



CITY OF BRISTOL COLLEGE

MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY 3 APRIL 2008 IN THE COMMITTEE ROOM BEDMINSTER CENTRE AT 9.00 AM

Present: M Pemble (Chairman), J Killick, B Price, J Scaife, D Simpkins
and L Tranmer

In Attendance:

C Flynn	-	Internal Audit, RSM Bentley Jennison
D Taylor	-	Internal Audit, RSM Bentley Jennison
K Elliott	-	Principal
J Bentley	-	Director of Finance & Learner Information
R Thorold	-	Director of Resources and Estates
I Venn	-	Clerk to the Corporation
P Griffiths	-	Committee Services Officer

1 DECLARATION OF INTEREST

There were no declarations of interest pertaining to the Agenda.

2 APOLOGIES FOR ABSENCE

All Members were present.

3 MINUTES OF MEETING HELD ON 22 NOVEMBER 2007

The Minutes were agreed as a true record.

4 MATTERS ARISING FROM THE MINUTES OF 22 NOVEMBER 2007

4.1 Minute 5 Annual Report and Financial Statements 2006/07

The Committee noted that the Corporation Board had approved the Annual Report and Financial Statements 2006/07.

4.2 Minute 6.2 Internal Audit Plan

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

At the previous meeting, Members had raised questions relating to key financial controls and RSM Bentley Jennison had undertaken to circulate to the Committee a summary of high level risks, mapped to the internal audit plan. It was noted that this work was not yet complete.

Action: RSM Bentley Jennison

4.3 Minute 9 Annual Report of the Audit Committee 2006/07

The Committee noted that the Corporation Board had approved the Annual Report of the Committee 2006/07.

4.4 Minute 11 Appointment of External Auditors

The Committee noted that the Corporation Board had approved the recommendation to appoint KPMG as External Auditors.

5 INTERNAL AUDIT REPORTS

Clare Flynn, RSM Bentley Jennison was introduced to Committee as the new Client manager for the College.

Two Internal Audit reports were presented to the Committee.

5.1 Other (non-LSC) income streams

The Committee noted that the College has a number of other (non-LSC) income streams. The main non-LSC income stream is from the six main Higher Education contracts currently in place. The total budgeted income from these contracts is just over £4million for the 2007/08 financial year.

The Internal Auditors had undertaken a review of the College's processes and procedures in place to adequately monitor income from these contracts, from the initial budget projections, through to the financial statements, to ensure that the College is maximising its income in this area. The Internal Auditors had concluded that:

- the control framework as currently laid down and operated, provides **substantial assurance** that risks material to the achievement of the College's objectives for this area are adequately managed and controlled;
- the level of assurance indicates that the College is mitigating many of the risks associated with non-LSC income adequately, based on the testing of key controls undertaken, and the management information examined as part of the review; and
- there was one recommendation classified as **merits attention**.

The Benchmark data indicated that the College benchmarks well when compared to similar reviews carried out in the sector, both in terms of the number of recommendations and the assurance level.

In response to Members questions, in particular the relevance of the sample size of invoices considered by the Internal Auditors in relation to the volumes dealt with by the College, it was noted that information would be included in the Minutes.

Action: Director of Finance

Afternote: The following is an extract from a report submitted to the Finance and General Purposes Committee:

Volumes and Values of invoices issued – cumulative

	<i>Total</i>	<i>Value £k</i>
<i>October 07</i>	<i>2,072</i>	<i>2,125</i>
<i>July 07</i>	<i>7,261</i>	<i>7,056</i>
<i>April 07</i>	<i>5,618</i>	<i>5,660</i>
<i>October 06</i>	<i>2,374</i>	<i>2,151</i>
<i>July 06</i>	<i>8,374</i>	<i>7,280</i>

The Committee received the report.

5.2 Core Financial Systems

The Committee noted that the controls operating within the following finance functions were reviewed:

- Creditors;
- Debtors;
- Payroll;
- Fixed Assets; and
- Management Information.

The Internal Auditors had concluded that:

- the control framework for the area under review, as currently laid down and operated, provides **substantial assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled;
- there was one **significant** recommendation and two classified as **merits attention**.

Benchmark data confirmed that the College is performing at a similar level to other organisations within the sector.

The significant recommendation related to write-offs being completed in line with Financial Regulations in that the Director of Finance should only write-off debts up to £5,000 and the Principal should report any amounts greater than £5,000 to the Audit Committee before authorising the write-off.

The Clerk informed the Committee that the Financial Regulations, currently under review, required that amounts between £5,000 and £50,000 could be written off by the Principal and amounts over £50,000 should be reported to the Finance and General Purposes Committee.

It was noted that the Internal Auditors comment in the report related to an unusual circumstance in which the College had invoiced the LSC, but no funds had been available.

D Taylor, RSM Bentley Jennison, undertook to reconsider the recommendation.

Action: RSM Bentley Jennison

Afternote: The recommendation has subsequently been changed to 'merits attention'.

The Committee received the report.

6 INTERNAL AUDIT PROGRESS REPORT

The Committee received a report that summarised the outcome of work from the Internal Audit Plan 2007/2008 that has been completed to date. Members were pleased to note that the Auditors were on target to complete the Plan and requested that future reports indicated the actual number of days completed.

Action: RSM Bentley Jennison

The Committee received the report.

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.

The Committee received the report.

8 FINANCIAL REGULATIONS

Members had previously been advised that a review of the Financial Regulations had been undertaken and would be presented to the Board for approval in July.

Action: Director of Finance

9. RISK MANAGEMENT

The Committee received:

- Notes of a Risk Management Group Meeting held on 25 March; and
- a copy of the revised Risk Register and Plan (Priority 1).

Members noted that the RMG had:

- noted that the management actions relating to risk management in the Audit Action Plan were complete;
- agreed to adopt the risk scoring matrix used by the NHS, adapted as appropriate, and communicate it to the Senior Leadership Team;
- identified a lead manager to score the risks and the scores would be assessed/confirmed at the next meeting;
- agreed to maintain present membership of the RMG with J Bentley taking the Chair until the appointment of a new Director of Resources and Estates;
- considered the issue of sustainability; and

- reviewed the Audit Action Plan and noted that only one major item was outstanding – the segregation of IT finance systems. The RMG instructed the Head of ICLT that urgent action was to be taken to resolve the matter.

The Committee received the report.

The Chairman informed those Members who were not Governors, that Richard Thorold, Director of Resources and Estates had been appointed as Principal of Gateshead College and would be leaving CoBC in August. Richard was congratulated on his appointment.

10. CYCLE OF MEETINGS 2008/09

The Committee agreed to continue with the present arrangements of holding meetings at 9.00am on Thursday mornings at the Bedminster Centre.

11 EXCEPTION AND INFORMATION REPORT

The Clerk reported that:

- the College would be undertaking a contract with Triaster Ltd for software and support for a Business Process Mapping process. The value of the contract is £100k and the College considered it impractical to tender for the work due to other organisations not being able to offer detailed assistance and knowledge transfer applicable to the sector; and
- following the College's acquisition of Brunel and Gordano Training Group Ltd (BTG) on 1 January 2008, Wyatt Pakeman (BTG's current Auditors) have been commissioned to draw up the Company's final accounts.

12 ANY OTHER BUSINESS

The Principal gave the Committee a brief update on recent announcements concerning the future of the LSC and a current Government green paper.

Members noted that with proposed new streams of funding, audit controls were likely to become more complex and costly.

14 DATE OF NEXT MEETING

It was noted that the next Meeting would be held on Thursday 22 May 2008, 9.00 a.m. in room 1.19, Bedminster Centre.

The meeting closed at 9.48 a.m.