

**The College of West Anglia
MINUTES OF AUDIT COMMITTEE
2 June 2010 – 9.30 am Boardroom, Front Block, King's Lynn**

Present:	Paul Cotton Jack Bantoft Mike Williams Emma Booty	Chair
Attending:	Richard Williamson Nik Barrett Bill Lumsden Andrew Argyle Paul Foreman Hilary Reid	Executive Director of Finance and Information Head of Finance KPMG KPMG PricewaterhouseCoopers Clerk

The Committee met at 9.25 am with the Auditors. Paul Foreman advised that the annual follow-up report had been delayed awaiting responses from management but would be brought forward for the next meeting. Andrew Argyle introduced himself as the Partner in KMPG who would be responsible for signing off the current year's accounts.

Richard Williamson and Nik Barrett joined the meeting at 9.35 am.

The Clerk led the meeting until the Chair was elected at item 2.

1 Apologies

Nick Daubney.

2 Election of Chair

Jack Bantoft proposed, seconded by Mike Williams, that Paul Cotton should take the Chair for the meeting. **Agreed.**

3 Minutes of the Previous Meeting – 31 March 2010

The Minutes of the meeting of 31 March 2010 were agreed as an accurate record and signed by the Chair.

4 Matters Arising

(i) Page 2, item 4(ii) – Timetabling

The Executive Director of Finance and Information reported progress in the implementation of the new timetabling system. The system was due to be adopted across College by mid-July and governors were assured timetabling would be much improved for 2010-11.

5 Internal Audit Reports and Management responses since last meeting

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

(i) Payments

Moderate assurance had been given following the high level review of ordering, goods receiving and payments. The conclusion had been that controls were robust but the report identified one weakness in the design of controls – password parameters – and two instances where controls were not operating as designed in practice. The latter concerned the review by budget holders of commitments against budgets.

Governors commented on the complexity of the application of passwords and the need to achieve a balance for staff in their ability to access information relevant to their work and security issues.

(ii) Sub Contracting of Delivery

Moderate assurance had been given following a review of the College's sub-contracting of employer responsive courses for which it received funding. The auditors noted a strong process for monitoring performance through visits and teaching observations.

One medium and one low risk issues were identified and concerned the contract between the College and the provider – requirements for insurance and an additional clause in the contract to cover LSC (or other funding body) claw-back – and, weaknesses in analysis of the feedback forms filled in by students.

The Executive Director of Finance and Information undertook to check the conditions of the College's contract with providers. **Action: RW**

(iii) Procurement

The review of the procurement process in the College had identified some weaknesses in the design and/or operation of controls and moderate assurance was given. Five medium risk and 1 low risk issues had been identified and included purchases from unapproved suppliers; failures to return approved signatory confirmation in a timely manner; delay in invitation to tender; and, lack of confirmation that references had been taken for tender bidders.

The Executive Director of Finance and Information alerted governors and the Internal Auditor to the need to address relaxation of some of the rules and procedures in this area in order to cut bureaucracy and overheads. The auditors were invited to discuss the College's proposals with the Director and Head of Finance. **Action: RW**

(iv) Key Controls

The review of financial controls covered the key controls in each underlying financial system not otherwise subject to full review in the year. The review covered payroll income and debtors, cash and treasury and moderate assurance was given. Three medium risk and two low risk issues were identified.

The report suggested a higher level of scrutiny in payroll over the changes in the data of starters and leavers; keeping under review working capital requirement; and, more frequent review of payroll and bank reconciliations.

The Auditor's reports were noted.

6 Audits planned for the next Period

The Internal Auditor reported verbally on the Service's planned work. He commented that progress in completing all fieldwork had been delayed partly because of delays in receiving comments from some college departments.

A watching brief had been agreed on risk management in relation to curriculum and delivery of the financial plan this year. The College, currently, was still developing an estates strategy and it was too early to look at risk there. The annual follow-up report would be presented to the next meeting. A meeting with Senior Management had been scheduled to discuss strategic work for next year, details of which would come to the Committee in due course.

The report was noted.

7 Audit Strategy and Planning Memorandum

Andy Argyle, Partner, presented KPMG's Audit Strategy and Planning Memorandum and noted that the Estates Strategy and the ability of the College to continue to fund itself would be key areas of risk review in the coming year. Further, that the trading status of the ARU Joint Venture would be reviewed together with the College's subsidiary companies.

Bill Lumsden, Auditor, continued the report and drew attention to the following points:

- Page 2: Independence statements

The Executive Director of Finance and Information advised that Paul Lawrence of KPMG had addressed the governors and that the Principal had invited him to a further meeting. The Auditor advised that a watching brief would be maintained.

- Section two: Planning meetings held with the Executive Director of Finance and Information and Head of Finance; reliance on the work of the internal auditors and the subsequent review of key financial controls; Regularity Audit
- Section three: Key audit risks identified with management - financial performance, going concern; strategic and financial plans; the economic climate; general market conditions.
- Section four: The Audit team – Andy Argyle, Bill Lumsden and Ian Imrie
- Section six: Further Education sector developments in particular part 2 of the Joint Audit Code of Practice was not yet published and could impact on audit work.

The Audit Strategy and Planning Memorandum were noted.

8 Controls over College credit Cards

The Executive Director of Finance and Information presented a paper, for note, setting out the reasons for the issue and use of credit cards by certain College personnel.

He described the controls that had been put in place and the intention to pilot the scheme in the first instance.

Governors commented on the scheme, and key points were noted as follows:

- The decision as to who the cardholders would be was to be made by the Director of Finance and Head of Finance and was likely to be the Programme Managers

- Some cardholders may not handle their financial affairs very well yet still be strong managers. Appropriate vetting was seen to be important
- If staff leave, the College must ensure the card was recovered
- Managing a credit card could be an additional burden for staff
- It was expected that cards would be kept permanently (during their employment in that role) by the individuals to whom they had been issued.

The Internal Auditor added that cards needed to be named in order to ensure responsibility and ownership.

Governors noted the scheme and the controls proposed.

9 Risk Report

This item was deemed to be “Confidential”.

10 Any Other Business

- (i) Jack Bantoft confirmed his intention not to seek to renew his term of office when it ended in July 2010. He said he had served for over 10 years, had appreciated the experience and would miss working with the College.
- (ii) The Chair and Senior Management present expressed their thanks and sincere appreciation of the contribution Jack had made to the work of the College over the years.

11 Chair’s items for briefing to Corporation

- Audit Reports
- Credit cards
- Reassurance on planned audits and response to changes

12 Date and time of next meeting

Wednesday, 3 November 2010 at 9.30 am

The meeting closed at 11.10 am