

CITY OF BRISTOL COLLEGE

**MEETING OF THE AUDIT COMMITTEE HELD ON  
THURSDAY 26 NOVEMBER 2009 IN THE COMMITTEE ROOM  
BEDMINSTER CENTRE AT 9.00 AM**



**Present:** S Hewitt (Chairman), J Killick, B Price, J Scaife (until item 8) and D Simpkins

**In Attendance:**

J Bentley	-	Director of Finance and Learner Information
B Cooper	-	Director of Resources and Project Development
T Felthouse	-	Senior Manager, KPMG
Rina Begum	-	Audit Manager, KPMG
A Campbell	-	Internal Audit, RSM Bentley Jennison
D Taylor	-	Internal Audit, RSM Bentley Jennison
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, Principal.

**3 MINUTES OF MEETING HELD ON 8 OCTOBER 2009**

These were agreed as a true record, subject to noting that an audit of College Taxable Activities (Minute 5.1) was no longer required due to the sale of the Nursery at Soundwell and the outsourcing of College catering activities. The Audit days had therefore been amalgamated into the Internal Audit Plan.

**4 MATTERS ARISING FROM THE MINUTES OF 8 OCTOBER 2009**

**4.1 Thematic Review of Performance Management Systems – Scoping Document**

The Committee noted that the Scoping Document Thematic Review of Performance Management Systems had been circulated with the meeting papers.

The Committee had also received a Risk Maturity Thematic Report 2008/09 together with a Benchmarking Report on Risk Maturity. Members raised a number of points for clarification and discussed the frequency of receiving the College's Risk Register.

**It was agreed that a summary of the process for monitoring the Risk Register, including reports to the Committee and the Main Board, would be presented to the next meeting.**

**Action: Clerk**

## 4.2 Data Protection/CRB/Freedom of Information Compliance

The Committee noted that:

- Reports on Data Protection and FOI had been added to the Committee's Meetings Framework; and
- CRB checks will be included in the Safeguarding audit.

## 4.3 Internal Audit Progress Report – Value for Money days

The Committee noted that the Value for Money days in 2008/09 had been used to review the existing payroll and HR systems, therefore providing support to the system update and related control framework in April 2009.

## 4.4 Risk Management Annual Report 2008/09

The Committee noted that the Board will consider the Report at the December Meeting.

## 5 DRAFT ANNUAL REPORT AND FINANCIAL STATEMENTS 2008/2009

T Felthouse, Senior Manager, KPMG presented a final draft of the Annual Report and Financial Statements 2008/09 together with drafts of the Management Letter and Letter of Representation. He presented the Management Letter and explained that its purpose was to consider whether or not:

- the financial statements of the College gave a true and fair view, of the state of affairs of the College and its results as at 31 July 2009;
- the financial statements had been properly prepared in accordance with the 2008/09 Accounts Direction issued by the Learning and Skills Council and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- the expenditure disbursed and income received during the year ended 31 July 2009 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

The Committee was pleased to note that the Financial Statements Auditors anticipated issuing an unqualified audit opinion. There were no significant issues but Members attention was drawn to the recommendations in the report relating to:

- monitoring the financial position; and
- accounting for capital expenditure.

The Letter of Representation from the Corporation acknowledges its responsibilities under the Financial Memorandum with the Learning and Skills Council for preparing financial statements which give a true and fair view.

It also acknowledges responsibility for making accurate representations to the Auditors and for ensuring that there is no relevant audit information that they are unaware of.

**The Committee agreed to recommend the Annual Report and Financial Statements to the Board for approval from an Audit perspective and that the Board authorise the Chairman to sign the Letter of Representation.**

**Action: Clerk**

## 6 INTERNAL AUDIT REPORTS

Two Internal Audit reports were presented to the Committee.

### 6.1 Counter Fraud Review

A Campbell presented the report and the Committee noted that, in accordance with the 2008/09 Internal Audit Plan, RSM Bentley Jennison had undertaken a review of the procedures and policies in place to mitigate the risk of fraud, theft and other irregularities at the College.

The Auditors had concluded that the controls currently in place at the College to minimise the risk of fraud and corruption are operating well and are effective in most areas.

The Auditors had made one **significant** recommendation and four that **merit attention**. Members noted that the recommendations related to improving the current procedures, policies and overall awareness of fraud and primarily relate to suggestions to further enhance the control framework rather than a perceived weakness.

The significant recommendation related to spot checks being introduced to verify the existence, make and model of mobile assets to minimise the risk of theft.

Members asked a number of questions relating to the recommendations and were satisfied with the Auditors' and Managements' responses.

**The Committee received the report.**

### 6.2 Annual Report 2008/09

D Taylor presented the Internal Auditors' Annual Report 2008/09.

The Committee was pleased to note that, based on the work undertaken by the Internal Auditors during 2008/09, they were able to provide 'substantial' assurance of the adequacy and effectiveness of the College's Governance, Risk Management and Control arrangements.

The Committee also noted that:

- no fundamental recommendations had been raised during the year;
- all but one assignment report had received a 'substantial' level of assurance, with all reports receiving a positive level of assurance;
- all but one recommendation was accepted in principle by the College management; and
- the review of the degree of implementation of recommendations indicated that there were no 'fundamental' or 'significant' recommendations outstanding.

In response to a question about Members' receiving assurance that the Auditors had carried out all the audit work within the Internal Audit Plan for the year, it was noted that a summary paragraph would be added to the report to indicate this.

**Action: RSM Bentley Jennison**

**The Committee received the report.**

## 7 INTERNAL AUDIT INVESTIGATION

Confidential Minute.

## 8 FINANCIAL MANAGEMENT AND CONTROL EVALUATION

The Committee was advised that the Financial Management and Control Evaluation Return, which was required by the LSC as part of its monitoring of providers' performance, offered two options for 2008/09.

Providers who completed the full FMCE return in 2008/09 could submit a short FMCE return in 2009/10. The option of submitting a short return was only available to providers who did not wish to change last year's overall self-assessed grade and where no significant changes have occurred since last year. For all those providers falling in scope of the Framework for Excellence for the first time in 2009/10, completion of the full FMCE return was mandatory.

The College submitted a full FMCE return in 2008/09 with a self assessment grade of Outstanding, which was confirmed by the LSC. The Auditors confirmed that no significant changes had occurred since last year and **the Committee endorsed the Executive's proposal to submit a short return. Members also agreed that the Clerk would finalise the return with the Committee Chair before it was submitted to the Board for approval.**

**Action: Clerk**

## 9 DRAFT ANNUAL REPORT OF AUDIT COMMITTEE 2008/09

Members considered a final draft of the Committee's Annual Report to the Board and Chief Executive and a number of minor amendments were agreed.

During a discussion on the Thematic Review of Risk Maturity (*Minute 4.1 refers*) Members had questioned whether the Committee's overall performance should be 'good' or 'excellent'.

**It was agreed that the self assessment should be changed to 'good' as the Committee had identified further enhancements to explore in order to achieve excellence.**

**Action: Clerk**

**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**

## 10 AUDIT ACTION PLAN UPDATE

Members received a report, which detailed the status of actions identified in all audit reports. It was noted that the actions outstanding were due for completion by January 2010.

**The Committee received the report.**

## 11 LOSS REGISTER ANNUAL REPORT

The Clerk informed the Committee that there were problems in compiling a Loss Register due to changes in procedures following the re-alignment in the College. This was being addressed by the

Director of Resources, who had commissioned a report on the policy and procedures for incident reporting. A report would be submitted to the next meeting.

**ACTION: CLERK**

12 EXCEPTION AND INFORMATION REPORT

The Committee was advised of two information reports:

**12.1 Customer Relationship Management (CRM)**

Members noted that this was an OJEU tender (ref: 09 S 130-18980 EN) that attracted 71 Expressions of Interest. All were issued with the College's PQQ documentation and 17 PQQ submission responses were received and evaluated. The top 5 vendors were selected to proceed to the Invitation to Tender (ITT) stage.

One vendor withdrew from the tender process during the ITT period and three ITT submissions were received by the submission deadline in accordance with the College's Financial Regulations. The remaining vendor (IRIS) failed to meet the return criteria for the tender and was not being considered.

**The Committee received the report, noting the detail.**

**12.2 Space Utilisation Survey**

Members noted that a single tender action was carried out to engage consultants to carry out a space utilisation survey throughout the College.

The Director of Resources informed the Committee that Messrs Stellae have been contracted to carry out this work as they are a specialised company who undertake a space needs comparison based on sector norms, Guided Learner Hours and course provision to arrive at space modelling for the future.

**The Committee received the report.**

The Internal and External Auditors then left the meeting.

13 APPOINTMENT OF INTERNAL AUDITORS 2010-2015

The Committee noted that the Internal Auditors were approaching the end of their five year contract with the College. Following discussion about the national strategic changes facing the College in the coming years, and the service that had been provided by the Internal Auditors, **the Committee agreed to recommend to the Board that RSM Bentley Jennison be re-appointed as the College's Internal Auditors, for a period of two years, subject to cost considerations.**

**Action: Clerk**

14 APPOINTMENT OF EXTERNAL AUDITORS 2009/10

The Committee noted that that the Board had appointed KPMG for a period of five years and that there was a requirement to consider their re-appointment on an annual basis.

The Director of Finance informed Members that an assessment of performance by KPMG had been carried out and had resulted in a good report.

**The Committee recommended to the Board that KPMG be re-appointed as the College's External Auditors for 2009/10.**

**Action: Clerk**

15 ANY OTHER BUSINESS

No other business had been notified.

16 DATE OF NEXT MEETING

Thursday 25 March 2010, 9.00 a.m. in the Committee Room, Bedminster Centre.

The meeting closed at 10.45 a.m.