

Minutes of the Audit Committee meeting held on Friday 11 June 2010 at 11.00am at
Unite House, 128 Theobald's Road, London WC1X 8TN

Present : Carole Orgell-Rosen (Chair)
John Chastney
Pam Johnson
Louise Livesey

In attendance : Chris Wilkes
Sally Courtney
Kevin Lally (Knox Cropper)
Chris Mantel (Tenon)
Gordon Beesley (RSM)
Victoria Johansen (minutes)

1.0 Apologies for absence

No apologies were received.

2.0 Minutes

Received: Minutes of the meeting held on 26 March 2010.

Agreed: Minutes were confirmed as a correct record.

3.0 Matters arising not covered elsewhere on the agenda

3.1 Scoring in appendix to external auditors' management letter

◇ The committee had commented at the previous meeting on the scoring in Tenon's Management Report.

◇ Chris Mantel explained that this was mechanical method based on the LSC's financial health scoring and had been distributed for information only.

4.0 External audit

Received : Audit planning report from RSM Tenon

Chris Mantel introduced the report.

Advised Tenon's merger with RSM Bentley Jennison would have no impact on the College. The following sections within the report were discussed :

Section 5 – Materiality : The figure of £90k was queried.

◇ This was a benchmark figure only and would not apply if it were to affect surplus/deficit position.

Section 10 – Significant accounting and reporting developments

◇ LSC no longer exists. There are rumours that the SFA may not have a long-term future and the situation will change again. Tenon to keep College advised.

◇ Joint Audit code of practice will be updated within the next 18 months. Its function is to set terms of reference for Audit Committee and external auditors. The College will need to work within the current code of practice in the meantime.

Section 11 – Audit risks

◇ Noted that the audit planning identified a number of audit risks which would be addressed during the audit.

◇ SFA loan to be confirmed.

◇ Funding for 16 – 18 year old students was queried.

◇ Noted that Ruskin does not take students under 19 as funding from Young People's

ACTION

Learning Agency (YPLA) not available.

- ◇ Capital profit following sale of Walton Street. Property development costs will be a major part of the audits for the next 3 – 5 years. Cash flow will be reviewed.
- ◇ A fee of £14,600 was agreed for the 2010 audit.

5.0 Internal audit

5.1 Received : Capital building works report

Kevin Lally introduced the report. Effective authorisation procedures over expenditure were in place and were operating as prescribed. Detailed analyses of costs incurred and projected future costs were prepared by both the College and the project manager and the auditors understood that these had been reconciled. However, there was no formal record of this reconciliation. Ongoing reconciliations were planned and the financial reports produced by the project manager were due to be updated for actual expenditure incurred to date to facilitate this process. The internal auditors would conduct a follow-up audit in a few months time to review the reconciliation process.

Agreed : that a further report should be brought to the next meeting.

5.2 Received : Financial Planning report

- ◇ Noted the four recommendations and the action to be carried out by the Finance Director.
- ◇ There may be a shortfall of about £15k over the next few months.

5.3 Received : Residential lettings report

Noted the four recommendations and the management response.

Noted that the policy on dealing with arrears will be reviewed.

- ◇ Carole Orgell-Rosen asked if a member of the Student Governor could sit in on Audit Committee. This matter would be brought to the next Governing Executive meeting.
- ◇ Noted that the annual health and safety report to the Governing Executive would include a report on the status of gas supply certificates.

5.4 Received : Follow up report

Catering :

- ◇ Noted that there were a total of 10 recommendations related to previous internal audits which were due to be implemented over the next six months. As at June 2010 none were overdue.
 - ◇ Noted updates on progress
 - ◇ Draft business plan for the catering service is in place. This will be finalised once the design for the new kitchen has been finalised.
 - ◇ Catering income will be separated from residence.
- Governance :** Key performance indicators are being devised for all strategic aims.
- ◇ Risk management procedures are due in November and should be brought to the next Audit Committee Meeting.
 - ◇ It was stated that the Search Committee did take a very broad view when nominating for new members of the Council.

6.0 Financial Management and Control Evaluation

Received : letter from the SFA regarding the FMCE grade

- ◇ This is an annual process and the self-assessment form and results will be brought to Audit Committee and to Governing Executive.

7.0 Dates of next meeting

- 5 November 2011. 11.00am at Unite House
- 25 March 2011. 11.00am at Unite House
- 17 June 2011. 11.00am at Unite House.