

**The College of West Anglia
MINUTES OF AUDIT COMMITTEE
10 June 2009 – 9.30 am Room F313 Front Block, King's Lynn**

Present:	Cheri Crosley Jack Bantoft Paul Cotton Yvette Pratt David Steele Emma Booty	Chair
Attending:	Richard Williamson Nicholas Barrett Bill Lumsden Paul Foreman Hilary Reid	Executive Director of Finance and College Services Head of Finance KPMG PricewaterhouseCoopers Clerk

The Committee met at 9.25 am with the Auditors. Auditors raised concerns about management overload, prioritisation and capacity.

1 Apologies

Nick Daubney.

2 Minutes of the Previous Meeting – 29 April 2009

The Minutes of the meeting of 29 April 2009 were agreed as an accurate record and signed by the Chair.

3 Matters Arising

(i) Page 3 item 7 – Public Relations approach to Restructure

Feedback was requested. The Executive Director of Finance and College Services confirmed that the Head of Marketing had adopted a pro-active approach and was working closely with the media.

4 Internal Audit Reports:

Paul Foreman of PricewaterhouseCoopers presented the report of the Internal Audit Service.

(i) Key Financial Controls

The audit, undertaken annually, provided assurance on the operation of the main controls within the core financial systems not otherwise covered by full audit reviews. The audit had covered payments, debtor management, bank, cash and treasury management and capital accounting.

A number of lower priority recommendations had been raised. Two medium priority recommendations had been addressed or were in hand.

Governors expressed concern that a list of approved signatories had gone astray and remitted management to investigate the need for an audit trail and improvements in the procurement system. The Head of Finance provided assurance that a new procurement system was being explored which would engender a consistent process. He undertook to report back to a future meeting. **Action: NB**

(ii) Payroll

The audit was undertaken against the background of the new payroll system introduced in April 2008. It covered the design of controls over the payroll process and included testing on a sample of payments to staff, and calculation of PAYE and NI deductions.

Two medium risk weaknesses had been identified, but the system was generally working satisfactorily. One weakness was in the design of controls for the payroll system, the second concerned the absence of a formal disaster recovery arrangement for the payroll system. Neither was considered likely to have a significant impact on the system.

Governors asked whether, because late returns to payroll appeared to be creating difficulties, it would be appropriate to investigate further. The Head of Finance said he had discussed this issue with staff who did not consider it to be a huge problem.

However, an integrated HR and Payroll system would have helped to diminish any risk of late returns.

The reports were noted.

5 Internal Audit Report 2008-09 – Follow up Report Q4

Paul Foreman of PricewaterhouseCoopers presented the report of the Internal Audit Service. The report summarised the status of outstanding recommendations, including all low priority issues.

The auditor highlighted:

- Of the 69 recommendations made in 2005/06, two remained to be implemented but were within the agreed implementation date
- 39 of 52 recommendations from 2006/07 had been implemented, 13 had been cancelled. 2006/07 matters were, therefore, complete.
- A total of 61 recommendations were raised in 2007/08 of which 19 were low risk recommendations. 7 actions had gone beyond the agreed implementation date. Feedback had been received on the high priority recommendations but there had been limited response on the medium risk items and management action was recommended to address this.

The report was noted.

The Committee members agreed that, unless there were significant issues, there was no requirement to receive audit reports before the next meeting in November.

The Executive Director of Finance and College Services undertook to follow-up the status update for item 14 in the report (Monitoring of the SLA with Tribal Technology).

Action: RW

6 Audits Planned for the next Period

The Internal Auditor advised that 3 further audits would be conducted to the end of the academic year –

- ❖ Strategic Planning, delayed from April 2009 due to availability of College staff
- ❖ Scheduled retrospective review of merger
- ❖ Capital projects, postponed by agreement with the Executive Director of Finance and re-scheduled - awaiting news from the LSC about funding.

The Committee agreed that the review of the capital project at the Milton site should be undertaken to identify “lessons learnt”.

The auditor advised that the draft audit plan for 2009/10 would be brought to the next meeting of the Committee for agreement. **Action: PF/RW/NB**

Noted.

7 Financial Statements Auditor – Draft Plan 2008/09

Bill Lumsden presented for information KPMG’s Audit Strategy and Planning Memorandum dated 10 June 2009. He explained that the document set out KPMG’s audit approach and the audit risks identified based on discussions with management. He invited the Committee to consider whether the risks identified were appropriate and/or whether any were missing.

Governors commented as follows:

- Presentation of the report was good
- Risks for possible inclusion: Capital projects – management time – reputation issues uncertainties about continuation of, and equalities of, funding/machinery of government changes - poor financial health grade would affect future funding
- Section 5 – date of the Audit Committee in November should read 4 November
- Section 6 – awareness raising training needs arise for governors

The Strategy and Planning Memorandum was noted.

8 Risk Report

This item was deemed to be “Confidential”.

9 Any Other Business

- Note was made of a Radio 4 programme about the LSC being broadcast on Tuesday next, 16 June.

10 Chair’s items for briefing to Corporation

- IAS Progress Report
- FSA Draft Plan

11 Date and time of next meeting

Wednesday, 4 November 2009 at 9.30 am.

The meeting closed at 11.15 am