

CORPORATION BOARD

AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held at 6.00pm on
Thursday 4th March 2010 at the Abingdon campus.

Present: Stephen Dexter (Chair)
Neil Monaghan
David Quayle

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

Action

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Rakesh Shaunak (McIntyre Hudson LLP). There were no agenda items of concern to the external auditors.

2. DECLARATIONS OF INTEREST

There were none.

3. MINUTES OF THE LAST MEETING

The minutes of the joint meeting held on 1st December 2009 were approved.

4. MATTERS ARISING

4.1 LSC approval to remove creditor

Miranda Coles reminded members that a CoVE project had been completed some years ago with LSC funding shared between three colleges. Abingdon and Witney College were holding £32k on behalf of Henley College but there was some doubt as to whether the contract provisions had been fulfilled. LSC had not responded to the application to transfer the amount to the College. David Quayle confirmed that in the absence of an LSC ruling or an agreement between the colleges, there was a legal requirement to maintain the creditor for 6 years. It was agreed to defer the matter until the financial year end.

**Miranda
Coles**

4.2 Student Success Rates- special ILR audit

Teresa Kelly reported that a special ILR audit had been commissioned and would take place in the near future. In answer to a question she advised that the cost would not exceed £5k.

5. INTERNAL AUDIT REPORTS

Lorna Raynes highlighted the main points of the internal audit report.

5.1 Cash at Bank

The audit identified, assessed and tested the adequacy of the internal control and risk management arrangements. With the exception of the Common Leys campus, the control environment was effective and efficient. At Common Leys, although the cash takings were for relatively small amounts, there was no cash till and receipts were not always issued resulting in a Grade 1

recommendation. The College had agreed to provide a new till system on all campuses which would be trialled in the summer term. A Grade 2 recommendation referred to the need to arrange higher limits of insurance cover at peak enrolment periods to ensure that the cash limits for safes were not breached.

5.2 General Ledger

Assessments of the design and operation of the control objectives were all 'Good'. There was a Grade 3 recommendation regarding an audit trail for reconciliations.

5.3 Procurement and Payments

The procurement and payment arrangements were effective but the auditors felt that enhancements could be achieved that would strengthen the control environment. As there was no document in place, a Grade 1 recommendation had been made to develop a procurement strategy. A Grade 2 recommendation referred to the need for a service level agreement with all suppliers'

Management had accepted and would action all recommendations. Miranda Coles thanked Tenon for providing an example procurement strategy paper.

6. RISK MANAGEMENT REPORT

Miranda Coles reported that no significant changes had been made since November 2009 when risks associated with the Witney project were reviewed. Stephen Dexter suggested that more detail on some items would be helpful and these had been discussed with Miranda. Teresa Kelly advised that possible cuts in government expenditure were being considered by SMT and after review of a number of different scenarios, some proposals would be presented to the Board on 25 March. There would be resultant changes to the risk management report. It was suggested that a strategy for increased direct funding for the College and its partners should be considered with the attendant risks being identified.

Miranda
Coles

It was agreed that the range for scoring of risks should be changed in order to reduce the number of risks with the same score. After considering gradings of 1 to 5 or 1 to 10, it was agreed to settle on 1 to 5.

Miranda
Coles

7. INTERIM REGULARITY AUDIT

As there had been no qualified audit reports and governors were confident that due regard for regularity, propriety and compliance was being made, it was agreed to recommend to the Corporation Board that an application for dispensation from interim regularity audit should be submitted.

David
Bramble

8. PROGRESS ON ACTIONS OF PREVIOUS AUDIT RECOMMENDATIONS

Miranda Coles reported that the 2007/08 recommendation on livery fees was currently being actioned by the Farm Manager and would be completed by July 2010. LSC recommendations on a treasury management policy had not been received and 'best practice' from other colleges would now be considered. Lorna Raynes kindly offered to provide a model policy.

Lorna
Raynes

The progress report was noted.

9. RE-APPOINTMENT OF FINANCIAL STATEMENTS AND REGULARITY AUDITORS

David Bramble reported that the questionnaires completed by appropriate staff members contained no adverse comments. In view of last year's disappointment at the contents of the auditor's report, David Quayle questioned if the College was receiving 'value for money' ? Miranda Coles advised that McIntyre Hudson's charges compared favourably with other audit providers.

It was agreed to recommend to the Corporation Board that McIntyre Hudson LLP be re-appointed as external auditors for a further year.

10. ANY OTHER BUSINESS

10.1 Lorna Raynes advised that following a merger, Tenon had become RSM Tenon.

10.2 Teresa Kelly advised that in a letter dated 26th February 2010, LSC had confirmed that the financial health grade of the College for 2008 – 09 had been assessed as 'Good'. This was the same as the self-assessed grade. Stephen Dexter congratulated the College on receiving this grade.

Next meeting: Thursday 17th June 2010, 6.00pm, Abingdon campus

The meeting ended at 6.44pm