

CITY OF BRISTOL COLLEGE

MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY 20 NOVEMBER 2008 IN THE COMMITTEE ROOM BEDMINSTER CENTRE AT 9.00 AM

Present: M Pemble (Chairman), J Killick, B Price, J Scaife

In Attendance:

C Flynn	-	Internal Audit, RSM Bentley Jennison
T Felthouse	-	Senior Manager, KPMG
J Bentley	-	Director of Finance & Learner Information
B Cooper	-	Director of Resources and Project Development
I Venn	-	Clerk to the Corporation
P Griffiths	-	Committee Services Officer

1 DECLARATION OF INTEREST

There were no declarations of interest.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from K Elliott and D Simpkins.

3 MINUTES OF MEETING HELD ON 9 OCTOBER 2008

The Minutes were agreed as a true record, subject to recording the presence of B Cooper.

4 MATTERS ARISING FROM THE MINUTES OF 9 OCTOBER 2008

4.1 Minute 11 Risk Management Annual Report 2007/08

The Committee noted that the Board had approved the Risk Management Annual Report 2007/08 at its October Meeting.

5 DRAFT ANNUAL REPORT AND FINANCIAL STATEMENTS 2007/2008

T Felthouse, Senior Manager, KPMG presented a Management Report, and Members noted that the status of the report was to identify any issues raised during the external audit.

The Committee noted that the Draft Annual Report and Financial Statements 2007/08 were being finalised and was pleased to note that the External Auditors anticipated a 'clean' audit opinion.

Members' attention was drawn to recommendations contained in the Management Report relating to:

- Capital Project control framework and accounting considerations;
- HE franchise contract with the University of Plymouth; and

- Controls over asset disposals.

The Committee noted the section of the report which summarised the main features of the financial statements and key movements from the prior financial year.

The HE franchise was discussed in detail and it was noted that the Auditors would finalise the Management Letter after further discussion with the Director of Finance.

The Committee agreed to recommend the Annual Report and Financial Statements to the Board for approval from an Audit perspective.

Action: CLERK

Afternote: HEFCE subsequently confirmed that there would be no 'claw back' and the Management Letter has been amended accordingly.

6 INTERNAL AUDIT REPORTS

The following Internal Audit reports were presented to the Committee:

6.1 Government Procurement Cards

The Committee noted that the Internal Auditors had reviewed the College's use of Government Procurement Cards.

It was noted that Government Procurement Cards are Visa branded purchasing cards used by organisations within the Public Sector to buy high volume, low value goods and services in an efficient way which results in savings on cost and processing. It also assists with achieving Government targets on prompt supplier payment.

The College introduced the use of procurement cards at the end of 2007 and has piloted their use through eight members of staff (although at the time of the audit, some members of staff had not used their cards). Each member of staff has a single transaction limit of £500 imposed with a monthly expenditure limit of £5000 and no-one has access to the cash withdrawal facility.

The Auditors had concluded that, as this was a new system, the controls that have been put in place were **adequate**.

In the report summary, there were four recommendations classified as **merits attention**; however there were more recommendations classified as such in the body of the report. **RSM Bentley Jennison undertook to clarify this.**

Action: RSM Bentley Jennison

The Committee received the report.

6.2 Risk Management

The Committee noted that the purpose of the report was:

- to summarise how far the College has evolved its own internal risk management procedures; and
- was a status summary of actions taken to date, whilst also noting planned future developments to further enhance the risk management system operated at the College.

The auditors had concluded in previous reviews of risk management that in general the risk management process as it exists was operating satisfactorily, but that there was an opportunity for enhancement and further embedding.

The audit had not sought to raise any separate recommendations in the current review as a more detailed "Risk Maturity" review was to be undertaken as part of the Internal Audit Plan for 2008/09.

The Committee received the report.

7. FRAMEWORK FOR EXCELLENCE - APPROVAL OF FINANCIAL MANAGEMENT AND CONTROL ELEMENTS

The Committee received a paper which had been presented to the Finance and General Purposes Committee, noting the requirement for the College to report its 2007/08 performance against new measures. The LSC has recently published guidance on how this is to be carried out and Members received a summary.

It was noted that Colleges are required to complete a return to the LSC [Self assessment of their Financial Management and Control Arrangements using the Financial Management and Control Evaluation (FMCE)] by January 2009. The guidance makes reference to ensuring 'that the completed FMCE form and grade are reviewed and recommended for approval by the college Audit Committee'.

The Committee recommended to the Board that:

- **the Principal discuss the completed form with the Chairman of the Committee, including the overall grade,**
- **this should be subsequently ratified by the Chair of the Corporation;**
- **a copy of the completed form would be made available to any Member, on request; and**
- **a summary report be made to the Board at the March 2009 meeting.**

Action: Principal/Clerk

8. FINAL DRAFT ANNUAL REPORT OF AUDIT COMMITTEE 2007/08

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

The Committee approved the report for submission to the Board, subject to the wording relating to the Financial Statements Audit being finalised by the Clerk and approved by the Chairman.

ACTION: CLERK

9 AUDIT ACTION PLAN UPDATE

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

The Committee received the report.

10. FINANCIAL REGULATIONS

The Committee received the final draft of the revised Financial Regulations together with the extant Regulations.

Members were reminded that the Regulations were revised during 2007/08 and considered by both the Audit and Finance and General Purposes Committees. It was intended to implement them from the start of the current Financial Year but at a late stage a Procurement Team was set up in the College and their experience was utilised in further consideration of the draft document.

Members raised a number of points which were resolved, and it was **agreed that a report regarding the Loss Register should be presented to the Committee annually.**

Action: Clerk

The Committee recommended the Financial Regulations to the Board for implementation from 1 January 2009.

11. EXCEPTION AND INFORMATION REPORT

The Clerk reported that no exceptions to the Financial Regulations had been notified.

Afternote: Subsequent to the meeting, the Clerk was advised that work to fit out Unit 5 at Orpen Park, which was a new lease to accommodate the requirements of the Transport and Engineering Technology Faculty, had not been tendered in accordance with the Financial Regulations. The reason for this was protracted negotiations with the Head Landlord over the assignment of the lease to the College by the tenant, Post Office Counters Ltd. Under the terms of the assignment Post Office Counters agreed to pay for strip out and re-instatement costs to a Schedule of Dilapidations. This work was tendered by Alder King acting as agents for Post Office Counters Ltd. As the extent of the fit out could not be determined until the lease was agreed, there would have been an unacceptable delay to completion of the project. The Contractor and Schedule of Rates for the Post Office Counters tender was therefore used to complete the fit out work.

12 APPOINTMENT OF EXTERNAL AUDITORS

The Committee noted that that the Board had appointed KPMG for a period of five years and that there was a requirement to re-appoint the External Auditors annually.

Following discussion, **the Committee recommended to the Board that KPMG be re-appointed as the College's External Auditors.**

Action: Clerk

13 ANY OTHER BUSINESS

No other business had been notified.

14 DATE OF NEXT MEETING

It was noted that the next Meeting would be held on Thursday 2 April 2009, 9.00 a.m. in room 1.19, Bedminster Centre.

The meeting closed at 10.05 a.m.