

KENSINGTON & CHELSEA COLLEGE
AUDIT COMMITTEE - Notes.
24th February 2010.

MEMBERS PRESENT: Vikki Keilthy (Chair)
Alan Edwards

IN ATTENDANCE: Rakesh Shaunak (MacIntyre Hudson)
John Fowl (Clerk to the Governors)
Mike Jutsum (Principal)
Richard Lane (Director of Resources)

(The Clerk advised the Chair that the meeting was not quorate and therefore could not continue. It was agreed to discuss the items on the agenda and to keep informal notes.)

AU 09/14 **Apologies for Absence.**
Apologies were received Don Nicholls and David Adams.

AU09/15 **Declarations of Interest.**
None

AU 09/16 **To Approve the Minutes of the Meeting held on 25th November 2009.**

As the meeting was inquorate the minutes could not be approved.

AU 09/17 **Matters Arising.**

- (i) Item 09/05, The Key Performance Indicators for the Auditors will be sent to each governor by email.
- (ii) Item 09/12, The LSC will be conducting another audit of Train to Gain during the summer period, and the Internal Auditor will report to the next meeting of the Committee.

AU 09/18 **Risk Management Update.**

Richard Lane reported that there had been no change in the main Risk Register from that presented to the Governors in November 2009 other than the addition of the Hortensia Development risk being added.

Members were told of the progress for each of the identified risks and the stpes to minimise the risk. There had been some problems with the electrical supply at Hortensia following EDF's decision to replace the supply with a cable of lower capacity than needed.

AU 09/19 **Internal Audit Service Annual Report 2009-10 – Visit 2.**

The report covered the areas of Corporate Governance, Risk management, Key Financial Controls, Budget Setting, CRB checks, Human Resources and Capital Projects.

Recommendations made by the IAS included 2 High, 8 Medium and 3 Low.

The recommendation in respect of the Central Nominal Ledger had not been accepted by the College Management and the IAS had accepted that what is in place is working sufficiently well.

Of the recommendations accepted the 2 High Recommendations, 7 Medium and 2 Low had been implemented.

The IAS grading for each area was;

Corporate Governance	- Grade 2,	Risk management,	-Grade 2
Key Financial Controls	-Grade 3 ,	Budget Setting,	-Grade 3
CRB checks	- Grade 4,	Human resources	-Grade 3
Capital Projects	(not graded)		

Members noted the details with regard to CRB checks for staff and the number still outstanding to be completed. It was confirmed that a number of those outstanding were for individuals (Hourly Paid Lecturers) that had not been given contract for at least the past 6 months. The appraisal Policy and Procedures are in place but had not been reviewed since 2001.

The Capital Project was being well managed and controlled.

Members noted the league table of Colleges produced by the IAS and based on the numbers of recommendations made. The Chair expressed concern that the College had so many IAS recommendations during 2008-09, and whilst accepting the reasons for some of these it was felt the emphasis should now be on ensuring the systems and procedures were up to standard.

It was confirmed that this is the approach being taken by Management

AU 09/20 ILR Auditors Management Letter.

The draft management letter was received following the first stage audit. The second stage had now to take place where the ILR auditor will endeavour to identify other issues that impact on the funding claimed by the college and perhaps lead to funding clawback. It was noted that the ILR auditor had confirmed that no funding will be reclaimed for Achievements.

The OLASS audit has identified sound systems in place.

Members were told that the College had recovered most of the money, clawed back by LSC, from its partners and now stood to lose just £50,000.

The Chair questioned the IAS as to why the data issues had not been identified by the College IAS and that they had indicated that there were no problems in their annual report.

Rakesh Shaunak mapped the ILR findings to the IAS report and stated that the audits had been different in their nature. The IAS audit had not been a substantive audit and hence only a small sampling exercise had been conducted.

Whilst accepting this Richard lane felt that the IAS report had been presented in a very positive manner which led the College and Governors to believe systems were being properly applied by its partners. It was accepted that the College was largely sound in the application of its procedures but that its partners had been less rigorous in their use.

The Chair stated that the IAS report in October 2009 showed approximately 50% of the sample tested as having errors and that this should have sparked further queries and more testing. This was accepted by the Auditor. It was agreed that future audits will include more substantive testing especially when an ILR audit is expected.

It was requested that future IAS reports provide an overall opinion/grade for the College.

(The principal left at this point)

AU 09/21 Review of Audit Recommendations from Previous Years.

Members reviewed the recommendations and noted those implemented. It was confirmed that where the date for implementation was shown as February 2010 these had also been implemented.

A Purchasing officer & Building Surveyor had been appointed but the contracts risk register had not been fully completed as yet.

It was agreed that the review of previous IAS recommendations should be a standing agenda item.

(Richard lane left at this point)

AU 09/22 To Meet Auditors Without Officers Present.

Rakesh Shaunak mentioned that the College had grown very quickly in the past 2 years but that the attention to detail had not moved along at a similar pace and that this may be due to staffing to support the Director of Resources.

It was acknowledged that Richard lane's workload had been considered in the past but governors had been assured that things were under control.

The Auditor stressed that the College was in a good Financial Position but there was a concern that The Director of Resources was being 'pulled' in too many directions.

It was accepted that this was a management issue but Alan Edwards and the Chair agreed to share these concerns with the Principal, whilst accepting it was for him to decide how best to resolve the situation.

AU 09/23 Any Other Business.

There was no other business.

AU 09/24 Date of Next Meeting.

The next meeting will take place on 11th May 2010.

Signed.....
(Chair)

Date.....