

# JOHN RUSKIN COLLEGE FURTHER EDUCATION CORPORATION

## AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Thursday 26<sup>th</sup> June 2008 at John Ruskin College, Selsdon Park Road, South Croydon, Surrey CR2 8JJ commencing at 7.30pm.

### **PRESENT:**

Vipin Shah            Acting Chair  
Charmaine Walters  
David Twigg

### **IN ATTENDANCE:**

Mark Reid            IAS MacIntyre Hudson  
Martin Mortimer    Finance & Resources Manager  
Jennifer Sims        Principal  
Barbara Maude      Clerk to the Corporation

<b>1.</b>	<b>Apologies for Absence and Timing of the Agenda</b> There were no apologies from committee members as all members were present. Apologies had been received from Malcolm Staton, Vice Principal Support Services.  The Acting Chair gave indicative timings for the agenda which were agreed. There were no items of urgent business and no declarations of interest.  The Acting Chair welcomed Mark Reid of the Internal Audit Service – MacIntyre Hudson to the meeting. Mr Reid was attending the meeting to present agenda items 4 and 5.
<b>2.</b>	<b>Minutes of the Previous Meeting</b> The minutes of the previous meeting held on Thursday 22 <sup>nd</sup> November 2007 were agreed as an accurate record and approved for signature by the Acting Chair.
<b>3.</b>	<b>Matters arising</b> It was agreed that the schedule of outstanding audit recommendations proposed at the last meeting would be carried over to the next meeting. The schedule would set out all outstanding audit recommendations and would incorporate those recommendations contained in the report currently before the committee for the year ending 31 <sup>st</sup> July 2008. The schedule could then be reviewed by the Committee at each meeting and the progress of implementation of the recommendations could then be routinely monitored.

	<p>It was also noted that the point raised by the Committee at the previous meeting insofar as the Public Interest Disclosure Policy was concerned would be referred to the management group. The point related to how suppliers and contractors were advised of the existence of the PID Policy.</p> <p>It was agreed that in principle the Committee should meet a minimum of twice per year. The Committee were happy to meet once per term if the business of the Committee required them to do so.</p>
<p><b>4.</b></p>	<p><b>Internal Audit Report (fye 31<sup>st</sup> July 2008)</b></p> <p>The Committee received the Internal Audit Report for the year ending 31<sup>st</sup> July 2008. Mr Mark Reid of MacIntyre Hudson presented the Internal Audit Report.</p> <p>The purpose of the audit was to carry out a system based review and conclude on the extent to which the control objectives were being met. The report provided an overview of the systems for corporate governance &amp; risk management; quality assurance: schools; marketing; bank &amp; cash; financial reporting: central nominal ledger; student enrolment &amp; record procedures; information technology and equality &amp; diversity.</p> <p>The report concluded that from the 51 control objectives reviewed, 46 were considered to be fully met and 5 partly met. Of these 5, 3 were classified as medium and 2 were classified as low risk.</p> <p>In addition, the IAS had also completed a follow-up of recommendations. 16 had been brought forward, with 11 being completed by April 2008 and 5 carried forward. When reviewing the follow up recommendations the Committee agreed that K1 (relating to the College's Energy Management Policy) had now been superseded and should therefore be removed from the list. It was also confirmed that H4 (5 year maintenance plan) would be double checked to see if this point had also now been superseded or whether it remained valid.</p> <p>The report set out the agreed action plan for the implementation of the five recommendations. These related to financial reporting, bank &amp; cash and central nominal ledger. Three recommendations related to financial matters with an agreed implementation date of August 2008 and the two low risk recommendations related to Information Technology and these had both already been implemented.</p> <p>The Committee <b>resolved:</b>  <b>To receive, approve and commend the Internal Audit Report for the year ending 31<sup>st</sup> July 2008 to the Corporation.</b></p>

5.	<p><b>IAS Strategic Plan for 2008/09</b></p> <p>The Committee received the IAS Strategic Plan for 2008/09. The Plan was presented by Mark Reid and set out the IAS proposals for the College year to 31<sup>st</sup> July 2008. Currently the IAS were reviewing the funding methodology changes and the new government architecture and as a result were reviewing the overall IAS approach. The plan would be moving towards the following headlines: validation of self assessment of Risk Management and Corporate Governance; key financial controls linked to Framework for Excellence; commercial activities; partnerships; learner numbers and funding and best practice reviews.</p> <p>Having reviewed those areas proposed to be audited in 2008/09 the Committee queried whether it was correct to include partnerships as this had been covered in 2007/8 and there was also currently no cover shown for marketing. Mr Reid confirmed that he would clarify these to points and advise College officers accordingly.</p> <p>The Committee <b>resolved:</b>  <b>To receive, approve and commend to the Corporation the IAS Strategic Plan 2008/09 subject to the two points highlighted by the Committee.</b></p>
6.	<p><b>Risk Management Framework</b></p> <p>The Committee received the following Risk Management Reports: Risk Management Review as at April 2008; Risk Management Action Plan 2007/08 (April Review); one newly identified “significant” risk (shown on both the Risk Management Action Plan 2007/08 and the Risk Register) and the Risk Management Progress Timetable.</p> <p>In the absence of the Vice Principal Support Services, the Principal presented the Risk Management reports. It was noted that the Risk Management Committee had identified an additional risk which had been added to the Risk Register. It had been classified as significant and therefore added to the Risk Management Action Plan with associated action points, along with staff responsibilities and deadlines. The additional risk was noted as being “The College may not recruit sufficient learners for long term viability.</p> <p>The Committee <b>resolved:</b>  <b>To receive the Risk Management framework documents and to note the addition of a new and significant risk.</b></p>
7.	<p><b>Financial Statements Auditors Planning Memorandum</b></p> <p>The Committee received the FSA Planning Memorandum in respect of the audit of the financial statements for the year ending 31<sup>st</sup> July 2008. The memorandum summarised the FSA planning and their proposed audit approach to the audit of the College’s accounts for the</p>

	<p>year ended 31<sup>st</sup> July 2008.</p> <p>The memorandum confirmed that the previous approved engagement letter remains in force for 2007/08 as no amendments were made by the LSC during the year. No independence issues had been identified of which the Corporation needed to be aware.</p> <p>In terms of financial statements materiality it was noted that this was set at £130,000 for 2007/08 compared to £120,000 for 2006/07.</p> <p>In terms of ethics it was also noted that in accordance with the audit code of practice, the Responsible Individual (RI) can only act for a college for a maximum of 7 consecutive years before having to retire and be replaced by an alternative director. The 7 year ruling meant that 2008/09 would be the last year that Chris Cairns, the current RI would be able to act for the College. It was proposed that Chris Mantel will be involved with the audit for 2009/10 onwards. To facilitate a smooth handover, Chris Mantel would attend the relevant Audit Committee meetings for 2008/09.</p> <p>The Committee also noted the level of fees proposed for the audit of the financial statements. For 2008, the proposed level was £8,940 and in respect of the Regularity Audit the fees were £1,090. This compared favourably to the 2007 level of fees which were £8,600 and £1,050 respectively.</p> <p>The Committee <b>resolved:</b>  <b>To receive and approve the FSA Planning Memorandum in respect of the audit of the financial statements for the year ending 31<sup>st</sup> July 2008.</b></p>
<p><b>8.</b></p>	<p><b>Any Other Business</b>  There were no other items of business to discuss.</p>
<p><b>9.</b></p>	<p><b>Date and Time of Next Meeting</b>  It was agreed that the next meeting of the Committee would take place on Thursday 20<sup>th</sup> November 2008 at 7pm.</p>