

STOCKPORT COLLEGE

**Minutes of the Audit Committee meeting
held on Monday 2nd March 2009 at 4.30pm in Conference Room A**

Present:	Geoff Taylor Paul Carter Mark Gaunt Keith Osborne Anthony Woodings	(Chairperson)
In Attendance:	Keith Alcock Ian Falconer Barry Watson Will Simpson Kevin Simmons	(Deputy Principal Finance and Resources) (Grant Thornton) (Clerk to the Corporation) (Grant Thornton) (Chadwicks)

Minute no:

Actions:

Prior to the commencement of the meeting the Chairperson welcomed Will Simpson and Kevin Simmons to their first Audit Committee meeting.

AUD/01/09

Apologies for Absence

The Clerk to the Corporation reported that apologies for absence had been received from Arthur Wilson and Peter Casey.

AUD/02/09

Declarations of Interest

There were no declarations of interest in any of the meetings business items.

AUD/03/09

Discussions with Auditors

There was one item which needed to be discussed with the Auditors without the officers present, this is reflected in item AUD/08/09 Risk Management Update.

AUD/04/09

Minutes of the Meeting held on 24th November 2009

The minutes of the meeting were approved and accepted as a correct account of the meetings proceedings.

AUD/05/09

Matters Arising from the minutes

i) AUD/34/08 - Outstanding Audit Issues

The Deputy Principal updated the Committee concerning the attempted fraud of College cheques. The Committee noted that the Police had dropped the matter and that the College had altered their financial procedures in order to make future attempts of this nature more difficult. It was further noted that the investigation had not revealed anything internally.

It was resolved that the Deputy Principal's update be noted without any further management action being required.

AUD/06/09

Visit 2 – Internal Audit Reports 2008 - 2009

The Deputy Principal submitted a report which included the internal auditor's report from visit 2 of the agreed Internal Audit Plan for 2008/2009.

The report included the following reports:

- **Cash and Bank**

The Committee considered the Auditors report reviewing the cash collection arrangements at the College's Hair and Beauty and Catering operations.

The Committee noted that it was the auditor's opinion that, subject to strengthening the physical security over cash and banking arrangements in Hair and Beauty, the risk management activities and **controls were suitably designed** to achieve the objectives required by management and were operating with sufficient effectiveness to provide reasonable but not absolute assurance that the related risk management objectives were achieved during the period under review.

It was also noted that the report contained 1 high medium and 5 low priority recommendations against which management actions had been agreed.

After due discussion it was resolved that the internal audit report be noted.

- **Fixed Asset Inventory**

The Committee considered the Auditors report reviewing the appropriateness of the controls over fixed assets ahead of the major decant that would be undertaken upon completion of the new buildings.

The Committee noted that it was the auditor's opinion that the risk management activities and controls **were suitably designed but not operating with sufficient effectiveness** to achieve the objectives required by management.

In discussion it was agreed that the Deputy Principal would provide updates to the Committee concerning the Computer Aided Facilities Management working group. It was noted that there was 1 high priority recommendation against which management action had been agreed.

Action:

Deputy Principal

After due discussion it was resolved that the report be noted.

- **Financial Performance**

The Committee considered the Auditors report reviewing the effectiveness and adequacy of the arrangements for managing the key risks associated with financial performance.

The Committee noted that it was the auditor's opinion that the risk management activities and controls **were suitably designed** to achieve the objectives required by management and those activities and controls are operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the related risk management objectives were achieved.

It was also noted that the report contained 1 medium and 2 low priority recommendations that had been agreed with management.

After due discussion it was resolved that the report be noted.

- **Employer Engagement**

The Committee considered the Auditors report reviewing the College's arrangements for engaging with employers. The Committee noted that the risk management activities and controls **were not suitably designed** to achieve the objectives required by management. It was further noted that the report contained 10 medium recommendations against which management action had been agreed.

The Committee discussed issues around the recognition of the importance of employer engagement to be represented at a senior level and noted that discussions were on going.

After due discussion it was resolved that the report be noted.

AUD/07/09

Outstanding Audit Issues

The Deputy Principals report outlining the current position with regard to outstanding internal audit recommendations was received and noted.

The Committee agreed that the items to be carried forward as detailed in the Deputy Principals be approved and resolved that the 10 recommendations from the internal audit report into Employer Engagement should be identified separately in the next report.

Action:

Deputy Principal

AUD/08/09

Risk Management Update – March 2009

The Deputy Principal presented a report which updated the Committee concerning the college's risk management and business continuity planning.

The Committee discussed the report in detail and it was agreed that the Deputy Principal should withdraw from the meeting during discussions relating to the risks associated with continuity in senior staff. After discussion it was agreed the internal auditors would provide wording to the Clerk to the Corporation to extend the already identified risk "Failure to develop succession planning for key posts" (4. Staffing)

Action:

Grant Thornton

The Deputy Principal returned to the room after this discussion. The Committee noted that the Risk Management Policy was unchanged from last year other than typographical changes and on that basis approved it for recommendation to the Board of the Corporation.

Action:

Board of the Corporation

After due discussions it was resolved that the report be noted.

AUD/09/09

Performance Indicators for Audit Services 2008/2009

The Deputy Principal presented a report which made proposals for a set of performance indicators for the provision of the College's audit services. After discussion it was agreed that the proposals be approved and that if any member of the Committee wished to comment on the indicators they should contact the Deputy Principal directly.

Action:

Committee Members

AUD/10/09

Policy for Additional Work undertaken by College Auditors

The proposed policy as set out in the Deputy Principals report was unanimously approved.

AUD/11/09

Financial Review of Carillion

The Deputy Principal presented a report which provided the Committee with information concerning the financial position of Carillion, the College's IT partner for the redevelopment.

After due consideration and discussion of the report it was resolved that it be noted.

AUD/12/09

Property Strategy Update

The Deputy Principal presented a report which covered the following aspects of the College's Property Strategy:

- LSC Capital Programme

The Committee discussed the implications and risks of the LSC's review of the national capital programme.

- Phase 1 - Workshops
- Phase 2 - St Thomas stabilization
- Phase 3 - Hub
- Phase 4 - A6
- Headline dates
- Disposal of HMC and Greek street
- PCT Development
- Other Planning Matters

After due consideration and discussion of the report it was resolved that it be noted.

AUD/13/09

Date of Next Meeting

It was agreed that the next meeting of the Committee would be held on Monday 29th June 2009 at 5.00pm in Conference Room A. It was further agreed that a tour of the building development would be held at 4.00pm

The meeting closed at 6.00 pm.