



CITY OF BRISTOL COLLEGE

MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY 23 NOVEMBER 2006 IN THE COMMITTEE ROOM BEDMINSTER CENTRE AT 9.00 AM

Present: R Eke, J Killick, M Pemble (Chairman) and J Scaife

In Attendance:

A Campbell	-	Internal Audit Manager, Bentley Jennison
S Cox	-	External Audit Manager, KPMG
J Bentley	-	Director of Finance & Learner Information
R Thorold	-	Director of Resources and Estates
P Griffiths	-	Committee Services Officer

1 DECLARATION OF INTEREST

There were no declarations of interest pertaining to the Agenda.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from K Elliott, Principal, D Simpkins, Governor, I Venn, Clerk to the Corporation and Chris Wilson, External Audit Partner KPMG.

3 MINUTES OF MEETING HELD ON 5 OCTOBER 2006

The Minutes were agreed as a true record.

4 MATTERS ARISING FROM THE MINUTES OF 5 OCTOBER 2006

4.1 **Minute 7 Internal Audit Reports - Cashflow and Working Capital Management; Corporate Governance**

The Committee noted that A Campbell was unable to confirm that the two Internal Audit reports had been reissued and this would be followed up.

Action: Bentley Jennison

4.2 **Minute 9 Internal Audit Plan 2005/06**

The Committee noted that the Corporation Board had approved the Internal Audit Plan 2005/06.

4.3 **Minute 12 Risk Management Annual Report 2005/06**

The Committee noted that the Corporation Board had approved the Risk Management Annual Report 2005/06.

4.4 Minute 13 Value for Money Papers

The Committee noted that the papers had been circulated with the Minutes and Members requested that their thanks be recorded.

5 DRAFT ANNUAL REPORT AND FINANCIAL STATEMENTS 2005/2006

S Cox, Audit Manager, KPMG presented the Draft Annual Report and Financial Statements 2005/06. The Committee was pleased to note that the audit had resulted in an unqualified audit opinion.

The Committee received a Draft Management Report, noting that the status of the report was to identify any issues raised during the external audit.

Members' attention was drawn to the judgement issues contained in the Report and the Committee were pleased to note that there had been a reduction from 5% to 2% in the general provision for bad debts in the financial statements. This has been due to improved credit control procedures and a reduction in the use of the provision.

Members asked a number of questions relating to the judgement issues in the Report and were satisfied that the College has met its obligations and has the appropriate documentation to back up a claim for the pursuit of a debt from 'Training for Tomorrow'. It was therefore **agreed** to omit the paragraph relating to an independent review of the situation.

Action: KPMG

The Committee noted late adjustments to the accounts related to:

- Ashley Down overage payment;
- capitalisation of interest;
- reduction in accrual relating to the recruitment of NVQ students through the Association of Colleges; and
- FRS17 retirement benefits.

The Chairman highlighted the success of the Reports, in that no management points had been raised, and expressed thanks to staff at the College and KPMG.

The Committee agreed to recommend the Annual Report and Financial Statements to the Board for approval, subject to the amendment referred to above.

Action: CLERK

6 INTERIM EXTERNAL AUDIT 2006/07

The Committee were reminded that an interim regularity audit was no longer required by the Learning and Skills Council (LSC) however KPMG had made an interim visit at the request of the College.

Members were pleased to note that issues raised had been resolved by the year end.

The Committee received the report.

S Cox then left the meeting.

7 AUDIT ACTION PLAN UPDATE

Members received a report, which detailed the status of actions identified in internal audit reports, and were pleased to note the number of actions that had been completed overall.

The Committee received the report.

8 INTERNAL AUDIT PROGRESS REPORT

A Campbell, Internal Audit Manager, Bentley Jennison presented a report which summarised the outcome of work completed to date against the 2006/07 Internal Audit Plan.

Members were reminded that two contingency days would be used for audit work relating to the Financial Action Plan.

The Committee received the report.

9 RISK MANAGEMENT REPORT

The Committee received:

- an extract of the Risk Management Plan relating to issues identified as Priority 1; and
- an example of a risk area (Governance) contained in the Risk Register.

Members noted that the Risk Management Group had not met prior to the Committee meeting. Concerns were expressed about this issue as the Committee was required by the Board to monitor risk management of the College.

The Committee received the report and recommended that the Risk Management Group should meet at least bi-monthly.

Action: Director of Resources and Estates

10 FINAL DRAFT ANNUAL REPORT OF AUDIT COMMITTEE 2005/06

Members considered a final draft of the Committee's Annual Report to the Board and Chief Executive.

It was noted that the summary of conclusions and recommendations of Internal Audit Reports would be updated as advised by the Internal Auditors.

Action: Bentley Jennison

The Committee approved the report for submission to the Board, subject to:

- **the above amendment; and**
- **the wording relating to the Financial Statements Audit being finalised by the Clerk and approved by the Chairman.**

ACTION: CLERK

11 EXCEPTION AND INFORMATION REPORT

The Committee noted that there were no exceptions to the Financial Regulations to report.

12 APPOINTMENT OF INTERNAL AUDITORS 2006/07

The Chairman thanked A Campbell for the work carried out by Bentley Jennison during the past year. A Campbell then left the meeting.

Members were reminded that Bentley Jennison had been appointed as Internal Auditors from 1 August 2005 for 5 years.

Members were pleased to note that the College continued to have a good working relationship with the Audit Manager and requested the Clerk to send a letter to Bentley Jennison's Audit Partner commending A Campbell.

Action: Clerk

The Committee recommended to the Board that Bentley Jennison should continue to provide the College's Internal Audit Service.

Action: Clerk

13 ANY OTHER BUSINESS

The Committee noted that the contract for the External Audit Services was due to end on 31 July 2007 and a tender would be prepared in the spring.

Action: Director of Finance/Clerk

14 DATE OF NEXT MEETING

It was noted that the next Meeting would be held on Thursday 5 April 2007 in room 1.19, Bedminster Centre.

The meeting closed at 9.45 a.m.