

Minutes of the Audit Committee held on Wednesday 22 June 2009 at 5.15 pm in the Principal's Room, Science Park Campus, Cambridge.

MINUTES

Present

Raymond Tait [Chair]
 Amanda Last
 Vernice Key [from 5.25 pm]
 Ros Francis

In attendance

Chris Lang
 Charlotte Skinner
 Paul Foreman [PricewaterhouseCoopers LLP]
 David Hoose [Tenon]

Clerk

Julia Kennedy

Section 1: Matters that are Confidential			Action	By
<i>There were no confidential matters that the Committee wished to discuss with the Auditors.</i>				
Section 2: General			Action	By
2.1	Apologies for absence	Apologies were received from Bill Lumsden and James Whybrow (KPMG LLP).		

2.2	Minutes of the meeting held on 11 March 2009	The Minutes were agreed to be a true record and signed by the Chair.	Clerk	
2.3	Matters arising from the Minutes	There were no matters arising.		
2.4	Declaration of Interest	There were no declarations of interest.		
Section 3: Matters for Decision			Action	By
3.1	<p>AUD/14/08-9 Internal Audit Reports 2008/9:</p> <ul style="list-style-type: none"> i. Single Site Project ii. Staff Utilisation Review 	<p><u>Single Site Project</u> Moderate assurance was provided. This was the third and final review of the Single Site Project, which, auditors noted, was coming in ahead of time and within budget. Two medium priority issues were identified, one relating to a payment and the other about the need to update the Business Continuity Plan and the Property Strategy.</p> <p><u>Staff Utilisation Review</u> Moderate assurance was provided. When this audit was planned, it was anticipated that the College would achieve central oversight – but that involves integrating a number of systems. Changes in LSC funding methodology and with the timetabling system have increased the complexity of the work required. With staff costs at 70% utilisation remains a critical issue and the aim is to get it in place by autumn 2009.</p> <p>Governors asked about—</p> <ul style="list-style-type: none"> • whether there were any union issues, and Governors noted there were different working practices in different academies • room occupancy, and Governors noted the need for periodic checks to ensure the system was robust. <p>The Committee received and noted the internal audit reports on the Single Site Project and staff Utilisation, and noted that the Follow-Up report was not yet available.</p>		

3.2	<p>AUD/15/08-9 Re-appointment of Internal Audit Service Auditor for 2009/10</p>	<p><i>Paul Foreman left the room for this item.</i></p> <p>In 2005 Corporation approved the appointment of PricewaterhouseCoopers LLP [PWC] as the internal audit service provider to July 2010. In line with the Financial Regulations, re-tendering for internal audit services was planned for spring 2010.</p> <p>Governors discussed the focus of the proposed re-tendering including—</p> <ul style="list-style-type: none"> • scope of the audit work • whether we were getting to the point of good control where the majority of internal audit reports made limited numbers of recommendations • capacity to bring work in-house and reduce the number of audit days • balance of value, cost, and number of audit days • use of other expert advisers to undertake value-added work, eg HR • greater use of the self assessments tools now available, eg FMCE • impact of funding changes on the audit work required • use of a consortium approach with other colleges • potential value of a “fresh pair of eyes”. <p>The Committee recommended the re-appointment of PricewaterhouseCoopers LLP as internal auditor for 2009/10 and noted that further information on the tendering process would be provided to the next meeting.</p>	CL	25.11.09.
3.3	<p>AUD/16/08-9 Draft Strategic Internal Audit Plan 2009/10 to 2011/12 and Annual Internal Audit Plan 2009/10</p>	<p>Paul Foreman explained the 3 -year context and the intention, in the 2009/10 plan, to focus on issues that pose the biggest risk. These included Partnerships with schools including delivery of diplomas, Budgetary control, Employer responsive provision, Virtual learning environment [VLE], Bids for external funding, Key financial controls, Recruitment [delayed from 2008/09], and travel policies [in the light of the single site developments and the Guided Bus].</p> <p>Governors asked about—</p> <ul style="list-style-type: none"> • VLE and Travel and whether they warranted the specified audit days • data security and whether it was recently audited • IT systems and the threat of importing viruses via USBs 		

		<ul style="list-style-type: none"> • whether the travel policy audit should include carbon footprint issues • key financial controls and data quality. <p>David Hoose confirmed that the plan would provide the financial statements auditors with sufficient coverage for their subsequent work.</p> <p>The Committee approved the Draft Strategic Internal Audit Plan 2009/10 to 2011/12 and the Annual Internal Audit Plan 2009/10 and recommended the plans to Corporation.</p>	CL	22.07.09.
3.4	AUD/18/08-9 Audit Planning Memorandum for the Year-ended 31 July 2009	<p>The Audit Planning Memorandum sets out Tenon's proposed audit approach to the College's accounts for the year ending 31 July 2009. The Memorandum covered audit Materiality [£370,000], Ethics, ISAs, Business Risk and Fraud Risk, Significant Accounting and Reporting Developments, Audit Risk [including FRS17, which is always fundamental], Employer responsive funding, and Claw-back of funds, Asset classification, Depreciation policy, and Regularity audit.</p> <p>Governors asked about asset classification and the depreciation policy in relation to the equipment in the new buildings.</p> <p>The Committee approved the Audit Planning Memorandum and noted that work would begin in the week beginning 12 October 2009.</p>	CL	
Section 4: Matters for Information			Action	By

4.1	<p>AUD/17/08-9 Progress Report on Actions Arising from Internal Audit Reports</p>	<p>The report provided a summary of progress on actions arising from internal audits from the years 2003/04 to 2007/08. There were 13 outstanding actions. It was anticipated that 3 of those actions would be completed by the time the Audit Committee met and, although this was not possible, Governors noted the progress made. Governors asked about financial exposure associated with the PAYE recommendations [page 3]. Chris Lang explained that CRC was awaiting a ruling from HMRC on 8 or 9 staff, but that the risk of exposure to unpaid tax and NIC was relatively low.</p> <p>The Committee received the Progress Report on Actions Arising from Internal Audit Reports and noted the relatively low number of actions currently outstanding.</p>		
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Section 5			Action	By
5.1	Self Assessment of Governors' Performance	In order to evaluate the meeting and identify any changes necessary to maintain the effectiveness of the Committee, the Chair asked the following questions— <ul style="list-style-type: none"> • Were the agenda and papers clearly presented? • Was there time for sufficient debate and critical review of each item? • Do members consider that they were able to participate fully? Governors provided a positive response to each question and commented favourably on the new format for the presentation of papers.		
5.2	Any other business	The Committee noted that it was the last meeting that Raymond Tait and Amanda Last would attend as both Governors were stepping down after a significant period of service. There was no other business.		
5.3	Date of next meeting	The date of the next meeting was agreed as 25 November 2009.		
		<p>The meeting closed at 7.00 pm.</p> <p>Julia Kennedy Clerk to the Corporation</p> <p>SignedChair</p> <p>Date.....</p>		