

## GOVERNING BODY AUDIT COMMITTEE

Minutes of the non-confidential section of the meeting held on Tuesday, 2<sup>nd</sup> December 2008  
at 6.15 pm at the Parkshot Centre, Richmond

|               |   |
|---------------|---|
| Present       | Mr Robin Jowit, OBE, Chairman of the Committee<br>Dr Tim Woolmer<br>Ms Siân Bates, MBE<br>Mr Duncan Faircloth, Non-Governor Member  |
| In attendance | Ms Christina Conroy, OBE Principal & Chief Executive<br>Ms Judith Potter, Vice Principal (Finance and Corporate Services)<br>Mr Adrian Rutter, Director, Government and Public Services, TENON<br>Mr Martin Grundy, Partner, Grant Thornton<br>Ms Rachel Devitt, Manager, Audit and Business Assurance, Grant Thornton<br>Mr Paul Coveney (Clerk to the Governing Body) |
| Apologies     | Mr Geoff Varrall<br>Ms Anna Brekkeflat, College Accountant  |
| Absent        | Ms Gabe Flint, Vice Principal (Curriculum & Quality)<br>Mr Andrew Slade, Vice Principal (Skills and Business Development)   |

### Part I (Non-confidential items)

#### 1. APOLOGIES

Apologies were received from Mr Geoff Varrall and Ms Anna Brekkeflat.

#### 2. MINUTES of the previous meeting held on 17<sup>th</sup> June 2008 were approved as a correct record and signed by the Chairman.

#### 3. ANY MATTERS ARISING FROM PREVIOUS MEETING WHICH ARE NOT COVERED BELOW

- The Chairman asked what had been the progress regarding the disaster recovery plan. The Vice Principal (Finance and Corporate Services) reported that this had been submitted to Tenon at the last audit session for the year 2007/08, and that the resulting action points would be considered by the Finance & Resources Committee next term. Testing of the IT disaster recovery plan was under way.
- The Committee noted that the draft revised Standing Orders had been reviewed by Tenon in September 2008.

JP

#### 4. DECLARATIONS OF INTEREST

The Chairman asked Tenon whether there was any conflict of interest in the fact that Tenon had carried out audit work for both the College and the LSC. Adrian Rutter replied that he was confident that there was no conflict of interest, and that the two tasks were kept completely separate, being overseen by two different partners within Tenon.

#### 5. TERMS OF REFERENCE

The Committee received its terms of reference from the Governing Body.

#### 6. RISK MANAGEMENT

The Committee reviewed the risk paper submitted by the Vice Principal (Finance and Corporate Services), who reported that the Governing Body on 28<sup>th</sup> November 2008 required the College to institute an improved system of risk analysis to highlight real issues and increase the frequency and quality of risk and issue reviews: the paper had been

produced in advance of this request.

The Committee asked how the College was managing the risk associated with new learner groups (especially young people), and the Principal replied that action had been taken to deal with some specific difficulties, and that more appropriate teaching methods were being put into place.

The Committee noted that many entries on the risk register reflected different aspects of the Employer Responsive issue, and that these were to be addressed in the recovery strategy approved by the Governing Body on 28<sup>th</sup> November 2008.

The Chairman asked for Tenon's views on the structure and content of the risk register in comparison with other FE Colleges. Adrian Rutter replied that many colleges used a higher-level document for governance review, with links to the detail available if required for particular risks. The Principal said that the College would consider doing something along these lines.

CJC

***The Committee noted the risk register, and was satisfied that its contents were under control.***

#### 7. FINANCIAL STATEMENT AND REGULARITY AUDITORS' MANAGEMENT LETTER 2007/08

***The Committee noted that the financial statements were for its information, and that the content would be considered by the Finance & Resources Committee on 11<sup>th</sup> November 2008.***

The Committee noted that the management letter was to be finalised before the Governing Body on 18<sup>th</sup> December 2008. Martin Grundy reported that this would be entirely positive, apart for the issue regarding Employer Responsive provision, which caused the regularity audit to be qualified in respect of that area only.

The Committee discussed the provisions that should be made in the accounts regarding the LSC clawback, and the Vice Principal (Finance and Corporate Services) said that these would be finalised before the accounts were submitted for approval.

The Committee asked who the College expected to review the actuary's assumptions regarding the FRS 17 retirement benefits. The Vice Principal (Finance and Corporate Services) replied that this would be included in the annual review with LBRuT and other employers.

The Committee noted that the remaining lease on Widegate Street expires on 31<sup>st</sup> August 2010. The lease permits letting of the premises, but only to the College's partners. The costs associated with the lease are:

- rent - £42,257 (2008/09), and £47,728 (2009/10),
- rates - £3,572 (2008/09), and £4,393 (2009/10 – an estimate to be confirmed in February/March 2009), and
- service charge – estimates at £12,560 per annum.

JP

Martin Grundy informed the Committee that, in accordance with recent legislation, auditors can now limit their liability, and that, once this had been incorporated into the Audit Code of Practice, Grant Thornton would be making proposals to the College.

Grant  
Thornton

***The Committee received the letter of representation, and noted that Grant Thornton would finalise the wording regarding Train to Gain before it was submitted for approval to the Governing Body.***

#### 8. FINANCIAL MANAGEMENT CONTROL EVALUATION (FMCE)

The Committee considered the FMCE, noted that there was a lot of overlap with the regularity audit, and further noted that, from next year, both documents would need to be completed.

The Committee asked how learner attendance was captured. The Principal replied that on-line registers, which were completed by the College teaching staff, covered 95% of the

total.

The Chairman asked the Vice Principal (Finance and Corporate Services) to pass the Committee's thanks to those members of staff who had contributed to the completion of the document.

*The Committee approved the FMCE.*

9. INTERNAL AUDIT 2008/09

The Committee considered the Tenon Governance Audit, and observed that all the action points had been addressed.

*The Committee noted the Tenon Governance Audit.*

The Committee considered the Tenon summary of the reviews on Train to Gain, and recognised that the issues raised were all addressed by the recovery strategy approved by the Governing Body on 28<sup>th</sup> November 2008. The Principal informed the Committee that Tenon would review progress on the action points in April 2009 as part of the audit schedule, and would report back to the Committee following that review.

Tenon

*The Committee accepted the Tenon summary of the reviews on Train to Gain.*

10. ANNUAL INTERNAL AUDIT REPORT 2007/08

The Committee noted that the auditors' opinion was qualified only in respect of the issue relating to Employer Responsive provision.

The Chairman noted that the audit action backlog reduction was proceeding well, and asked the Principal to pass the Committee's thanks to the staff concerned.

*The Committee accepted the annual internal audit report 2007/08.*

11. MONITORING OF INTERNAL AUDIT RECOMMENDATION FROM 2007/08

The Committee noted that the Tenon recommendations regarding risk management and governance were relevant to the recovery strategy approved by the Governing Body on 28<sup>th</sup> November 2008, as were those regarding learner number systems, and requested the Principal to ensure that they were duly taken into account in the implementation of the strategy.

CJC

*The Committee noted that the Tenon Internal Audit Assignment reports had been presented to the Committee in 2007/08.*

12. APPROVAL FOR NON-AUDIT WORK – TENON

The Committee noted that the paper presented by Tenon was required by the Audit Code of Practice.

*The Committee approved the additional services provided by Tenon.*

13. ANY OTHER BUSINESS

The Chairman observed that some papers for this meeting had been delivered late to the Clerk. He requested that in future the auditors should provide papers to management two weeks before the meeting date, so that they could be reviewed in time to be sent out with the other papers. The Committee noted that there had been unusual circumstances before this meeting, because of the need to co-ordinate production of some of the papers.

Tenon/  
Grant  
Thornton

This part of the meeting ended at 7.40 pm