

Minutes of the Audit Committee meeting held on Friday 19 June 2009 at 11.00am at Transport House, 128 Theobald's Road, London WC1X 8TN

Present: Carole Orgell-Rosen (Chair), Helen Kidd, John Chastney, Jan Etienne, Ray Collins, Andy Bain.

In Attendance: Chris Wilkes, Sally Courtney, Kevin Lally (Knox Cropper), Chris Mantel (Tenon), Rachel Hemstock (Minute taker).

1 Apologies for absence and welcome new members

Apologies were received from Audrey Mullender, Rebecca Cox and Pam Johnson.

Jan Etienne was welcomed as a new member.

2 Minutes of last meeting

Confirmed: as a correct record the minutes of the last meeting held on 6 March 2009.

3 Matters arising not covered elsewhere on the agenda

Received: letter from HEFCE.

Noted: The LSC had introduced 3 new fields into the ILR (Individualised Learner Record) in 2007/08. The College was not aware of this and therefore did not complete these fields when the data was submitted; the error check did not highlight this fact. The College has now resubmitted the data and this has reduced the differences initially identified.

4.0 External audit

Received: external audit planning memorandum.

Noted: John Chastney raised the point that in the Fraud Risk (P9) the addition of '*that would not be identified*' at the end of paragraph 2 was not appropriate and the auditors agreed to make the change.

Noted: John Chastney asked Chris Mantel (Tenon) to review their fees for the coming year in light of the state of the economy at present. The view of the Audit Committee was that the fees should stay the same as this year.

Action: Sally Courtney to speak to Chris Mantel regarding fees.

SC

5.0 Internal Audit.

Received reports on:

5.1 Treasury and cash flow management

Received: report on treasury and cash flow management

The auditors were satisfied with the internal controls operating over the College's treasury management function. The review confirmed that bank accounts were being properly operated in accordance with Standing Financial Regulations.

The auditors found that bank and control account reconciliations were being regularly and properly prepared and that cash flow forecasts were regularly prepared and performance of cash flow was regularly monitored.

The auditors stated that adequate systems exist to prevent unauthorised

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transfer of funds out of the College's bank accounts and adequate arrangements exist to ensure a satisfactory return was obtained for the College's investments. The financial regulations set out clear criteria for which financial institutions can be used by the College but that they recommended that the criteria be reviewed.

The auditors did note, however, that although the bank mandate stipulates that two signatures are required to appropriately authorise amounts to be drawn from the College's bank accounts, delegated signing limits have not been established and addressed in the bank mandate and they recommended that this be considered.

Noted: with regard to recommendation 2, the Audit Committee asked that a date be put forward that this be actioned by.

Agreed: Sally Courtney to action by July 2009.

SC

Noted: with regard to recommendation 3, the Audit Committee asked that a date be put forward that this be actioned by.

Agreed: Sally Courtney to action by October 2009.

SC

Noted: it was highlighted that although we have checked the credit rating of our banks we should continue to do this to ensure that they stay the same. Sally Courtney to pass this issue onto Finance Committee.

SC

5.2 Tuition fee income

Received: report on tuition fee income

The auditors stated that the registry and finance systems relating to student fees were found to operate effectively. Policies and procedures were generally well documented and tuition fees were correctly recorded and accurately maintained on the Navision Accounting Finance system.

The auditors also noted that the College has recently entered into an agreement with a debt collection agency (The Lewis Group) to recover all outstanding debt including tuition fees.

There were no recommendations.

5.3 Receipts and banking

Received: report on Receipts and banking

The auditors stated that their review confirmed that adequate controls are in place in respect of the receipts and banking function. Testing of accounting records, such as receipts, paying-in slips and bank statements demonstrated that banking arrangements were adequate and effective. Bank accounts and the petty cash are being properly operated and bank and control account reconciliations are being regularly and properly prepared.

The auditors noted, however, that there was not a clear segregation of duties between those who handle receipts and those who have access to the accounting records and they made a recommendation that responsibilities should be reviewed in this area.

Noted: Sally Courtney put forward a suggestion to address the recommendation. Kevin Lally said that this would need to be looked at more carefully.

Agreed: Sally Courtney to liaise with Kevin Lally whether suggestion will satisfy recommendation. Sally Courtney to action by September 2009.

SC

5.4 Capital Project

Received: report on Capital Project

The auditors had reviewed the relevant documentation, including the minutes of the Governing Executive, the Finance Committee and the Capital Project Steering Group, and had discussed the latest position with the General Secretary.

The key risks were highlighted as:

1. The timetable for securing alternative funding under 'Plan B' is very tight if Exeter College need a final decision by October 2009. This would be particularly the case if a development partner was needed for the residences development.
2. Any modifications to the Capital Project will need to be agreed and costed in a relatively short timescale.
3. Should the College decide to fund part of the development through loan finance, it will be important that the financial forecasts, which are used to support the loan application, are based on realistic assumptions and that any key risks are highlighted.

Agreed that there should be a further report from the auditors prior to Governing Executive in October 2009.

5.5 Follow up report

Received: Follow up report

The auditor highlighted that following the last Audit Committee meeting, there were a total of 13 agreed recommendations for implementation, inclusive of those relating to reports discussed at that meeting. Of these, 3 have now been implemented and the status of the remaining 10 was in the schedules. A number of these outstanding recommendations were not yet due for implementation but 4 have had their implementation date deferred.

Noted: With regard to recommendations 3.1, 3.2 and 3.3 relating to the health and safety audit the timescales had slipped. Audit Committee requested that these be addressed before the next meeting. Andy Bain offered to review the Health and safety procedures.

Noted: unit costs for catering would be considered within the property strategy.

Internal and external auditors Kevin Lally (Knox Cropper) and Chris Mantel (Tenon) left the meeting – 11.55am.

6.0 Internal auditors – tendering process

Received: verbal update on tendering process.

Agreed: to recommend to Governing Executive that we continue with Knox Cropper for 2009/10, with the tendering process beginning early 2010.
Interviews to take place at Audit Committee, June 2010.

Noted: the Audit Committee expressed the view that fees should be kept at 2008/09 rate.

Action: Chris Wilkes to discuss with Kevin Lally.

CW

Dates of meetings in 2009/10

7.0

13 November 2009

19 March 2010

18 June 2010

Meeting closed at 11.59am.