

# CORPORATION OF KIDDERMINSTER COLLEGE

## Minutes of the Audit Committee held on Thursday 24<sup>th</sup> March 2011 at 17.30 hours

**A 619 Present** Paul Crowley, Chair  
Derek Arnold

**A 620 Quorum** 2

**A 621 In Attendance** Andy Dobson, Principal  
Derek Harrison, Director of Resources  
Angharad Hale, Clerk to the Corporation  
Judith Simpkins, Senior Finance Officer  
Louise Tweedie, RSM Tenon  
Adrian Ward, Director of Curriculum &  
Performance

**A 622 Apologies** Mick Cooper  
Stella Hammond  
Paul Oxtoby, Baker Tilly

**A 623 Declaration of Members' Conflict of Interests**  
None declared.

### **A 624 Minutes of Meeting Held on 2<sup>nd</sup> December 2010**

The minutes of the meeting held on 2<sup>nd</sup> December 2010, having been circulated, were agreed and signed by the Chair. It was noted that Jonathan Grice was in attendance rather than present as a committee member, in line with discussions under item A607.

### **A 625 Matters Arising**

#### *i) Baker Tilly Management Letter and Financial Statements 2009-10*

Further to the comment in the Baker Tilly letter, it was confirmed that governors did give proper consideration to the college as a 'Going Concern.'

#### *ii) Internal Audit Report – Performance Management Review*

Louise Tweedie confirmed that the benchmarking report mentioned in item A611.1 would be coming out within the next 7 days. It was agreed to carry this item forward.

### **A 626 Internal Audit – Progress Report (RSM Tenon)**

Details having been circulated, it was noted that there has been an agreed change of date for the delivery of the remainder of the Internal Audit Plan 2010/11. The work was originally planned on 11-15 April, but will now take place in May, allowing the report to be considered at the Audit Committee meeting in June.

Attention was drawn to the client briefings relating to the Data Protection Act and the Bribery Act 2010. Colleges are being encouraged to ensure they have

adequate anti-bribery procedures in place. It was noted that the college has put processes in place and will include a reference in the revised Financial Regulations.

No queries were raised regarding the report.

## **A 627 Internal Audit Reports**

### *i) Learner Numbers*

Details having been circulated, it was noted that the amber area has been split into 2 levels. The college sits in the higher of the 2 levels, veering towards good, therefore the overall opinion of reasonable assurance can be seen as a positive, with the need to maintain vigilance.

It was confirmed that the register data referred to in item 1.2 of the report had not been fraudulently overwritten, however it highlighted the possibility. A discussion took place regarding the choices in terms of locking down the current register system and it was noted that a system for checking unusual amendments would strengthen the control framework in this area.

Adrian Ward was in attendance to update on progress relating to the action plan. Updated guidance has been issued to staff regarding completion of registers and student transfers. CIS staff will only accept fully completed paperwork relating to transfers. A monthly report is being produced for the CIS Manager relating to withdrawals and a sample of 15 learners' withdrawals are being checked each month in order to self audit. Louise Tweedie confirmed that this was good practice.

### *ii) Key Financial Controls*

Details having been circulated, it was noted that a green opinion, the highest level, was given in this area, indicating substantial assurance. The best practice point relating to automating some of the processes for raising invoices and managing credit control have been followed up. The Senior Finance Officer reported that training had been received on a web based application for raising invoices and this would be going live imminently.

A query was raised regarding why there would be any delay in raising sales invoices, as referred to in item 1.3 of the action plan. It was confirmed that the cause is sheer volume and that the Senior Finance Officer receives a weekly monitoring report on the number of outstanding invoice requests.

### *iii) Capital Project*

Details having been circulated, it was noted that substantial assurance was given in this area. At the time of the report the tendering process had yet to be completed, however the college was deemed to have established an adequate framework for managing the project. The reasons provided for not going to tender before appointing a project manager were accepted. No formal recommendations were made in this area.

## **A 628 Risk Register & Risk Plan – Termly review and update**

Details having been circulated, Derek Harrison highlighted the changes made by SMT. The following was noted relating to the Risk Register :

Failure to achieve funding / income targets has increased to a significant risk due to the shortfall in 16-18 year old targets. However the college remains confident that there will not be any in-year clawback of funding by YPLA.

Cuts in funding leading to redundancies have been reassessed as a significant risk as the probability has increased.

A new area has been added regarding funding authorities identifying irregularity in activities of a sub contractor. This relates to activities of Ricide rather than the college but has been identified for inclusion in the plan.

New areas relating to the potential impact of the organisational review on performance and the potential impact of redundancies on student recruitment will need to be monitored closely. The college is confident that it can manage these processes to ensure there is not a negative impact.

A new area has been added relating to Minimum Levels of Performance (MLP). This has been identified in response to the Notice to Improve and the fact that SFA have moved up the minimum levels by 3%. This has been identified as a risk but is not seen as a significant risk.

A further new area relating to sub contractors has been included as the number of such arrangements is slowly increasing. The college is working hard to monitor performance and ensure proper control frameworks are in place. Again this is seen as a potential but not a significant risk.

The Chair thanked SMT for their work in adjusting the register and noted that the new matrix and scoring system are working well.

No queries were raised regarding the Risk Management Plan.

## **A 629 Risk Reports**

### *A629.1) Financial Health & Stability*

Details having been circulated, it was noted that the college is entering uncertain times in a healthy position. The Chair suggested the following additions to the list of early warning indicators :

- Potential conflict with trade union
- Internal audit identify a weakness in the financial control processes

The following was also suggested as an addition for risk reducing action :

- Review marketing strategies in terms of recruiting students

### *A629.2) Safeguarding*

Details having been circulated, the Chair suggested the following addition to the list of early warning indicators :

- Failure to meet priorities identified by the Safeguarding Strategic Forum

The Principal agreed to feed this addition back to Anna Place who had produced the report and to the Corporation.

It was noted that as a result of the recent training, the awareness of Safeguarding issues within the organisation is much greater.

**A 630 SFA investigation – Stourport Training Centre (RICIDE)**

Details having been circulated, it was noted that the issue had previously been brought to the Corporation in the Principal's report. The report had been included to formalise the need for this committee to be aware of the situation.

**A 631 Extension of Internal & External Audit Contracts to 31/07/12**

It was proposed to extend both contracts by 1 year rather than go through the tender process this year as good working relationships were in place with both Baker Tilly and RSM Tenon. This proposal was approved by the committee.

**A 632 Any Other Business**

None raised.

**A 633 Date of Next Meeting**

Thursday 16<sup>th</sup> June 2011

The meeting closed at 18.40 hours

Chair \_\_\_\_\_ Date \_\_\_\_\_