

Minutes of the Audit Committee meeting held on Friday 5 November 2010 at  
11.00am at Unite House, 128 Theobald's Road, London WC1X 8TN

**Present** : Carole Orgell-Rosen (Chair)  
John Chastney  
Louise Livesey  
Jan Etienne

**In attendance** : Chris Wilkes  
Sally Courtney  
Kevin Lally (Knox Cropper)  
Jennifer Ilsley (RSM Tenon)  
Victoria Johansen (minutes)

### 1.0 Apologies for absence

Apologies were received from Gordon Beesley, Ray Collins and Pam Johnson

### 2.0 Minutes

**Received:** Minutes of the meeting held on 11 June 2010.

**Agreed:** Minutes were confirmed as a correct record, subject to the deletion of RSM after Gordon Beesley's name

### 3.0 Matters arising not covered elsewhere on the agenda

The long-term future of the SFA was queried.

SFA future still uncertain, but their approval of the Co-operative Bank loan to Ruskin College had been confirmed.

**5.2** – These items will be picked up in the internal auditors' follow-up report.

**5.3** – It was agreed not to invite a student governor to the Audit Committee meetings. A high turnover of student governors could result in a different student at every meeting and little benefit would be gained. Students would still be able to see the Audit Committee minutes and reports which go to the Governing Executive.

### 4.0 Financial statements auditors' management letter

**Received:** Management report for the year ended 31 July 2010

Jennifer Ilsley, on behalf of RSM Tenon, introduced the report.

#### **Para 2.4 : Capital Project – Performance to date**

Sally Courtney pointed out that this situation had since been adjusted.

#### **Para 2.7 : Trade debtors**

John Chastney was concerned at the increase of provision of debts cover from £26k to £47k. Sally assured him that the situation had now stabilised and no further increases were expected.

### 5.0 Draft annual report and accounts to 31 July 2010

**Received :** the draft annual report and accounts to 31 July 2010

Sally Courtney introduced the report and asked for accounts.

**Agreed :** the amendments proposed in an email from Gordon Beesley and the following amendments :

**Page 6 : Student achievements**

Louise Livesley advised that the Mark Young Prize had been split between four people: Pamela Currie, Joanne Winrow-Jones, Denise Pakeman and Mary Ogunbiyi-Samuel.

**Page 7 : Future developments**

John Chastney asked for the wording to be amended to say that *the contract for a large new new academic building is out to tender.*

**Page 10 : Disability statement**

Louise Livesey pointed out a sentence in the second paragraph which appeared to imply that being mature was a disability. It was agreed this section should be moved to the Equal Opportunities section.

**Page 10 : Health and safety**

Louise Livesey asked that this section should include PAT testing.

**Page 20 : Opinion**

John Chastney suggested that this paragraph should be amended to read *....and of the College's excess expenditure over income for the year then ended.....*

**Page 22 : bottom of the page**

It was agreed this should read *Surplus/deficit on continuing operations....*

**Agreed :** to recommend the annual report and accounts to the Governing Executive, subject to these amendments.

**6.0 Internal audit**

**6.1 : Received: Capital Project report**

Kevin Lally, for Knox Cropper, introduced the report. Phase 1 of the building works had been completed. Phase 2 is about to start.

**Phase 1**

The project is well managed and the costs are under control.

A full reconciliation of costs has been carried out.

Where there have been variations to the contract, these have had positive and negative cost effects.

Costs still to be finalised. Unexpected costs, such as the discovery of asbestos on the Bowen site mean that the final contract cost will exceed the original contract price, but will be within the budget as this had included a contingency sum.

**Phase 2**

Original costs understated. Project waiting for tenders.

It was recommended that there should be a line by line reconciliation of costs between the Finance Director and the Project Manager. This recommendation had been agreed by management and it had been actioned.

**Noted :** the internal auditors' overall conclusion that in their opinion the capital project continued to be well managed with satisfactory progress to date.

**6.2 : Received : Follow up Report**

11 internal audit recommendations now implemented. 6 still outstanding.

By the next Audit Committee meeting, items 2 and 3 should have been actioned and will have been removed from the report.

The College is being careful of the amount spent on IT.

The fact that the IT contingency plan is still in draft was queried. This is because it is related to the Capital Project and two different sites.

## **7.0 Internal Audit Annual Report**

### **Received : the internal audit annual report**

It was emphasised that post-build the letting of rooms would be crucial.

Some residential units now completed, but due to the fact that building work was on-going on another part of the site, until the project is completed a cautious approach to room letting was being taken.

## **8.0 Risk management annual report for 2009/10**

### **Received : the risk management annual report for 2009/10**

**Noted :** the report on how the ten key risks had been managed.

### **Para 4 : Pay increases higher than anticipated**

'pay increases' should be changed to 'pay costs' and continuing costs and severance pay should be detailed as separate items.

## **10.0 Risk management policy and plan** (*item brought forward so that content could follow 8.0*)

The General Secretary introduced the report.

It was noted that the risk registers relating to the capital project were monitored by the Project Board.

The risk register relating to Phase 2 is to be updated.

John Chastney queried what contingency was in place should the bank loan become unaffordable. The General Secretary advised that if such a situation were to arise, this situation could be adequately covered by the sale of College properties and the Governing Executive had agreed a contingency plan.

**Agreed :** to update the monitoring column in the risk register with suggestions from Gordon Beesley.

## **9.0 Audit Committee annual report for 2009/10**

**Received :** the Audit Committee annual report for 2009/10

Carole Orgell-Rosen (Chair) introduced the report

**Agreed :** to recommend the report to the Governing Executive.

## **11.0 Financial management and control evaluation**

**Received :** the financial management and control evaluation return for 2010/11

It was confirmed that most of the items outlined on the improvement plan had been completed and this had been updated in the return.

**Agreed :** to recommend this return to the Governing Executive.

## **12.0 Skills Funding Agency Provider Financial Assurance Visit**

**Received :** a letter from the SFA and verbal update from the General Secretary

The SFA visit to the College on 11 October to carry out an audit went well. The auditors would be conducting a follow-up visit on 9/10 November.

The SFA will produce a report making recommendations and this will be circulated to the Committee as soon as it is received.

***Jennifer Ilsley (RSM Tenon) and Kevin Lally (Knox Cropper) left the meeting***

### **13.0 Performance indicators**

#### **External auditors' report**

The Finance Director praised the auditors' work during their visit to the College to carry out the annual audit in September. Their work was well planned; they had a good understanding of the College and the management letter was clear and comprehensive.

#### **Internal auditors' report**

Some concern was expressed by the Committee that the internal auditors' work did not always reflect a clear understanding of the College's processes.

However, they had been extremely helpful in their reports relating to the capital project.

Overall it was agreed that the work of the internal and external auditors was satisfactory.

### **14.0 Appointment of financial statements auditors for 2010/11**

Agreed to recommend the re-appointment of RSM Tenon as external auditors and to incorporate this recommendation in the Audit Committee annual report.

### **15.0 Date of next meeting**

Friday 25 March 2011.