

**Minutes of the Audit Committee held on Monday, 8 June 2009
at 6.15 p.m. in the Conference Room, Shrewsbury Sixth Form College**

Present:

Tony Boucher (Chair)
Chris Fountain, Chris Kalinowski, Geoff Parry

In attendance:

Martin Ward - Principal
Janet Stephens – Assistant Principal - Resources
Paul Morgan - Assistant Principal – Information Services
Sandra Welsh - RSM Bentley Jennison

Janet Jones - Clerk to the Corporation

Apology for Absence - David Roberts

26. **Declarations of Interest**

There were no declarations of interest

27. **Welcome To New Members**

The Chair welcomed Chris Fountain and Geoff Parry who had been appointed to the Committee following the meeting of Full Corporation on 16 March 2009

Minutes

28. Resolved:

That the minutes of the meeting of the Audit Committee held on 9 March 2009 be approved as a correct record.

Matters Arising:-

29. **Presentation on Framework for Excellence**

The Principal advised on student results under the grading system for the Framework for Excellence to be published which showed achievements and destinations were outstanding. He stated that there was still uncertainty in the Further Education sector regarding the application of the Framework for Excellence and the way forward and that Governors would be kept informed of developments.

Risk Management Report (Appendix 16/09)

The Assistant Principal – Resources submitted a report prepared by the Assistant Principal – Student Services on the 2008/09 Risk Register and an update on 2008/09 top risks as at June 2009.

30. Resolved: -

That the report be noted and that, in respect of high risk, the following be noted/amended:

1.9 - Risk to property and people due to inadequate security – will be reduced when fencing work is completed – awaiting Listed Building consent and anticipated that work will be carried out during the summer.

1.10 - Impact of the restructuring has a negative impact on staff morale – currently at Phase 2 of the process.

6.2 - Running of college disrupted to support union activities – could be reduced as no formal action had been taken by unions.

11.4 - Failure to obtain funding for new build means that property strategy cannot be implemented – noted short term strategy to increase maintenance and undertake small development projects and to appoint an Estates Manager to maximise use of existing buildings.

11.7 - Injury to students and staff – Should reduce following revised traffic management arrangements - to be monitored.

31. **Internal Audit Reports – Agenda Items 7, 8 and 9 (Appendix 18/09)**

- (i) College Funds March 2008/09 – Final Report**
- (ii) Follow Up – May 2008/2009 – Final Report**
- (iii) Key Financial Controls – April 2008/2009 - Final**

It was agreed that these reports be considered with Item 11 on the agenda – Internal Audit Progress Report.

The Chair requested that the next Audit Committee meeting consider the need to receive the Internal Audit reports in addition to the Internal Audit Progress report (Item 11) which contained a summary of all reports.

Funding Assurance Review Audit (Appendix 17/09)

The Assistant Principal - Information Services submitted a Management Report entitled Funding Assurance Review Audit 2008/09 prepared by KMPG LLP. He drew particular attention to paragraph 1.5 of the report – Overall Conclusion – which showed that, subject to the implementation of recommendations detailed in Section 2, the systems of controls at the College were satisfactory in respect of the residual risks presented by learner ineligibility and non-existence.

The Principal referred to Section 2 of the report and on action taken to implement the recommendations, including the use of specific criteria to be used as proof of identity.

He advised that the recommendations were helpful in tightening up procedures.

32. Resolved:

That the Management Report Funding Assurance Review Audit 2008/09 be noted and that the actions taken in respect of the recommendations be endorsed.

Internal Audit Progress Report (Appendix 18/09)

Sandra Welsh, RSM Bentley Jennison, submitted an Internal Audit Progress Report together with reports on College Funds, Key Financial Controls and Follow Up.

Reference was made to paragraph 6.1 on page 2 of the report relating to the IT Disaster Recovery systems and the feasibility of carrying out a full test of the college system. Sandra Welsh advised that she knew of only one college, which had large resources, where a full test had been undertaken and that Governors should consider the cost/ benefit of taking such action. The Assistant Principal, Information Services, stated that the college had secured assurances and warranties that its back-up procedures would ensure that all systems would be recovered within one working day. He suggested that the audit 1 day contingency be used to review progress on the Disaster Recovery recommendations.

The Chair asked for feedback on whether it would be appropriate and necessary to establish an Accreditation of Systems. Sandra Welsh advised that it was unlikely that Colleges would do this as it was costly. There were many British Standards already covering college systems and she confirmed that there was no policy requiring Colleges to establish accreditation systems.

33. Resolved:

(a) That the Internal Audit Progress Report relating to College Funds March 2008/09; Key Financial Controls March 2008/09; and Follow Up May 2008/09 be noted.

(b) That the audit 1 day contingency be used to undertake a formal review of the progress made on the Disaster Recovery recommendations and that a further report be submitted to the next meeting of the Audit Committee.

34. **Chair of Audit Committee – Tony Boucher**

The Principal advised that this would be Tony Boucher's the last meeting of the Audit Committee as his term of office as Governor was due to end on 31 July. On behalf of the Committee, he thanked Tony for his valued work on the Audit Committee and wished him well for the future.

Tony acknowledged these remarks and, in particular, thanked Chris Kalinowski for his advice over the years and also asked that his thanks and best wishes be forwarded to Patrick Green, RSM Bentley Jennison.

(Note: At this point of the meeting, Sandra Welsh left the meeting)

35. **Audit Recommendation Tracking Report (Appendix 19/09)**

The Assistant Principal – Resources submitted the Audit Recommendation Tracking Report for information only.

36. **FRS17 Assumptions (Appendix 20/09)**

The Assistant Principal – Resources, submitted a report for information giving details of the FRS17 retirement benefits. She confirmed that, in the short term, having regard to the current financial markets, it was highly unlikely that the pension deficit would improve.

37. **Irregularity and Fraud**

There were no issues of irregularity and fraud to report

Performance Indicators for Auditors (Appendix 21/09)

38. Resolved:

That the Chair and Assistant Principal – Resources complete and sign the Performance Indicators forms in respect of the Internal and External Auditors.

(Note: This was done at the meeting)

Internal and External Audit Appointments (Appendix 22/09)

39. Resolved:

(a) That RSM Bentley Jennison be appointed as the College's internal auditors for a five year period with effect from 1 August 2009.

(b) That Grant Thornton UK LLP be appointed as the college's external auditors for a five year period with effect from 1 August 2009.

40. **New Risks**

There were no new items of risk arising from the meeting.

41. **Date of Next Meeting** - To be arranged