

MINUTES

Minutes of a meeting of the Corporation's Audit Committee Held on Wednesday 22 September 2010 at 5pm In Hollands House Boardroom, Yeovil College

Membership: *Paul Taylor [Chair]; *Peter Thomas [Vice Chair];
*Paul Clowes [Co-Opted]; *Derek Esp; Derrick Goddard; Tim Sweeney.
[Quorum = 3 Committee members]

In attendance: *Paul Bowe [Vice Principal Resources]; *Lily Garth [Clerk];
James Hampton [Principal]; Janice Tipper [Head of Finance];
*Karen Williams of RSM Tenon [Internal Auditors 09-10] (part-meeting);
*Jamie Paddon of Mazars LLP [Internal Auditors 10-11];
*Jayne Lewis [Vice Principal Participation, Development and UCY].

** Indicates actual presence at this meeting*

1. DECLARATIONS OF INTEREST

None declared.

2. APOLOGIES

Apologies for absence were received from:

- Derrick Goddard
- James Hampton
- Janice Tipper
- Chris Mundy (in whose place Jamie Paddon was attending).

3. MINUTES OF THE MEETING HELD ON 08 JULY 2010

The Committee AGREED the minutes as a correct record and APPROVED them as a confidential record. The minutes were signed by the Chair.

4. MATTERS ARISING (MA) FROM THE MINUTES

The action and query sheet was reviewed. Key reminders included:

- Disaster Recovery Plan – The current plan was adequate, and the new plan is being finalised to reflect best practice. (Progress was further discussed under Item 5)
- Risk Management would remain on the A&Q sheet until the full implementation of the new system (progress was later discussed under Item 9).

It was AGREED that Deployment and Abatement would be reported on at the Committee's November meeting.

RSM Tenon's Performance Management Thematic Review would be sent to the Clerk as soon as it was available.

5. ALL AUDIT RECOMMENDATIONS MONITORING

The Committee reviewed the Summary Report Status of Critical, High and Medium Priority Internal Audit recommendations by the previous Internal Auditors PWC, Fundamental and Significant recommendations by the current Internal Auditors RSM Tenon, and recommendations made by the External Auditors RSM Tenon.

**Principal /
VP Resources**

7b. Strategic Internal Audit Plan 2010-2013

In considering this item, the following key points were noted:

- Page 5, 2.2: the risks inherent in the November/December implementation of the new Bond Payrite payroll system
- The high value which Mazars placed on early warning systems in risk management – i.e. the ability to anticipate when risks might crystallise and how to avoid/mitigate/resolve/regroup as a result of this anticipation.
- Mazars intention to provide best practice benchmarking information (rather than statistics) – something which the College would particularly welcome.

The 2010-13 strategic plan (appendix A) and visits plan for 2010-11 (appendix B) were RECOMMENDED to the Corporation for approval on the understanding that these were not fixed documents, but would always be under review in relation to the College's challenges and changing risk environment, and with the following specified amendments at this time:

- Appendix A, page 8, Strategic and Operational Risk Areas: swap Business Development/ Non Core Income allocated days in 2011-12 with Capital Project Management allocation in 2010-11 and reflect this in the Appendix B plan
- Appendix A, page 8, Strategic and Operational Risk Areas: swap Human Resources (which should focus on the rigor of the appraisal system) allocated days in 2012-13 with Procurement allocation in 2011-12
- Ensure that staff utilisation (deployment and abatement) was being sufficiently prioritised in the plan to assure the Committee that it is being controlled and advise it of any improvements which could be made
- Ensure that accommodation/space utilisation was sufficiently audited to assure the Committee in respect of efficiency
- Appendix B – include a brief narrative with each item to say why it was being included on this year's plan and (where possible ahead of full scoping) what was intended to be gained by performing these particular audits.

It was AGREED that an updated version of both Appendices (3 year strategy and 1 year plan) would be brought to the next Committee meeting for further consideration and approval.

8. REGULARITY AUDIT AND FINANCIAL MANAGEMENT CONTROL EVALUATION (FMCE)

After a paper presentation by the Vice Principal Resources and the Clerk, the Committee considered and APPROVED the 2009-10 completed regularity audit questionnaire for the Principal's signature. It was noted that the Audit Code of Practice did not require this document to be forwarded to the Corporation.

No changes to the FMCE process had yet been communicated by the regulator, so on the basis of current knowledge (including the Skills Funding Agency's agreement with the College's 2008-09 'good' FMCE grading, and the stable quality of the College's financial and governance controls in 2009-10) it was AGREED that the short version of the FMCE would be completed and brought to the next Audit Committee for recommendation to the Corporation.

9. RISK MANAGEMENT ANNUAL REPORT

In addition to the usual on-screen presentation of the latest risk

Corporation

Mazars / SLT

VP Resources & Clerk

management position, drilling into definitions, categorisation and prioritisation as the Committee requested (including examination of the top risks), the VP Resources gave a full recap of the progress made with Risk Management in general (including recent successful training and dissemination sessions with staff) and in respect of the Risk software development and embedment.

Changes in risk matrix categorisation were noted, using the familiar high (red), medium (amber), low (green) indicators which were used across other College systems (e.g. Performance Indicators in the Principal's Report at Corporation meetings, and the traffic lighting of Recommendations on the Internal Auditors reports). The ongoing development work on the revised scoring systems (against impact details and inherent likelihood) was illustrated. The Risk Areas (Strategic, Curriculum Development, Learning and Quality, Resources, HR, H&S and Training) were discussed – including the deletion of the Corporate category and the appropriate distribution of its contents into other Risk Areas.

10. SELF-ASSESSMENT OF THE AUDIT COMMITTEE & ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS 2009-10

To assist consistent comparison, the Committee utilised the same questions as it had for 2007-08 and 2008-09 to carry out its 2009-10 annual self-assessment (with particular reference to the effectiveness of internal controls).

As in previous years, it was agreed that the detail and conclusions of the Committee's self-assessment discussions would be drawn into an appendix to these minutes, listing evidence where appropriate. These outcomes would help to inform the Committee's Annual Report and feed into the Leadership and Management section of the Self-Assessment Report which would be presented later in the Autumn term.

11. REMAINING 2010/11 MEETINGS

The following dates were noted:

- **5pm Monday 29 November 2010** (*Moved from 01 December*)
- 5pm Wednesday 16 March 2011
- 5pm Wednesday 25 May 2011

12. ANY OTHER BUSINESS

Noted as none

Meeting closed at 6.50pm

APPROVED 29 NOV 2011