

“To promote lifelong learning for individuals and industry through the understanding and enjoyment of flowers, trees, plants and animals for career, business, educational and leisure purposes.”

**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 4.30PM ON THE 15th JUNE 2010**

Members: Roger Abraham, Chairman and Governor
Tony Leach, Governor
Ron Melville, Governor
Vacancy, Governor
Vacancy, Independent Member

Other Representatives: Sarah Mason, Baker Tilly
Graham Bradley, Scrutton Bland
Teresa Sharman, Scrutton Bland

Also Attended: Steven Dowbiggin OBE, Chief Executive Officer
Nicholas Evans, Director of Estates and Buildings
Damien Fallon, Director of Finance
Madeline Hall, Head of College
Simon O’Hear, Personnel Manager

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from David Triggs, Clerk to the Governing Body (due to another appointment).

**2. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON THE
24TH MARCH 2010**

RECEIVED and signed as a true record by the Chairman.

**3. MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON THE
24TH MARCH 2010**

RECEIVED paper 3, matters arising from the minutes of the meeting held on the 24th March 2010.

NOTED:

- i. all matters arising were dealt with on the agenda.

4. REPORT OF THE DIRECTOR OF FINANCE

RECEIVED paper 4, Report of the Director of Finance for Information.

4.1 Thefts at Crystal Palace

NOTED that:

- i. a series of thefts have occurred at Crystal Palace. The initial action taken by the College to rectify the situation has not proved successful and further action was being taken;
- ii. the College is reviewing its petty cash procedures at all centres;
- iii. the College's petty cash procedures have been tightened but subsequent thefts occurred from individuals' bags;
- iv. Internal Audit will be asked to review the new petty cash procedures once they are established to give an independent opinion on their robustness;
- v. the police had been informed and are investigating;
- vi. The Chairman of Audit has been kept apprised of the situation and the Chairman of Governors has been briefed.

4.2 Individual Learner Record Audit

- i. the fee for this had been agreed at £5,900 + VAT (which was within the budget agreed by Governors of £6,000 + VAT).

5. VAT REPORT

RECEIVED paper 5, report of the Director of Finance for Information.

NOTED that:

- i. the options for seeking VAT advice were considered;
- ii. the College would continue to employ Davies Myers to provide VAT planning advice.

6. VISIT TWO 2009/10 INTERNAL AUDIT REPORTS

RECEIVED paper 6, report of Scrutton Bland for Decision.

6.1 Risk and Assurance Report on Payroll

NOTED that:

- i. areas of review;
- ii. no specific risk schedule entries relate to this item in the College's risk schedule;
- iii. strong assurance level (highest possible) given;
- iv. all controls adequate and operating in practice;

- v. one 'added value' point was that the College could state in the contract of employment that by not signing and returning the contract within two months, the employee will be deemed to have accepted the terms and conditions of employment as set out in the contract;
- vi. whilst it is preferred to obtain a signed contract (and this will remain the priority) it was accepted by management that the clause should be included in the contract as a safeguard;

6.2 Risk and Assurance Report on Commercial Activities – Catering

NOTED:

- i. areas of review;
- ii. one risk identified in the College's risk register to cover this area;
- iii. assurance is "significant" (ie only minor areas of risk identified);
- iv. controls adequate in 5 out of 6 areas reviewed;
- v. in one area (calculation of profit on sale) whilst controls are operating in practice the auditor deemed the current controls were not totally adequate to mitigate risk;
- vi. low priority recommendations relating to the following had been accepted and actioned by SMT:
 - consistent use of purchase orders
 - monthly stock control
 - monitoring vending machines
 - calculation of prices
- vii. the low priority recommendation relating to counting of cash was noted but was felt not to be material and therefore would not be actioned because the variation was only £160 over the year and employing extra staff to possibly mitigate this was more expensive than the risk identified;
- viii. any variance between expenditure and actual cash receipts were already carefully monitored by the Director of Finance and evidenced;
- ix. the Committee supported the position adopted by SMT on this matter and the auditors acknowledged the College is adopting a pragmatic approach to this matter (bearing in mind the lack of materiality of the issue);
- x. SMT welcomed the report as helpful and constructive.

RESOLVED:

- i. **to agree the management recommendations and accept Scrutton Bland's second visit report on:**
 - **Payroll**
 - **Catering**

7. VISIT THREE 2009/10 INTERNAL AUDIT REPORT

RECEIVED paper 7, report of Scrutton Bland for Decision.

7.1 Risk Assurance Report on Fixed Assets

NOTED that:

- i. scope and approach of the audit;
- ii. all controls considered adequate and operating in practice;
- iii. level of assurance strong (highest possible);
- iv. a value added point raised was raised whereby at the beginning of each academic year, all fixed assets are physically verified, and this was accepted.

RESOLVED:

- i. **to accept Scrutton Bland's third visit report on Fixed Assets.**

8. VISIT FOUR 2009/10 INTERNAL AUDIT REPORTS

RECEIVED paper 8, report of Scrutton Bland for Decision.

8.1 Risk and Assurance Report on Risk Management and Governance

NOTED that:

- i. scope and approach of the audit;
- ii. all controls adequate and controls operating in practice;
- iii. a minor mistake on reporting Chairman's Action had been identified but the auditors accepted the College's 'belt and braces' approach meant no problems had arisen as a result and that Governors had followed their procedures for approving this matter;
- iv. overall level of assurance for this area was strong (highest possible).

RESOLVED:

- i. **to accept the fourth visit report from Scrutton Bland on Risk Management and Governance.**

9. INTERNAL AUDIT STRATEGY FOR 2010/11 TO 2012/13 AND ANNUAL PLAN FOR 2010/11

RECEIVED paper 9, report of Scrutton Bland for Decision.

NOTED that:

- i. the plan had been discussed and was supported by SMT;

- ii. safeguarding had been introduced as an internal audit area but need to design the scope and approval of the audit of this area to avoid repeating work already undertaken on CRB checks etc;
- iii. Governors requested Internal Auditors to:
 - a. allocate one of the contingency days in 2010/11 to reviewing petty cash procedures across all centres;
 - b. for the review of Marketing to be brought forward to 2010/11 and for the Director of Finance be given delegated authority to agree what is moved between 2010/11 and 2012/13 to compensate for this.

RECOMMENDED TO GOVERNORS that:

- i. **the three year audit plan and 2010/11 annual plan be accepted with the modifications agreed at the meeting to be negotiated by the Director of Finance and Scrutton Bland and an increase in fees of no more than 4%**

10. 2009/10 FINANCIAL STATEMENT AUDITORS' AUDIT STRATEGY

RECEIVED paper 10, report of Baker Tilly which was received with a cover note prepared by the Director of Finance for Decision.

NOTED that:

- i. the report had been prepared after a scoping meeting with the College;
- ii. fees assume the College will produce the same high quality papers as last year;
- iii. the existing engagement letter continues to operate for this audit year;
- iv. details of the engagement team;
- v. an 'Emerging Issues' paper produced by Baker Tilly will be circulated to all Governors (but already this has become dated).

11. ANNUAL CHECKLIST OF THE AUDIT COMMITTEE 2009/10

RECEIVED paper 11, report of the Clerk to Governors for Decision.

NOTED that:

- i. recommendations of SMT were accepted;
- ii. discussion on Operation guideline (Value for Money) and agreement that this should be assessed as 'satisfactory'.

RESOLVED:

- i. **to inform Governors that the Audit Committee have reviewed their Annual Checklist and all matters had been progressed satisfactorily.**

12. DATE OF NEXT MEETING: Tuesday 30th November 2010 at 5.15pm.