

**North Nottinghamshire College Corporation
Minutes of the Audit Committee Meeting
held on 24th September 2009**

09.28 Membership

Mr M Lloyd (Chair)
Mr K Green
Ms D Needham
Mr J R Savage
Ap Mr A Stott

In attendance

Mr G Adams	Director of Finance & Resources
Mr M E Murphy	Clerk to the Corporation
Mr S Forrest	Management Accountant
Mr A Bush	KPMG

09.29 Apologies

Apologies were received from Mr Stott, Ms Oaks and Mrs Straw.

09.30 Declarations of Interest

There were no declarations of interest.

09.31 Minutes of the Meeting held on 25th June 2009

The Minutes were agreed as a true and accurate record and were signed by the chair.

09.32 Matters Arising

09.21 Fraud and Irregularity Policy. Mr Adams reported that revised financial regulations incorporating a fraud and irregularity policy had not yet been presented to the Corporation as further minor amendments were anticipated. He confirmed that revised financial regulations showing all proposed amendments would be submitted to the Full Corporation in due course.

09.33 Report on Risk Management

Mr Adams spoke to the report.

He confirmed that successful tests had been carried out regarding both the reliability and the availability of on line testing facilities to awarding bodies through the College's IT system.

He emphasised to the Committee that the College's property strategy was a standing item on the Executive agenda.

Following a question from Ms Needham Mr Adams explained the structure of the risk management report and in particular the planned action section.

The report was received.

09.34 LSC Financial Management and Control Evaluation

Mr Adams spoke to the report.

He explained that if the College required the LSC to consider awarding a higher grade than previously awarded it was necessary to submit the report prior to the end of November 2009. Otherwise the report could be submitted at the end of December 2009. Mr Adams reminded the Committee that the Provider Financial Assurance inspection carried out simultaneously with the OFSTED inspection in March 2009 awarded the College an "outstanding" grade for the Financial Management and Control Evaluation which was the highest grade available. The College had previously self assessed its grade as good. This self assessment had been made on the basis that at that time the College's financial regulation had not been updated for a number of years and therefore were out of date. That task was completed before the Provider Financial Assurance audit and therefore Mr Adams and the Clerk were recommending that the Financial Management Control Evaluation be submitted prior to November 2009 with a self assessment grade of Outstanding.

Mr Bush joined the meeting.

RESOLVED 09.34 That it be recommended to the Full Corporation that the Financial Management Control Evaluation be approved and submitted to the LSC prior to the 30th November 2009.

09.35 Internal Audit Results

09.35.1 Success Rate Review

Mr Bush spoke to the report.

He confirmed that in the Further Education sector success rate was a crucial factor because of its significant effect on funding.

KPMG had considered what underpins the success data provided by the College and this has clearly resulted in a good report. In some institutions the assessed data provided was somewhat selective but this was not the case at the College.

Mr Adams commented that the report gave significant reassurance to Governors and confirmed that the success rates provided by the College's systems were accurate. He added that the commissioning of the report had been triggered by the significant rises in success rates for 2007/2008.

Ms Needham asked whether or not the LSC had raised any queries regarding the College's most recent success rates and Mr Adams confirmed that this was not the case.

The report was received.

Mr Neal joined the meeting.

09.35.2 Timetabling and Register Processes

Mr Bush confirmed that the CELCAT IT based timetabling and registration system went live on 8th September 2009 and it was working effectively. The purpose of the report was to review the effectiveness of the system and ensure that controls were in place. Mr Adams commented that the electronic system was far more transparent than the paper based system.

Mr Neal confirmed to the Committee that the paper based system was running in parallel with the new electronic system. Mr Bush emphasised that the report had a satisfactory outcome and spoke to the key findings.

Ms Needham asked when the College proposed to dispense with the parallel manual system.

Mr Neal replied that it had been difficult to establish with the audit team the College's perception that the initial scheme was of a fairly modest nature. Putting in electronic registration schemes was notoriously difficult. Although the manual system was robust and accurate it did not allow a timely top level reporting for added control and improved response. Alternative registration software that was free had been used but did not work satisfactorily. The Celcat system had therefore been purchased for both registers and timetabling with a joint licensing cost of £12,000. The College's current MIU system has a registration element but this is not effective and therefore another system had been used.

Mr Neal commented that the purpose of commissioning the internal audit was to obtain an understanding of what systems were utilised elsewhere and to identify any pitfalls that were experienced by the College's. When KPMG had initially presented their report Mr Neal said the College's opinion was that the report had not been produced on this basis and that the report takes the College beyond where it wants to be bearing in mind resource levels.

Mr Green asked that if the original objective was to properly record attendance and punctuality what was the cost associated with that requirement. Mr Neal commented that the previous system had been acquired at no cost and that the CELCAT system had a £12,000 licence fee.

Following a further question from Mr Green, Mr Neal confirmed that the College was now in a position to provide real time data on College desktops as to attendance. Mr Neal commented further to say that he was able to accept the report on the basis that it partially set out a vision for further improvements.

Mr Adams commented that the primary objective of the College had been achieved and the report considered further developments and how they could be dealt with.

Ms Needham commented that as KPMG had taken time and been paid for the production of their report it was appropriate to consider the objectives for the purposes of getting the new system working perfectly, planning the use of its other advantages and reporting back to the committee. She emphasised that the College's responses to the report needed to be clear and in simple terms to enable the Audit committee to fully understand the same.

Mr Neal added that the issue of the licence fee was just one aspect of resourcing the project. There would be a requirement for significant extra resources to fully utilise the software.

Ms Needham replied that she would like to see a plan presented at the committee in December of 2009 showing how the project would be advanced over the next year.

Mr Savage raised the issue of the additional time commitment required by various staff due to the system. Mr Neal advised that the Area Administration teams had experienced a significantly increased workload. The College was now endeavouring to have Tutors administer the system as much as possible to reduce the impact. A new central department of 4 fte staff were now required to administer the timetabling and registration system. The log on procedure was somewhat difficult and therefore Hair and Beauty was trialling a system linked to the Whiteboards.

The committee commented that it may be prudent for either the committee or the Full Corporation to have a demonstration of the system in due course.

Mr Neal commented that the staff ownership of the data was improving significantly and that the system was updating supplemental data on the use of rooms. The key question was how to utilise that data and benefit from it.

RESOLVED 09.35.2.1 That the report be received

RESOLVED 09.35.2.2 That a report be presented to the December meeting of the committee detailing a plan for the new system over the following 12 months and

RESOLVED 09.35.2.3 that a demonstration of the whole suite of the College's Management Information System made to the Audit Committee or Full Corporation in due course.

Mr Neal left the meeting.

09.36 Internal Audit Strategy and Annual Plan 2008/2009

Mr Adams commented that because of the effective governance and risk management within the College less days had been attributed to those areas in the draft plan because historically they were strong areas.

The LSC had now scheduled a funding audit for all Colleges where in previous years this audit had not been carried out. It was targeted at the 16 to 19 provision and adult provision.

Mr Adams emphasised that the report was in draft form and not yet finalised and it was key for governors to contribute to the finalisation of the plan.

He commented further that in 2008/2009 36 audit days were carried out. The 2009/2010 proposed 42 audit days. It was accepted that the planned days need to be reviewed down to a more appropriate level focussing on areas that the Audit Committee felt should be targeted and to ensure best value.

The Clerk commented to the meeting that it had already been picked up in the Governor's self assessment process that the Corporation's requirement for more information regarding the College's marketing had not yet been progressed. However, Ms Needham commented that the priority for the plan must be funding assurance.

The committee agreed that a recommendation should be made to the Full Corporation that it receives the marketing report in November 2009.

Mr Bush commented that the plan can be adjusted as the academic year progressed. Mr Bush commented further that Business Continuity appeared on the plan for the first time as it was now a key issue in the sector because of the reputational risk arising from an unexpected significant event, which had not been planned for by way of a Continuity Plan.

Mr Green expressed concerns as to why 5 days had been set for Health and Safety when his understanding was that the Health and Safety systems at the College were excellent particularly compared to industry. Mr Bush replied that the Health and Safety had not been audited before.

It was important that the committee was comfortable that the risk was being managed although as to how the committee receive this assurance was not crucial. It was proposed that the Health and Safety audit be removed to reduce the number of audit days. Mr Bush suggested that the Corporation should receive an annual Health and Safety report and the Clerk commented that this was already the case.

Following a question from Ms Needham Mr Bush explained that a knowledge of the Health and Safety systems would not consist of looking at ensuring the policies were in place but compliance with those policies.

Mr Adams commented that in the last 18 months there had been significant investments by the College in both hardware and software upgrades.

Mr Green commented that he was aware of significant difficulties arising in other Colleges and how these were avoided by the College. Mr Adams replied that the key issue was that the College endeavoured to recognise problems in the sector swiftly and acted quickly to deal with those difficulties. The size of the College allowed it to react swiftly. The reliability and regularity of the College's management accounts also assists the College in avoiding such issues.

RESOLVED 09.36.1

That the Internal Audit Strategy and Annual Plan be approved subject to the removal of the hours planned for review of Health and Safety and to keeping under review the days planned for a current review of marketing.

RESOLVED 09.36.2 That Mr Bush produce an update as to the progress of the Plan at the committee's meeting in March 2010.

09.37 Equality and Diversity Impact

None.

09.38 Governance Risk

None.

09.39 Confidentiality

None.

09.40 Date and Time of the next meeting

Tuesday 1st December 2009 at 6pm

Signed _____ Chair

Date _____