

## HOPWOOD HALL COLLEGE

Minutes of a meeting of the **Audit Committee** held on Thursday 16 October 2008 at 1500hrs.

<b>Present</b>	Paul Harness  Clint Street	Alun Morgan	Clive Reid (Chairman)
<b>In Attendance</b>	Lydia Brown (PWC)  John Spindler (Interim Dir FP&HR)	Ralph Devereux (Clerk)	David Newman (PWC)

- 1/08 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS AND APOLOGIES**  
The apology was accepted. No notice had been received of any member becoming ineligible to hold office. The meeting was quorate and no interests had been declared.
- 2/08 ELECTION OF CHAIRMAN**  
Clint Street proposed and Paul Harness seconded Clive Reid as Chairman for 2008/09, there were no other recommendations; carried unanimously.  
  
**Clive Reid would be Chairman for 2008/09.**
- 3/08 MINUTES OF THE MEETING HELD ON 30 APRIL 2008 AND NOTES OF THE MEETING HELD ON 26 JUNE 2008.**  
There had been no apologies and 17/07 was amended, the Minutes of the last meeting were then confirmed and signed, the notes from 26 June were received.
- 4/08 MATTERS ARISING FROM THE MINUTES AND NOTIFICATION OF URGENT BUSINESS**
- a. re 32/07. Staff training. As the last meeting had been inquorate the issue of staff training was raised and considered; it was agreed as a serious issue and the comments at 32/07c were affirmed. The relatively high number of comments regarding the personnel function was discussed and it was agreed that the Chairman would raise the matter directly with the Principal at their next regular meeting.
  - b. There was no urgent business requested.
- 5/08 ANNUAL INTERNAL AUDIT REPORT 2007.08**  
The Annual Report for 2007/08 was a standalone document which would inform the LSC on internal audit issues and thus was a digest of previous information presented to the committee. The Report was considered and discussed; the report would also inform the annual committee report to the corporation, which would be considered at the next meeting. The overall opinion that..."Moderate Assurance on the design, adequacy and effectiveness of the internal control systems"..... had been prompted by significant control weaknesses in:
- (i) Staff Training and Personal Development;
  - (ii) Human Resources;
  - (iii) Health and Safety.

Although management action was being planned as part of a wide ranging reorganization of responsibilities, concern was felt that these areas had resulted in a lowering of the overall annual opinion, (see 4/08a); the report was recommended to the Corporation. Thanks were recorded to the IAS for the professional standards throughout the year.

**The Information was received and the report recommended to the Corporation.**

**6/08 INTERNAL AUDIT ANNUAL PLAN 2008/09**

The internal audit plan for 2008/09 was based on the outcome of discussions with management and updated the 3 year audit strategy, which was clearly explained within the document. It would not be necessary to focus on areas of weakness from the 2007/08 work since they would be revisited as part of the "Follow up" procedure. It was felt that the level of risk associated with the accommodation strategy/capital build was sufficiently high to merit special consideration and it was agreed that a suggested scope would be drafted for consideration and comment by management and then to the next committee meeting. It was also agreed that the current turbulence in the financial sector prompted an earlier look at Treasury Management; consequently it was agreed that Corporate Governance testing would be delayed until the second visit in March, to free time in the December visit. The plan was felt to be realistic and comprehensive, mandatory and core testing visits were supplemented by wider, mutually agreed areas, and the total allocation was 66 days, 2 more than in 2007/08. Number of planned days and timings for completion of the visits were clearly identified and agreed. The amended plan was recommended to the Corporation.

- a. The Audit Plan and associated KPIs were recommended to the Corporation.**
- b. Consideration would be given to a risk audit of the accommodation strategy.**

**7/08 INTERNAL AUDIT REPORTS**

The final 3 papers for the 2007.08 programme were then considered.

- a. Nominal Ledger. Some risks previously identified within the nominal ledger area continued to be evident since management did not take the view that they merited changed processes; this was a professional judgment matter and, despite no further comments, had prompted moderate assurance.
  - b. HAS. Only limited assurance based, on 3 high and 2 medium risks together with 4 medium operating control risks, had been given to HAS processes. The committee viewed the identified weaknesses with concern; it was felt particularly that the issues surrounding the fire safety were critical and should be rectified immediately and that the target date of 31 December was unacceptable. For example, the lack of a fire evacuation policy places an unacceptable level of risk to life in the event of a fire and contravenes the duty of care. The Chairman also undertook to raise this issue, together with the concerns previously noted, directly with the Principal. It was suggested and agreed that the AD Corporate Services should bring a detailed report of action to the next committee meeting.
  - c. Follow Ups from 2006.07. A total of 70 recommendations had been made throughout the year and 9 had been superseded leaving 61 extant; 32 had been implemented and 29 remained outstanding. The outstanding total may now be reduced since the tally was based an early assessment with unfortunately and unavoidably no later confirmation. Notwithstanding that the 41% incomplete did not contain any high risks it was unanimously felt that this was a poor performance. It was agreed that the implementation of agreed recommendations should be monitored by the committee and consequently an exception report would be a standing item of future agendas.
- a. The Information was received.**
  - b. Action on HAS high risk recommendations would be accelerated.**
  - c. AD Corporate Services would be invited to the next committee meeting.**
  - d. An exception report of implantation of recommendations would be an agenda item.**

**8/08 FINANCIAL PROCEDURES**

Financial Procedures (last updated in 2003) had been amended to reflect best practice and the current staffing structure. Changes were clearly identified in the document which was agreed and recommended to the Corporation.

**The amended procedures were recommended to the Corporation.**

**9/08 URGENT BUSINESS**

There had been no urgent business agreed.

**10/08 DATE OF NEXT MEETING**

The next meeting would be held on 27 November 2008.