

# MINUTES

## Minutes of a meeting of the Corporation's Audit Committee Held on Wednesday 30 September 2009 at 5pm In Hollands House Boardroom, Yeovil College

**Membership:** \*Paul Taylor [Chair]; \*Paul Clowes [Co-Opted]; Derek Esp; \*Derrick Goddard;  
\*Jo Roundell Greene; Tim Sweeney; \*Peter Thomas  
*[Quorum = 3 Committee members, at least 1 of whom is a Corporation member]*

**In attendance:** \*Paul Bowe [Vice Principal Resources]; \*Lily Garth [Clerk]; \*James Hampton [Principal]; \*Janice Tipper [Head of Finance]; \*David Taylor and Caroline Edwards of RSM Bentley Jennison [Internal Auditors]

*\* Indicates actual presence at this meeting*

### 1. DECLARATIONS OF INTEREST

None declared.

### 2. APOLOGIES FOR ABSENCE AND WELCOMES

Apologies for absence were received from Derek Esp and Tim Sweeney.

#### New Members

The Committee was delighted to welcome new Committee members Paul Clowes and Jo Roundell Greene to their first Audit meeting, thereby strengthening the skill base and widening the perspective of the Committee.

#### Vice Chair

Following on from today's Search Committee discussions, the Committee RESOLVED to appoint (with his agreement) Peter Thomas as its Vice-Chair.

### 3. MINUTES OF THE MEETING HELD ON 01 JUNE 2009

The Committee AGREED both sets of minutes as correct records and APPROVED the non-confidential set for website publication. The minutes were signed by the Committee Chair.

### 4. MATTERS ARISING (MA) FROM THE MINUTES

The action and query sheet was reviewed. An updated version of the sheet shall be distributed with these minutes.

#### Procurement

Special mention was made of the progress relating to the A&Q procurement actions. A specialist had now begun working with the College to review current procurement arrangements and spending patterns, and then to propose the business case for areas of potential savings. Past actions were closed on the A&Q sheet, and **it was AGREED that a report on procurement savings would be presented at 31 March 2010 Corporation and then a further update at 23 June 2010 Audit Committee.** (The Committee also noted that RSM BJ's audit of this area was due to begin in March 2010.)

#### Risk Management

Risk management was also the subject of particular discussion under MA,

Paul Bowe

and this was returned to again later in the meeting. The Committee noted the positive work recently undertaken by the Principal, Vice Principal Resources and Head of Finance in conjunction with RSM BJ expertise. However, the Committee also re-emphasised concerns regarding the length of time it was taking to develop the College's risk maturity. **In pressing this point, it was AGREED that a report on the risk register and outcomes of the risk-related work with RSM BJ (including a check that the 2009/10 Audit Plan sufficiently matched the newly-identified priority risk areas) would be presented at the 30 November meeting which would be extended by 30 minutes specifically to accommodate this.**

SLT

## 5. INTERNAL AUDIT RECOMMENDATIONS

The Committee reviewed the Summary Report Status of Critical, High and Medium Priority Internal Audit recommendations by PWC and Fundamental and Significant recommendations by RSM BJ.

As at the June 2009 Committee meeting, the main points raised in discussion focussed on College-wide Disaster Recovery Planning (and related IT controls), revisiting the concerns raised previously over potential College vulnerabilities, and noting that there had been some miscommunication between College management and the Internal Auditors regarding the scope and nature (formal audit versus consultancy) of the Business Continuity Review.

Other items noted were:

1.8 The significant recommendation which had not been agreed with the College management had not yet been implemented. It was emphasised that outstanding course fees were pursued, but not always in accord with financial procedure timescales.

3.4.7 The impact of the staff restructure on the ability to carry out some appraisals in 2008/09 was noted alongside the creative solution of a self-assessment style appraisal for those staff whose 2008/09 line managers were no longer in post.

## 6. INTERNAL AUDIT REPORTS

The Committee received the following reports from David Taylor and Caroline Edwards of RSM Bentley Jennison.

### Business Continuity Planning Arrangements 10.08/09

This advisory review was discussed in the context of remarks made under item 5 above and at the previous 2008/09 meetings. The conclusion of the review confirmed the College's and Committee's understanding of the situation and the required actions.

### Quality and Management Information – Additional Work 11.08/09

This additional report came about at the request of the VP Resources and the Audit Committee. The assurance opinion on this original report was the highest grade of Substantial and made no recommendations. (The VP Resources had expressed some concern that the extent of the testing was not sufficient to endorse the findings. Peter Thomas had also commented that the audit findings did not reflect the Ofsted inspection outcome). The opinion this time concluded that the College had made improvements in its quality procedures throughout 2008/09 and planned to continue doing so in 2009/10.)

### Internal Audit Annual Report 2008/09

The Committee noted that the requirements of the Audit Code of Practice were highly standardised in relation to the layout and wording of this

report.

The Committee's attention was drawn to the shaded box on page 2 which illustrated the internal audit service's overall opinion regarding the adequacy and effectiveness of the College's arrangements with green traffic lights (i.e. the most positive opinion available) in respect of governance and control, and an amber traffic light in respect of risk management during 01 August 2008-31 July 2009. The internal auditors also stated that they were satisfied that sufficient internal audit work had been undertaken to allow them to draw a reasonable conclusion on these matters. It was emphasised that as with all audit opinions, assurance could never be absolute, hence the use of the term 'reasonable'.

The Committee noted that it had deliberately requested challenging areas to be audited this year, and that this had logically impacted upon the assurance level in the Annual Report. **The Committee asked that the College Senior Leadership Team cross-referenced the table outcomes of Appendix C (p14) with the relevant action/quality improvement/ development plans already in place.**

SLT

#### Internal Audit Progress Report 2009/10

The Committee noted this report which would be reviewed on 30 November against the priority risks identified.

*[David Taylor and Caroline Edwards were thanked for their work. They then left the meeting.]*

## 7. **REGULARITY AUDIT and FINANCIAL MANAGEMENT CONTROL EVALUATION (FMCE) documentation**

### Regularity Audit

The Committee considered the regularity self-assessment questionnaire which had been completed by the SLT, College managers and the Corporation Clerk. It was noted that the document would be signed by the Principal.

The LSC required all colleges to appoint their financial statements auditors to give an opinion on the regularity of colleges' expenditure. This questionnaire formed part of the framework which would support and direct the regularity auditors in giving that opinion.

After consideration, the Committee APPROVED the contents of the questionnaire as correct (to the best of its knowledge and belief).

### FMCE

The Committee received a verbal update on the FMCE arrangements for 2008/09 from SLT and the Clerk. Members were reminded that this was the second year the LSC had required completion of this self-assessment document, and that it related to the 'financial control' aspect of the Framework for Excellence (FfE) gradings.

It was noted that for 2008/09, colleges had a choice of whether to complete a short or long version of the FMCE. For reasons related to the constraints around the 2007/08 FMCE completion (documented in 01 December 2008 Audit Committee minutes), SLT had decided to complete the longer version of the form to ensure the College's case was stated accurately and fairly for 2008/09.

The FMCE had to be recommended by the Corporation's Audit Committee, approved by the Corporation, signed by the Principal, and submitted to the LSC in electronic and paper format by 30 November 2009. To accommodate meeting dates which had been approved prior to the LSC publishing the submission date, the LSC had agreed that Yeovil College could submit the draft version by 30 November, on the

understanding that any changes recommended by the Audit Committee and approved by the Corporation in December would be forwarded to the LSC as soon as practicable.

**8. SELF-ASSESSMENT OF THE AUDIT COMMITTEE AND ANNUAL ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS 2008/09**

The Committee reviewed this paper which was presented by Lily Garth. To assist consistent comparison, the Committee utilised the same questions as it had for 2007/08 to carry out its 2008/09 annual self-assessment (with particular reference to the effectiveness of internal controls).

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.

**9. INTERNAL AUDITORS' PERFORMANCE**

The Committee utilised Paper 3 to review the performance of RSM Bentley Jennison during 2008/09 and to establish annual performance indicators for 2009/10.

The Committee AGREED the following:

- The IAS's relevant Performance Indicators for 2008/09 were all rated at either 1 or 2 (i.e. highly satisfactory), and showed a slight improvement on 2007/08
- The same indicators would be utilised to assess the IAS performance during 2009/10
- The Clerk would electronically update the 2008/09 results and 2008/09 indicators and distribute them to the Committee and IAS along with these minutes
- If the IAS wished for further guidance on improving their performance ratings during 2009/10, the Committee Chair, SLT and the Clerk would be happy to discuss this.

**10. ANY OTHER BUSINESS**

Noted as none.

**11. REMINDER OF FUTURE MEETING DATES:**

The remaining 2009/10 dates were noted as:

- **5pm-7.30pm Monday 30 November 2009 (*meeting extended to allow adequate time to review and scrutinise the anticipated Risk Management progress*)**
- 5pm-7pm Wednesday 17 March 2010
- 5pm-7pm Wednesday 23 June 2010

*Meeting closed at 7.05pm*

**APPROVED 30 NOVEMBER 2009**