

**JOINT MEETING OF AUDIT AND  
FINANCE & EMPLOYMENT COMMITTEES**

Minutes of a joint meeting of the Audit and Finance & Employment Committees held at 6.00pm on Tuesday 1<sup>st</sup> December 2009 at the Abingdon campus.

**Present:** Stephen Dexter (Chair)  
David Doughty  
Bruce Hunt  
Neil Monaghan

**In attendance:** Teresa Kelly (Principal)  
Miranda Coles  
Jonathan Russell  
Lorna Raynes (Tenon LLP)

Stephen Dexter welcomed Neil Monaghan who was attending his first meeting as a member of the committee. Members of the committee and College staff welcomed Lorna Raynes of Tenon LLP

**Action**

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received and accepted from Sylvia Doyle and David Quayle. Rakesh Shaunak had telephoned to advise he was stuck in a traffic jam on the M40 but would join the meeting as soon as he was able.

**2. DECLARATIONS OF INTEREST**

There were none.

**3. MINUTES OF THE LAST MEETING**

The minutes of the meeting held on 18<sup>th</sup> June 2009 were approved.

**4. MATTERS ARISING**

Miranda Coles reported that Curriculum Planning had been considered as a possible area for audit but Tenon would need to engage outside specialists. There were no immediate concerns regarding this area of the College's work and it could be re-considered next year. Health & Safety, College Services and Marketing would be in next year's programme. In answer to a query, it was confirmed that none of these areas had high risk items in the College's register.

**5. RISK MANAGEMENT**

**5.1 Risk Management Report**

Miranda Coles advised that the report listed all high level risks and risks where significant change had occurred in the last year. It was agreed that completion of the last column 'Further Measures Required Y/N' would add to the clarity of the report. Changes had been made to a number of items following LSC's decision not to grant capital funds to the Witney re-development project. The majority of identified risks related to attainment of 2012 strategic objectives.

It was agreed to recommend acceptance of the of the Risk Report by the Corporation Board

## **5.2 Risk Management Policy**

Miranda Coles presented an updated draft document. Neil Monaghan suggested that a detailed explanation of the colour codes should be included. It was agreed that raw and residual values should be considered. It was suggested further consideration was given to the range of scores as three was thought to be too narrow – an increase to five would probably produce the desired result.

Approval of the policy by the Corporation Board was recommended.

**David  
Bramble**

## **6. INTERNAL AUDIT REPORT – MANAGEMENT OF SUCCESS RATES**

Lorna Raynes explained that the audit had been conducted late in the year in order to allow time for the responses to the last Ofsted inspection to become embedded. Although it was still too early to assess fully the effectiveness of the controls in operation, the overall assessment was that the College had established a good risk management and control framework for the management of success rates. There were 2 x grade 2 recommendations and two x grade 3. Stephen Dexter thought that the number of missing registers seemed high. Miranda Coles explained that an investigation had started and the missing number related to marks and not entire registers. In a number of cases, the start and end dates for a qualification did not accurately reflect course dates. The figures would be picked up when the next progress report on previous recommendations was considered.

The report was approved.

## **7. ANNUAL INTERNAL AUDIT REPORT 2008 – 09**

Lorna Raynes presented the annual internal audit report for 2008 – 09. It was noted that the planned audit of capital projects was not undertaken and had been replaced by extending the time on long term planning. Overall assessments for the six areas graded were all “Good”. It was an unqualified report and the opinion of the auditors was that the College had an adequate framework of governance, risk management and control to manage the achievement of its objectives. Lorna Raynes explained that reports were either ‘adequate’ or ‘inadequate’ and the College’s was “as good as it gets”.

A recommendation to the Corporation Board would be made to approve the annual internal audit report 2008 – 09.

**David  
Bramble**

## **8. END OF YEAR ACCOUNTS 2008 – 09**

### **8.1 Financial Statements for the year ended 31 July 2009**

Stephen Dexter reported that he had conducted a detailed review of the financial statements with Miranda Coles and Jonathan Russell and a number of changes to narrative sections had been made. Governors’ expenses were now identified and, although the amount was very small, it was thought important to provide full visibility of this expenditure. In response to questions, the following explanations were given:

- The reduced costs of senior postholders’ emoluments were the result of the retirement of the Deputy Principal without replacement.

- All costs associated with the Witney project had been written-off in the past two years' accounts.
- The accounts were now fully consolidated as Witney & Warren Enterprise Limited had been closed down.
- Henley College were listed as a creditor for a sum of £32k relating to a CoVE project but it was thought that they had failed to fulfil the full contract provisions. LSC approval to remove the creditor was awaited.
- Materiality had been established as £114k.

Governors were surprised by the very large increase in pension provision (£2.2m) for the non teaching staff pension scheme with the Oxfordshire County Council. Members asked if this was the start of a trend? Was the pension fund trying to cover a large deficit in one year rather than spreading it over several years? How did it compare with other FE colleges? Miranda Coles explained that she had queried the amount with the actuary and a written explanation had been received. It would be circulated to members.

**Miranda Coles**

It was noted that following the write off of the costs of the Witney project and the pension provision, the College's reserves had fallen from £12,301k to £7,920k.

As the operating and financial review had not been circulated, the Chair asked members to notify Miranda Coles of any suggested changes by 4 December.

**All Members**

Subject to minor amendments, it was agreed to recommend approval of the Financial Statements to the Corporation Board.

**David Bramble**

## **8.2 Management Letter**

Stephen Dexter drew attention to the unqualified opinion of the auditors and that there were no material misstatements. Bearing in mind the pressure under which the College's finance team had been under and the late decisions made on the Witney project, the Chair felt it was a considerable compliment to all the staff concerned and he asked that they be commended and thanked on producing such accurate accounts.

**Miranda Coles**

## **9. FINANCIAL MANAGEMENT & CONTROL EVALUATION (FMCE)**

Miranda Coles outlined the purpose of the self assessment document and explained that it formed part of the Framework for Excellence evaluation of the College. Governors were asked to submit any comments to Miranda by 4 December.

**All members**

The proposed gradings that had been awarded were approved.

## **10. PROGRESS ON ACTIONS OF PREVIOUS AUDIT RECOMMENDATIONS**

Miranda Coles summarised the situation. One recommendation on livery fees outstanding from 2007/08 would be addressed during the current budget round and be completed by July 2009. Of the nine recommendations made in 2008/09, two were addressed before June and five had been completed subsequently. One issue relating to risk management would be addressed in December and the final issue, publication of a treasury management policy, would be undertaken before March 2010.

The report was noted and the Chair was gratified to see the list was so small.

*Rakesh Shaunak telephoned to say that he was now moving but was advised that the meeting was close to finishing and it was suggested he went home.*

**11. AUDIT COMMITTEE ANNUAL REPORT 2008 – 09**

A draft report had been circulated and was approved.

**12. ANY OTHER BUSINESS**

**12.1 Student Success Rates**

Teresa Kelly reported that there had been some media coverage of audit findings that had disclosed misrepresentation of student success rates. Seven colleges had withdrawn unfunded students from examinations which was considered not to be within the spirit of funding guidance. An audit of a further seventy colleges had been commissioned. The Principal was confident that there had been no manipulation of figures at the College but was considering asking for a special ILR audit at a cost of under £10k as a comfort measure. The Committee appreciated the reputational risk but felt this was a decision for the College's management.

**SMT**

The meeting ended at 7.35pm

Committee members met with Lorna Raynes with no members of SMT present.

**Next meeting: Thursday 4<sup>th</sup> March 2010 at 6.00pm**

Signed .....

Stephen Dexter  
Chair

4 March 2010