



Minutes of the Audit Committee Meeting

held 10 February 2009

Present: David Prain (*Chair*), Andrew Hanson, Liane Purnell, Alan Taylor

In attendance: Keith Bate (*Principal*)
Jacquie Carman (*Director of Finance and Administration*)
Patrick Green (*RSM Bentley Jennison*)
Louise Tweedie (*RSM Bentley Jennison*)
Jennifer Sunter (*Clerk*)

1 Apologies

There were no apologies.

2 Declarations of Interest

Liane Purnell declared a standing interest in relation to partnership working arrangements between Halesowen College and Newman University College.

3 Minutes of Meeting held 11 November 2008 and Matters Arising

The minutes of the meeting held 11 November 2008 were approved as a correct record.

There were no matters arising outside the agenda.

4 Internal Audit Reports Action Plan Update

Jacquie Carman reported on progress made against recommendations.

Under Income Generating Activities the final recommendation was closed following the revision of the Halesowen College Enterprises Ltd Financial Regulations to reflect the process for certifying purchase invoices for payment.

The recommendation under the Risk internal audit was met by a report on the determination of risk appetite to the committee and to the Corporation meeting in March.

In relation to the external audit review of the PFA Funding Pilot, Jacquie Carman outlined the closed and pending items particularly those relating to the management of EMA under the new scheme administration.

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| <p>The Audit Committee resolved to receive the progress report on Internal Audit Action Plans and authorised the removal of closed items from the list.</p> |
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5 Bentley Jennison Internal Audit Reports

Louise Tweedie reported on the outcomes of the internal audit work undertaken.

Governance 01.08/09

Louise Tweedie outlined the fieldwork undertaken on a sample of questions from the Financial Management and Control Evaluation (FMCE). Substantial assurance was afforded with no recommendations.

Governance Thematic Review

Members noted the report benchmarking the Corporation data on attendance and duration of meetings as part of the overall thematic review and requested that this be circulated to members.

Action: Clerk

Freedom of Information Act

Louise Tweedie explained that the audit had looked at both the scheme that had been in place and the proposed implementation of the new model publication scheme required from January 2009. Substantial assurance was given with one recommendation meriting attention. It was agreed to make the process for complaints implicit in the scheme.

Registers

The advisory review conducted during the College pilot of the electronic registers scheme had revealed a need to establish an interface between systems to enable more efficient operation. The recommendations were agreed and would form part of the evaluation of the pilot project.

Progress Report

Members noted the current performance against plan and the detailed client briefings.

Follow Up

Louise Tweedie reported on good progress made in implementing recommendations.

Capital Projects

Louise Tweedie commended both the design and application of controls with the report listing examples of good practice. Substantial assurance was awarded and there were no recommendations. Patrick Green commended the management of capital projects by the College.

The Audit Committee resolved to accept the Internal Audit Reports on Governance 01.08/09 Governance Thematic Review; Framework for Freedom of Information Act Compliance 02.08/09; Registers 03.08/09; Progress Report; Follow Up 04.08/09; Capital Projects 05.08/09.

6 External Auditor

Jacque Carman noted the uncertainty of changes to the current audit regime relating to funding assurance audit.

Jacque Carman reported on the excellence of the onsite audit team conducting external audit work, in particular their demonstration of good sector knowledge.

The Audit Committee received the report and approved that there be no changes to the Performance Indicators for External Audit 2008/2009.

7 Risk Management

Jacque Carman reported that the College procedures for identifying and managing risk are robust allowing the College to move to the next level in identifying risk appetite; the level of risk the College could manage to maximise its opportunities.

Jacque Carman outlined for members five risk appetite categories, firmly identifying the College position as 'Balanced' with a maximum risk appetite score of 12. In recognising this, Jacque Carman had extracted from the risk register items rated 12 or above and therefore outside the risk appetite. These had been analysed further against the control framework with three remaining outside the risk appetite. Members noted that a traffic light system was then applied and one risk had been coded red, that of the adverse financial impact due to changes in the funding methodology/resource allocation.

Members commended Jacque Carman on a clear and helpful reporting approach.

In reviewing the risk management update, Jacque Carman noted that two new risks had been identified and were being addressed. Members noted that the plans for a desktop review of disaster management had been overtaken by the recent real incident of burst water pipes which had been dealt with and would be analysed and reported on to the committee.

Action: Jacque Carman

Members further noted the risk assessment by curriculum area, linked to the quality cycle.

The Audit Committee resolved to

- recommend to Corporation that the risk appetite be determined as 'balanced';
- note the risk plan and the new traffic light evaluation of risk;
- accept the risks remaining outside the risk appetite;
- approve of the revised Risk Management Policy.

8 Anti Fraud Self Assessment Checklist

Jacque Carman reported that there were no particular concerns outside those of the impact of the macroeconomic climate which had prompted a reconsideration of investments and the control environment surrounding them.

Members noted that the College had drawn on the RSM Bentley Jennison model to review key activities and best practice so that the College was doing all it could to combat the risk of fraud.

The report was received.

9 Freedom of Information Policy

Jacque Carman informed members that all public sector bodies were required to adopt the revised Model Publication Scheme as issued by the Information Commissioners Office.

Members noted the detail of the scheme in particular methods of access to documentation.

The Audit Committee resolved to recommend to Corporation the adoption of the Model Publication Scheme be endorsed and that the revised Freedom of Information Policy be approved.

10 Financial Management and Control Evaluation

Jacquie Carman reported that contrary to original advice a further section of the FMCE had required completion. Subsequently the additional information had been added and minor corrections to the test made before resubmission to the Learning and Skills Council.

The Audit Committee note the revised Financial Management and Control Evaluation Form.

The Committee adjourned for fifteen minutes to enable the withdrawal of auditors in attendance and the preparation for presentations by internal audit service providers.

11 Proposal for Appointment of Internal Auditors

Following presentation from Clement Keys Chartered Accountants and RSM Bentley Jennison, members discussed the relative service level provision offered by each company.

The Audit Committee resolved to recommend to Corporation RSM Bentley Jennison as the preferred provider of Internal Audit Services to Halesowen College for a period of three years commencing August 2009 based on the terms and conditions of their tender document.

12 Any other business

There was none.

13 Date of next meeting

The next meeting is scheduled for Tuesday 12 May 2009.

Closed: 12.10pm