

**Minutes of the Meeting of the Audit Committee
Held on Tuesday 11th June 2013 at 8am in Room 814
Matthew Boulton Campus**

Present:

Kathryn James (Chair)
Marina Hunt (Staff Member Business Support) (MH)
Andrew Madden (AM)

Apologies:

Anthony McCourt (AMcC)

In Attendance:

Venita Vickery (Baker Tilly) (VV) (items 1, 2 and 5 only)
Andy Argyle (KPMG) (AA)
Zubair Limbada (KPMG) (ZL)
Greg Wilson (PWC) (GW)
Catherine Bennett (Clerk)
Clive Hill (Deputy Principal)
Bob Pattni (Executive Director of Finance and Resources) (BP)

Declarations of Interest

There were none save for those already declared in the Register of Interests.

Declarations of Irregularities

There were none.

Item 1 – Open and Confidential Minutes of the Meeting held on 12th March 2013

The Chair led the Committee through the open and confidential minutes of the meeting held on 12th March 2013. Subject to two minor amendments, it was agreed that they were a true and accurate record of the meeting.

Action:

Clerk to email minutes to Chair following amendment for signature.

Item 2 – Risk Register

- 2.1 BP presented this item and reported to the Committee that the Risk Register takes into account the views coming forward from the governors' residential.
- 2.2 Members discussed the risk register in detail in particular mechanisms for the Executive team and governors to achieve a sense of overall risk climate as well as what the key risks are at this point of the year which BP reported as financial targets, success rates and learner numbers.
- 2.3 The Chair reported that as previously discussed, the Committee will deep dive into a particular area in more detail and it was suggested that the next meeting be success rates which was agreed.

2.4 BP reported that in terms of quality, there has been a change in personnel and currently decisions are being made in relation to the bottom 10% of provision as to whether to carry it forward or discontinue – the fall out of which would be a cut in contract income and resource.

2.5 The Committee discussed performance management of staff in detail as well as serving the local community and the College's position in the current marketplace.

At this stage the Chair declared an interest in relation to her governor role at King Edwards Sheldon Heath Academy.

2.6 The Committee discussed the idea of looking at risk in more detail (in particular with the integration of Stourbridge) and extended the length of the Autumn meeting to three hours. The Committee also discussed the idea of having a matrix or table of risks from a KPI assessment perspective. Both of these points were agreed.

2.7 In addition, the Committee discussed in detail the work programme of the Academic Standards and Quality Development Committee and that of the Audit Committee in relation to performance and success rates.

APPROVED:

The Committee approved the Risk Register and agreed to recommend it to the Corporation for final approval.

Action:

- (i) a longer meeting to be arranged in the Autumn term – Clerk.
- (ii) the Committee to look at success rates in more detail at the next meeting in terms of managing risk – Clerk and BP.

It was agreed by the Chair that item 5 could be taken at this stage.

Item 5 – Presentation on BMET Insurance Cover

5.1 VV presented this item and gave the background to the College's insurance position as well as a detailed description of the cover in place. VV also outlined to the Committee the cost benefits of putting cover in place as a group (ie with Harborne Academy and Stourbridge).

5.2 The Committee discussed the cover in detail and asked questions in relation to what are the new policy areas coming to life? VV responded that liable and slander are big areas for which BMET are covered. VV added it is the types of claims that have changed with an increase across all sectors in personal injury and stress claims.

5.3 The Chair concluded that the presentation had been very helpful and it is fair and reasonable to conclude that the College has the appropriate areas of cover in place at the appropriate sum and premium. The Chair thanked VV for the presentation.

VV left the meeting at this stage.

Item 3 – Internal Audit Reports:

(i) Risk Management

3.1 GW and BP led the Committee through this item highlighting to the Committee the one medium and three low risk recommendations which the Committee discussed in detail.

- 3.2 The Committee discussed linking performance indicators to risk and using marketplace terminology such as gross and net risk (subject to mitigation) and defining risk appetite.
- 3.3 The Committee requested a KPI style of performance/risk report and it was agreed that this would be available at the Autumn meeting.

APPROVED:

The Committee approved the internal audit report on Risk Management.

Action:

KPI style of performance/risk report to be provided at the Autumn meeting – BP.

(ii) Harborne Academy – Capital Project Review

- 3.4 GW presented this item and led the Committee through the internal audit report on Harborne Academy Capital Project Review. He highlighted the two low risk recommendations and one advisory point set out in the report.
- 3.5 The Committee discussed the findings in detail and GW and the Executive team responded to all questions raised.

APPROVED:

The Committee improved the internal audit report on Harborne Academy – Capital Project Review.

(iii) PWC Progress Report 2012/13

- 3.6 GW led the Committee through the Progress Report providing an update on the current position which the Committee discussed in detail.
- 3.7 The Chair asked for an update in relation to the UKBA Audit. BP provided an update on the revised UKBA conditions and the steps taken internally.

APPROVED:

The Committee approved the Progress Report 2012/13.

(iv) Draft Internal Audit Plan 2013/14

- 3.8 GW led the Committee through the Draft Plan for the group which the Committee discussed in detail particularly in the context of the shape of area being covered, inspection and merger. The Committee requested some amendments as set out in the action points.

Action:

- two additional review dates to be built in
- partnerships and harmonisation to be added.

APPROVED:

Subject to the action points above being made, the Committee approved the Draft Internal Audit Plan 2013/14.

Item 4 – External Audit Plan and Strategy 2012/13

- 4.1 ZL presented this item updating the Committee in relation to the position in terms of the accounts for the former Stourbridge College and the timing in relation to reporting.
- 4.2 ZL also went into detail in terms of assets and liabilities as well as providing an update to the Committee members on latest developments in the sector.
- 4.3 The Committee reviewed, considered and discussed the plan in detail.

APPROVED:

The Committee approved the External Audit Plan and Strategy 2012/13.

Item 6 – Stourbridge Corporation – Audit Committee – Alignment and Continuity

- 6.1 BP presented this item and outlined to the Committee the position in terms of internal and external auditors following merger.
- 6.2 From a Stourbridge College audit point of view, BP confirmed that the internal auditors for Stourbridge had reported that there was nothing of significance that needed to be reported to the Committee at this stage and that one final internal audit report would be presented to the Committee at the Autumn meeting by the auditors for the former Stourbridge College.
- 6.3 The Committee discussed the appointment of auditors and it was agreed that given the synergy savings achieved by BMET by tendering as a group, the current BMET auditors were best placed to continue with internal and external audit for the merged college.

Action:

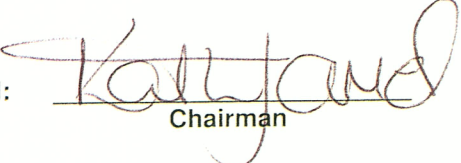
- Outstanding internal audit report for Stourbridge College to be brought to Autumn Committee meeting
- Date of Autumn meeting to be circulated as soon as possible.

Item 7 – Any Other Business

As it was her last meeting, the Chair thanked MH for her contribution as member of the Audit Committee.

The meeting then ended.

Date of Next Meeting - TBC

Signed:  Date: 19/11/13
Chairman