

HEARING AID COUNCIL

Minutes of the Audit Committee
Held in Open Session at 70 St Mary Axe, London EC3A 8BD

On Tuesday 6th May 2008
12.00pm – 2.00pm

PRESENT:	Michael Bishop	Chair
	Chris Raine	Council Member (by telephone)
	Gerald Armstrong – Bednall	Council Member
CO-OPTED MEMBERS:	Ivan Doncaster	Parkhill
IN ATTENDANCE:	Sandra Verkuyten	Chief Executive & Accounting Officer (by telephone)
	Justin Parfitt	Managing Director & Director of Resources
	Chris O'Leary	Registrar and Director of Policy
	Amicie Knowles	Audit Committee Clerk
ALSO PRESENT:	Steve Ecroyd	National Audit Office
	Sabri Koteci	BERR
	Gordon Manickam	BERR
	Stuart Holland	Modernisation & Transfer Manager

Audit Committee Minutes 6th May 2008

1	Apologies for absence	
1.1	Keith Lloyd Alan Rudge	
2	Minutes of the previous meeting held in open session 13th March 2008	
2.1	The committee agreed the minutes were an accurate record of the meeting.	Agreed
3	Matters arising	
3.1	There were no matters arising.	
4	Declarations of interest	
4.1	No interests were declared other than those on the register of interests.	
4.2	The Chair informed the committee that he had written to a co – opted member of the committee and asked that he tender their resignation by the meeting on 6 th May 2008 due to a strong conflict of interest owing to the potential Judicial Review of The Hearing Aid Council (HAC).	
4.3	The Chair informed the committee that he had not received a response from the member and asked the committee to decide what appropriate action should be taken.	
4.4	The committee agreed that the Chair had acted appropriately in writing to the co – opted member.	Agreed
4.5	The committee agreed to recommend to Council that the co – opted member be removed from the Audit Committee if the resignation is not tendered.	Agreed
4.6	The Chair informed the committee that authority would be sought by the Chairman of the HAC to exclude the co-opted member from the next audit committee meeting prior to the Council meeting on the 2 nd July 2008 in the event that resignation is not tendered.	Action
4.7	A Council member informed the committee they may have a conflict of interest relating to the company possibly bringing a Judicial Review on the HAC, and working with them regarding a foundation degree. The committee discussed this and agreed that no conflict arose from this.	Agreed
5	Draft 2007/08 Accounts including Statement of Internal Control & Annual Report	
5.1	The Managing Director & Director of Resources (MDDoR) presented the draft accounts including the Statement of Internal Control and the draft Annual Report to the committee.	
5.2	The MDDoR informed the committee that the Annual Report was in the stages of being finalised due to the changes in legislation and would be completed shortly by the Modernisation & Transfer Manager (MTM).	
5.3	The MDDoR reported to the committee members they would be sent the Annual Report by email and asked to respond with comments. The committee agreed	Action & Agreed

	this.	
5.4	Remuneration Report – the Chief Executive & Accounting Officer (CEO) informed the committee that the rise in days in regard to the Chairman of the HAC was anticipated and the HAC had approval from the Department of Business Enterprise and Regulatory Reform (BERR) regarding this. Remuneration Report – Agreed	Agreed
5.5	Statement of the Council's and Accounting Officers Responsibilities – Agreed	Agreed
5.6	Accounting Officer statement on internal control – Agreed	Agreed
5.7	Financial Statements – Agreed	Agreed
5.8	Accounting Policies – the NAO suggested that the HAC include an explanation of the HAC exams to break even in this section. The MDDoR agreed to consider this.	Agreed & Action
5.9	The committee agreed to receive the report subject to suggested changes and the committee will feedback comments to the MDDoR by email.	Action & Agreed
6	NAO Interim Management Letter	
6.1	The NAO informed the committee that a management letter was not issued to the HAC as there were no significant points that needed to be raised.	
7	BERR Head of Internal Audit Opinion & Annual Report 2007/08	
7.1	BERR presented the Internal Audit report to the committee. BERR informed the committee that the HAC overall had a green rating showing a “strong control environment.”	
7.2	BERR informed the committee that after discussions with the MDDoR BERR are happy for no further work to be carried out on the remaining reconciliation difference (c£1k) but that action should be taken to write off the difference. It was agreed that the MDDoR would draft a paper for the next Audit Committee meeting in relation to this for agreement by the Committee, and recommendation for Council at their next meeting.	Action
7.3	BERR advised that they believe the authorisation amount for the CEO is now too high however the HAC accept the risks and responsibilities that accompany this and therefore BERR have no further comment.	
7.4	BERR stated to the committee they are now in a position to finalise their annual report and will do so in advance of the date for submitting papers to the next Committee meeting.	Action
8	HAC Risk Register	
8.1	The MTM presented the Risk Register to the committee, informing the committee that the HAC now have a new risk - the potential Judicial Review (JR).	
8.2	The CEO informed the committee that everything is being done to try to minimise and mitigate the risks of this to the HAC, however resources are already being used as the JR had not been accounted for in the budget.	
8.3	The committee agreed to note the risk and stated the committee had every	Agreed

	confidence that the executive team were doing everything within their power to mitigate this risk. The committee asked to be kept informed of any developments.	
8.4	The committee agreed the risk register.	Agreed
9	International Financial Reporting Standards (IFRS)	
9.1	The MDDoR informed the committee that following the last meeting the NAO provided a contact at HM Treasury (HMT) for HAC to write to. The response from the HMT was that the HAC will still need to consider the effects of IFRS in relation to comparative figures to be used by HPC.	
9.2	The MDDoR and the NAO will meet to discuss the IFRS before the next Audit Committee meeting.	Action
10	Committee only and Auditors	
10.1	The committee met with the auditors only.	
11	Date & Time of next meeting	
11.1	11 th June 2008 10.30 till 12.30 Two Council members informed the committee they were unavailable to attend the meeting on the 11 th June 2008, therefore the committee would not be quorate.	
11.2	The Clerk will contact members regarding an appropriate date.	Action

Action list

		Person responsible	
2.1	The committee agreed the minutes were an accurate record of the meeting.		Agreed
4.4	The committee agreed that the Chair had acted appropriately in writing to the co – opted member.		Agreed
4.5	The committee agreed to recommend to Council that the co – opted member be removed from the Audit Committee if the resignation is not tendered.		Agreed
4.6	The Chair informed the committee that authority would be sought by the Chairman of the HAC to exclude the co-opted member from the next audit committee meeting prior to the Council meeting on the 2 nd July 2008 in the event that resignation is not tendered.	Chair	Action
4.7	A Council member informed the committee they may have a conflict of interest relating to the company possibly bringing a Judicial Review on the HAC, and working with them regarding a foundation degree. The committee discussed this and agreed that no conflict arose from this.		Agreed
5.3	The MDDoR reported to the committee members they would be sent the Annual Report by email and asked to respond with comments. The committee agreed this.	MTM	Action & Agreed
5.4	Remuneration Report – the Chief Executive & Accounting Officer (CEO) informed the committee that the rise in days in regard to the Chairman of the HAC was anticipated and the HAC had approval from the Department of Business Enterprise and Regulatory Reform (BERR) regarding this. Remuneration Report – Agreed		Agreed
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5.8	Accounting Policies – the NAO suggested that the HAC include an explanation of the HAC exams to break even in this section. The MDDoR agreed to consider this.		Agreed
5.9	The committee agreed to receive the report subject to suggested changes and the committee will feedback comments to the MDDoR by email.		Action & Agreed
7.2	BERR informed the committee that after discussions with the MDDoR BERR are happy for no further work to be carried out on the remaining reconciliation difference (c£1k) but that action should be taken to write	HAC Admin & MDDoR	Action

	off the difference. It was agreed that the MDDoR would draft a paper for the next Audit Committee meeting in relation to this for agreement by the Committee, and recommendation for Council at their next meeting.		
7.4	BERR stated to the committee they are now in a position to finalise their annual report and will do so in advance of the date for submitting papers to the next Committee meeting.	BERR	Action
8.3	The committee agreed to note the risk and stated the committee had every confidence that the executive team were doing everything within their power to mitigate this risk. The committee asked to be kept informed of any developments.		Agreed
8.4	The committee received the risk register.		Agreed
9.2	The MDDoR and the NAO will meet to discuss the IFRS before the next Audit Committee meeting.	MDDoR & NAO	Action
11.2	The Clerk will contact members regarding an appropriate date.	Audit Clerk	Action