



Minutes of the Audit Committee Meeting

held 29 September 2009

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

In attendance: Keith Bate (*Principal*)
Jacquie Carman (*Director of Finance and Administration*)
Paul Oxtoby (*Baker Tilly*)
Patrick Green (*RSM Bentley Jennison*)
Jennifer Sunter (*Clerk*)
Timothy Shaw (*observer*)

1 Apologies

There were none.

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 2 June 2009 and Matters Arising

The minutes of the meeting held 2 June 2009 were approved as a true record.

With reference to the action to circulate Baker Tilly sector briefings Paul Oxtoby noted that briefings were currently being prepared.

4 Progress Report on Audit Action Plans

Jacquie Carman reported on the progress made against recommendations.

Under Key Financial Controls Review 1 Jacquie Carman noted that the Frequency and Content of Financial Information Policy had been reviewed and now incorporated recommended additional ratios and that the process to authorise amendments to payroll had been actioned.

With regard to recommendations under the Learner Number Systems Review 1 Jacquie Carman reported that staff had been reissued with the protocol for completing registers and the importance of signing transfer forms had been reiterated.

Jacquie Carman explained the progress against recommendations outlined under Contract Management Review 1 noting that minutes of meetings between the College and the Cleaning Contractors were now being taken.

Under PFA Funding Pilot Review 4 members noted that management of EMA and ALG was operating effectively and that the control environment was being enhanced with the rollout of electronic registers. Jacquie Carman noted one outstanding action regarding the College calculation of standard costs applied to ALS provision on

which the College awaited a response from the Learning and Skills Council.

The Audit Committee resolved to receive the Progress Report on Internal Audit Action Plans (29/09/09) and authorised the removal of closed items from the list.

5 RSM Bentley Jennison Internal Audit Reports

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

Risk Maturity

Louise Tweedie explained that the audit had looked at risk maturity and used levels as defined by the Institute of Internal Auditors. By talking to staff across the College it was determined that the College was at the level of Risk Managed. The work resulted in no recommendations. Members noted that a report on practice across the sector was being compiled.

Andrew Hanson asked if there was scope to consider the College as Risk Enabled. Jacquie Carman explained that the College measures scored risk as balanced which had been approved by the Corporation. This could be reviewed to consider achievement of a higher rating and returned to the Corporation.

Pensions

The audit focused on internal arrangements to communicate information to staff. Substantial assurance was achieved with two recommendations, for establishment of policy and procedure for the management of pension schemes and for contact information for staff with queries to be placed on the intranet.

Salary Sacrifice and Staff Loan Schemes

The audit of these schemes revealed that all appropriate approvals were in place and resulted in substantial assurance being achieved with no recommendations.

The Audit Committee resolved to accept the Internal Audit Reports on Risk Maturity (09.08/09), Pensions (10.08/09) and Salary Sacrifice and Staff Loan Schemes (11.08/09) and the management response to them.

6 Annual Report of the Internal Audit Service

Louise Tweedie outlined the work undertaken to reach a valid opinion before introducing members to a revised method of presenting the Internal Audit Assurance Statement. In addition to adequacy and effectiveness achieving the green light level for Governance, Risk Management and Control members noted that benchmarked data illustrated no slippage with assurance levels remaining positive.

Louise Tweedie also drew attention to the provision of operational assurances in response to the requirement by the Learning and Skills Council's Audit Code of Practice. Following work in the business areas audited and taking account of relative risk, achievement of 'Good' against all areas was given.

The Audit Committee resolved to recommend to Corporation the approval of the RSM Bentley Jennison Annual Report of the Internal Audit Service for Halesowen College noting the Overall Opinion that:

For the twelve months ended 31 July 2009, based on the work we have undertaken, our opinion regarding the adequacy and effectiveness of Halesowen College's arrangements is as follows:

- Governance – Green
- Risk Management – Green
- Control - Green

7 Risk Register 2009/10

Jacque Carman presented the annual review of the risk register and plan noting that staff throughout the organisation had been involved in the review. Risk Areas were reported in line with Functional Plans which support the College Strategic Plan and risk had been reviewed against Functional Plans throughout the year.

Jacque Carman detailed the basis for calculating risk scores where risks calculated twelve or above were deemed outside the College risk appetite. Such risks were subjected to further analysis of control and actions resulting in a separate net risk score. Net risks outside the risk appetite were then scored under a traffic light system. From this process the College calculated one red risk, of adverse financial impact due to changes in funding methodology/resource allocation. Members noted this and the additional control/actions identified.

Jacque Carman noted that the register and plans indicated sources of assurance and control to manage risks.

The Audit Committee resolved to recommend to Corporation the approval of the Risk Register and Risk Plans for 2009/10.

8 Anti Fraud Policy Review

Jacque Carman reported that the Anti-Fraud Policy had been revised in liaison with George Green LLP to adhere to best practice, in particular greater parity with Personnel policies had been achieved. Details on conducting interview under PACE had been revised to give a simpler approach and clarity on when Police should become involved in an investigation.

The Audit Committee resolved to recommend to Corporation the approval of the revised Anti-Fraud Policy and Response Plan.

9 Any other business

There was none.

10 Date of next meeting

The next meeting is scheduled for 3 November 2009.

Closed: 6.20pm