

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE held at Bicton College on Wednesday 26 November 2008**

<b>PRESENT:</b>	Sir John Cave	- Chairman
	Mrs C Bourne	
	Mr M Ellingham	
	Mr J Lowe	- Staff Governor
	Mrs J Yung	
<b>IN ATTENDANCE:</b>	Mr J Kelly	- Interim Director of Finance and Planning
	Mrs C Quick	- Finance Manager
	Mr G R Copper	- Clerk to the Board of Governors
	Mr T Borton	- Bishop Fleming – Financial Statements Auditors
	Ms E Steed	- PricewaterhouseCoopers – Internal Auditors
<b>APOLOGIES:</b>	Cllr J Berry	
	Mrs L Twigg	- Interim Principal

**SUMMARY OF RECOMMENDATIONS**

- Recommend approval of the financial statements to the Board of Governors.
- Agreed that subject to minor amendments, the Chairman sign the Annual Report of the Audit Committee for presentation to the Board.
- Recommended approval of a revised Internal Audit Plan for 2008-9 plan to the Board of Governors.

**1. MINUTES**

- 1.1** The Minutes of the Meeting held on 30 June 2008 were confirmed and signed by the Chairman.

**Matters Arising**

- 1.2** There were no matters arising from the Minutes

**2. MATTERS OUTSTANDING FROM PREVIOUS AUDIT REPORTS**

- 2.1** The Interim Director of Finance and Planning stated that this item would be dealt with under the Internal Audit Follow Up report to 2006-7.

**3. INTERNAL AUDIT REPORTS**

- 3.1** Ms Steed presented the reports.

### Student Records

One medium risk item concerning one instance where achievement was incorrectly recorded was reported. The assurance statement showed moderate assurance. The Committee considered the report to be good.

### **3.2** Failure to Develop New Business

Three high risk items and two medium risk items were reported. The high risk items were no formal financial appraisal process for short courses or events, non compliance with Financial regulations. and no consideration of indirect costs of operating the College for events in vacation periods. The medium risk items were no formal contracts for events and no central database of businesses or key contacts. The assurance statement was no assurance. The Interim Director of Finance and Planning provided an update on action taken since the audit. Governors confirmed their responsibilities for monitoring action taken with the Clerk and requested that an audit be completed before any significant new systems or enterprises were put in place.

### **3.3** Risk Management

One high risk and two medium risk items were reported. The high risk item was no regular review of risks by the SMT or Risk Management Group. The medium risk items were no individual staff training on roles and responsibilities within the business recovery plan and risk management policy and procedures not updated in line with current management structure. The assurance statement was limited assurance. The Clerk confirmed with Ms Steed that it was acceptable for the Audit Committee to have responsibility delegated from the Board to receive risk management reports and the risk register. The Interim Director of Finance and Planning confirmed that risk management was now a standing agenda item for SMT meetings.

### **3.4** Follow Up 2006-7

The report showed that 26 recommendations from 2006-7 had been subject to follow up review. Of these 13 had been resolved. The management actions and issues involved were explained. The Committee would continue to monitor progress at each meeting.

## **4. INTERNAL AUDIT ANNUAL REPORT**

- 4.1** Received the internal audit annual report. The summary of audit findings was noted. The Committee was concerned that the report gave only limited assurance that the College had adequate and effective risk management, control and governance processes to manage the achievement of its objectives. The Interim Director of Finance and Planning challenged the level of assurance and the Clerk compared the assurance ratings given in each report in 2007-8 with 2006-7 when moderate assurance was given and Ms Steed clarified the auditors reasons for the rating. The Committee agreed that the report should be accepted but made clear

that the outcome was not satisfactory and the implementation of appropriate recommendations for improvements to systems and controls was required.

## **5. FINANCIAL STATEMENTS AUDITORS REPORT**

**5.1** Mr Borton presented the management letter and referred to the uncorrected misstatements in the annual accounts for 2007-8 which were however not material and no adjustment to the accounts was considered necessary. Four items had been carried forward from the previous year's management letter, three of which had now been resolved. Two items which had previously been raised and resolved had been raised again as issues again in 2007-8. These were timing issues concerning debit balances on the Aged Creditor report and sales invoices not being raised promptly. It was expected that an unqualified opinion on the financial statements for 2007-8 would be issued.

**5.2** Received a copy of the College regularity self assessment. Mr Borton reported that no issues with regularity had been found during the audit.

## **6. FINANCIAL STATEMENTS**

**6.1** The draft financial statements for the period 1 August 2007 to 31 July 2008 had been circulated. The report of the Board of Governors was noted. Mr Borton stated that the accounts had been audited and presented on a going concern basis after consultation with the LSC in view of the outturn deficit. The reported deficit for 2007-8 was £1.191m and the Board of Governors had approved a Recovery Plan to address the financial position. It was resolved to recommend approval of the financial statements to the Board of Governors.

## **7. ANNUAL REPORT TO THE BOARD OF GOVERNORS**

**7.1** The Clerk presented the draft Annual Report of the Audit Committee which was required to be presented to the Board of Governors prior to the approval of the financial statements. Two minor amendments were necessary to correct the start date of the contract with Bishop Fleming and the financial statements audit findings. Subject to these amendments it was agreed that the Chairman sign the report for presentation to the Board.

## **8. INTERNAL AUDIT PLAN 2008-9**

**8.1** Ms Steed presented a revised internal audit plan for 2008-9 which had been discussed with the Interim Director of Finance and Planning who explained the changes from the previously approved plan. The changes included audits of the payroll systems and catering and deleted audits of the nominal ledger and nursery. This was considered to make more effective use of the audit days. The Committee recommended approval of the revised plan to the Board of Governors.

## **9. RISK MANAGEMENT**

**9.1** The Interim Director of Finance and Planning presented the updated risk register as at November 2008 and highlighted the changes from the previous version.

Governors had found the paper difficult to read despite an additional electronic circulation. The Clerk would investigate whether a larger paper size was possible. An accompanying paper detailed the inherent risks if not mitigated by management action. It was noted that the Risk Management Group was underrepresented in curriculum staff. The Committee would continue to monitor the risk register and mitigating actions as a standing agenda item.

**10. DATE OF NEXT MEETING**

**10.1** Wednesday 11 March 2009 at 2.00 pm

Signed \_\_\_\_\_  
Chairman

Date \_\_\_\_\_

**AUDIT COMMITTEE  
ACTION ITEMS**

<b>MINUTE</b>	<b>ACTION</b>	<b>BY</b>	<b>WHEN</b>
<b>9.1</b>	Investigate whether a larger paper size for presentation of the risk register was possible to assist clarity	Clerk	11.3.09