

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE held at Bicton College on Wednesday 5 March 2008

PRESENT: Sir John Cave - Chairman
Mrs C Bourne
Mr J Lowe - Staff Governor
Mrs J Yung

IN ATTENDANCE: Mrs L Twigg - Acting Principal
Mr J Kelly - Acting Director of Finance and Planning
Mr G R Copper - Clerk to the Board of Governors
Mr F Drake - PricewaterhouseCoopers – Internal Auditors

APOLOGIES: Cllr J Berry
Mr M Ellingham

SUMMARY OF RECOMMENDATIONS

- Recommended approval of the revised Committee terms of reference by the Board.

1. MINUTES

1.1 The Minutes of the Meeting held on 21 November 2007 were confirmed and signed by the Chairman. The Chairman welcomed Louise Twigg, John Kelly and Judy Yung to the meeting.

1.2 Matters Arising

There were no matters arising from the Minutes.

2. MATTERS OUTSTANDING FROM PREVIOUS AUDIT REPORTS

2.1 Received a report showing the action items outstanding from previous audit reports. The Acting Director of Finance and Planning reported that seven of the ten actions shown had now been implemented. Of the remaining items, the IT disaster recovery plan would be tested in July and the Human Resources system issue and health and safety competency matrix were being addressed after slipping behind schedule due to management changes. Governors requested that where items had slipped behind schedule, a realistic revised completion date be added to the report.

3. INTERNAL AUDIT REPORTS

3.1 Received and noted the year to date summary of audit report status.

3.2 Mr Drake presented the audit report on bank and treasury management. One high risk item concerning segregation of duties and two medium risk items were highlighted concerning the production of management accounts and bank reconciliation were discussed. It was recognised that it was difficult for the college to provide the level of segregation of duties recommended due to the small number of staff involved and there were other measures in place to minimise the risk of fraud. The Acting director of Finance and Planning said that there were no known instances of delay in producing the management accounts in the previous six months and that monthly bank reconciliation was in place but was not automated and unreconciled amounts over six months old would be written back. A rating of limited assurance had been given.

3.2 Received the audit report on debtors and non grant income. Two high risk items concerning segregation of duties and student debt management, and two medium risk items concerning posting of income and debtor reconciliation were reported. It was recognised that there needed to be some flexibility in managing student debtors but the recommendation that there be clear parameters for managers and a sign off of the decisions at senior level was accepted by the College. The segregation of duties issue was similar to that reported in the previous report. The Acting Director of Finance and Planning said that the posting of income delays were due to staff sickness and leave occurring at the same time and Governors did not consider the debtor reconciliation matter to be a significant issue. A rating of limited assurance had been given.

4. RISK MANAGEMENT

4.1 Received the updated risk register and the Acting Director of Finance and Planning reported on the changes. There was a discussion about improving the presentation into a single part document produced in colour which was agreed. Mr Drake commented that some colleges also provided a summary report on risk management actions. This would be prepared for the next meeting.

5. TERMS OF REFERENCE

5.1 The Clerk presented revised terms of reference for the Committee which reflected the new Board Committee membership and management changes. Mr Drake noted that reference was still being made to funding auditors and the Clerk explained that the terms of reference adhered to the LSC Audit Code of Practice model and it was still possible to have a separate audit of LSC funding claims. It was agreed to leave the reference to funding auditors in place and to recommend approval of the terms of reference to the Board.

6. DATE OF NEXT MEETING

6.1 Monday 30 June 2008 at 2.00 pm

Signed _____
Chairman

Date _____

**AUDIT COMMITTEE
ACTION ITEMS**

MINUTE	ACTION	BY	WHEN
4.1	The presentation of the risk register to be revised to a single part colour document with covering report.	Dir. Of Finance and Planning	30.6.08

PART TWO

CONFIDENTIAL

(Audit service representative withdrew for this item)

REVIEW OF AUDIT SERVICE PROVIDER PERFORMANCE

1. The Clerk provided a performance check list and it was agreed that both Bishop Fleming, financial statements auditors and Price Waterhouse Coopers, the internal auditors were performing satisfactorily.
2. The Clerk also circulated guidance on best practice in audit committee operation for consideration and feedback of comments by Governors, which would be incorporated in the 2008 review of Governance.