



Halesowen College

Minutes of the Audit Committee Meeting

held 9 February 2010

Present: Andrew Hanson (*Chair*), Liane Purnell, Alan Taylor (*Vice Chair*), Phil Osborne

In attendance: Jacquie Carman (*Director of Finance and Administration*)
Paul Oxtoby (*Baker Tilly*)
Patrick Green (*RSM Tenon*)
Louise Tweedie (*RSM Tenon*)
Jennifer Sunter (*Clerk*)
Will Davidson (*Technical Resources Director*)

1 Apologies

Apologies were received on behalf of Keith Bate and Timothy Shaw and from Alan Taylor who would arrive late.

2 Declarations of Interest

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

3 Minutes of Meeting held 3 November 2009 and Matters Arising

The minutes of the meeting held 3 November 2009 were approved as a true record with the inclusion of Louise Tweedie in attendance.

There were no matters arising.

4 Progress Report on Audit Action Plans

Jacquie Carman reported on the progress made against recommendations.

Under Contract Management Review 3 Jacquie Carman reported that the remaining recommendation for contractual monthly reports on operational performance of the cleaning contractor had been actioned.

Under Pensions Review 2 Jacquie Carman reported that policy and procedure documents in relation to pension schemes were being progressed and awaited feedback from a meeting with Birmingham City Council. Additionally, generic information on pensions was now provided on the College intranet site.

<p>The Audit Committee resolved to receive the Progress Report on Internal Audit Action Plans (09/02/10) and authorised the removal of closed items from the list.</p>
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5 RSM Tenon

Patrick Green reported on the merger of RSM Bentley Jennison with Tenon Group plc. RSM Tenon provided benefit of a wider range of skills and experience. Members were assured that there were no changes to the team and location in the provision of internal audit services to the College.

The information was received.

6 RSM Tenon Internal Audit Reports

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

Governance: The Halesowen Foundation

The review of The Halesowen Foundation had incorporated review of design and application of controls and some early awards to students. A strong framework was in place and no recommendations given.

Marketing

The review was timely in light of current environment changes affecting funding and competition. Brand and marketing strengths were considered alongside due process in use of external services. A strong outcome was achieved with substantial assurance and no recommendations. The report further highlighted areas of particularly strong practice.

Learner Support Funds

Louise Tweedie noted that the audit had compared the College operation of the fund against practice in other colleges and Learning and Skills Council guidance. The College had achieved substantial assurance with two merits attention recommendations relating to attendance checks on students receiving childcare grants and procedures in relation to appeals.

Phil Osborne asked if there were any issues with appeals and Andy Hanson asked how many appeals had been received. Louise Tweedie responded that the recommendation was based on observation of procedures and not issues arising, and Jacque Carman answered that one appeal had been received.

Progress Report

Louise Tweedie presented the summary update of performance against the Internal Audit Plan and the proposed change of the IT Credit Cards Compliance review with a broad review of controls for credit card payments and receipts.

(Alan Taylor joined the meeting)

Risk Maturity in FE Thematic Review

The final report in a sequence compared Halesowen College performance against that of other providers. Louise Tweedie reported that the review corroborated the accuracy of the College self assessed risk maturity which compared favourably with both 6th Form and Beacon Colleges.

Alan Taylor asked if the Committee should increase risk review to quarterly reports. Patrick Green suggested that the quality of reports to give Corporation knowledge and assurance that risks were managed was more important than increasing their frequency.

Jacquie Carman explained that there were additional reviews of risk in place for committees through Functional Plans and evidence of responsiveness to change in the Corporation review of the Treasury Management Policy following recent banking industry failures.

The Audit Committee resolved to accept the Internal Audit Reports on Governance: The Halesowen Foundation (01.09/10), Marketing (03.09/10), Learner Support Funds (02.09/10), and the Progress Report (February 2010) and the management response to them.

7 Revised Operational Audit Plan

Jacquie Carman reported that formal approval was required to amend the IT Credit Cards Compliance review to that of a broader review of controls for credit card payments and receipts.

The Audit Committee resolved to approve the revisions to the Internal Audit Operational Audit Plan for 2009/10.

8 External Auditor

Jacquie Carman explained that despite a number of changes across the sector the indicators to assess performance of external audit services remained valid. 2008/2009 had seen Baker Tilly perform well across the indicators with particularly positive points being the work of the onsite audit senior and the valued training provided for both the Director of Finance and Administration and the Finance Manager.

The Audit Committee resolved to receive the report on Performance Indicators for External Audit 2008/2009 and approve no changes to the key Performance Indicators for 2009/10.

9 Tender for Provision of External Audit Services

Jacquie Carman explained that the College needed to return to the market place to tender for the provision of external audit services to enable provision to continue to be in place to meet the audit cycle.

Jacquie Carman further explained that due to increased administration with no added value the preference was to not utilise the Framework Agreement but return to a traditional process. The list of companies invited to tender and the timescales for the process were considered.

The Audit Committee resolved to:

- Invite the external audit providers specified to tender for external audit services at Halesowen College for the period 2010/11 to 2012/13.
- Approve the external audit services procedure and the timescales for the tender exercise following which the Audit Committee will recommend the appointment of an external auditor to the Corporation in July 2010.

10 Risk Management Update 2009/10

Jacquie Carman reported that the ongoing review of risks revealed increased emerging risks associated with the recision of the Learning and Skills Council and transfer of funding responsibility to successor bodies. The greatest risk for the College remained funding resource allocation. While further action planning on risks was a good proposal some risks could not be mitigated against.

With reference to the Risk Management Policy, Jacquie Carman reported on a further desktop exercise on Disaster Management for a Flu Pandemic had been undertaken which had triggered some changes to procedure revealing the value of such exercises.

Jacquie Carman also proposed a further review of sources of assurance for risk management and with an assessment of any actions required to enhance the control environment.

The Audit Committee resolved to recommend to Corporation the Risk Management Update 2009/2010, the Risk Management Procedure and Risk Appetite and the Risk Management Policy.

11 Anti-Fraud Self Assessment Checklist

Jacquie Carman reported on the annual review conducted against the Bentley Jennison model of anti-fraud self assessment checklist. There were no areas of concern.

Jacquie Carman commended the training that had been undertaken with Bentley Jennison which was being cascaded to staff at the College.

The report was received.

12 Any Other Business

eGovernance

Andy Hanson asked members for responses on the use of electronic papers and the meeting being conducted with laptops.

Responses were positive in that the laptops enabled individual manipulation of the reports. Paul Oxtoby indicated that financial information may be more difficult to read online and suggested they could be supported by a paper copy.

13 Date of Next Meeting

The next meeting is scheduled for 11 May 2010.

Closed: 9.50am