

Queen Elizabeth Sixth Form College

**Minutes of the Meeting of the Audit Committee
held on Thursday 21 May 2009 at 5.30 pm**

Present: Mrs E Lyle (Chairman)
Mr M Ithurralde
Mr C McCain
Mr N Waterfall-Brown

In Attendance Mrs S Turner (Bentley Jennison)
Mr G Brookes (Clerk)

In Attendance by Invitation
Mr T J Fisher
Dr S D Hunnisett
Mr T M Loftus
Mrs J Wilson

13/09 Apologies

Apologies were received from Mrs D Leigh and KPMG and were **accepted** by the Committee.

14/09 Minutes of the Previous Meeting

The minutes of the meeting held on 5 March 2009 were **accepted** as a true record and signed by the Chairman.

15/09 Matters Arising

Mrs Turner explained that because of an unavoidable slippage in the programme the scheme concerning freedom of information (Ref 06.4c) would be presented at the next meeting.

There were no other matters arising.

16/09 Outstanding References

Ref 06.4c (Freedom of Information scheme)

Action Bentley Jennison

17/09 Urgent Business

No items of urgent business were raised.

18/09 Internal Audit Methodology

18.1 Mrs Turner referred to the Bentley Jennison (BJ) Internal Audit Methodology presentation notes which covered:

- The Evolution of Internal Audit timeline of progress.
- What BJ are moving to. This included the pyramid of stages involved in giving the type of risk based assurance they provide.
- Risk Maturity Review. This included five levels of risk maturity: Naïve, Aware, Defined, Managed and Enabled.
- Assurance: a key element of risk management. A diagrammatic representation of the steps involved.
- How BJ will 'roll out the new methodology'.
- A summary of the benefits of the new methodology.

18.2 The Committee discussed the implications of the methodology and in particular the 'managed' and 'enabled' levels of risk maturity and how they may be achieved. The term 'risk appetite' was also discussed.

The Committee **accepted** the report.

19/09 Internal Auditor's Report

Mrs Turner referred to the following reports and highlighted specific points:

19.1 Risk Maturity (03.08/09) 12 May 2009.

- a. Section 1.1 - The Risk Maturity levels and the aim of the thematic review.
- b. Section 1.2 - QE's Risk Maturity. Currently assessed as 'defined' with a target to achieve 'managed'. The meaning of 'inherent' basis was also clarified.
- c. Section 1.4 - Recommendations Summary. 3 'significant' and 14 'merits attention'.
- d. Section 2 - Action Plan. The 3 'significant' and a number of 'merits attention' recommendations were considered at length.

19.2 Follow-up (04.08/09) – 12 May 2009

- a. Mrs Turner stated that the College had demonstrated 'good' progress in implementing actions, and not 'reasonable', and that the Overall Conclusion at Section 1.2 would be re-issued to reflect this.

19.3 Progress Report - 21 May 2009

- a. Two changes to the plan. Time originally allocated to Data Management was to be used to audit Software Management. However, the allocation of 5 days to this was queried and Mrs Turner agreed to check the figure.

Action Bentley Jennison

- b. Attention was drawn to the three Client Briefings.

The Committee **accepted** the three reports.

20/09 Financial Statements Auditor's Report

Mr Loftus reported that KPMG had no comment to make at this stage and had sent their apologies for not attending the meeting.

The Committee **accepted** the report.

21/09 Strategy for Internal Audit: Update for 2009/10

21.1 Mrs Turner referred to strategy for 2009/10 and in particular to the changes listed in section 3.2. It was noted that guidance was awaited on arrangements for the transfer of responsibilities from the LSC to the Local Authority.

21.2 The detailed audit plan for 2009/10 and the updated strategy for 2009/10 – 2011/12 were **agreed** subject to the check to be made at Ref 19.3a.

21.3 The Committee **agreed** the report and recommended that it be presented to the full Board for approval. **Action Mrs Lyle**

22/09 Progress on Outstanding Audit Recommendations

Mr Loftus referred to the report dated 12.05.09, which was in its usual format, and explained the significance of each column. It reflects the recommendations made by the Internal Auditors.

The Committee **accepted** the report.

23/09 Risk Management

23.1 Mr Loftus referred to the Risk Register 2009 and explained the changes in the format used and the introduction of a scoring scale. The likelihood of a risk

factor occurring (A) and the impact (B) it would have each a scale of 1 to 5 and their product (AxB) indicates the significance of such an occurrence.

- 23.2 Points raised in discussion included:
- Risk factors with high significant ratings would need particular attention.
 - The difficulty in assessing 'Risk Appetite' and 'Residual Risk'.
 - How 'Existing Controls' were to be scored. **Action Bentley Jennison**
 - A new objective (No 12) appears – 'to ensure good value for money in all College activities'.
 - Implementation of the new system would be a joint step-by-step exercise (QE and BJ).
- 23.3 The Committee **agreed** that Mrs Turner and Mr Loftus should meet to consider and define the parameters salient to each column in the register. It was also **agreed** that, when completed, the register should be presented to the full Board. **Action Mr Fisher/Bentley Jennison**

The Committee **accepted** the report.

24/09 Funding Assurance Review

- 24.1 Mr Loftus referred to the 'Management Report Funding Assurance Review 2008/09' dated March 2009 and produced by Baker Tilly UK Audit LLP. The review had been carried out to provide assurance to the LSC on QE's system of controls in respect of residual risks presented by learner ineligibility and non-existence.
- 24.2 The key findings and recommendations identified one 'high' priority recommendation which, as reported in the management response, occurred this year following changes in funding methodology. Other 'medium' and 'low' recommendations and the management responses were considered by the Committee.
- 24.3 The Committee **accepted** the report and **agreed** that the Executive Summary should be presented to the full Board. **Action Mr Fisher**

25/09 Urgent Business Raised under Item 17/09

No urgent business was raised.

26/09 Confidentiality

The Funding Assurance Report (Ref 24/09) is confidential between Baker Tilly and the LSC. However, the Executive Summary will be presented to the full Board.

27/09 Date and Agenda for the Next Meeting

The date of the next meeting has not yet been decided.

Mrs Lyle informed the Committee that Mr Charles McCain would not be seeking re-appointment as a Member of the College Corporation when his current term of office ends on 31 August 2009. On behalf of the Committee she thanked Charles for all that he had done during his five years as a governor. Mr Fisher expressed the gratitude of the College for his contributions not only to the Audit Committee but also to the full Board. Unfortunately Charles will not be able to attend the meeting of the Board on 25 June and thanks and best wishes were expressed on behalf of the Members of the full Board.

There being no further business the meeting closed at 6.30 pm.