

**Minutes of the Meeting of the
Audit Committee
held on Tuesday 27 November 2012 at 8.00am
in Room 814 on the 8th Floor Matthew Boulton Campus**

Present:	Apologies:
Kathryn James (Chair)	Anthony McCourt (AMcC)
Marina Hunt (Staff Member Business Support) (MH)	
Andrew Madden (AM)	
In Attendance:	
Catherine Bennett (Clerk)	
Clive Hill (Executive Director of Support Services)	
Bob Pattni (Executive Director of Finance and Data Management) (BP)	
Mark Ashton-Blanksby (RSM Tenon) (Item 4 only) (MAB)	
Andy Argyle (KPMG) (AA)	
Zubair Limbada (KPMG) (ZL)	
Ben Connor (PWC) (BC)	
Greg Wilson (PWC) (GW)	

Welcome and Introductions

Given that this meeting was the first meeting attended by the new internal auditors, everyone present introduced themselves.

Declarations of Interest

There were no declarations of interest other than those already recorded in the register.

Declarations of Irregularities

There were no declarations of irregularities.

Minutes of the Audit Committee Meeting held on 28 June 2012

The Chair led the Committee through the minutes of the above meeting and it was agreed that they were a true and accurate record of the meeting.

Matters Arising

CH reported to the Committee that whilst it has been difficult to obtain information from other comparable colleges in respect of health and safety matters, health and safety networks state that risk areas for colleges are work experience students/staff, apprentices, placements and any other scenario which falls outside of the College's control. CH reported that the College has changed its procedures to take this into account.

CH also informed the Committee that student feedback is reported through campus committees, focus groups and surveys. Members discussed methods of communication with students and it was agreed

that more use could be made of IT in this respect. CH reported that a lot of work is currently being undertaken in this area.

It was agreed by the Chair that Item 4 could be taken first in order to allow MAB to be able to leave.

Item 4 – Internal Audit Reports

(i) Follow-Up of Previous Internal Audit Recommendations

- 4.1 MAB presented this item and led the Committee through the report. He outlined any recommendations that were outstanding as well as the action plan provided in the report. He added that management have responded positively to any outstanding recommendations.
- 4.2 The Committee discussed the report and commented that it was relatively straightforward.

APPROVED:

The Committee approved the Follow-Up Report on Previous Internal Audit Recommendations and agreed to recommend it to Corporation for final approval.

(ii) Annual Internal Audit Report 2011/12

- 4.2 MAB then led the Committee through the above with particular focus on the first section which set out all of the relevant information and final opinion. MAB informed the Committee that this was a clean report.
- 4.3 The Chair thanked MAB and reported to the Committee to not lose sight of the appendices in this report because whilst it is advisory, it provides a valuable focus. The Committee discussed the findings in detail.

APPROVED:

The Committee approved the Annual Internal Audit Report 2011/12 and agreed to recommend it to Corporation for final approval.

- 4.4 At this point, on behalf of the Committee, the Executive Team and the Corporation in general, the Chair thanked MAB and RSM Tenon for all of their hard work during their time with the College.

MAB left the meeting at this stage.

(iii) Annual Internal Audit Plan 2012/13

- 4.5 GW and BC led the Committee through the above, which GW reported had been prepared for the BMET group (and therefore both BMET and Harborne Academy).
- 4.6 GW reported that a key aspect of their work with the College was the value added that they can bring in terms of experience and expertise and the focus not only on the education sector but the commercial sector as well.
- 4.7 The Committee discussed the plan in detail and in particular the sector wide issue of upgrading IT software in order to enable colleges to provide the data required by the SFA in the format specified. The Committee also discussed the timetable and stated that a number of internal audits are being carried out from January.

APPROVED:

The Committee approved the Annual Internal Audit Plan 2012/13

Item 2 – Risk Register

- 2.1 BP presented this item, highlighting the main items and direction of travel since the previous update. Members discussed the Risk Register and requested additional information in relation to those risk areas where there is a change and why.
- 2.2 The Chair also led a discussion on how it would be useful for the Committee to be presented with a matrix showing the shape of the risk climate and whether that reveals anything unusual for a college of this shape and size. She added that the Audit Committee are assured that risk is dealt with extremely effectively by management but from a governance point of view the matrix will show a picture from a very high strategic level.
- 2.3 BP reported that this matrix can certainly be added into the next report and a bigger review of risk is planned.
- 2.4 The Chair also asked whether the College’s insurers give a view on risk to which BP responded that it is risk based on claim numbers and the College is well below average in the sector in terms of claims.

APPROVED:

The Audit Committee approved the Risk Register and agreed to recommend it to Corporation for final ratification.

Actions:

- Additional information to be provided on those risk areas where there is a change and explanation as to why.
- A matrix showing the shape of the risk climate and an explanation as to whether this reveals anything unusual for the College given its shape and size to be provided to the Audit Committee.

Item 3 – Insurance Summary Report for BMET

- 3.1 BP presented this item and led the Committee through the insurance summary report. BP also reported on how the policy is negotiated with a focus on the “add-ons” and the synergy savings achieved by insuring for the group (including Harborne Academy) and not solely for the College.
- 3.2 The Committee discussed the summaries in detail which resulted in the actions set out below.

ACTION:

- For future meetings, a summary in table form to be provided showing key information (sum insured, excess, any peculiarities)
- Claim numbers and costs to the College to be provided to the Committee at the next meeting.

Item 5 – External Audit Reports:

(i) Management Letter for BMET

- 5.1 AA and ZL presented this item. ZL led the Committee through the Management Letter, highlighting the main areas to note for the Committee and taking questions from members as and when they arose. Key topics discussed related to funding reductions, additional allocation to BMET from the SFA, learner numbers, partnerships and pensions liabilities.
- 5.2 The external auditors reported a clean audit for the Academic Year 2012-13.

ACTION:

- In respect of partnerships, the Chair requested that at the next Committee meeting, it be shared with the Audit Committee the process of how partnerships work (including source, grade, induction, accountability, monitoring, recording etc).

APPROVED:

The Audit Committee approved the Management Letter and agreed to recommend it to Corporation for Final Approval.

(ii) Letter of Representation

- 5.3 ZL led the Committee through the main aspects of the Letter of Representation, informing the Committee that it is from the College to the external auditors and confirms that the representations set out in the letter in relation to the College's financial statements, to the best of the Corporation's knowledge and belief give a true and fair view of the College's affairs.
- 5.4 ZL reported that no issues had been raised and that the opinion in the letter was generic across the sector.

APPROVED:

The Committee approved the Letter of Representation and agreed to recommend it to Corporation for final approval.

(iii) Audited Financial Statements for BMET for the year ending 31 July 2012

- 5.5 BP reported that these had been provided to the Committee to assist them with their discussions.

***Item 6 – Submission of Financial Management and Control Evaluation (FMCE) 2011/12**

- 6.1 BP presented this item and was delighted to report that the SFA has graded the College outstanding in all 12 areas of College's financial management. On behalf of the Committee, the Chair passed on her congratulations to the senior and finance teams.

Item 7 – Draft Audit Committee Annual Report

- 7.1 The Clerk led the Committee through the above, referring to the main aspects of the report and confirming that it remains best practice for the Audit Committee to produce this on an annual basis. GW commented that the section on risk is quite often the main focus of the report. The Clerk said this would be taken into account.

7.2 The Committee discussed in detail.

APPROVED:

The Committee approved the Audit Committee Annual Report and agreed to recommend it to Corporation for final approval and signature by the Chair of Audit Committee.

Item 8 – Any Other Business

There was none.

The meeting ended at 9.20am.

Date of Next Meeting – 12 March 2013.

Signed.....Date.....