

SOUTH CHESHIRE COLLEGE

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT EDLESTON ROAD ON THURSDAY 8 OCTOBER 2009 AT 6.30 PM

Present:

S Utting (Chair)
C Blanchard
R Jones
S Yates

J Atkinson, Afford Bond LLP, attending as an observer

In Attendance:

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

The Clerk advised that the meeting was quorate.

The Chair welcomed the newly appointed members of the Committee to the meeting.

Agenda
Item:

A 25/09 APOLOGIES FOR ABSENCE

Apologies for absence were received from Lisa Randall, Bentley Jennison .

A 26/09 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 27/09 MINUTES OF THE LAST MEETING OF THE AUDIT COMMITTEE AND MATTERS ARISING

The minutes of the meeting held on 18 June 2009, as reported to the Corporation on 24 July 2009, were considered.

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

Matter arising:

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27/01/09 Minute No A 16/09 : Internal Audit Strategy 2009/10 – 2011/12

Alison Buick presented the draft and the updated Internal Audit Strategy 2009/10 to 2011/12 which included details of the proposed internal audit annual plan for 2009/10. She informed members that the plan had been discussed with the Principal, the Director of Finance and Administration and the Managing Director of the College's subsidiary company. She went on to draw members attention to the strategic content of the plan informing members that the plan had been had been developed and was being proposed with the aim of providing the governing body with an objective evaluation of the College's risk management, control and governance processes and opinions on their effectiveness. The plan as presented contained an estimate of 40 days work excluding contingency.

IT WAS RESOLVED to recommend that the Corporation approve the Internal Audit Strategy and Plan as presented and to agree to receive the Internal Auditor's benchmarking report "Review of Risk Maturity in Further Education" at the next meeting of this committee .

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.

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28/09 INTERNAL AUDIT ASSIGNMENT REPORTS 2008/09

Alison Buick presented the three internal audit assignment reports which had been completed since the last meeting of the Audit Committee namely :

- Learner Number Systems
- Capital Projects (Campus Development Project); and
- Data Security

Members were informed that the audit of Learner Number Systems – Registrations, Achievements and Registers had resulted an internal audit opinion that the controls upon which the organisation relies to manage this area, as currently laid down and operated are effective. The report provided "substantial assurance" and contained one "merits attention" recommendation.

Members were informed that the audit opinion of "Adequate Assurance" had been given following the audit work undertaken on the Campus Development Project. The audit had resulted in two "significant" recommendations and four "merits attention" recommendations being made. One of the two "significant" recommendations had been accepted in part only and Alison Buick confirmed that this response had been accepted by the internal auditors. One of the four "merits attention" recommendations had not been accepted by management.

Members were informed that the audit of Data Security gave an audit opinion of "substantial assurance". The report contained one "significant" recommendation and two "merits attention" recommendations.

IT WAS RESOLVED to receive the reports and that with regard to the Capital Projects audit report:

- *to ask the Campus Development Committee consider and provide comments on the recommendations made in the Capital Projects Report; and*
- *to invite the Director of Curriculum Support & Operations to attend the next meeting of this Committee to clarify the management response given to the recommendations made in the Capital Projects audit report.*

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29/09 INTERNAL AUDIT DRAFT ANNUAL REPORT 2008/09

Alison Buick presented the draft annual report of the internal audit service for the year ending 31 July 2009. 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%
2008/09	66.67%	33.33%	0%

Recommendations:	Fundamental	Significant	Merits Attention
2007/08	0	0	100%
2008/09	0	27.27%	72.73%

Members were informed that the information demonstrated that the College continues to receive positive assurances. In relation to matters of internal control: there were no areas where fundamental recommendations had been made; there were no areas where limited assurance was given; and there had been no significant changes during the year. The results of the benchmarking confirm the receipt of significant recommendations in 2008/09, which coincides with the receipt of adequate assurance within the capital projects report. All recommendations made during the year were accepted by management, with the exception of two and these did not have any impact on the internal auditor’s overall opinion

IT WAS RESOLVED to receive the internal audit annual report for 2008/09 and to recommend to the Corporation that a copy of the report should be sent to the Learning and Skills Council

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30/09 MONITORING OF OUTSTANDING RECOMMENDATIONS

Members considered the schedule of outstanding recommendations noting that of the twelve outstanding recommendations (which included the recommendation made in the Data Security audit report presented at this meeting), seven had been recorded as

having been implemented with four recommendations shown as 'being implemented' and one recommendation shown as having been "superseded".

IT WAS RESOLVED to receive the report.

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31/09 TIMELY SUBMISSION OF RETURNS

The Director of Finance and Administration informed members that all LSC returns in 2008/09 were submitted accurately and on time.

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

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32/09 ARRANGEMENTS FOR FINANCIAL STATEMENTS AUDIT 2008/09

The Director of Finance and Administration informed members of arrangements for the financial statements audit to 31 July 2009 and the Regularity Audit would be conducted in the two weeks commencing on 2 November 2009. He informed members some initial work on the Regularity audit had already been undertaken during the first week in July 2009 and that the audited accounts must be submitted to the Learning and Skills Council by 31 December 2009 following approval of the accounts by the Corporation at its meeting on 11 December 2009.

IT WAS RESOLVED to note the arrangements for the audit of the financial statements for the year ended 31 July 2009.

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33/09 BEST VALUE/VALUE FOR MONEY ANNUAL REPORT 2008/09

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 2009/10.

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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34/09 FRAUD POLICY (SCCPOL 29) AND RESPONSE PLAN ANNUAL REPORT 2008/09

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 2008/09 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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35/09 AUDIT COMMITTEE ANNUAL REPORT 2008/09

Members considered the first draft of the Committee's twelfth 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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36/09 RISK MANAGEMENT 2008/09

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 2008/09 noting that the reporting of the risk register is to be reviewed at a workshop which is taking place on 9 November and is being lead by the internal auditors .

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

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37/09 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 Deputy Director of Finance rejoined the meeting at this point.

Alison Buick left the meeting at this point.

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38/09 MONITORING PERFORMANCE OF INTERNAL AUDITORS

The Deputy Director of Finance and Administration presented the report summarising internal audit performance in 2008/09. Members noted the following:

- results were achieved in relation to objectives;
- cost of internal audit work was £17,676.12 inclusive of vat for 37.55 days against the 36 days plus 1 day contingency which had been approved;
- every audit in the plan had been completed; and staff continuity had been high.

IT WAS RESOLVED to note that internal audit performance in 2008/09 had been satisfactory.

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39/09 DATE OF NEXT MEETING OF THE AUDIT COMMITTEE:

The date of the next meeting was noted as Monday 30 November 2009 at 6.30 pm. A training session for members is to be provided by KPMG between 6pm and 6.30pm immediately prior to the commencement of the Committee meeting.

There being no further business, the meeting concluded at 7.45pm.

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(Chair)

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