



MINUTES OF THE MEETING OF AUDIT COMMITTEE

Held on Monday 18th February 2008 at 12:30pm in Room F035, Lakes College

PRESENT: Norma Boyes, Carole Carre and Mike Davidson

IN ATTENDANCE: Cath Richardson (Principal), Karen Wilson (Director of Finance and Corporate Services), David Whatley (RSM Bentley Jennison), Mike Kirsopp (Dodd & Co.), Hilary Hemm (Clerk to the Governors).

APOLOGIES: There were no apologies

DECLARATION OF INTERESTS: None

APPOINTMENT OF CHAIR: Carole Carre was appointed to Chair this meeting.

01/08 CONFIRMATION OF MINUTES

The Committee received the minutes of its meeting held on 19th November 2007. In respect of Minute No 04/07 David Whatley confirmed that comparative data with other colleges would be supplied. In respect of Minute No 07/07 regarding Provider Assurance Audit, the Director of Finance and Corporate Services reported that there had been no change to the action plan and she was not anticipating any follow up. With regard to Minute No 08/07, the Director of Finance reported that Cumbria Colleges Ltd had already responded to the audit report feedback request and therefore it was not possible to add further feedback.

RESOLVED that the minutes be approved as an accurate record of the proceedings and signed by the Chair.

The Committee received the minutes of its meeting held on 13th December 2007.

RESOLVED that the minutes be approved as an accurate record of the proceedings and signed by the Chair.

02/08 EXTERNAL AUDIT MANAGEMENT LETTER

Mike Kirsopp (Dodd & Co) reported on the Audit summary of any audit issues encountered up to 31st July 2007. He took the Committee through the Final Report and confirmed that they had been able to issue an unqualified audit opinion. He reported that it was pleasing that there were only two recommendations and that for both of those, action had been taken by the College as noted in the Report.

In response to a Committee query regarding Joint Venture activities, it was confirmed that Lakes College has a quarter share in these and that as any joint venture company surplus is taxable it was prudent to keep this to a

minimum level. Further surpluses on this activity were within the college's overall results.

RESOLVED that the External Auditor's Final Report be received and noted.

03/08 IMAGEPROOF LTD Director's report and Financial Statements y/e 31 July 2007

Mike Kirsopp (Dodd & Co) as External Auditor presented this report of the college company which is currently dormant. He confirmed that the report gave a true and fair view of the company's affairs as at 31 July 2007 and that the report had been signed and filed.

RESOLVED that the Report be received and noted.

04/08 INTERNAL AUDIT PROGRESS REPORT

David Whatley (RSM Bentley Jennison) presented two reports:

(a) HR Induction Process

He reported that overall the auditors were very pleased with the Induction process, with no major issues being noted. There was a need for some paperwork to be returned to provide evidence of the process but they had found there to be a thorough process in place. The action by management on the auditor's recommendation was ongoing. In response to a Committee query, the Principal confirmed that there is a formal Induction process in place for Day 1 of every employee's employment and she set out the areas covered. David Whatley confirmed that there would be a follow up review of action taken.

RESOLVED that the Report be received and noted.

(b) Employer Engagement

The report focussed on work based learning (WBL) and Train to Gain contracts. The latter is a contract awarded to Cumbria Colleges Ltd with the four colleges in the company being responsible for recruiting to and delivering the Train to Gain provision in their area. David Whatley reported that Lakes College is on target in both areas reviewed, which was not the case for all Cumbrian or other North West colleges. He referred to the four recommendations made with regard to these contracts. All had been accepted by management and were being implemented. He reported that the results of this audit, both of targets attained and quality of systems in place, were good.

In response to a Committee query, the Principal confirmed that it was general college policy to break even on each course. The courses in question no longer received LSC funding and employers were expected to carry the full costs.

RESOLVED that the Report be received and noted.

05/08 INTERNAL AUDIT PROGRESS REPORT

David Whatley (RSM Bentley Jennison) reported on work in progress and work planned for the rest of the year. He confirmed that he will continue to liaise with management and external auditors and to provide updates.

RESOLVED that the report be noted.

06/08 AUDIT RECOMMENDATIONS TRACKING REPORT

The Director of Finance and Corporate Services reported that there were two ongoing issues. The locking rooms procedure (part of fixed assets policies) remained active. In response to a query with regard to the possibility of mature students being permitted to remain in a room, she explained that this was not causing any practical difficulty: there are fewer mature students in college due to changes in funding. Provision of evening classes had been much reduced and Train to Gain work is largely off-site.

The second issue related to ALS student records and would be dealt with later at item 07/08.

RESOLVED that the contents of the report be received and noted.

07/08 ADDITIONAL LEARNING SUPPORT (ALS) STUDENT RECORDS – INTERNAL AUDIT UPDATE

The Director of Finance and Corporate Services reminded the Committee of the background to this area of work and reported on progress to date. The College financial commitment on ALS costs is now updated on a half-termly basis. There was to be a follow-up audit in April and she anticipated this would show a great improvement.

RESOLVED that the contents of the report be noted.

08/08. STUDENT PRIOR ATTAINMENT REVIEW

The Director of Finance and Corporate Services gave a verbal report on this. The LSC had engaged Price Waterhouse to carry out a review of recording of students' prior attainments. Recording students' existing qualifications had become an important factor for colleges in that the information was required in order to assess fee levels or entitlement to fee remission. She reported that the College now had very good systems in place to record students' qualifications. She had hoped to be able to present a formal report to confirm this, but it was not yet available. The feedback received was that the College had many areas of good practice and as a result may be used in future as a case study.

RESOLVED that the report be noted.

9/08 CUMBRIA COLLEGES LTD AUDIT REPORT “TRAIN TO GAIN”

The Director of Finance and Corporate Services took the Committee through this report which was the final version. She reported that Train to Gain files had been checked both at Lakes College and at the other three colleges. The final opinion of the Audit visit was “Satisfactory”. In response to queries from the Committee, she confirmed that errors noted in the report and the remedial action mentioned did not relate to Lakes College but to other partners in the group. The Action Plan referred to in the report had been set up to ensure consistency of practice throughout the four colleges. Lakes College was not required to take any further action.

RESOLVED that the contents of the report be noted.

10/08 RISK REGISTER REVIEW

The Director of Finance and Corporate Services provided the Committee with an update on management of strategic risks within the College. In Corporate and Strategic objectives, involvement of key staff at an earlier stage had proved successful in the development of the three year strategic plan. The Principal indicated that HE was a key issue, with a great deal of work being put into this area. On Teaching and Academic objectives, she reported that it was anticipated that examination boards would be requiring a great deal more work to be carried out, with some HE self-assessment entering its first phase in April 2008. She also reported that it remained an important requirement that the 14 – 19 agenda be promoted locally. On the Commercial objective, College was aiming to obtain the New Standard kitemark in the coming year. In summary, the Risk Register was a “live document” and was under constant review.

RESOLVED that the contents of the report be noted.

11/08. EXTERNAL AND REGULARITY AUDIT SERVICES TENDER

The Director of Finance and Corporate Services reported on the recent history of tenders for audit services and the proposed method for retendering for external and regularity auditor services.

RESOLVED that the proposal for retendering be accepted, with both Norma Boyes and Mike Davidson indicating their willingness to form part of the selection panel if required.

The meeting closed at 1:45pm

Note: *At the pre-agenda discussion between Audit Committee and representatives of the College’s internal and external auditors it was agreed that there should be an opportunity for a similar discussion to take place for 10 minutes prior to the next meeting and thereafter as agreed.*