

CENTRAL SUSSEX CORPORATION

Minutes of a meeting of the Audit Committee held at 5.00 p.m. on Thursday, 30th June 2011 in T11, Crawley Campus

Membership: Patrick Berry (Chair)*, Jo Burns, Zoë Richardson (on sabbatical), Philip Roberts* and Janak Shah.

* = present

Also in attendance: Suri Araniyasundaran, Helen Tracey, Nick Whitley (Clerk), David Barnes (Grant Thornton), Kate Blenkinsop (Grant Thornton) and for part of the meeting Alan Hynes and Ray Whitlock.

APOLOGIES FOR ABSENCE

1. Apologies were received from Jo Burns and Janak Shah.

DECLARATION OF INTERESTS

2. There were no interests to declare.

It was agreed to take the Review of Complaints next.

REVIEW OF COMPLAINTS

3. Alan Hynes took the meeting through the summary within the report. He pointed out that although the number of complaints had increased since the same period last year, the proportion that had been found valid remained low, at 21%. It should also be noted that 8 of the complaints related to the same teaching situation.
4. He confirmed that there had been no particular shift in the pattern of complaints, other than that last year's number of complaints appeared to have been unusually low. The time taken to hear appeals was excluded from the measure of timeliness. There were no particular lessons to be learned; the Quality team was always looking to see whether any pattern was emerging but none was evident.
5. The Chair of the Committee drew attention to the fact that this was meeting at which Alan Hynes' would be present, since he was retiring at the end of the academic year; he thanked him for the assistance and support he had given to the Committee.

MINUTES OF A MEETING HELD ON 13th DECEMBER 2010

6. The minutes were signed as a correct record.

MATTERS ARISING

7. **HMRC (Her Majesty's Revenue and Customs) audit/4:** Suri Araniyasundaran advised that he had not received any comments from the RSM Tenon experts; however HMRC had notified the College of a planned visit to review the College's partial exemption method.

David Barnes informed the Committee that he would be carrying out a high level review of the College's treatment of VAT and other taxes as part of the initial audit planning exercise.

Register of Follow Up Actions from Audit Reports

8. It was noted that the actions were generally on track to be completed.
9. **Safeguarding/32 1.13:** The Clerk clarified that a Code of Conduct was in place but that it required some amendments that would enhance it with respect to safeguarding. These required consultation with the Unions, hence the adjustment of the time-table.
10. **The report was received.**

APPOINTMENT OF VICE-CHAIR OF THE COMMITTEE

11. **It was agreed that Philip Roberts would be the Vice-Chair of the Committee**

INTERNAL ASSIGNMENT REPORT

12. In the absence of a representative from RSM Tenon, Suri Araniyasundaran took the meeting through the report.
13. He drew attention to Recommendation 3.5.1, where the College should have kept the evidence to support the claim for fee reemission in respect of an overseas student. The College had run a full report on overseas students and reviewed the evidence to establish that this was an isolated incident. It was, incidentally, likely that the requirement to keep a copy of the evidence would be removed from the 2011/2012 guidance as part of the Government's "bureaucracy busting" measures.
14. As far as recommendation 4.5.1 was concerned, Management disagreed with the auditors; it was not considered necessary for the budget holder to sign to authorise the raising of invoices to collect income owed to the College. It was acceptable for an administrator to initiate this. 4.5.3 related to the transition being made during the year to the use of a facility within the College's accounting system for debt-chasing. In 4.5.4 he considered that the auditors may have misunderstood that the use of a debt collection agency was a pilot exercise; there may be instances where it was appropriate to use such an agency, but it was by no means a matter of routine. It would therefore not be appropriate to include it within the Financial Regulations, although the procedures did require updating.
15. The auditors had found staff to be vigilant and had noted three particular points of good practice.
16. **The report was received.**

REVIEW OF FINANCIAL REGULATIONS

17. Suri Araniyasundaran introduced the report, explaining that the proposed changes were essentially housekeeping in nature. It was noted that some references to the LSC had been overlooked.
18. David Barnes commented that the approach adopted for signatories in 5.4 appeared a sensible balance of pragmatism with control.

19. **The proposed amendments to the Financial Regulations were approved, subject to the remaining references to the LSC being corrected.**

REVIEW OF ANY IRREGULARITIES, FRAUD, CORRUPTION OR IMPROPRIETY

20. **It was noted that there were no irregularities to report.**

RISK MANAGEMENT

21. The risk register was reviewed. It was considered that an additional risk should be identified, in relation to governance: namely that the four members of the Corporation with most knowledge and experience (John Peel, Paul Harding, Patrick Berry and Mark Froud) should be simultaneously lost to the Corporation through accident or other unforeseen circumstance.
22. It was considered that only the top risks should be reported to the Corporation, to avoid overloading the Members with too much detail. Suri Araniyasundaran drew attention to the fact that he had highlighted these in red. The financial statement auditors supported this approach, stating that it was appropriate for the Audit Committee to review the full risk register, but that the Corporation should be given information on the higher level strategic risks.
23. The Chair commented that he was concerned that the auditors had not yet presented their report on risk management. He had also been somewhat concerned by the nature of the questions that had been posed to him by telephone by the auditors. Suri Araniyasundaran explained that, because the auditors had carried out a review of risk management for five consecutive years and had given the College a clean bill of health on each occasion, they had been asked to approach the assignment on a different basis, to add value. They had been asked to assess the College's risk maturity and to offer ways that the College could improve its approach to risk management, drawing on best practice within industry and commerce, as well as the education sector. The report had not been finalised as yet, although they had indicated that there were a number of recommendations they would be making to enhance the College's approach.
24. It was noted that the internal auditors had suggested that more detail should be provided about the Risk Assurance Group within the Risk Management Policy; however Kate Blenkinsop drew attention to a recent discussion at another College where it was concluded that such a policy should be kept at a high level, as a framework, without operational detail, to ensure the distinction between governance and management was maintained.
25. David Barnes also commented that the amount of detail included in the risk register could be confusing; Suri Araniyasundaran pointed out that, although it included a lot of detail, the spreadsheet was so designed that it could be sorted for reporting information by relevant risk owner. David Barnes suggested that under the mitigation it should also capture the audits, which were of themselves significant controls for risk.
26. The Clerk confirmed that the Committee would report on risk as part of its annual report to the Corporation, and that would be informed by the Internal Audit Annual; Report, which was scheduled for the September meeting.
27. **The report was noted.**

FINANCIAL WAIVERS

28. The report was noted.

REVIEW OF SENIOR POSTHOLDER EXPENSES

29. The expenses were reviewed.

ANY OTHER BUSINESS

30. There being no other business, the meeting closed at 6.18 p.m.