

**Minutes of the Audit Committee held on Wednesday 21 November 2007 at 4.00 pm in the Principal's Room,
Science Park Campus, Cambridge.**

MINUTES

Present

Raymond Tait (Chair)
Ben Bradnack
Amanda Last

In attendance

Chris Lang
Paul Foreman (PricewaterhouseCoopers LLP)
Caroline Alston (PricewaterhouseCoopers LLP)
Andrew Devonald (MacIntyre Hudson LLP) from 4.40pm
James Whybrow (KPMG LLP)

Clerk

Julia Kennedy

Section 1: Matters that are Confidential		Action	By
	There were no matters that the Auditors wished to raise in confidence with Governors.		

Section 2: General			Action	By
2.1	Apologies for absence	Apologies were received from John Cousins.		
2.2	Minutes of the meeting held on 8 May 2007	The Minutes were agreed to be a true record and signed by the Chair.		
2.3	Matters arising from the Minutes	The two Internal Audit Reports that have not been completed are on the agenda at 3.1. There were no other matters arising.		
2.4	Declaration of Interest	There were no declarations of interest.		
Section 3: Matters for Decision			Action	By
3.1	AUD/1//07-8 Internal Audit Reports 2006/07— <ul style="list-style-type: none"> ○ Business Continuity ○ Single Site Project 	<p>The reports were not ready to be tabled. Both are important audits and broad in scope.</p> <p><u>Single Site Project</u> The audit identified that the College had managed the project well, with appropriate risk management strategies in place. The audit highlighted a reliance on key staff and the need for increased focus on the planning for relocation from the City Centre Campus. The College wishes to enter into dialogue with the auditors in order to gain “high assurance” in this area.</p> <p><u>Business Continuity</u> The College currently has two plans: one covering IT and Communications and the other, Facilities and Estates. The audit recommends integrating the two plans, using the IT plan as a base. Dialogue with the auditors is necessary to finalise the report.</p>		

		<p>Governors asked about the delay in completing these reports. CRC managers do not accept all the recommendations and there has been no opportunity to follow through. In relation to business continuity, it is important that the new VP Quality has an opportunity to provide input.</p> <p>The Committee considered that these two audits should be brought to a conclusion as soon as possible. They acknowledged the difficulty of change over time, but considered that the College response should be at the point in time of the audit. The Director of Finance was asked to send out the reports to the Committee as soon as they are agreed.</p> <p>The Committee noted that the reports are subject to review. (The Committee's annual report will record the results as submitted.) The Committee requested that agreement is reached and the reports distributed to Committee Members pre-Christmas, with a view to discussion at the March meeting.</p>	CL	Asap
3.2	AUD/2/07-08 Internal Audit Annual Report 2006/07	<p>The CRC internal auditors are required to produce an annual report, which must be considered by the Audit Committee and the Corporation before the financial statements are signed off. This is currently in draft form, subject to completion of the two outstanding reports. LSC deadlines mean that it cannot be deferred. The outstanding work will not affect the overall opinion, which is positive. There is scope for improvement in the purchasing systems and processes and in the operational management of procurement, and those issues are being addressed (see AUD/9/06-7).</p> <p>Governors discussed the proposed amendments needed to finalise the report.</p> <p>The Committee approved the audit annual report 2006/7, subject to minor amendment, and recommended it to the Corporation.</p>	CL	4.12.07.

3.3	AUD/3/07-08 Internal Audit Report 2007/08: Enrolment Processes	<p>This is the first internal audit report carried out as part of the 2007/08 Internal Audit Plan. It involved a review of the design of the controls across the enrolment process together with testing to determine whether the controls are operating in practice. The auditors attended the College during enrolment week.</p> <p>The report provided high assurance. There are two low risk issues and the recommendations are being considered by the College.</p> <p>The Committee approved the Internal Audit Report on Enrolment Processes.</p>	CL	
3.4	AUD/4/07-08 Regularity and Financial Statements Auditors' 2006/7 Reports <u>Financial Statements Audit</u> 1. Management Letter 2006/7 2. Members Report and Financial Statements for YE 31 July 2007	<p>The Regularity and Financial Statements Auditors are MacIntyre Hudson LLP.</p> <p>Andrew Devonald reported that the process went very smoothly and was an improvement on the previous year. The regularity self assessment has changed and he recommended that the College keep the self assessment questionnaire up to date. Sign-off is subject to auditors sighting two documents that will be provided by Chris Lang, and completion is expected by end of next week.</p> <p>Governors discussed—</p> <ul style="list-style-type: none"> • the level of surplus • impact of FRS 17 • the cash position, which is similar to last year • impact of the Single Site Project • Note 7 (Staff numbers and costs), the impact of a reclassification of staff and whether an explanation is necessary. <p>The Committee—</p> <ul style="list-style-type: none"> • received and noted the Management Letter 2006/07 • recommended the Members Report and Financial Statements for YE 31 July 2007 for consideration by the Corporation subject to sign-off by the auditors. 	CL	4.12.07

3.5	AUD/5/07-8 Re-appointment of Financial Statements Auditors for 2007/08	<p><i>Andrew Devonald left the room for this item.</i></p> <p>The audit went very well with tighter guidelines, a more directive approach, and field work well prepared in advance. There were few follow up queries.</p> <p>The Committee noted that, on the basis of competitive tendering for professional services on a 5-year cycle, it will be necessary to tender for financial statements auditors for the 2008/09 year, and that a tender exercise will undertaken in the New Year.</p> <p>The Committee recommended to Corporation the appointment of MacIntyre Hudson LLP as financial statements auditors for the financial year 2007/8.</p>	CL	4.12.07.
3.6	AUD/6/07-8 Annual Review of Risk Management 2006/07	<p>In May 2006 the College was rated as having “moderate assurance”. The Internal Audit review in February 2007 emphasised the level of progress made in clearing outstanding audit recommendations. Risk management is now embedded in business processes and quality assurance. It is reviewed against the strategic objectives monthly at SMT and an amended policy document will be submitted to the Finance & Resources Committee for approval. The aim is to deal with the remaining issues and gain “high assurance”.</p> <p>The Committee recommended the Annual Review of Risk Management 2006/7 to Corporation, and noted the progress made.</p>	CL	4.12.07.
3.7	AUD/7/07-8 Annual Report of the Audit Committee to the Corporation and the Principal 2006/7	<p>The Audit Committee is required to present an annual report to the Corporation and the Principal. This is the 9th annual report. The draft requires amendment to take account of the incomplete internal audit reports.</p> <p>The Committee recommended the Annual Report of the Audit Committee 2006/07, subject to amendments to be agreed by the Chair.</p>	CL	4.12.07.

3.8	AUD/8/07-8 Audit Committee Work Plan 2007/8	<p>The Audit Committee considered the content and timing of planned business for 2007/8.</p> <p>The Committee approved the Audit Committee Work Plan for 2007/8.</p> <p><i>Ben Bradnack left the meeting. The time was 5.30 pm.</i></p>	Clerk	
Section 4: Matters for Information			Action	By
4.1	AUD/9/07-8 Funding Assurance Report 2007/8	<p>KPMG LLP undertook 3 funding assurance reports during 2006/07–</p> <ul style="list-style-type: none"> • Controls Testing • Substantive Testing • Additional Learning Support Review. <p>James Whybrow commented on the improvements in student records, attendance, and additional learner support. CRC is moving towards integrated systems covering course files, timetabling, and registers with consequences improvement in compliance and in data quality.</p> <p>The Committee received the reports and agreed the recommendations.</p>	CL	
4.2	AUD/10/07-8 Progress Report on Actions Arising from Internal Audit Reports 2005/6	<p>At the Committee's recommendation, the report had been amended since last year to be colour coded and flag high priority issues. The high proportion of green demonstrated good progress.</p> <p>Governors requested a ranking is applied to the items flagged red, and that progress on recommendations from the financial statements auditors is included in the report to the next meeting.</p> <p>The Committee received the report and thanked the Director of Finance.</p>	CL	March 2008
Section 5			Action	By
5.1	Self Assessment of Governors' Performance	<p>The timing of Committee meetings and their relation to the financial cycle was considered. The Committee was very satisfied with the financial statements but were concerned about the two incomplete audit reports. Some papers were received late.</p>		

5.2	Any other business	There was no other business.		
5.3	Date of next meeting	The date and time of the next meeting was confirmed as 12 March 2008 at 5.15 pm.		
<p>The meeting closed at 6.20 pm. Julia Kennedy Clerk to the Corporation</p> <p>SignedChair</p> <p>Date.....</p>				