



# ***SOUTHGATE COLLEGE GOVERNING CORPORATION***

## **Audit Committee**

### **Minutes of the meeting of 16<sup>th</sup> July 2009 held at Southgate College, commencing at 5.00 p.m.**

#### **Members Attending**

Mohamed Manjra (Chairman)  
Reshma Bell  
Sheila Dawson  
Chris Gill

#### **In Attendance**

David Byrne (Principal)  
Richard Teare (Interim Director of Finance)  
David Morris (MacIntyre Hudson, Internal auditors) until item 10  
David Chaplin (Chaplin Frobisher Welling, Clerks to the Corporation)

#### **1. Membership**

The Chairman welcomed Sheila Dawson, who had now been appointed as an External Governor and member of the committee.

Ola Fadoju had now finished his term as a Staff Governor.

#### **2. Auditors briefing**

None required.

#### **3. Apologies**

All members were present.

#### **4. Declaration of Governors' interest**

The Clerk reported that no declarations had been notified.

#### **5. Notification of any other urgent business**

None.

## 6. Minutes of the meeting of 12<sup>th</sup> March 2009

*Received: minutes of the Audit Committee meeting of 12<sup>th</sup> March 2009.*

The Minutes of the meeting held on 12<sup>th</sup> March 2009 were approved as a true record and signed by the Chairman.

## 7. Matters arising

### 7.1 Course Costing (Para 9)

David Byrne reported that this was still under review, with plans to evaluate what systems exist in other colleges. It was essential not only to improve the basis of costing, but also to improve the linkage between the Business Development Unit (BDU) and course teams.

### 7.2 Internal Audit Report Descriptors

David Morris reported that the format of Internal Audit (IA) reports (including definitions of opinion descriptors) would be changed for the following year.

## 8. Internal Audit (IA)

*Received: the IA Report for the second (final) visit in the 2008/09 cycle.*

David Morris presented this report, reporting on six areas:

- **Corporate Governance** – where no recommendations had been made and controls were assessed as “**Satisfactory**”.
- **Risk Management** – where 6 recommendations had been made, and controls were assessed as “**Satisfactory**”.
- **Partnerships** – where 2 recommendations had been made, and controls were again assessed “**Satisfactory**”.
- **Strategic Planning** – where no recommendations had been made and controls were assessed as “**Satisfactory**”.
- **Quality Assurance** – where 3 recommendations had been made and controls were assessed as “**Satisfactory**”.
- **Train to Gain** – where 1 recommendation had been made and controls were assessed as “**Satisfactory**”.

As an appendix, the report included comparative data on audit issues at other client colleges of MacIntyre Hudson. Members noted that in the “league table” Southgate College remained 10<sup>th</sup> “best” out of 33, based on number of recommendations made.

## The Committee received the Internal Audit Report

## 9. IA Strategic and operational Plan

*Received: the IA schedule of past years audits and proposed IA Plan for 2009/10*

The Committee reviewed the schedule of visits made to date in the current Strategic Audit Plan, and **agreed to recommend to the Corporation the proposed operational plan for 2009/10 which envisaged 292 hours of scheduled work with the remaining 20 contracted hours being reserved for areas yet to be identified.**

*David Morris left the meeting*

## **10. Risk Management**

### **10.1 Risk Management Policy**

*Received: a draft Risk Management Policy*

The Clerk had provided a policy draft based on guidance from the LSC issued in 2004. The Committee agreed that the draft identified the key issues, but to be made meaningful for Southgate College it required adapting and expanding to incorporate College practice. It would be important to show how Risk Management was embedded in the College. The Principal agreed to bring a revised draft back to the Committee later in the year.

### **10.2 Review of Risk Register Changes**

*Received: the College's Draft Risk Register as at June 2009*

David Byrne explained that following the comments made by the Committee at the previous meeting, he had begun a systematic review of the format of the Risk Register to clarify for each risk the action being taken to manage it. Consideration would also be given to include two "risk rating" columns, before and after management measures were implemented. These changes would be brought in during the 2009/10 year

**The Committee approved the changes being made to the Risk Register.**

## **11. Non-audit consultancy**

The Principal confirmed that no advisory or consultancy work not related to audit had been undertaken by the Colleges Internal or Financial Statements auditors.

## **12 Update on Financial Management and Control Evaluation Report**

*Received: a revised version of the Report submitted to the LSC in December 2008*

The Principal reported that after reviewing the Report submitted in December 2008 he was of the view that a number of the statements would be difficult to evidence, and the Clerk had echoed his concern.

It was agreed that a thorough revision was required, and it would be advisable to complete this by early autumn, for consideration by an additional meeting of the Committee.

## **13 Review of Committee Terms of Reference (ToR) and Calendar of Business**

*Received: current ToR and model Audit Committee Calendar of Business circulated by LSC in 2004*

The Committee reviewed the ToR and agreed that no changes were required at this time.

The Committee noted the LSC Calendar, which was updated to include the requirement to sign off on the FMCE in December each year. The Clerk was asked to translate it into a Calendar tailored for the Southgate College Audit Committee.

**14 “No Fraud” report**

The Principal confirmed that no cases of fraud occurring during the year had been reported to him, although the circumstances surrounding the overspend on IT procurement was still being investigated. The Clerk advised that a report be prepared for inclusion in the Annual report of the Audit Committee.

**15. Date and time of next meeting**

It was agreed that an additional meeting be arranged in the second half of September or first half of October to consider the revised FMCE. David Byrne would liaise with the Auditors and notify the Clerk

Thursday 3<sup>rd</sup> December 2009, at 5 p.m.

The meeting finished at 6.30 p.m