

**MINUTES OF THE AUDIT COMMITTEE HELD
15 JUNE 2010**

Members:	Mr I Payne (Chair)	-Local Authority
	Mrs G McCarthy	-External
	Mr R Priestley	-External
In Attendance	Mr J Allen	-Clerk
	Mr D Goodlet	-Principal
	Ms T Trotter	-Vice Principal Finance & Resources
	Ms L Raynes	-Tenon

The meeting commenced at 1830.

APOLOGIES & DECLARATION OF INTERESTS

65. There were no apologies. There were no declarations of interest against any of the agenda items. The Clerk confirmed that the meeting was quorate.

MINUTES

66. **Resolved** - that the minutes of the meeting held 2 March 2010 be confirmed as a correct record and signed by the Chair.

MATTERS ARISING

67. There were no matters arising.

INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2010/11

68. The Tenon report '*Internal Audit Strategy and Annual Plan 2010/11*' was received (copy attached to the signed minutes).

69. The Audit Plan proposes that the mandatory and other key areas required to be subject to audit review be covered by 18 days of audit work at a proposed daily rate of £490 (the daily rate for 2009/10 was £475) as confirmed by the following table (Appendix II from the Tenon report). The IAS informed the Committee that the proposed coverage is sufficient to provide to the Committee an annual opinion. In addition, the plan covers an operation review of the College's IT security.

Date of Visit	Audit Area	Days
Winter 2010	Risk management and governance processes	2.5
	Key financial controls	3
	Learner Number Systems	3
	Capital project	2
	Treasury Management	1
	Long Term Planning	1

	Audit Management	3.5
	It Security	2
Total days		18
Total @ £490 per day		£8,820

70. It was **RESOLVED** that the Audit Committee recommends that the Corporation at its meeting on 12 July 2010 approves the Internal Audit Strategy and Annual Plan for 2010/11.

FINANCIAL STATEMENT AND REGULARITY AUDIT PLAN FOR THE FINANCIAL STATEMENTS 2009/10 AND REGULARITY AUDIT

71. The Baker Tilly report '*Financial & Regularity Audit Plan 2009/10*' was received (copy attached to the signed minutes). The report outlined the audit areas to be covered to enable the auditor to give a final opinion on the 2009/10 financial accounts and regularity audit.

72. The following key areas were identified for audit review:

- Capital Projects
- Provisions
- Going Concern
- Funding

73. The proposed fee is £11,550 (£11,200 for the previous year).

74. It was **RESOLVED** that the Audit Committee recommends that the Corporation at its meeting on 12 July 2010 approves the Financial Statement & Regularity Audit Plan for 2009/10.

TERMLY RISK MANAGEMENT REPORT

75. The College report '*Risk Management Termly Report*' was received (copy attached to the signed minutes).

76. It was reported that the newly constituted Risk Management Group has met three times. Risk Champions have consulted with colleagues and fed into the group's discussions arriving at the Risk Map. In the next cycle of meetings the consultation process will be formalised by introducing a dated and minuted meeting between the Risk Champion and the owner of the risk.

77. Following a suggestion from governors, risk movements have been colour coded.

- Increased (red)
- Static (black)
- Removed (green)
- Downgraded (blue)
- New (purple)

78. The Audit Committee reviewed the current risk map and proposed to make no changes to the risks listed and the assessments made against each risk.

79. It was **RESOLVED** to note the report.

LAPTOP THEFTS

80. The College report '*Laptop Thefts*' was received (copy attached to the signed minutes).

81. In October 2009 the college purchased 250 H4515 HP laptops to supplement the college equipment stock and facilitate classrooms with a high specification during the period in temporary accommodation. The College has experienced significant losses which we expect to confirm as being between 92 and 104 up to Easter 2010. 74 were raised as an insurance claim and further investigation has highlighted more losses. There are some outstanding issues to follow up re teachers using laptops from a classroom set which may not have been properly tagged.

82. The information received concerning the losses has been passed to the police with a very poor response although 3 were recovered when searching student property for other items.

83. The investigations into these thefts have identified a number of failings in the handling of the release and management of the laptops namely

- Incomplete records re handout of laptops to staff
- Poor management of laptops in classrooms
- Transfer of laptops between rooms
- Lack of asset tagging/recording system
- Poor security practices e.g. leaving classrooms unlocked

84. The following action taken to date was reported to the Audit Committee:

- Insurance claim pursued
- Losses reported to police
- CCTV installed around temporary classrooms
- Losses reported to staff
- Asset tagging completed for all IT equipment on site
- Asset handling procedure created
- Asset register created (on helpdesk system) for clarity of the asset owned by each department
- Reconciliation of laptop serial numbers issued to laptops on asset register
- Recommended procedure released for management of laptops in class

85. In addition, the following further action was noted:

- Any laptops taken out of classroom stock by staff requested to be brought in and logged
- Over half term check with bar code reader all laptops to clarify any human error issues with manual input of serial numbers
- Final asset register rolled out to managers with clear guidelines of responsibility and advice re procedures

- Further security measures e.g. marking college name across front of laptops to be investigated to make them less attractive for sale on.
- Review alternative solutions to laptops e.g. thin clients
- Update to staff re security protocols and responsibility. Raise disciplinary aspect of identified poor practice.
- Continue to pursue insurance claims to successful conclusion
- Radio frequency ID tags to be fit to all new kit

86. The Audit Committee welcomed the thoroughness of the report and of the actions taken and planned to be taken and it was **RESOLVED** to note the report.

CAPITAL WORKS REGISTER

87. The College’s ‘*Capital Works Register*’ was received (copy attached to the signed minutes). It was confirmed that Fusion Project Management review and update the project’s Risk Register on an on-going basis in conjunction with the College. The Risk Register identifies the currently perceived key project risks.

88. The Committee reviewed the actions being taken to minimise the current key risks.

89. It was **RESOLVED** to note the Capital Works Register.

MONITORING OF COLEGE PERFORMANCE & ASSESSMENT OF RISK

90. The College report ‘*Monitoring of College Performance & Assessment of Risk*’ was received (copy attached to the signed minutes). The Corporation has agreed a framework for the monitoring of College performance & assessment of risk. The Audit Committee is responsible for the monitoring of college performance and assessment of risk in the area of audit.

91. Once the assessments have been agreed, the Committee, in conjunction with College management, will then agree on the overall assessment (Red/Serious Concerns, Amber/Some Concerns or Green/No Concerns) to be made available to the Corporation for the area of audit. Any identified areas of concern would be reported in the College’s Risk Register.

92. The Committee agreed with the assessment of there being ‘no concern/no risk’ against each of the audit performance indicators.

93. It was **RESOLVED** to inform the Corporation of the following assessment:

Audit	No Risk/No Concerns
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CONFIDENTIAL SESSION

94. The Clerk asked all parties if there was a need to go into a confidential session. The auditors confirmed that they had no reason to go into a confidential session and the Audit Committee also confirmed that there was no need to go into a confidential session without College officers being present.

ANNUAL RE-APPOINTMENT OF AUDIT SERVICES

95. The College report 'Annual Re-Appointment of Audit Services' was received (copy attached to the signed minutes).

96. The Vice Principal Finance & Resources confirmed that both firms have performed well over the last year and no issues were being brought to the attention of the Committee. Satisfaction levels for both firms are therefore good.

97. Based on the feedback made available from College management, the Committee conducted a review of the performance of the Internal Audit Service and Financial Statement Auditor and agreed the following assessments against agreed performance indicators.

RSM Tenon: Internal Auditor

Satisfaction Rating High Low

		High	Low
Independence and objectivity			
Q1	Has the auditor provided information about its policies and processes for maintaining independence and has this covered:	X	
	a) the rotation of audit partners (or equivalent)	X	
	b) the nature of any other services provided to the college	X	
Audit Strategy			
Q2	Was the audit work planned with college management in a timely and appropriate way?	X	
Q3	Did the auditors communicate to the audit Committee and college management at the start of the audit where relevant:		
	a) the audit plan?	X	
	b) terms of reference	X	
	c) the audit approach	X	
	d) the level of audit materiality adopted for the audit, justification for this amount where applicable?	X	
	e) the timetable of the audit and for oral and written reports to the audit committee?	X	
	f) the extent of any reliance to be placed by the auditors on the work of other auditors?	X	
	g) the approach to tracking and reporting on the implementation of recommendations from previous visits?	X	
The audit approach			
Q4	Was there appropriate liaison with the college's other auditors where necessary?	X	
Q5	Was the audit work carried out on the agreed dates and to the agreed plan?	X	
Q6	Did the audit team comprise staff of sufficient seniority, experience and expertise?	X	
Q7	Was there appropriate staff continuity from previous visits?	X	
Q8	Did the auditors appear to be conversant with the requirements of the LSC and any other laws, regulations and standards?	X	

Q9	Was the college informed of any material events during the course of the audit?	N/A	
Conclusion and reporting of the audit			
Q10	Were written reports clear, concise and delivered on time?	X	
Q11	Were the recommendations in draft reports accepted?	X	
Q12	Were the recommendations considered constructive in improving the college's control environment and were they also considered practical and effective?	X	
Q13	Did the auditors adequately consider the appropriateness and effectiveness of the college's risk management processes, and were any recommendations for improvement considered to be practical and effective?	X	
Q14	Did the auditors attend audit committee meetings and deal with queries raised at the committee adequately?	X	
Q15	Did the auditors discuss with the audit committee any areas for improvement in their audit approach?	X	
Q16	If any audit report resulted in a qualified opinion, were the issues of concern and the impact on the report discussed with college management and the audit committee at a sufficiently early stage?	N/A	
Q17	Has there been a good working relationship between the auditors, college management and audit committee?	X	
Q18	Has the auditor been sufficiently thorough in approach and robust in dealing with college management and staff?	X	
Q19	Have college staff provided positive feedback on the quality of the audit work	X	
Q20	Were ad hoc queries during the year adequately dealt with?	X	
Q21	Is it recommended that the incumbent audit providers be re-appointed for the forthcoming year?	YES	

Baker Tilly: Financial Statement & Regularity Auditor

RSM Tenon: Internal Auditors

Satisfaction Rating
High Low

Independence and objectivity			
Q1	Has the auditor provided information about its policies and processes for maintaining independence and has this covered:	X	
	a) the rotation of audit partners (or equivalent)	X	
	b) the nature of any other services provided to the college	X	
Audit Strategy			
Q2	Was the audit work planned with college management in a timely and appropriate way?	X	
Q3	Did the auditors communicate to the audit Committee		

	and college management at the start of the audit where relevant:		
	a) the audit plan?	X	
	b) terms of reference	X	
	c) the audit approach	X	
	d) the level of audit materiality adopted for the audit, justification for this amount where applicable?	X	
	e) the timetable of the audit and for oral and written reports to the audit committee?	X	
	f) the extent of any reliance to be placed by the auditors on the work of other auditors?	X	
	g) the approach to tracking and reporting on the implementation of recommendations from previous visits?	X	
	The audit approach		
Q4	Was there appropriate liaison with the college's other auditors where necessary?	X	
Q5	Was the audit work carried out on the agreed dates and to the agreed plan?	X	
Q6	Did the audit team comprise staff of sufficient seniority, experience and expertise?	X	
Q7	Was there appropriate staff continuity from previous visits?	X	
Q8	Did the auditors appear to be conversant with the requirements of the LSC and any other laws, regulations and standards?	X	
Q9	Was the college informed of any material events during the course of the audit?	N/A	
	Conclusion and reporting of the audit		
Q10	Were written reports clear, concise and delivered on time?	X	
Q11	Were the recommendations in draft reports accepted?	X	
Q12	Were the recommendations considered constructive in improving the college's control environment and were they also considered practical and effective?	X	
Q13	Did the auditors adequately consider the appropriateness and effectiveness of the college's risk management processes, and were any recommendations for improvement considered to be practical and effective?	X	
Q14	Did the auditors attend audit committee meetings and deal with queries raised at the committee adequately?	X	
Q15	Did the auditors discuss with the audit committee any areas for improvement in their audit approach?	X	
Q16	If any audit report resulted in a qualified opinion, were the issues of concern and the impact on the report discussed with college management and the audit committee at a sufficiently early stage?	N/A	
Q17	Has there been a good working relationship between the auditors, college management and audit committee?	X	
Q18	Has the auditor been sufficiently thorough in approach and robust in dealing with college management and staff?	X	

- Q19 Have college staff provided positive feedback on the quality of the audit work
- Q20 Were ad hoc queries during the year adequately dealt with?
- Q21 **Is it recommended that the incumbent audit providers be re-appointed for the forthcoming year?**

X	
X	
YES	

98. It was **RESOLVED** to recommend that the Corporation at its meeting on 12 July 2010 confirms the annual re-appointment of Tenon as the College's internal audit service for the period 1 August 2010 – 31 July 2011.

99. It was **RESOLVED** to recommend that the Corporation at its meeting on 12 July 2010 confirms the annual re-appointment of Baker Tilly as the College's financial auditor for the period 1 August 2010 – 31 July 2011.

DATE OF NEXT MEETING

100. Tuesday 9 November 2010 @ 1830

The meeting concluded at 19.25.

Signed: _____ Date: _____
 (Chair)