

MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD ON MONDAY 4 OCTOBER 2010 AT 8.00am

PRESENT:

Lucy Dadge – Chair
Tony Grady
Nigel Hallam
Karen Harrison
Thulani Molife

IN ATTENDANCE:

Geoff Hall – Principal
Julie Ashton – Deputy Principal
Andrew Hartley – Vice Principal of Finance and Resources
Jonathon Creed – Tenon
Michael Rowley – KPMG
Claire Kay - Clerk to the Corporation

1. **CLOSED SESSION: COMMITTEE MEMBERS AND AUDITORS**

Members used the session to follow up items raised at the meeting in July and to discuss any items the auditors wished to bring to the attention of the Committee.

2. **APOLOGIES FOR ABSENCE**

Apologies for absence had been received from Val Mattinson and Alastair Hunt. The Committee accepted these apologies. The Chair notified the Committee that she would leave the meeting at 9.20, the Committee appointed Nigel Hallam to act as Chair for the remainder of the meeting.

3. **DECLARATIONS OF PERSONAL INTEREST IN AGENDA ITEMS**

There were no declarations of interest recorded in the agenda items.

4. **MINUTES**

The minutes, including the confidential minute of the meeting held on 2 July 2010 were confirmed and signed.

5. **MATTERS ARISING**

There were no matters arising from the meeting not covered elsewhere on the agenda.

6. **INTERNAL AUDIT REPORTS**

IT Core Controls

The report on the review undertaken on IT Core Controls was presented showing an overall conclusion of reasonable assurance. The recommendations made in the report related mainly to access controls. Members noted the high level of assurance given in the report and the recommendations and explored the practical considerations of the overall control environment. Members requested the Director of ILT attend the next meeting to provide assurance that the recommendations had been actioned and to provide a brief update on the implementation of additional controls.

The report was noted.

Single Central Record

The report on the review undertaken on the Single Central Record was presented showing an overall conclusion of substantial assurance. Members considered this a very pleasing report given the findings of the HR report earlier in the year and the current safeguarding climate.

The report was noted.

Risk Management

The report on the review undertaken on Risk Management was presented showing an overall conclusion of substantial assurance. Members supported the proposed link between internal audit reports and the risk register noting that management should not solely rely on reviews carried out by IAS to identify new risks or assess existing risks.

The report was noted.

Follow-up

The report on the follow-up from 2008/09 IAS recommendations was presented showing an overall conclusion of substantial assurance. All areas, with the exception of the recommendations relating to staff utilisation, had been fully implemented or superseded. Followup on the staff utilisation recommendation would form a specific review during 2010/11.

The report was noted.

7. INTERNAL AUDIT SERVICE ANNUAL REPORT

The report presented by RSM Tenon would be submitted to Corporation and the SFA with the overall opinion of the Internal Audit Service on the level of assurance given to the College's risk management, control and governance processes in year. Tenon reported full and effective access to areas of review and that the plan agreed at the beginning of the year had been fully completed. The overall opinion provided was that of reasonable assurance. Members were pleased to note this was the highest level of assurance in accordance with the Audit Code of Practice.

The opinion on the operation of controls noted 4 exceptions where high priority recommendations had been identified during the review work undertaken this led to a conclusion of adequate assurance with regard to use of resources and compliance with college policies.

The conclusion provided on the implementation of recommendations from prior year was limited by the progress made during 2009/10 on staff utilisation. RSM Tenon did not consider this affected the overall level of assurance given in the report due to the work in progress in this area. Members of the Committee were concerned the implication of the original implementation dates had not been recognised and considered it appropriate to receive a comprehensive briefing at the November meeting to gain assurance that the actions identified for implementation by 31 July 2010 were embedded and working effectively.

The report was noted and the Committee passed the following resolution:

The Committee recommend the IAS Annual Report 2009/10 for approval by the Corporation.

8. INTERNAL AUDIT PLAN FOR 2010/11

The Committee reviewed the updated internal audit plan for 2010/11 including the comments made at the July meeting. The 5 year strategy was clearly laid out but retained flexibility in each year to respond to risk. It was suggested that the review of estate and

facilities might include estate utilisation and asset utilisation (IT hardware and software). Members agreed to explore this with the Director of ILT at the next meeting. Members discussed the linkages between IT disaster recovery and business continuity and suggested either the same team of auditors review both areas over the two years or they are moved together to be reviewed in one year. These suggestions would be considered in year.

The report was noted and the Committee passed the following resolution:

The Committee recommend the IAS Audit Plan 2010/11 for approval by the Corporation.

GH joined the meeting during this item (8.55am)

9. RISK MANAGEMENT STRATEGY 2010/11

Members reviewed the risk management strategy and risk register for 2010/11. The changes to the strategy were not fundamental but the risk register reflected the developmental work from 2009/10 to provide numerical risk ratings, links to key performance indicators and the impact of the control environment.

Members considered the 3 high risk items were reasonable and expected and given the view that the risk appetite of the board was risk averse care needed to be given to not over controlling risks in a climate of financial pressure. Members considered excellent progress had been made in the development of this new format and would review risk at each meeting.

The report was noted and the Committee passed the following resolution:

The Committee recommend the Risk Management Strategy and Risk Register for 2010/11 for approval by the Corporation.

10. STAFF UTILISATION UPDATE

The report was presented which outlined the progress made to date in the implementation of the recommendations from the IAS report on staff utilisation and the additional areas of control developed as a result of this review. Members were pleased to note the improved timetabling, reporting and HR aspects of the work and the impact of staffing panel and the increased controls on pay claims and school review process which have impacted on the use of resources.

A further report would be considered at the next meeting regarding this item. The report was noted.

LD withdrew from the meeting during this item and the Chair was taken by NH.

11. MINUTES OF THE AUDIT AND RISK MANAGEMENT GROUP

Members noted the minutes.

12. REVIEW OF PERFORMANCE OF IAS

IAS withdrew from the meeting for this item.

Members reviewed the assessments made by management and Tenon respectively against the performance indicators. Members concurred with both assessments that the IAS performance had been good during the year. Members agreed to suggest Tenon strive to improve two specific performance indicators relating to adding value to the College procedures and control environment.

The report was noted and the Committee passed the following resolution:

The Committee recommend RSM Tenon are appointed as internal audit providers for 2010/11 by the Corporation.

13. REVISED WHISTLEBLOWING POLICY

Members reviewed the changes made to the policy following the last meeting and passed the following resolution:

The Committee recommend the revised Whistleblowing Policy and Procedure to Corporation for approval.

Clarification was sought on how the College was addressing the new Bribery Act; an update would be provided at the next meeting.

14. RECOMMENDATION TRACKING

A new format of the outstanding recommendations was presented to members. Members reviewed the outstanding items on the recommendation tracking document noting the updates of actions taken, a request was agreed to include the audit report name on the LHS of the report. A request for the percentage of PDR's completed was agreed to be updated outside of the meeting and again at the next meeting.

The report was noted.

15. STRATEGIC RISK DRIVER: CORE BUSINESS

This item was deferred to the next meeting.

16. RISK MANAGEMENT ISSUES

No additional risks were identified by the committee.

17. CONFIDENTIALITY OF BUSINESS

No items were considered confidential by members.

18. DATE OF NEXT MEETING

The next scheduled meeting would be Friday 26 November 2010.

The Chair closed the meeting at 9.45am.

SIGNED: _____

DATE: _____