

CITY OF BRISTOL COLLEGE

MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY 9 OCTOBER 2008 IN THE COMMITTEE ROOM BEDMINSTER CENTRE AT 9.00 AM

Present: M Pemble (Chairman), B Price and D Simpkins

In Attendance:

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

1 DECLARATION OF INTEREST

D Simpkins informed the Committee that he was involved in the Audit of IT (*Minute 6.1 refers*).

2 ELECTION OF CHAIRMAN

The Committee unanimously agreed that M Pemble be elected to the Chair for 2008/09.

3 APOLOGIES FOR ABSENCE

Apologies for absence were received from K Elliott, J Killick and J Scaife.

4 MINUTES OF MEETING HELD ON 22 MAY 2008

The Minutes were agreed as a true record.

5 MATTERS ARISING FROM THE MINUTES OF 22 MAY 2008

5.1 Minute 4.1 Internal Audit Plan

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 had been circulated with the Minutes of the last meeting.

5.2 Minute 6 Capital Project Management

It was noted that the audit of Capital Project Management was the subject of an Internal Audit Report (*Minute 6.4 refers*).

5.3 Minute 9 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. It was noted that there were some late changes planned to reflect the establishment of a Procurement Team in the College and the application for the South Bristol Skills Academy project had been priority work. The review had therefore been deferred and would be presented to the Committee in March 2009.

Action: Director of Finance/Clerk

6 REPORT ON PROGRESS OF EXTERNAL AUDIT

The Director of Finance reported that the external audit had commenced, and the process should be completed on time.

7 INTERNAL AUDIT REPORTS

The following Internal Audit reports were presented to the Committee:

7.1 IT Capability

The Committee noted that the Internal Auditors had reviewed the College's IT Strategy in detail to ensure that plans are in place for IT systems and infrastructure to be developed, taking into account the overall plans and objectives of the College. Procedures in place for the management of the network infrastructure and helpdesk facilities in place were also reviewed.

The Auditors had concluded that:

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

The Committee received the report.

7.2 Partnerships

The Committee noted that the Internal Auditors had undertaken an audit of College Partnerships and 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 recommendation classified as **significant** and two as **merits attention**.

The significant recommendation related to the expiry of third party insurance held by some of the partners. It was noted that the College now maintains spreadsheets to monitor the expiry dates of insurance policies.

The Committee received the report.

7.3 Learner Numbers

The Committee noted that the Internal Auditors had undertaken an audit to provide an opinion on the control framework operated and not on the accuracy or validity of the College funding claim as a whole.

The audit 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;
- the results of this audit show that the Learner Number Systems at City of Bristol College continue to be well controlled. The Learner Information Management Department is working proactively in reducing the related risks and managing the internal control procedures effectively.;
- there were three recommendations classified as **merits attention**, however Members noted that these were of a housekeeping nature only.

The Committee received the report.

7.4 Capital Project Planning and Control

The Internal Auditors had reviewed the project planning, management and appointment of Consultants of the South Bristol Skills Academy (SBSA) project to assess the sufficiency and effectiveness of the current arrangements. The audit 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 recommendation classified as **significant** and two as **merits attention**.

The significant recommendation related to the absence of Project Board terms of reference. Members noted that draft terms of reference would be considered by the next Corporation Board Meeting.

The Committee received the report.

7.5 Internal Audit Strategy Update 2008/09

The Committee noted that the purpose of the report was to provide the College with a Strategy for Internal Audit, based upon the Internal Auditors' understanding of the College's risk profile and where assurances are required. As part of the report, Members received a detailed Internal Audit Plan for 2008/2009 and an updated strategy.

It was noted that to ensure compliance with requirements of the LSC Code of Practice, the following changes have been made:

- Corporate Governance to include new Instruments and Articles for Further Education;
- Estates review to be replaced with a review of Capital contracts which will build on a previous audit carried out in 2007/08 given the significant capital projects being embarked upon by the College; and
- a reduction in days in the area of counter fraud which will be used to increase coverage in the area of taxation which is considered a higher risk area.

In response to an issue raised about the lack of days allocated to the internal audit of Health and Safety, it was agreed that the Director of Finance, Director of Resources and Project Development and the Internal Auditors would discuss using contingency days for this purpose.

Action: Director of Finance/Director of Resources and Project Development.

Members received the report, noting that:

- **the detailed internal audit plan for the coming financial year reflects the areas that the Committee believe should be covered as a priority;**
- **the updated Strategy for Internal Audit covers the College's key risks as recognised by the Committee;**
- **the audit strategy includes all those areas that the Committee would expect to be subject to internal audit coverage, both in terms of the Internal Auditors professional responsibilities as well as covering areas of concern flagged by management**
- **the level of audit resource is accepted and agreed as appropriate by the Committee given the level of assurance required.**

7.6 Internal Audit Annual Report 2007/08

The Committee noted that the Internal Auditors overall opinion was that they were satisfied that sufficient internal audit work has been undertaken to allow a reasonable conclusion to be drawn as to the adequacy and effectiveness of the College's risk management, control and governance processes. The Auditors had concluded that for the twelve months ending 31 July 2008, the College has:

- adequate and effective risk management processes;
- adequate and effective control processes; and
- adequate and effective governance processes

to manage the achieve of the College's objectives.

Members raised a number of issues about the wording of the report, and highlighted some typographical errors. The Internal Auditors undertook to make the relevant changes and re-issue the report.

Action: RSM Bentley Jennison

The Committee Received the report.

8 INTERNAL AUDIT PROGRESS REPORT

The Committee received a report that summarised the outcome of completed work from the Internal Audit Plan 2007/2008. The Internal Auditors had concluded that the College has demonstrated **reasonable** progress in implementing actions agreed to address internal audit recommendations. However, the Auditors believed being able to evidence that risk management had been embedded across the College remained an area of weakness.

Members noted that since the drafting of the report and number of recommendations relating to risk management had been implemented.

The Committee received the report.

9 LSC AUDIT OF WORK BASED LEARNING (WBL)

The Committee received a report which detailed the findings and conclusions arising from the full assurance visit of the South West Regional Audit Team to the College. The audit was designed to ensure the College managed the key risks relating to LSC funding of WBL and to ensure that public funds have been used appropriately and for the purpose they were intended.

Members were pleased to note that the audit opinions were:

- unqualified (satisfactory) on the use of funds; and
- unqualified (satisfactory) on internal control.

The Committee received the report.

10 AUDIT ACTION PLAN UPDATE

Members received a report, which detailed the status of actions identified in internal audit reports, and were pleased to note that only one actions was outstanding.

The Committee received the report.

11 RISK MANAGEMENT ANNUAL REPORT

The Committee received the current Risk Management Plan and the Draft Annual Report on Risk Management 2007/08, noting the aim of the report is to enable the Board to form an opinion on the extent to which it complies with audit requirements and, subject to endorsement by the Financial Statement Auditors, include a statement of full compliance on Risk Management in the 2007/08 Members' Report.

The Committee endorsed the Draft Report and recommended it to the Board for approval.

12 DRAFT ANNUAL REPORT OF AUDIT COMMITTEE 2007/08

Members received a first draft of the report and were reminded that the Committee is required to produce an annual report for the governing body and accounting officer, which should include:

- The effectiveness of the College's risk management.
- The effectiveness of the College's control and governance processes.
- Any significant matters arising from the work of the Internal Audit Service (IAS), and the External Auditors.
- Any issues from the Regularity Audit.
- Any audit matters that impact on the Corporations Members' Report and Financial Statements.

Members assessed the overall performance of the Committee as 'excellent'.

The Committee endorsed the format of the report noting that a revised draft would be presented at the November meeting.

13 APPOINTMENT OF EXTERNAL AUDITORS

The Committee noted that there was a requirement to re-appoint the External Auditors annually. The Clerk had requested KPMG, External Auditors to carry out a self assessment and this would be considered by the Committee at a future meeting.

Action: Clerk

14 EXCEPTION AND INFORMATION REPORT

The Clerk reported that during the summer in order to fulfil the EUL contract it was necessary to recruit an additional NEETs in July. To meet the requirements of the contract at short notice it was necessary to make payments from petty cash rather than by cheque. The amount requested exceeded the amount stipulated in Financial Regulations and the Director of Finance authorised a variation.

15 ANY OTHER BUSINESS

No other business had been notified.

16 DATE OF NEXT MEETING

It was noted that the next Meeting would be held on Thursday 20 November 2008, 9.00 a.m. in room 1.19, Bedminster Centre.

The meeting closed at 10.10 a.m.