been successful in its appeal to the Home Office with regard to considering the case to overturn the £17,700 audit adjustment from an audit of the Citizenship Project.

There were no other matters arising.

Chair of Audit Committee.....

55.5 Internal Audit Reports

Ms Musgrave of RSM Tenon Group reported on the two remaining audit reports for 2009/10:

(a) 06 Learner Records and Funding

Ms Musgrave began by reporting that the audit of this area, carried out by a specialist auditor, had produced a Limited Overall Assurance. The Chair asked if this area was audited every year and Ms Musgrave replied that different aspects of it were audited as it was a complex area.

Ms Musgrave confirmed that the area had been specifically requested to be audited by the college to test the new software and systems put in place so that risks could be identified and solutions produced. The Deputy Principal said that the audit had been useful in order to inform the college’s direction with regards to implementing further systems to ensure compliance with external agency audits.

Comment was made that the committee was not used to seeing audit reports with Limited Assurance. The Director of Information and the Deputy Principal both assured the Committee that all findings in the report had been addressed and responses given to the auditors. Staff training had already taken place and further development of systems was currently taking place to ensure that a further audit would produce a more positive result and, as Ms Musgrave confirmed, show improvement to external body audits. The Deputy Principal went on to say that the audit would enable the college to benefit further from the considerable investment made in new learner records software and systems.

(b) 07 Key Financial Controls

Ms Musgrave noted that this was a verbal report as the audit had only been concluded the previous week. Three days had been spent looking at the college’s financial controls and, provisionally, it seems that it had been a clean audit with a probable Substantial Assurance.

Two areas, Hospitality and Hair and Beauty (both because of their commercial aspects), had been looked at specifically in terms of income collection and some small recommendations will be made in these areas, but they will feature in a separate report rather than the high level audit report itself. Members agreed that this was appropriate to maintain the context of the recommendations.

Ms Musgrave said that the final report will be brought to the next Audit Committee meeting.

315 Resolved To note the reports

Chair of Audit Committee.....

55.6 Audit Finding Monitoring Report

The Deputy Principal presented a summary of the recommendations (medium and high) that had arisen during both internal and external Audits and that have remained outstanding to date.

It was noted that all recommendations had actions and progress to date against each one and that it was expected that all actions would be signed off in the current year and none would need to be carried forward to 2010/ 11

316 Resolved To note the report

55.7 Internal Audit Annual Plan for 2010/11

Ms Musgrave presented the plan for 2010/ 11. She commented that as part of a three year audit strategy some aspects of the plan had changed and the focus for audit had moved and that this was demonstrated by the table on page one of the report.

The Committee was guided through the detail of the report. The Chair asked if the Senior Post Holders had worked closely with the Audit Manager to produce the plan. Ms Musgrave confirmed that this was the case and the choice of areas for audit reflected the College's priority in ensuring that it is prepared for the complex changes envisaged in the coming years

317 Resolved To recommend the Internal Audit Annual Plan for 2010/11 be approved by the Corporation Board.

55.8 Audit Approach Memorandum for the year ending 31 July 2010

Ms Love presented the memorandum to the Committee and explained the key points of the document. She noted that the main section was Section 2 - Key Audit Issues and Financial Reporting Matters and that this was consistent with last year's approach to the audit. Ms Love reported that she had met with the college's Vice Principal (Corporate Services) and the Director of Finance to provide the focus for the audit plan. The key areas the audit would centre on would be Loan Covenants, the effects of FRS 17 and also the College as a going concern.

There was discussion on all the key areas but with particular reference to the effect of FRS 17 and related actuary charges. Ms Love noted that Grant Thornton will be reviewing the assumptions made by the actuaries as part of the audit.

After further discussion it was

318 Resolved To recommend the Audit Approach Memorandum for the year ending 31 July 2010 be approved by the Corporation Board.

Chair of Audit Committee.....

55.9 Skills Funding Agency Apprenticeship Audit Outcome

The Deputy Principal gave a verbal report on the outcome of the recent SFA Apprenticeship Audit and the SFA/ ESF audit of the Six Month Worklessness Project. Error schedules were distributed to members from both projects. She noted that the teams involved had worked well and there were very small financial errors leading to a Satisfactory audit conclusion with no significant error rate (less than 1%).

The Deputy Principal noted that there may be a later audit to look at the college’s Train to Gain contract.

319 Resolved To note the report

55.10 Whistle Blowing and Fraud Policy

The Clerk to the Corporation presented his report along with the updated existing Whistle Blowing and Fraud and Corruption Policies. He noted that the Chair of the Corporation Board had sent a note of reservation about the policies which was distributed to members. Discussion took place about the similarity of the policies, how they could be presented to users and whether there should be a full, overarching Complaints, Grievance, Whistle blowing and Fraud & Corruption policy for the college with one point of entry and then different “tracks” dependant on the user’s requirement. The Clerk agreed to relook at the policies in light of the discussion with the colleges Deputy Principal, Director of People and Performance and Vice Principal (Corporate Services) and bring the resulting document to the next audit Committee Meeting.

320 Resolved The Clerk will relook at the policies with a view to bringing an Amended overarching policy to the next Audit committee meeting for recommendation to the Corporation Board

55.11 Risk Management Monitoring – Update May 2010

The Deputy Principal presented the updated Risk Management Plan. She stated that she was pleased with the progress made in all areas of the plan, but particularly highlighted the clear improvement in college retention rates. She noted that the plan will become extremely useful at the end of the 2009/10 year where it will be possible to see all the work carried out during the year and will further inform the plan for 2010/11

Members commented on the increasing value of the plan, in particular its “easy to read” structure.

321 Resolved To note the report

54.12 Re-appointment of Internal and Financial Statements Auditors for 2010/11

The Clerk presented the Audit Providers – Performance Indicator Questions pro-forma for both RSM Tenon and Grant Thornton, which had been prepared by the Vice Principal (Corporate Services). The Committee members were asked to comment on the Satisfaction Ratings already given by the Vice Principal and comment specifically on points covering the work of the separate auditors with the committee.

After discussion it was agreed that the Chair of the Audit Committee would contact the Vice Principal to clarify and agree the satisfaction ratings given by Vice Principal with those of the committee and then bring the completed pro-formas to the Corporation Board to enable it to make its decision about the re-appointment of Internal and Financial Statements Auditors for 2010/11

- 322 Resolved**
- (i) the Chair of the Audit Committee will contact the Vice Principal to clarify and agree the satisfaction ratings given by Vice Principal with those of the Committee.**
 - (ii) the agreed Audit Providers – Performance Indicator pro-formas will be presented to the Corporation Board at the 29th June meeting to enable it to make its decision about the re-appointment of Internal and Financial Statements Auditors for 2010/11**

54.13 Confidential Items

The members decided that the Audit Providers – Performance Indicator Questions pro-forma for both RSM Tenon and Grant Thornton should be kept confidential.

55.14 Date and Time of Next Meeting

The Clerk informed the members that the date and time of the next meeting would be dependent on the Board’s approval of the meeting schedule for 2010/11

The meeting closed at 6.00pm

Chair of Audit Committee.....