

SOUTH CHESHIRE COLLEGE

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN ROOM 101, TOWER BLOCK ON THURSDAY 9 OCTOBER 2008 AT 4.40 PM

Present:

S Utting (Chair)
F Ellison
G Fyffe
G Martin

In Attendance:

G Bebbington (Director of Finance and Administration) (withdrawing as shown)
J Dowell (Deputy Director of Finance and Administration) (withdrawing as shown)
S Walsh (Bentley Jennison, Internal Auditors) (until the point shown)
J Bickerton (Bentley Jennison, Internal Auditors) (until the point shown)
E Davies-Jones (Clerk to the Corporation)

The Clerk advised that the meeting was quorate.

Agenda
Item:

A **28/08 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Craig Lamont

A **29/08 DECLARATIONS OF INTEREST**

At this point in the meeting the Chair asked the members attending this meeting to declare any personal or prejudicial interests and the nature of that interest, in any item of business on the agenda and, if necessary, to leave the meeting prior to discussion of that item.

No declarations of interest were made by members attending this meeting.

A **30/08 MINUTES OF THE LAST MEETING OF THE AUDIT COMMITTEE AND MATTERS ARISING**

The minutes of the meeting of the Corporation Audit Committee ("the Committee") held on 3 July 2008, as reported to the Corporation on 18 July 2008, were considered.

IT WAS RESOLVED that they be approved as a true and accurate record to be signed by the Chair.

Matters arising:

A **30/01/08 Minute No A 20/08 : Internal Audit Annual Plan 2008/09**

Sandra Walsh presented a revised version of the Internal Audit Plan for 2008/09. She informed members that the plan had been amended to remove the four days which had been allocated for audit of the Train2Gain contract in order to adjust the number of days

of internal audit work for the year to the total of 36 days which had been approved by the Corporation.

There were no other matters arising from the minutes of the last meeting which were not dealt with as part of the agenda items for this meeting.

IT WAS RESOLVED to receive the revised Internal Audit Plan for 2008/09

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30/01/08 Minute No A 23/08 : Internal Audit - Review of Provision

The Director of Finance and Administration presented the paper providing members with the proposed procedure for undertaking the competitive tender process. He informed members that companies had been identified through two exercises: the first exercise having been conducted through the Crescent Purchasing Consortium website by the College's Procurement Manager; the second exercise having been conducted through the College's Invitation to Quote/Fee Indication Survey which targeted those firms not included in the Crescent Purchasing Consortium supplier list. He went on to inform members under the proposed procedure invitations to quote would be sent out to those companies identified in the paper by the end of November 2008. A short list of preferred companies would be drawn up for the Audit Committee to consider at the Committee meeting scheduled to take place on 5 March 2009 in order to determine the companies who would be invited to tender/interview. He informed members that Interviews could take place in late April/early May to be conducted by a panel chosen from Audit Committee members.

IT WAS RESOLVED to receive the report.

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31/08 INTERNAL AUDIT ASSIGNMENT REPORTS 2007/08

Sandra Walsh presented the two internal audit assignment reports which had been completed since the last meeting of the Audit Committee namely the Franchise spot Checks Review and the Follow-up Review.

Members were informed that all six schools were considered within the Franchise Partner Spot Check and that the audit had concluded that documentation is being completed accurately and in a timely manner with no recommendations being made as a result of the audit review.

Members were informed that the Follow-up Review was undertaken to follow up progress made by the College to implement previous internal audit recommendations. The audits considered included Risk Management, Financial Management – Operational and Learner Number Systems. The focus of the review was, whilst concentrating on the recommendations classified as “merits attention”, to provide assurance that all recommendations previously made had been adequately implemented. The Report recorded that in the opinion of the auditors, the College has demonstrated good progress in implementing actions agreed to address internal audit recommendations and it had not been necessary to reiterate any recommendations, or to make any additional recommendations as a result of the follow-up audit work.

IT WAS RESOLVED to receive the reports, the scope and objectives of which had been met.

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32/08 INTERNAL AUDIT DRAFT ANNUAL REPORT 2007/08

Sandra Walsh presented the draft annual report of the internal audit service for the year ending 31 July 2008. She advised as follows –

- the audit opinion is that the College had adequate and effective risk management processes, control processes and governance processes to manage the achievement of the College’s objectives;
- the audits had been conducted in accordance with the Internal Audit Standards as detailed in the Learning and Skills Council’s Audit Code of Practice and GIAS;
- the statements of operational assurance as set out on page 5 of the report, are also required. Operational assurance was ‘good’ in all areas;
- benchmarking against the previous year:

Assurance levels

Assurance	Substantial	Adequate	Limited
2007/08	100%	0 %	0%
2006/07	85.72%	14.28%	0%

Number of Recommendations:	Fundamental	Significant	Merits Attention
Average No. per report in 2007/08	0	0	0.83
Average No. per report in 2006/07	0	0.63	1.29

Members were informed that the information demonstrated that the College continues to receive positive assurances and the College has not received any recommendations categorised as “fundamental” or “significant” during 2007/08.

IT WAS RESOLVED to receive the internal audit annual report for 2007/08, recommend to the Corporation that a copy of the report should be sent to the Learning and Skills Council

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33/08 MONITORING OF OUTSTANDING RECOMMENDATIONS

Members considered the schedule of outstanding recommendations noting that of the four outstanding recommendations, three had been recorded as having been implemented with one recommendation shown as ‘being implemented’. Members were informed that although it was considered that all work had been completed to confirm that the one recommendation recorded as “being implemented” had in fact been completed it was the wording of the internal auditor’s recommendation that did not allow it to be recorded as having “been implemented”. Members considered that the wording of the recommendation under the Procurement Audit Report 06.07/08 should be changed to state “ A target date for completion of the initial preferred supplier list should be set”, the inclusion of the word “initial” allowing the recommendation to be confirmed as having been implemented.

IT WAS RESOLVED to receive the report and to note that all outstanding recommendations were to be recorded as having been implemented.

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34/08 TIMELY SUBMISSION OF RETURNS

The Director of Finance and Administration informed members that all LSC returns in 2007/08 were submitted on time and error free.

IT WAS RESOLVED to receive the report and to advise the Corporation accordingly in the Committee's annual report

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35/08 ARRANGEMENTS FOR FINANCIAL STATEMENTS AUDIT 2007/08

The Director of Finance and Administration informed members of arrangements for the financial statements audit to 31 July 2008 and the Regularity Audit which will commence on 3 November 2008. He informed members some initial work on the Regularity audit had already been undertaken during the last week in June 2008 and that the audited accounts must be submitted to the Learning and Skills Council by 31 December 2008 following approval of the accounts by the Corporation at its meeting on 12 December 2008.

IT WAS RESOLVED to note the arrangements for the audit of the financial statements for the year ended 31 July 2008.

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36/08 BEST VALUE/VALUE FOR MONEY ANNUAL REPORT 2007/08

The Director of Finance and Administration presented a report detailing evidence on the adequacy and effectiveness of the College's controls for securing economy, efficiency and effectiveness. He went on to present a Procurement Progress Report which had been prepared for members by the College's Procurement Manager detailing activities completed and savings achieved during the year together with targets set for 2008/09.

IT WAS RESOLVED to receive the report and note the College's arrangements for securing value for money and to advise the Corporation that the controls for securing value for money are effective.

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37/08 FRAUD POLICY (SCCPOL 29) AND RESPONSE PLAN ANNUAL REPORT 2007/08

The Director of Finance and Administration presented a report pursuant to the College's fraud policy and response plan, which provides for the logging of details of occurrences of all reported suspicions of fraud (including those dismissed as minor or otherwise not investigated).

He confirmed that during 2007/08 there had been no such suspicions of any fraud internal to the College being reported and accordingly none were logged.

Members were provided with a copy of the Fraud Policy and noted that there were no amendments, other than updating of contact details were being proposed.

IT WAS RESOLVED to receive the report and that the Corporation be advised accordingly in the Committee's annual report.

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38/08 WHISTLEBLOWING CODE OF PRACTICE (SCCPOL 23)

Members were provided with a copy of the Whistleblowing Code of Practice which was last reviewed in November 2006. Members were informed that there had been no concerns or disclosures made under the procedure in the period of the last two years and that no amendments, other than updating of contact details, were being proposed.

IT WAS RESOLVED to receive the report and that the Corporation be advised accordingly

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39/08 FREEDOM OF INFORMATION – DEALING WITH REQUESTS PROCEDURE (SCCPOL 033)

Members were provide with a copy of the procedure and were informed that no requests for disclosure of information have been recorded in the period since the procedure was adopted in November 2006.

Members were informed by the Director of Finance and Administration that no changes to the procedure were being proposed and that it was proposed that the guidance published by the Information Commissioner's Office in the form of the model publication scheme for Colleges of Further Education effective from 1 January 2009 should be adopted and followed.

IT WAS RESOLVED to recommend that the Corporation approve that the Freedom of Information – dealing with requests procedure (SCCPOL 033) should continue and that the guidance published by the Information Commissioner's Office in the form of the model publication scheme for Colleges of Further Education effective from 1 January 2009 should be adopted and followed.

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40/08 AUDIT COMMITTEE ANNUAL REPORT 2007/08

Members considered the first draft of the Committee's eleventh report to be delivered to the Corporation pursuant to paragraph 10 of its terms of reference. Members considered the further material and modifications required to be included as a result of internal audit reports presented at this meeting, the outcomes of the Regularity Audit and the results of the self assessment of governance processes.

IT WAS RESOLVED to receive and review the final draft report at the next meeting

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41/08 RISK MANAGEMENT 2007/08

Members considered the College's risk register for the current year and the current position reported in respect of the chief risks.

IT WAS RESOLVED to note the current position in respect of management of the risks in the risk register 2007/08 and recommend that the Risk Register be amended to include a further risk concerning the Treasury Investment Strategy and to advise the Corporation accordingly.

The Director of Finance and Administration and the Deputy Director of Finance withdrew from the meeting at this point.

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42/08 CONFIDENTIAL BUSINESS

Members had before them a list of questions which might be put to internal auditors in the absence of management as recommended by CIPFA and a list of questions suggested by the Chartered Institute for Public Finance and Accountancy in their *Handbook for Audit Committee Members in Further and Higher Education* as suitable to be asked by audit committees in the absence of management. The representative of the internal auditors confirmed that there were no matters to which she wished to draw the attention of the Committee in management's absence.

The Director of Finance and Administration and the Deputy Director of Finance rejoined the meeting at this point.

Sandra Walsh and Judith Bickerton left the meeting at this point.

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43/08 MONITORING PERFORMANCE OF INTERNAL AUDITORS

The Director of Finance and Administration presented the report summarising internal audit performance in 2007/08. Members noted the following:

- results were achieved in relation to objectives;
- cost of internal audit work was £14,441.76 inclusive of vat for 36.99 days against the 36 days which had been approved;
- every audit in the plan had been completed; and staff continuity had been high.

Members were informed that the 36.99 days included the provision of the ½ hour audit training sessions which had been provided by Lisa Randall prior to four committee meetings during the course of the year.

IT WAS RESOLVED to note that internal audit performance in 2007/08 had been satisfactory.

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44/08 DATE OF NEXT MEETING OF THE AUDIT COMMITTEE:

The date of the next meeting was noted as Thursday 4 December 2008 at 4.30 pm. Training session for members to be provided by KPMG between 4pm and 4.30pm immediately prior to the commencement of the Committee meeting.

There being no further business, the meeting concluded at 6.10pm.

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(Chair)

Production: 16 October 2008
Chair's Approval: 21 October 2008

Committee's Approval: 4 December 2008
Reported to Corporation: 27 November 2008