

**North Nottinghamshire College Corporation
Minutes of the Audit Committee Meeting
held on 25th June 2009**

09.14 Membership

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

In attendance

Mr G Adams	Director of Finance & Resources
Mr M E Murphy	Clerk to the Corporation
Mrs H Straw	Finance Office Manager

09.15 Apologies

Apologies were received from Ms Oaks, Mr Forrest and Mr Bush. Mr Bush had tendered his apologies immediately prior to the meeting as he was unexpectedly delayed at an earlier meeting.

09.16 Declarations of Interest

Mr Murphy declared an interest in item 9 as his firm Ilett and Clark solicitors was named on the list of organisations with which the college had conducted business in the year 2008/2009.

09.17 Minutes of the Meeting held on 18th March 2009-07-01

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

09.18 Matters Arising

09.06.2 - follow up. Mr Adams reported that the report relating to the electronic registers remained in draft form but that it would be presented to the next meeting of the Committee.

09.19 Corporate Governance and Risk Management Internal Audit Report

Mr Adams spoke to the Paper. He produced to the Committee a copy of an e-mail received from Andrew Bush of KPMG immediately prior to the meeting which confirmed that there were no issues of significant concern within the report, that the requisite actions had been agreed between KPMG and the College and that some of those actions were already complete. He commented further that the College was looking to compromise the recommendation that the College formulates a risk assurance map by amending the current form of the College's risk management report.

The report was received.

09.20 Risk Management Report

Mr Adams spoke to the paper. He confirmed that the key new issue in the report was the delay to the College redevelopment scheme following the funding announcements by the LSC. He confirmed that the College had now received £250,000 from the LSC with respect to costs incurred in progressing the proposal to the "Approval in Principle" stage. He advised that a consequence of the delay in this scheme was that the anticipated operational savings arising from utilisation of new premises would not be achieved. Mr Adams also confirmed that he would shortly be meeting with the LSC for the purposes getting a better understanding of the LSC's current position regarding funding, however, it was clear that there were far more schemes that were ready to proceed immediately than funds available to fund those schemes so that there was no chance of the College's proposal and therefore progressing in its current form. Mr Adams continued by confirming that there was a clear risk to the College that the differential in facilities offered by Colleges that had been rebuilt and those that had not would adversely influence student choice.

Mr Adams commented that the other new risk identified was the current instability of the Retford Schools which had created a significant risk to Partnership arrangements.

Mr Adams advised the Committee that the scoring matrices behind the risk register were reviewed on a regular basis.

Ms Needham and Mr Green commented favourably on the form of the report and in particular the traffic light colour coding system. Ms Needham raised the issue as to whether or not those with colour blindness would be disadvantaged by such a colour system. Mr Adams confirmed that he would amend the form of the report so it remained comprehensible to anyone with that disability.

09.21 Fraud and Irregularity Policy

Mr Adams confirmed that it was now proposed that the policy be dispensed with but that approval was still sought for the fraud and irregularity plan itself.

Mr Adams spoke to the paper and confirmed that the fraud response plan had been put together in accordance with the recommendations received from KPMG and that the plan would be incorporated into the College's Financial Regulations.

Mr Green commented that the issue of fraud and the risks associated were exceptionally relevant to all organisations.

Mr Adams confirmed that revised Financial Regulation incorporating the fraud response plan would be put to the Full Corporation for review and approval in due course.

Ms Needham commented that the reference to "materiality" in clause 2.3 of the plan was inappropriate and should be removed.

Mr Stott commented that the word "normally" in the short line of clause 4.1 of the plan was inappropriate. The College should report all cases of fraud to the police and that the deterrent elements of such an action was important. Mr Lloyd commented that even the report of a minor issue may allow the police to link the alleged conduct to other similar cases.

Mr Stott asked Mr Adams to clarify the procedure that would be followed in the event that there was an anonymous allegation of fraud and Mr Adams confirmed that although such an allegation may be treated more cautiously it would be properly investigated. The Clerk advised the Committee on the relevance of the Public Disclosure Act.

Resolved 09.21

That the Fraud and Irregularity Response Plan be recommended to the Corporation for incorporation into the College's Financial Regulations subject to the deletion of the word "material" in clause 2.3 and the deletion of the word "normally" in clause 4.1

09.22 Business conducted with Companies listed within the Register of Interest for Governors and Staff

Mrs Straw spoke to the report. She advised the Committee that it was sometimes difficult to produce a totally accurate schedule as some companies have different trading names.

Mrs Straw confirmed that the payment made to EMFEC was the requisite annual subscription and that the payment to Bassetlaw District Council included business rates.

Mr Savage confirmed that the payments made to the British Fluid Power Association included exam fees as well as subscription.

The report was received.

09.23 Grant Thornton Audit Approach Memorandum for year ended 31st July 2009

Mr Adams tabled the draft report.

He commented that the key variances to last years annual plan were firstly the addition of a section on sector issues and secondly an error regarding the Colleges treatment of the proposed new build costs which the College proposed to write off rather than capitalise. Mr Adams commented further that the reference to the European project provision was important. It had been stated that the appropriate sums were all due in one year but it had now been agreed that only a proportion would be recognised.

Mr Green requested clarification as to the current position regarding the 2009/10 internal audit plan. Mr Adams confirmed that he was meeting with Andrew Bush of KPMG during the following week. He commented that the College may want to reduce the number of Audit dates proposed. He confirmed he would circulate a draft of the plan to the Committee.

- RESOLVED 09.23.1** **that a copy of the draft Audit Approach Memorandum be forwarded to the Committee electronically immediately so that members of the Committee can direct any enquiries or observations regarding the same to the Clerk.**
- 09.23.2** **if the Committee have any comments regarding the draft report then a further meeting of the Committee be held immediately prior to the Full Corporation meeting on 9th July 2009 and**
- 09.23 .3** **otherwise the draft Audit Approach Memorandum be approved.**

09.24 Equality and Diversity

It was noted that the traffic light coding system now utilised in the risk management report may disadvantage an individual suffering from colour blindness and that Mr Adams would amend the form of report to alleviate the risk.

09.25 Governance Risk

None

09.26 Confidentiality

It was agreed that the fraud and irregularity response plan remain permanently confidential.

09.27 Date and time of next meeting

The next meeting will be held on Thursday 24th September 2009 at 6.00pm