

KINGSTON COLLEGE CORPORATION

Minutes of the Audit Committee meeting
held on Wednesday 16th November 2011

*(All resolutions passed were the unanimous decision of
the Audit Committee members present unless otherwise stated.)*

Membership: Mrs. A. Bell Chair
Mr. D. Cane Vice- Chair
Mr. D. Cheema
Mr. A. Hetherington
Cllr. S. Mirza*
* *Denotes absence*

In Attendance: Mr. R. Lowe Strategic Accomm. Dir.
Ms. L. Ayling Director of Finance
Mr. D. Barnes Grant Thornton
Mr. G. Clarke Mazars
Mr. C. Vickery Clerk to the Corporation

The Clerk to the Corporation took the Chair for the first three agenda items.

1. **Apologies**

No apologies had been received.

2. **Declaration of Interest**

Members confirmed that they had no financial or other interest in any item of business.

3. **Election of Chair and Vice Chair**

Regarding the election of Chair: Mrs. Bell was proposed by Mr. Hetherington and seconded by Mr. Cane. There being no other nomination, Mrs. Bell was elected to serve as chair for the following year.

Regarding the election of Vice Chair: Mr. Cane was proposed by Mrs. Bell and seconded by Mr. Cheema. There being no other nominations, Mr. Cane was elected to serve as Vice Chair for the following year.

Mrs. Bell took the chair for the remainder of the meeting.

4. **Minutes of the meeting held on 25th May 2011**

The minutes of the meeting were reviewed.

It was **resolved:**

that the minutes of the meeting held on Monday 25th May 2011 were a correct record and be signed by the Chairman.

5. **Matters Arising**

The following matters arose from the minutes:

5.1 Follow-up Report (Ref. 14.2/10-11)

Members were advised that progress had been made to establish such a report on KC-online and that the resulting data would be provided for the next meeting of this committee.

6. **Terms of Reference, Membership and Delegated Authority** *App. A*

Members reviewed the proposed Terms of Reference for the Committee.

It was noted that the references to LSC required to be changed to SFA.

It was **resolved:**

that the Terms of Reference, Membership and Delegated Authority, be proposed to the Governing Body for approval

7. **Planned Business for the Year**

App. B

The committee reviewed the schedule of planned business for the year.

It was resolved that:

- (i) the review of the Internal Audit Service be scheduled for the winter meeting
- (ii) the Planned Business for the Year, as outlined in Appendix B, be agreed subject to above change.

8. **Internal Audit Service (Mazars)**

8.1 **Corp. Governance & Risk Management**

App. C

Governors were advised that the single governance recommendation had been graded as 'housekeeping'. The recommendation had concerned the missing returns from two governors. Completion of these returns had now been made a condition of membership.

There had been two risk related recommendations, one 'significant' and one 'housekeeping'. The 'significant' issue concerned embedding risk management across the College and had now been addressed by new procedures. The 'housekeeping' issue concerned the need to update the Risk Management Policy to reflect the revised risk management committee procedures.

The report had awarded 'Substantial Assurance' to the investigations.

It was **resolved**:

that the report, Appendix C, be noted.

8.2 **Annual Report**

App. D

Governors discussed the Internal Audit Annual Report presented by Mazars, who confirmed the adequacy and effectiveness of the College's risk management, governance and control processes. There were no fundamental issues or common weaknesses that the auditors wished to bring to the attention of the Corporation.

It was **resolved**:

that the Annual Report, Appendix D, be noted.

8.3 Review of Performance of IAS

App. E

The Director of Finance reported on the grades given to IAS. All were grades of “good”, which was the highest grade except for the grade related to the timing for issuing reports which was graded as “satisfactory”.

It was **resolved**

that the report, Appendix E, be noted

8.4 Internal Audit Plan 2011-2012

App. F

Mr. Clarke presented the draft Internal Audit Strategy Update and Operational Plan 2011-2012. The logic and approach for the three year plan was explained.

Members discussed the logic and adequacy of the strategy. It was recognised that the focus of the plan would need to be reassessed when the federation with Carshalton College was finalised.

Members discussed the desirability of moving to cashless cards at a future date. They were advised that this issue was regularly reviewed but was not yet considered a priority.

It was **resolved** that:

- (i) the Strategy covered the key identified risks and met expectations
- (ii) the Operational Plan reflected the areas that the Committee believed should be covered as a priority
- (iii) the report be approved.

9. Financial Statements Auditor (Grant Thornton)

29.1 Key Issues Memorandum

App. G

The Financial Statements Auditor presented the audit findings for the year ended 31 July 2011. The report highlighted the key factors contributing to the final results.

It was also reported that auditors had issued an unqualified regularity opinion within the financial statements.

There was discussion of the relevance of some of the comparative key ratios that had been provided within the report.

A “clean” audit opinion was being given for both Kingston College and KCTC Ltd.

It was **resolved:**

that the Key Issues Memorandum, Appendix G, be noted

10. Draft Financial Statements, Year ended 31 July 2011

10.1 KCTC Ltd.

App. H

The Report and Financial Statements of KCTC Ltd for the year ended 31st July 2010 were introduced by the Director of Finance who answered questions raised by Governors.

It was **resolved:**

that the report, Appendix H, be noted.

10.2 Kingston College

App. J

The Director of Finance introduced the Draft Report and Financial Statements for the Year ended 31 July 2011, and answered detailed questions raised by Governors.

It was pointed out to Members that the £514k improvement to the financial outturn was more significant than indicated by a comparison of year-on-year deficits as last year’s deficit was after accounting for a favourable £2m adjustment in respect of past service pension costs.

It was **resolved**:

that the Governing Body be recommended to adopt the Draft Report and Financial Statements for the Year ended 31 July 2011.

11. Regularity Audit Self Assessment

App. K

Governors were informed that the Regularity Audit Self-Assessment was prepared from a template recommended in the Audit Code of Practice for use by all Colleges. The report showed the inherent risks faced by the College and outlined the way the College responds to those risks.

It was **resolved**:

that the report, Appendix K, be noted.

12. Financial Management and Control Evaluation

App. L

The committee was advised that the FMCE was intended as a tool to enable colleges to self assesses their financial management and control arrangements. It was reported that the document had formed the basis for the recent SFA audit and had been updated to reflect the findings from that audit and from the OFSTED inspection. Governors reviewed the content of the report. They were advised that the document required to be signed and returned prior to being retrospectively considered by the Governing Body.

It was **resolved** that

- (i) the FMCE be approved,
- (ii) the FMCE be signed by the Principal for return to the SFA, and
- (iii) the FMCE be recommended to the Governing Body for approval.**

13. Risk Management

App. M

The Strategic Accommodation Director presented the new format for the Risk Register. It was noted that, due to a printing error, the document was missing the 'target deadline column' which would be included before presentation to the Governing Body.

The report provided detailed information regarding assessing of the identified risks faced by the College. The report also highlighted changes to the allocated priorities being assigned to the various risks.

Members discussed the risks and considered the adequacy of the action being taken.

Members were concerned that the Advisory Committees be reinstated as soon as possible to help ensure that specific risks relevant to specific faculties could be adequately assessed and resolved.

It was recognised that new risks would arise when the federation with Carshalton College was implemented.

It was **resolved**:

that the report, Appendix M, be noted.

14. KCTC Ltd. Memorandum of Understanding

App. N

The Director of Finance reminded Governors that the memorandum of understanding between the College and KCTC Ltd, which defines the relationship between the two parties, required revision annually to ensure it was kept up-to-date.

It was **resolved**:

that the Memorandum of Understanding be proposed to the Governing Body for approval.

15. Fraud Report

App. P

The report detailed the two items entered on the fraud register since the date of the last Audit Committee meeting.

The Director of Finance also alerted the Committee to another issue concerning a possible fraud that was currently under investigation.

It was **resolved** that:

- (i) details of the new situation that had arisen should be forwarded to members in advance of the next meeting
- (ii) the report, Appendix P, be noted.

16. **Draft Annual Report to Corporation**

App. Q

The draft Audit Committee's Annual Report, which outlined the work undertaken by the committee during 2010/11, was discussed.

It was **resolved**

that the report, subject to completion by the inclusion of the final audit opinions received, be presented to the Governing Body.

17. **Date of Next Meeting** **Wednesday 7th March 2012.**