

LEEDS COLLEGE OF BUILDING

AUDIT COMMITTEE

Minutes of the meeting held on Tuesday 23 November 2010 at 3.30 pm in Meeting Room 1.

PRESENT:

M Himsworth (Chairman)
P Rogerson
M White

IN ATTENDANCE:

C Dyson – RSM Tenon
E Casson – KPMG
D Pullein – Executive Director – Finance
R Scanlan – Clerk to the Corporation and Executive Director – Support Services
D Whitehead – Deputy Principal and Risk Management Champion
N Fearnside – Secretary (minutes)

ACTION
BY AND
TARGET DATE

1. OPEN DISCUSSION BETWEEN AUDITORS AND THE AUDIT COMMITTEE

A discussion took place between the auditors and the Audit Committee. There were no issues of importance to report.

2. ELECTION OF CHAIRMAN

The Clerk asked for nominations for Chairman for 2010/11. M Himsworth nominated A Finn; this was seconded by P Rogerson. The Clerk would contact A Finn to ascertain if he was happy to accept the nomination. M Himsworth would chair the meeting in A Finn's absence.

3. DECLARATION OF INTEREST

There were no declarations of interest.

4. APOLOGIES FOR ABSENCE

Apologies for absence were received from A Finn and J Ingham.

5. MINUTES OF THE MEETING

The minutes of the meeting held on the 1 July 2010 were accepted as a true record.

6. MATTERS ARISING

6.1 Ref Min 8
Actioned.

6. MATTERS ARISING (continued)

6.2 Ref Min 8

D Pullein stated that eight contingency audit days were available for use, possibly when the full effects of the Spending Review were known. It was agreed that the Senior Management Team would meet to discuss this and feedback outside the meeting via email; reporting back to Auditors as appropriate. If no agreement was reached the Corporation would be asked to delegate appropriate action to the Audit Committee.

M Himsworth suggested a further Risk Management audit; however C Dyson did not feel the College would gain any value from this.

The previous Risk Maturity audit outcome of "risk managed" was discussed and it was agreed that D Whitehead would liaise with C Dyson outside the meeting about actions taken since then with a view to moving this to "risk enabled";

6.3 Ref Min 17

Actioned.

7. INTERNAL AUDIT REPORTS

C Dyson presented the following internal audit reports:

7 a) Annual Audit Report for 2009/10

All internal audit reports undertaken in 2009/10 confirmed that the adequacy and effectiveness of Governance, Risk Management and Control were "Green", indicating no areas of concern.

Appendix A summarised each piece of work and it was noted that these had received substantial assurance. Appendix B detailed the number of recommendations against each piece of work.

Appendix C outlined the operational assurances with regard to the College's processes in a number of business areas. All areas were good which is an excellent result. C Dyson stated that although Good was the norm for Leeds College of Building this was not the case across the sector. D Pullein asked if benchmarking data was available and C Dyson agreed to investigate this further.

CD
1 Dec. 2010

The Committee noted the Annual Audit Report for 2009/10.

7 b) Progress Report

C Dyson reported that all agreed work has been planned and he would forward the planning sheets to D Pullein. The eight outstanding audit days were still to be allocated. An update on the Bribery Act 2010 was also included for information.

CD
1 Dec. 2010

8. VERBAL REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (KPMG)

E Casson reported that the fieldwork on the financial statements had been completed. A minimum number of adjustments were noted and there was nothing significant to report. The draft management letter would be prepared next week.

E Casson stated that the reconciliation statement from the SFA had been received but the YPLA reconciliation statement was still awaited.

E Casson noted the basis of calculating the FRS17 liability, with a change to CPI rather than RPI. Guidelines on how this should be treated in the accounts should be issued in December.

9. VERBAL REPORT ON THE FINAL REGULARITY AUDIT (KPMG)

E Casson reported that the final regularity audit had been completed. No significant issues were reported.

10. UPDATE ON OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

D Pullein gave an update on the outstanding audit recommendations. The following points were noted:

Risk Management

The mapping of Annual Operational Plans and Three Year Development Plan for 2010/11 was not yet complete and it was agreed that the implementation date should be amended to April 2011.

DP
3 Dec. 2010

Items 2.3 and 2.5 have now been implemented and closed out.

It was noted that Item 3.4 (Review of Governance) would be undertaken at the Governors' Away Day in January 2011. It was agreed that the implementation date should be amended to January 2011.

DP
3 Dec. 2010

11. AUDIT COMMITTEE ANNUAL REPORT FOR 2009/10

M Himsworth presented the Audit Committee's Annual Report for 2009/10.

It was agreed that the paragraph regarding the ILR audit should be replaced with details of the SFA audit. It was also noted that the date of KMPG's verbal report should state 2009/10.

The Committee agreed the Report and recommended it to the Corporation (subject to the minor amendments stated).

RS
14 Dec. 2010

12. COLLEGE SELF-ASSESSMENT OF FINANCIAL MANAGEMENT AND CONTROL ARRANGEMENTS USING THE FINANCIAL MANAGEMENT AND CONTROL EVALUATION (FMCE)

D Pullein reported that the College's Self Assessment of Financial Management and Control Evaluation had been completed and submitted to the PFA Auditors as part of the Inspection. The College had self assessed all areas as Outstanding. The College now needed to submit the return formally to the SFA as part of the normal timescale. The Corporation will be asked to approve this retrospectively.

13. PROVIDER FINANCIAL ASSURANCE (PFA) REPORT ON THE FINANCIAL MANAGEMENT AND CONTROL ARRANGEMENTS / SUMMARY OF GRADES

D Pullein presented the Provider Financial Assurance (PFA) Report following inspection.

The report confirmed that the Auditors concurred with the College's overall self assessed grade of "outstanding" in all areas. The areas of good practice in the report were noted.

M Himsforth stated that he had met with the Auditors and they were very complimentary regarding the whole risk management system and the report on diverse income streams.

14. REPORT ON RISK MANAGEMENT FROM THE BUSINESS CONTINUITY TEAM

D Whitehead presented the Business Continuity Report for the period June 2010 to November 2010.

It was noted that the report had been delayed due to the Inspection.

The Report had been presented to the Business Continuity Committee earlier in the day and some changes had been agreed.

The Risk Register should state 172 risks including one new risk which was approved. The Risk Rating for ODL10 was increased to 27 due to the risk of Train to Gain targets not being achieved. The Risk Rating for WBL06 was reduced to 12 due to the appointment of a temporary Work-based Learning Manager. Details of the Risks added and removed would be included under Item 3 of the Report. D Whitehead reported that Covalent is being embedded but the senior team did not want the process to be too complex.

The Committee felt it would be helpful to see where risks had increased or decreased using arrows. D Whitehead reported that the annual Business Continuity Report does show this information.

It was also agreed that details of the outcome of the PFA audit would be included. It was noted that the 'Top' Risks are now replaced with 'Priority' Risks.

14. REPORT ON RISK MANAGEMENT FROM THE BUSINESS CONTINUITY TEAM (continued)

The Report would be amended appropriately and presented at the next Corporation meeting.

DW
14 Dec. 2010

15. SKILLS FUNDING AGENCY LETTER ON THE ASSESSMENT OF THE COLLEGE'S FINANCIAL HEALTH

The Skills Funding Agency letter on the assessment of the College's financial health was noted. This concurred with the College's own assessment and the grade for 2009/10 is Outstanding.

Further clarification on one or two points had been requested and actioned.

16. FRAUD REGISTER

D Pullein stated that no issues had been reported.

17. COMMITTEE'S ANNUAL SELF ASSESSMENT

The Clerk presented the Annual Self Assessment for 2009/10 against the terms of reference.

One area for improvement was noted (Item n). The Clerk confirmed that the Whistleblowing Policy would be reviewed in April 2011.

E Casson suggested that Item (c) should also include details of the external audit plan.

The Committee accepted the Annual Self Assessment for 2009/10, subject to the above change.

18. KEY ISSUES FROM THE MEETING

See attached sheet.

19. ANY OTHER BUSINESS

The Committee noted that this would be M Himsworth's last Audit meeting and, on behalf of the Committee, D Whitehead thanked him for his support as Chairman during his term of office.

20. DATE OF NEXT MEETING

The next meeting is scheduled for Tuesday 14 December 2010 at 2.30 pm.

Signed for Distribution:
(Chair)

Date:

Approved:
(Chair)

Date:

KEY ISSUES FROM THE MEETING

1. Audit of Financial Statements

There were no significant issues to report from the audit of financial statements.

2. Final Regularity Audit

The final regularity audit had been completed and no significant issues reported.

3. Audit Committee Annual Report 2009/10

The Audit Committee Annual Report was approved subject to minor amendments.

4. Self Assessment of Financial Management and Control Arrangements

The "Outstanding" assessment was noted.

5. Committee's Annual Self Assessment for 2009/10

A review of the Whistleblowing Policy would be carried out in April 2011.