

Accrington and Rossendale College

Minutes of a Meeting of the Audit Committee
held on Tuesday 9th June 2009 at 8.15am
In the Conference Room, Broad Oak Centre.

Present:

Mrs R Andrews (Chair)
Mrs L Higham
Mr T Gill

In attendance: Ms J Love: Grant Thornton
Ms K Musgrave: Tenon Group
Mr C Moss: Tenon Group
Mrs S Collinge: Vice Principal (Corporate Services)
Mr A Armiger: Clerk to the Corporation - minuting

52.1 Apologies for absence

Apologies were received from Dr A-M Coyne and Mr M Smallwood

52.2 Minutes of Meeting held on 10th February 2009

291 Resolved to approve the minutes of the meeting held on the 10th February as a true and accurate record.

52.3 Matters Arising (not on Agenda)

There were no matters arising

52.4 Internal Audit Reports

A summary of following reports were presented by Ms K Musgrave from Tenon Group following internal audits carried out by specialist colleagues from the company. The committee was asked to consider and note the reports.

a) New Funding Methodology (Feb 09)

Ms Musgrave stated that there were no serious recommendations to implement from this report. Mr Gill expressed concern about the impact of the LSC funding presented in the report. Mrs Collinge said that the report put forward scenarios, but that information given in the report was based on historical information as the LSC had put forward their funding proposals on 8th June.

b) Significant Partnerships (Jan 09)

Ms Musgrave stated that there had been 4 recommendations put forward in this report and that the College had accepted them. Mr Gill said that he felt the report had been overly technical and that some of the assessment had been harsh. Ms Musgrave said she would take the comments back to the company.

c) Long Term Planning (Jan 09)

Ms Musgrave stated that there had been no recommendation in this report and that this was a strong, robust area. It had been decided that as this was the case it had been taken out of the Audit Plan for next year

d) IT Security/Disaster Planning (Feb 09)

This report had raised 5 five recommendation all covering low level risks. These had been accepted by the College

e) Capital Project Planning (April 09)

Ms Musgrave reported that given the changing circumstances in the College's capital projects the scope of the audit had been narrowed. Never the less, this was seen as a very robust area. Mr Gill asked how many major capital projects the College dealt with each year. Mrs Collinge replied that it was normally about five, which is manageable.

f) Benchmarking Review

The committee was presented with a summary of the report (which is 50 pages long). Many of the key areas overlap. Mrs. Collinge stated that this was a very useful document and had been fed back to the Vice Principals. It had been received just before the Recent Ofsted inspection and had been used with inspectors to show Good governance. Ms Musgrave stated that the document was not used in contributing to opinions of the college.

g) Progress Report

Ms Musgrave said that this was being used to finalise the work for the year and would be included in the final progress report.

292 Resolved to note the Internal Audit Reports

52.5 Audit Findings Monitoring Report

Mrs. Collinge, Vice Principal (Corporate Services), presented this report. She looked, firstly, at the two outstanding areas from the 2007/08 report. She reported that, in the first item, that all staff training on Health and Safety Audits in the Workplace would be completed by July 2009. Mrs Collinge noted, for the second item, that as there had been a major change in the student record systems and that the Director of Information had been able to develop a substantial range of reports and that work was still ongoing.

Mrs. Collinge then dealt with the five risks identified during internal audits in 2008/09. The first risk in Key Financial Controls with regards to Sensitivity analysis had been dealt with but had yet to be formalised. The second point in this area, with regards to obtaining signed contracts for new projects, has been dealt with by the Director of Finance and procedures had been amended.

The identified risk of not developing a formal risk management strategy was dealt with later in the agenda. Finally, Mrs. Collinge spoke about the risks identified with corporate governance and said the outstanding risk had been resolved.

293 Resolved to note the Audit Findings Monitoring Report

52.6 Internal Audit Plan for 2009/10

Ms K Musgrave from Tenon Group presented this item. She stated that she had met with the College's Senior Management Team, at a risk workshop, to help formulate the plan. The committee discussed the new plan and reasons for changes to the original. All agreed that the plan was correct.

- 294 Resolved** **i) to agree the Internal Audit Plan for 2009/10**
ii) to recommend the Internal Audit Plan for 2009/10 to the Corporation

52.7 Financial Statements/Regularity Audit Plan for 2009/10

This item was presented by Ms J Love from Grant Thornton. She explained that this was a draft audit and would provide an indication, to the college, of the approach Grant Thornton intended to take in its audit process. Discussion had already taken place with The Principal and Director of Finance. Ms Love went on to talk about the key audit areas of Financing, Loan Covenants, FRS 17, Revenue and Debtors and Restructuring. Mr Gill asked why there had been a 3% increase in fees and Ms Love replied that it had been based on last year's costs.

- 295 Resolved** **i) to agree the Financial Statements/Regularity Audit Plan for 2009/10**
ii) to recommend Financial Statements/Regularity Audit Plan for 2009/10 to the Corporation

52.8 PFA Audits

This item as presented by Mrs. S Collinge Vice-Principal (Corporate Services)

- a) Inspection & FMCE 2007/08 assessment

Mrs Collinge stated that this had been carried out as part of the recent Ofsted Inspection. The audit concluded that the effectiveness of the college's financial management and governance framework is grade 1 with full assurance. There were two recommendations, one being that **"governors monitor college numbers and funding targets on a timely basis and ensure that any corrective action required is undertaken to ensure that the college meets its funding targets"**

- b) Work based learning

This review was carried out in December and there were five recommendations made. Mrs. Collinge reported that since the review had taken place there had been a restructuring of staff roles, the situation has improved and the recommendations are being dealt with.

- 296 Resolved** **i) to note the PFA Audits**
ii) to recommend to the Corporation that "governors monitor college numbers and funding targets on a timely basis and ensure that any corrective action required is undertaken to ensure that the college meets its funding targets"

52.9 Risk Management

This item was presented by Mrs. S Collinge Vice-Principal (Corporate Services)

- a) Risk Management Plan 2009/10

Mrs. Collinge began by introducing a proposed new format for the Risk Management plan following workshops carried out with Tenon group and the Senior Management Team. Members were asked to consider the new format and make comment. Mrs. Collinge said that the next stage would be to consult with the Vice principals to formulate their action

plans. These would be delegated to the Directors who would work with their team managers on the highly detailed action plans. Mr Gill noted that it was important that the detailed action plans were fed upwards for consideration.

Mrs. Andrews asked what report format would be presented to the committee. Mrs. Collinge stated that it was proposed to use the format as presented and the action plans as attached. Mrs. Andrew asked the Tenon group representatives how that felt about the format. Ms Musgrave replied that they thought it was a sensible format to progress with. Mr. Gill expressed concern that it may appear blurred at the higher level. Mrs. Collinge replied that it would be a challenge to manage but felt that it was a far better format to bring to the committee for discussion.

Mrs. Andrews stated that the new format would be piloted for one year and Mrs. Collinge added that it would be reviewed on a timely basis through internal audit.

- 297 Resolved**
- i) to note the of the new format for the Risk Management Plan 2009/10**
 - ii) to recommend to the Corporation the new format of the Risk Management Plan 2009/10 as a pilot for one year and that the plan be reviewed through internal audit on a timely basis**

52.10 Financial Regulations

Mrs. Collinge presented the updated financial regulations following a request by the Finance and Employment Committee for the regulations to be brought to the audit committee for information.

- 297 Resolved** **to note the updated Financial Regulations**

Ms. Musgrave and Mr. Moss of Tenon Group left the meeting at this point
Ms J Love of Grant Thornton left the meeting at this point

52.11 Re-appointment of Internal and Financial Statements Auditors for 2009/10

Mrs. Collinge asked the committee to consider the completion of Audit Providers – Performance Indicator forms for the two companies; Tenon Group and Grant Thornton

T Gill commented that that both companies had provide good sets of reports with fair recommendations. He asked if the reports had been given within agreed timescale. Mrs. Collinge replied that all reports had been given in a timely manner

With regards to the individual companies, after discussion, it was decided to award a satisfaction rating of 2 to Tenon Group for the outstanding points of 18, 19 and 22. Grant Thornton were awarded a rating of 1 for point 20, 2 for point 22 and, following further discussion, it was decided that point 19 was not applicable .

It was

298 Resolved i) to note the Auditors Performance Indicators
 ii) that the Clerk to the Corporation will feed back the results to Tenon Group and Grant Thornton

it was also

299 Resolved i) that Tenon Group be reappointed as the College's Internal Auditors
 ii) that Grant Thornton be re appointed as the College's External Auditors

52.12 Any Other Urgent Business

There was no other urgent business

52.12 Date and Time of Next Meeting

A schedule of meetings for next year would be considered by the Board at their next meeting. The next meeting of this Committee would likely to be held in November 2009.

The meeting closed at 9.15am

Members are reminded that, to prevent Conflicts of Interest, under Section 10(2) of the College Instrument of Government and the Members' Code of Conduct and Ethics, they should register all financial interests and other interests, (i.e. any that could be perceived as likely to interfere with independent judgement), which they have

Further, members should withdraw from any part of a meeting at which any matter giving rise to an interest is considered and on no account may vote in relation to that matter.