

## GOVERNING BODY AUDIT COMMITTEE

Minutes of the non-confidential section of the meeting held on Thursday, 10<sup>th</sup> March 2011 at 6:15 pm in  
the Richmond Business School

Present:	Mr Kevin Finnigan, Chair Ms Amanda Rowlatt Ms Helen Szyra
In attendance:	Ms Christina Conroy, OBE, Principal & Chief Executive Ms Judith Potter, Vice Principal (Finance and Corporate Services) Ms Gabe Flint, Vice Principal (Curriculum & Quality) Mr Mike Cheetham, Head of IAS, RSM Tenon Mr Paul Coveney, Clerk to the Governing Body and College Secretary
Apologies:	Mr Manoj Nanda Mr Phil Cutts, Non-Governor Member Ms Grozdenka Mateeva, Finance Officer

The meeting remained quorate throughout.

Before opening the meeting, the Chair reminded the Committee that Ms Cindy Rampersaud had resigned from the Committee. The Committee asked the Clerk to draft a letter from the Committee Chair, thanking Cindy for her contribution to its work over the last two years.

### Part I (Non-confidential items)

1. **MINUTES** of the previous meeting on 2<sup>nd</sup> December, 2010 were approved as a correct record and signed by the Chair.
2. **MATTERS ARISING**  
Item 17: the Committee noted that the Governing Body, at its meeting on 16<sup>th</sup> December 2011, had reappointed RSM Tenon as the Internal Audit Service and Grant Thornton as the financial statements and regularity auditors.
3. **DECLARATIONS OF INTEREST**  
Paul Coveney declared an interest in that part of item 5 which related to his appointment as Clerk to the Governing Body and College Secretary.
4. **JOINT AUDIT CODE OF PRACTICE**  
Mike Cheetham reported that the draft of Part 2 of the code had been expected for consultation before Christmas 2010, but had not yet appeared: it was expected imminently.  
He confirmed that RSM Tenon would provide a full briefing on the new code when it did appear: it would be retrospective to 1<sup>st</sup> August 2010.
5. **RSM TENON INTERNAL AUDIT ASSIGNMENT REPORT JANUARY 2011**  
On behalf of RSM Tenon, Mike Cheetham summarised the report: the January 2011 audit visit had examined two areas:
  - Key financial controls, which were reviewed every year – there were no audit concerns, with only a single low level recommendation, and
  - Learner Number Systems, which posed difficulties for all RSM Tenon's colleges. There were large amounts of data, and it was very difficult to get it all right, although important to try to get it as near to error-free as possible. There were two new medium level recommendations, in addition to some carried forward from previous audits.

MC

The Vice Principal (Finance and Corporate Services), in response to a question from the Committee, reported that it would never be possible to eradicate errors totally (there were hundreds of thousands of items of data), but that it was important to have systems and processes to provide a proper degree of control. The change of learner management system in 2009/10 had resulted in a large number of problems: the College

had managed to keep the systems working, but this had consumed management and staff time that was therefore not available for the detailed checking of the data. The issues highlighted in the report were relatively minor, rather than indicative of fundamental problems.

The Principal added that there were three systemic issues relating to data management:

- There was a small team dealing with very large numbers: the College could not justify the high levels of staff resources that would be needed to achieve anything above a middle position, and there had been very little funding clawback arising from data errors,
- The learner management system was unsatisfactory: the migration from LMS to REMS had been forced on the College by the supplier's withdrawal of support for LMS, but the new product had proved unstable. The College staff had "kept the show on the road", but had been distracted from in-year data checking.
- There had been a management issue for some years with the CIS department.

The Committee noted that it was impractical to expect the College to achieve 100% data accuracy, and that the management had accepted all the RSM Tenon recommendations: the Committee would continue to monitor progress.

Clerk

The Committee asked whether it was possible to quantify the level of financial risk, and the Vice Principal (Finance and Corporate Services) asked whether RSM Tenon would be able to extrapolate from the errors they had found in their audit. Mike Cheetham replied that this would be possible in some cases, but not others: it would not be possible to provide a total exposure figure. He confirmed that the learner number system problems were largely concerned with the scale and nature of the College's provision.

The Committee drew attention to a misprint in the report: the last sentence before section 3.3 should read "...assurance that all ILR data is accurate." RSM Tenon would correct this, and send the revised report to the Clerk.

MC

*[Paul Coveney left the room.]*

*[The Committee asked Judith Potter to take minutes in the absence of the Clerk.]*

The Principal explained that there were problems with the MIS system: the College was going to tender with the intention of changing systems by the end of the year. Also, there was the need always to be aware of the risks arising from the complexity of the data in FE.

With regard to the CIS management issue, Paul Coveney as College Secretary had kindly stepped in to assist last year; however the auditors had noted a potential conflict of interest, as had previously been identified by the College. There were two new members of staff, in addition to the 2 longer term members. The management arrangement had been made for one year. The College proposed that the Vice Principal (Finance and Corporate Services) should take on the line management of the CIS team from 1<sup>st</sup> August 2011, and that a restructure takes place after the new system has been installed.

***The Audit Committee recommended that the role of the Clerk to the Governing Body & College Secretary be reviewed by the Remuneration Committee.***

Clerk

The Audit Committee was grateful to Paul Coveney for agreeing to step in on an interim basis.

*[Paul Coveney rejoined the meeting.]*

***The Committee noted the RSM Tenon internal audit assignment report January 2011.***

## 6. RISK MANAGEMENT POLICY

The Committee considered the risk management policy, noting that it would be reviewed by the Governing Body on 31<sup>st</sup> March 2011, and requested that section 12 (b) should be amended to refer to "government funding agencies", rather than to the LSC.

Clerk

***The Committee considered that the policy was fit for purpose, and saw no need to recommend further changes.***

7. **RISK MANAGEMENT**

The College Secretary reported that, as recommended by RSM Tenon, the risk register reflected the College's strategic objectives, which had been rationalised from sixteen to eight. The exposure of each risk had been assessed by the Senior Management Team at the beginning of 2010/11, and again on 7<sup>th</sup> February 2011. Risk 4 (Collaborating with Partners) had increased in impact to reflect the changing FE environment, but had reduced in likelihood, following intensive activity on the part of the College: the net effect was that the College's exposure to this risk remained Medium. Risk 8 (Organisational Development) remained high impact, but the likelihood had reduced somewhat following approval by the Employment & Organisational Development Committee of the College's organisational development strategy. There remained issues concerned with the quality of CIS.

The Committee noted that annual operating plans were subject to rapid obsolescence in the current FE environment, and this meant that the College was continually reviewing its planned actions. Nevertheless, the financial position and organisational development in particular remained areas that required constant attention.

*The Committee noted the risk management report.*

8. **ANY OTHER BUSINESS**

The Committee noted that Cindy Rampersaud had been Vice Chair of the Committee, and that Amanda Rowlatt, as the only Independent Governor (apart from Kevin Finnigan) on the Committee, was now the de facto Vice Chair.

The meeting ended at 7:05 pm

**CHAIR**