



Minutes of a meeting of the Audit Committee held on Tuesday 7 July 2009 at 5.00pm in Room 3F099 at York College

Present: Sarah Ashton
Jim Clark (Chair)
David King

In Attendance: Trevor Armer, Director of Finance
Richard Hinde, Clerk to the Governing Body
Jane Middlemiss – PriceWaterhouseCoopers (PWC)
Susan Turner – Bentley Jennison

The meeting started at 5.00pm. Jane Middlemiss and Susan Turner were welcomed to the meeting.

Action

09.13 Apologies for Absence / Declarations of Interest

Apologies were received from David Jackson, Andy Mendus, Anne Tyrrell, Trevor Rees and Kate Robinson of KPMG, and Ian Wallace of Bentley Jennison. There were no declarations of interest made.

09.14 Minutes of the previous meeting – 18 March 2009

The minutes were agreed as an accurate record and signed by the Chair.

09.15 Matters arising

a) Action Summary Sheet

The Committee considered the action summary for the previous meeting on 18 March 2009 and noted that all actions had been completed.

09.16 2007/08 Financial Statements Audit

a) Management Letter Follow-Up

The Director of Finance presented the report summarising the progress that the College had made on the implementation of the recommendations made by KPMG in their Management Letter following the College's 2007/08 Financial Statements Audit.

It was noted that the recommendation relating to Transfer Pricing was no longer applicable since the decision had been made to transfer the activities of Pure Business Solutions Limited to the College. With the recommendations relating to the Learner Support Fund, it was noted that long-term staff absence had occasioned delay but that a College Policy Statement in this regard was to be written for the next academic year.

09.17 2008/09 Review of Work Based Learning Records

Jane Middlemiss of PWC presented the report summarising the findings and recommendations from PWC's most recent review of the College's 2008/09 Work Based Learning Records. It was noted that this was the fourth and final report that the College had commissioned in this area, and it highlighted the significant improvement that had been made in the management of records for the College's LSC-Funded Apprenticeship Programme during the last three years. It was noted that the total rate of funding errors found in the review was 0.6% which was well within the tolerance level allowed by the LSC. Improvement had been made in relation to Significant Prior Learning and Additional Learner Needs which had been identified as control weaknesses in a previous review. However, the need for some further improvement in relation to Key Skills Funding and Frequency of Learner Reviews had been recommended. Members noted the report and acknowledged the very significant improvements that had been made by the College during the last three years.

(Jane Middlemiss left the meeting at 5.15pm.)

09.18 2008/09 Internal Audit Reviews

a) 2008/09 Internal Audit Progress Report

Susan Turner of Bentley Jennison presented the report outlining the work undertaken by Bentley Jennison as the College's internal audit service providers since the last Committee meeting. It was noted that all internal audit reviews for 2008/09 had been completed, and no major issues had been identified in the work undertaken that would impact on the internal auditors' ability to give a positive opinion in their Annual Report. Attention was also drawn to three client briefings that had been produced on Carbon Reduction Commitment; the Independent Safeguarding Authority; and a Framework For Excellence Update, which were all considered by the Committee.

b) Reports from Phase 4 (January 2009)

Susan Turner presented the report on Learner Number Systems – Existence and Eligibility. The conclusion of the report was that "taking account of the issues identified, in our opinion the Board can take substantial assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective." Four recommendations were made which "merit attention". This was the lowest priority of recommendation that the auditors could make.

c) Reports from Phase 5 (March 2009)

Susan Turner presented the reports on Estates Management – Maintenance; Governance – Structure and Process; and Risk Maturity. The conclusion of the report on Estates Management - Maintenance was that “taking account of the issues identified, in our opinion the Board can take adequate assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective.” It was noted that seven recommendations had been made of which two were of “significant” importance.

The conclusion of the report on Governance – Structure and Process was that “taking account of the issues identified, in our opinion the Board can take substantial assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective.” One recommendation was made which was said to “merit attention”. This was the lowest priority of recommendation that the auditors could make.

The conclusion of the report on Risk Maturity was that “based on the work undertaken, our assessment of York College’s current position on the risk maturity spectrum is Risk Defined”. It was noted that this was the third of five positions on the spectrum and discussion took place about the basis for this assessment. Thirteen recommendations had been made of which two were “significant”, and it was noted that there would be a resource implication in relation to the implementation of these recommendations. It was acknowledged that this level of assessment appeared to be largely consistent with other colleges within the sector.

d) Reports from Phase 6 (May 2009)

Susan Turner presented the reports on Business Continuity & IT Disaster Recovery Planning; and Information Security Management. The conclusion of the report on Business Continuity & IT Disaster Recovery Planning was that “taking account of the issues identified, in our opinion the Board can take adequate assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective.” Four recommendations had been made of which one was “significant”.

The conclusion of the report on Information Security Management was that “taking account of the issues identified, in our opinion the Board can take adequate assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective. There are a number of areas where the design of control would benefit improvement. Action to improve the controls design and mitigate the potential risks highlighted in our report should provide a stronger Information Security Management System”. Six recommendations were made of which two were “significant”.

e) Report from Phase 7 (May 2009)

Susan Turner presented the report on Follow-Up of audit recommendations made in 2007/08. The conclusion of the report was that the College had “demonstrated reasonable progress in implementing actions agreed to address internal audit recommendations.” Of 26 recommendations made, 18 had been implemented, 5 were ongoing, 1 had been superceded, and 2 had not been implemented. No “significant” recommendations were outstanding.

09.19 Implementation of Internal Audit Recommendations

a) 2008/09 Internal Audit Reports

The Director of Finance presented the report summarising progress that had been made against the implementation of the recommendations made by Bentley Jennison in 2008/09. It was noted that, to date, approximately one third of recommendations had been completed; one third had been partially completed; and one third had been scheduled for action.

(It was agreed to take agenda item 11 out of order.)

09.20 2009/12 Internal Audit Strategy

a) 2009/12 Internal Audit Strategic and Operational Plan (Draft)

Susan Turner of Bentley Jennison presented the proposed Internal Audit Strategy for 2009/12, which reflected the outcomes of the College’s 2009/10 risk management process. The proposed Plan was based on 50 days’ internal audit work rather than the 60 days as had been the case for the last four years. It was explained that this reduction was the consequence of the removal from the Plan of the additional audit days associated with the New College Project. The Committee considered the proposed coverage of the Strategy and **agreed to recommend** the Governing Body to approve the proposed Internal Audit Strategy for 2009/12.

DF/
Clerk

(Susan Turner left the meeting at 6.10pm.)

09.21 Review of Internal Auditors’ Performance

The Director of Finance presented the report outlining Bentley Jennison’s performance as internal auditors in 2008/09 against the criteria established by the College. The Committee considered the performance indicators and felt that overall the performance of the internal auditors had been satisfactory. It was acknowledged that their performance this year had been much better than in the first year of their appointment. The Committee **agreed to recommend** the Governing Body to re-appoint Bentley Jennison as internal auditors for the 2009/10 academic year.

DF/
Clerk

09.22 Financial Statements and Regularity Audit

a) 2008/09 Financial Statements Audit Fees

The Director of Finance presented the report confirming the audit

fees proposed by KPMG for the audit of the College's and Pure Business Solutions Limited's financial statements for 2008/09, together with the fees proposed for the College's Regularity Audit work for 2008/09. It was noted that, overall, the fees had increased by 2.5%, but were 0.5% below those budgeted. The Committee **agreed to recommend** the Governing Body to approve the proposed 2008/09 Financial Statements and Regularity Audit fees.

DF/
Clerk

09.23 Risk Management

a) 2009/10 Risk Management Review

The Director of Finance presented the final draft of the College's 2009/10 Risk Management Review, which was considered by Members. It was explained that the Review summarised the process by which the College's priority risks for 2009/10 had been identified and prioritised. The Committee **agreed to recommend** the Board to approve the College's Risk Management Review for 2009/10.

DF/
Clerk

b) 2009/10 Risk Register

The Committee considered the College's full 2009/10 Risk Register, paying particular regard to those key risks with the highest priority scoring that had been identified. It was noted that each of the Governing Body's sub-committees would be provided with a summary of the risks specifically identified as requiring their oversight during 2009/10.

09.24 Additional Services from Audit Service Providers

The Director of Finance presented the report summarising the fees paid to the College's audit service providers for services additional to their audit work. The Committee considered the report and noted that all of the additional services had been provided by KPMG for VAT advice in relation to the New College Project.

09.25 Governance Issues

a) Meetings Arrangements for 2009/10

The Clerk to the Corporation reported that the Search & Governance Committee had considered the draft calendar of governance meetings at its last meeting, and revisions were currently in the process of being made.

09.26 Any Other Business

None.

09.27 Date of Next Meeting

Tuesday 1 December 2009 at 5.00pm, subject to final confirmation by the Governing Body.

The meeting ended at 6.30pm.

Signed (Chair):

Name:

Date: