

**Minutes of the  
Audit Committee Meeting  
held on Wednesday 17 March 2010 in Room 814, Matthew Boulton  
campus at 10.30 am**

**Present:**

Mr S Sharma (Chair)  
Mr K Culliford (KC)  
Mrs M Dufaye (MD)

**In Attendance:**

Dr C Braddock (Principal)  
Mr C Hill (Executive Director Support Services) (CH)  
Mr B Pattni (Executive Director Finance and Data Management) (BP)  
Mr J Creed (Auditor, RSM Tenon) (JC)  
Mrs C Bennett (Clerk to the Corporation) (Clerk)

**Apologies for Absence:**

Mr B Gambles  
Mrs C Levine  
Mrs Janet Richard

**Item 1 – Minutes of meetings held on 7 and 16 December respectively**

- 1.1 With regard to the public and confidential minutes of the meeting held on 7 December 2009, the Chair made the following comments:
- Item 4 (ix) - the last sentence on p.6 needs to be amended to ensure that it covers LSC guidance.
  - Item 4 (ix) - A sentence be added at the end that the Internal Audit Plan was accepted and recommended to Corporation.
  - Item 5 (i) – Resolution – the wording needs to be amended so that it states that the Committee noted KPMG's report (rather than approved) and would recommend it to Corporation but also that Corporation receive it.
  - Item 5 (ii) – Resolution – the word "recommendation" be deleted and replaced with "representation".
- 1.2 The minutes of the Audit Committee meeting held on 16 December 2009 were approved.

- 1.3 The Chair asked if the minutes were available from the Audit Committee meeting held on 30 June. BP said he would arrange for these to be prepared by the next Committee meeting. BP to action.

### **Matters Arising**

BP stated that he wished to update the Committee on the Financial Management and Control Evaluation submission to the LSC. The position was that a full review took place last academic year and a full submission was made to the LSC. The same review was carried out this year and there were no changes. Therefore confirmation was sent to the LSC to confirm that there were no changes.

MD also asked that the Audit Committee's Terms of Reference be available. The Clerk said that she would provide MD with a copy. The Clerk to action.

### **Item 2 – Cash and Treasury Management Review**

- 2.1 This item was introduced by BP and presented by JC. The Chair advised and agreed with the Committee that it look at significant findings only.
- 2.2 JC reported that only one recommendation had been given, that the signatory list was still yet to be harmonised. BP had accepted this and RSM Tenon were satisfied with the response, this being that the harmonised authorised signatory list would be finalised within the next few weeks. The Principal commented that this was an excellent position to be in for the first year of merger.

### **Resolved:**

The Committee noted that the overall assurance for the College was substantial.

### **Item 3 – Income and Debtors Review**

- 3.1 This item was introduced by BP and presented by JC.
- 3.2 JC confirmed that the auditors had looked at miscellaneous sources of income and debt. Two low priority recommendations had been made – (i) clarity of tuition fees (especially overseas students) and (ii) a clearer view of ageing of debt. The Chair commented that it was again a pleasing report.
- 3.3 BP reported good practice was evident from both sides (Matthew Boulton and Sutton). An advisory point had been made regarding debts of 12 months or above. The Chair suggested that in terms of the debt profile, it would be useful for the Strategy & Finance

Committee/Corporation to be aware of any debt of £1K and above. BP to action.

**Resolved:**

The Committee noted that the overall assurance for the College was substantial.

**Item 4 – Payroll**

- 4.1 Again this item was introduced by BP and presented by JC.
- 4.2 JC reported one low level recommendation, that being that the payroll systems security settings did not include automatic changing of user account passwords. CH reported that as part of the harmonisation of the two IT networks, there would be a forced log-in to change your password after 90 days.
- 4.3 JC added that under the advisory comments, the auditors had made some suggestions where efficiencies could be made for instance bringing together the function of payroll and HR. The Principal stated that whilst efficiency was very important, there were also strategic reasons why the two departments were on different sites.
- 4.4 The Chair concluded that it was a pleasing outcome.

**Resolved:**

The Committee noted that the overall assurance for the College was substantial.

**Item 5 – Risk Management**

- 5.1 This item was introduced by BP and presented by JC.
- 5.2 JC said that only two medium level recommendations were made those being (i) to use an alternative risk profile mechanism and (ii) to identify further actions highlighted on the College risk register. JC added that both have been fully accepted by the College.

**Resolved:**

The Committee noted that the overall assurance for the College was substantial.

**Item 6 – Efficiency and Effectiveness**

- 6.1 This item was presented by CH.



- 6.2 CH stated that this report had been commissioned some time ago (2008/09) prior to the merger to review where the College differs from benchmark comparisons in the key areas of financial efficiency, the impact of the new funding methodology and the quality of provision.
- 6.3 JC referred to the recommendations set out on pp 4 – 5 of the report which came under various categories across the organisation. The Principal said that a lot of this information was now obsolete as we were two years down the line and in many cases, the organisation does not work in the way it did when the report was carried out.
- 6.4 The Chair stated that it might be useful to have this information for BMET. A more detailed discussion then took place about the most appropriate time to carry out an equivalent report for BMETC once there was enough data to compare.
- 6.5 It was agreed that in terms of follow-up, more recent data be reviewed by the Executive going forward.

**Resolved:**

The report was noted by the Committee and the recommendations listed on pp4 – 5 of the would be reviewed and actioned as part of the business cycle.

**Item 7 – Establishing the Merged College Baseline under the New Funding Methodology**

- 7.1 This item was presented by CH and stated that it was for note only.
- 7.2 CH explained that the College's internal auditors were commissioned to carry out this report some time ago back in 08/09 to give the College an early indication of the impact of applying the new funding methodology.
- 7.3 CH explained that the report looks at the historical position of the merger but may be a useful tool should there be a need to be a challenge in the LSC's application of the methodology.
- 7.4 CH led the Committee through the key findings in the report and a detailed discussion took place between the members present.

**Any Other Business**

The Principal thanked the Chairman and those members retiring that had served on the Committee. The Chair also thanked his fellow retiring members. The Chair also thanked the auditors for their reports and attendance of the Audit Committee.

**Date of Next Meeting:** 25 June 2010

S Sharma 22/6/10  
4