



MINUTES OF THE AUDIT COMMITTEE HELD ON 22 JUNE 2011

Present: Mr N Coffin (Chair)
Mr J Boxall
Mr B McNicoll
Ms L Monteiro

In attendance: Mr J Allen Clerk to the Governors
Mr M Lumsdon-Taylor Director of Finance & Resources
Mr D Morris MacIntyre Hudson

The meeting commenced at 08.30

APOLOGIES & DECLARATIONS OF INTEREST

70. There were no apologies. There were no declared interests against any of the agenda items.

MINUTES

71. **RESOLVED** that the minutes of the meeting of the Audit Committee held 16 March 2011 be approved as a correct record and signed by the Chair.

MATTERS ARISING

72. There were no matters arising

AUDIT ROLL-FORWARD ACTION PLAN

73. The College report '*Audit Roll-Forward Action Plan*' was received (copy attached to the signed minutes). The report confirmed that as of June 2011 there were a total of 3 audit recommendations yet to be fully implemented, two of which were medium with one high risk (Commercial Floristry). The College report provided the Audit Committee with a summary of actions being taken to complete the outstanding recommendations. All three recommendations were on schedule for completion by the agreed target date. A detailed progress update was made available on commercial floristry and the Committee noted the good progress being made.

74. It was **RESOLVED** to note the report.

INTERNAL AUDIT ANNUAL 2nd REPORT 2010/11

75. The 2nd internal audit report for 2010/11 from MacIntyre Hudson was received (copy attached to the signed minutes). The visit summary confirmed the following outcomes:

Area Reviewed	Audit Opinion	High recommendations	Medium	Low	Total
---------------	---------------	----------------------	--------	-----	-------

Fee Income	Substantial Assurance	-	-	1	1
Higher Education Contract	Substantial Assurance	-	-	-	-
Departmental Review – Fishery & Hatchery	Satisfactory Assurance	1			1
Total		1		1	2

76. The Committee reviewed management responses against each recommendation and agreed that they were appropriate with realistic target dates for completion. It was confirmed that the low recommendation on the Fee Policy has already been auctioned.

77. As there was a grade 1 recommendation relating to Fishery & Hatchery, attached to the report was a copy of the updated business plan for Grove Fishery and the Fish Farm Complex that addresses the recommendation proposed by the Internal Audit Service. Progress in implementing the business plan will be subject to review by the Audit Committee as the high recommendation will be incorporated within the roll-forward action plan that is a set agenda item at all meetings.

78. As part of the audit it was confirmed that work was undertaken to follow-up on recommendations made from previous visits. Of the 8 recommendations brought forward from previous visits only 2 are being carried forward with good progress being made against the target completion date.

79. It was **RESOLVED** to note the 2nd Internal Audit Report 2010/11

INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2011/12

80. This item is deferred to the November meeting as there is currently a tendering process being followed with outcomes to be reported to the July Board meeting.

FINANCIAL STATEMENT & REGULARITY AUDIT PLAN FOR 2010/11

81. The FSA & Regularity Audit Plan prepared by Baker Tilly was received (copy attached to the signed minutes). The report outlined the audit areas and proposed fee structure for the audit of year-end accounts 31 July 2011.

82. It was **RESOLVED** that the Audit Committee approves the Financial Statement & Regularity Audit Plan for 2010/11.

TERMLY REPORT ON RISK MANAGEMENT

83. The termly report on risk management was received (copy attached to the signed minutes). The report consisted of the minutes of the Risk

Management Group held 14th June 2011 and the Global Risk Register as at June 2011 (copies attached to the signed minutes).

84. The following High Risks were confirmed in the Risk Register:
- Reducing student FE and HE numbers and impact of student numbers
 - Strategic relationship with University of Greenwich
 - Inadequate management information
 - Profitability and loss of other sources of income
 - Inclusion and management of out-centres
85. The Committee reviewed actions proposed to mitigate against each of the high risks and agreed that they were appropriate with realistic target dates for completion.
86. It was **RESOLVED** to note the termly report on Risk Management.

FINANCE DIRECTORATE INTERNAL CONTROL SYSTEMS FRAMEWORK

87. The report from the Finance Directorate on '*Internal Control Systems Framework*' was received (copy attached to the signed minutes). To support the monitoring of College performance at an audit review level, an internal control and systems framework is used as a monitoring tool to keep the Committee informed in underlying control adherence in line with the Financial Regulations and audit best practice. The report is presented quarterly and reports on headline fiscal data covering the College's financial position and cashflow, with operational monitoring in the three areas of income, expenditure and global.
88. On register maintenance, it was agreed to amend future reports to report on those registers that are handed in late as there are no 'missing' registers.
89. The Committee welcomed the piloting of a hand-held electronic register and it was agreed to report outcomes of the pilot to the Committee. The issue is around the lateness of submitting some registers, not one of non-compliance.
90. It was **RESOLVED** to note the report.

MONITORING OF COLLEGE PERFORMANCE & ASSESSMENT OF RISK

91. The College report '*Monitoring of College Performance & Assessment of Risk*' was received (copy attached to the signed minutes). The Board has agreed a framework for the monitoring of College performance and assessment of risk. The Audit Committee is responsible for making assessments in the area of audit. Assessments are to be carried out at each meeting of the Committee through a standing agenda item '*Monitoring of College Performance & Assessment of Risk*' with an overall assessment for audit being made available to the Board.
92. The Committee noted and welcomed the assessment of 'no concern/no risk' made against each of the 9 audit performance indicators.

93. It was **RESOLVED** to inform the Board of the following overall assessments:

Audit	No Risk/No Concerns
-------	---------------------

CONFIDENTIAL SESSION

94. The Committee and auditor agreed that there was no need to go into a confidential session without College officers being present.

ANNUAL REVIEW OF THE INTERNAL AUDIT SERVICE

95. The College report ‘*Annual Review of the Internal Audit Service*’ was received (copy attached to the signed minutes). The Audit Committee reviewed performance against agreed criteria and agreed to the following assessment:

		Satisfaction Rating	
		High	Low
Independence and objectivity			
Q1	Has the auditor provided information about its policies and processes for maintaining independence and has this covered:	X	
	a) the rotation of audit partners (or equivalent)	X	
	b) the nature of any other services provided to the college	X	
Audit strategy			
Q2	Was the audit work planned with college management in a timely and appropriate way?	X	
Q3	Did the auditors communicate to the audit Committee and college management at the start of the audit where relevant:	X	
	a) the audit plan?	X	
	b) terms of reference	X	
	c) the audit approach	X	
	d) the level of audit materiality adopted for the audit, justification for this amount where applicable?	X	
	e) the timetable of the audit and for oral and written reports to the audit committee?	X	
	f) the extent of any reliance to be placed by the auditors on the work of other auditors?	X	
	g) the approach to tracking and reporting on the implementation of recommendations from previous visits?	X	
The audit approach			
Q4	Was there appropriate liaison with the college’s other auditors where necessary?	X	
Q5	Was the audit work carried out on the agreed dates and to the agreed plan?	X	
Q6	Did the audit team comprise staff of sufficient seniority, experience and expertise?	X	
Q7	Was there appropriate staff continuity from previous visits?	X	
Q8	Did the auditors appear to be conversant with the requirements of the LSC and any other laws, regulations and standards?	X	
Q9	Was the college informed of any material events during the course of the audit?		N/A
Conclusion and reporting of the audit			
Q10	Were written reports clear, concise and delivered on time?	X	
Q11	Were the recommendations in draft reports accepted?	X	
Q12	Were the recommendations considered constructive in		N/A

	improving the college's control environment and were they also considered practical and effective?		
Q13	Did the auditors adequately consider the appropriateness and effectiveness of the college's risk management processes, and were any recommendations for improvement considered to be practical and effective?	X	
Q14	Did the auditors attend audit committee meetings and deal with queries raised at the committee adequately?	X	
Q15	Did the auditors discuss with the audit committee any areas for improvement in their audit approach?	X	
Q16	If any audit report resulted in a qualified opinion, were the issues of concern and the impact on the report discussed with college management and the audit committee at a sufficiently early stage?	X	
Q17	Has there been a good working relationship between the auditors, college management and audit committee?	X	
Q18	Has the auditor been sufficiently thorough in approach and robust in dealing with college management and staff?	X	
Q19	Have college staff provided positive feedback on the quality of the audit work	X	
Q20	Were ad hoc queries during the year adequately dealt with?	X	
Q21	Is it recommended that the incumbent audit provider be re-appointed for the forthcoming year?	N?A	

98. It was **RESOLVED** to note the assessment of performance of the internal audit service.

DATE OF NEXT MEETING

99. To be confirmed.

The meeting closed at 10.15

Signed: _____ Date: _____

CURRENT AUDIT COMMITTEE SUMMARY ACTION LIST

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	Who
80	Internal Audit Strategy 2011/12 – To make this available at the November meeting	IAS
88	On register maintenance, it was agreed to amend future reports to report on those registers that are handed in late as there are no 'missing' registers.	DoF
89	The Committee welcomed the piloting of a hand-held electronic register and it was agreed to report outcomes of the pilot to the Committee.	DoF