

## CITY OF BRISTOL COLLEGE

### MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY 8 OCTOBER 2009 IN THE COMMITTEE ROOM BEDMINSTER CENTRE AT 9.00 AM

**Present:** S Hewitt (Chairman), J Killick, B Price, and J Scaife

**In Attendance:**

K Elliott	-	Principal
J Bentley	-	Director of Finance and Learner Information
B Cooper	-	Director of Resources and Project Development
A Campbell	-	Internal Audit, RSM Bentley Jennison
R Richards	-	Internal Audit, RSM Bentley Jennison
I Venn	-	Clerk to the Corporation
P Griffiths	-	Committee Services Officer

#### 1 ELECTION OF CHAIR

The Clerk facilitated the opening of the meeting and the Committee unanimously agreed that S Hewitt be elected to the Chair for 2009/10.

#### 2 DECLARATION OF INTEREST

J Scaife declared that he was an Audit Partner, on a temporary basis, for Bicton College, Devon. The Committee accepted that there was no conflict of interest.

#### 3 APOLOGIES FOR ABSENCE

Apologies for absence were received from D Simpkins.

#### 4 MINUTES OF MEETING HELD ON 21 MAY 2009

The Clerk informed the Committee that the final paragraph of Minute 12, relating to the retirement of the previous Chair, had been amended as a point of clarification.

Subject to this amendment, the Minutes were agreed as a true record.

#### 5 MATTERS ARISING FROM THE MINUTES OF 21 MAY 2009

##### **5.1 Minute 6 Internal Audit Progress Report**

The Committee was reminded that it had been reported at the last meeting that the timing of the Counter Fraud Review and the audit of College Taxable Activities had been such that the reports would be presented to the October meeting.

Members noted that due to staff changes within the College's Finance Department, the review had been deferred to the next meeting to allow input from new staff.

## **5.2 Minute 7**

### **5.2.1 Thematic Review of Performance Management Systems**

The Committee noted that RSM Bentley Jennison was in the process of drafting a summary scoping document for this review, which will be sent to all Colleges.

**It was agreed that the document would be circulated to Members out of Committee.**

**Action: RSM Bentley Jennison**

### **5.2.3 Staff Recruitment and Absence Management Assurance**

The Committee was reminded that Members had sought Executive assurance that adequate systems were in place, following the re-allocation of the five days previously planned for the audit of these areas.

The Principal gave a verbal report and the Committee was content with the assurances received.

### **5.2.4 Internal Audit Plan**

The Committee noted that the Board had approved the Internal Audit Plan 2009/10.

### **5.2.5 Data Protection/CRB/Freedom of Information compliance**

The Committee noted that in the absence of a planned audit of these areas in the 2009/10 Internal Audit Plan, Members had sought Executive assurance that adequate systems were in place.

The Committee was advised that work on CRB was in progress under the umbrella of 'Safeguarding'. Validation of Data Protection and Freedom of Information compliance was being carried out internally and **it was agreed that Members would receive a progress report at the March 2010 meeting.**

**Action: Clerk**

## **5.3 Minute 10 Risk Management**

The Committee noted that the Board had approved the revised Risk Management Policy.

## **6 REPORT ON PROGRESS OF EXTERNAL AUDIT**

The Director of Finance reported that the external audit had commenced and should be completed on time. There were no emerging issues.

## 7 INTERNAL AUDIT REPORTS

Two Internal Audit reports were presented to the Committee.

### 7.1 Risk Maturity

A Campbell presented the report and the Committee noted that the Internal Auditors had considered not only what framework the College has in place to identify, assess, record and monitor risks, but how that information is used. The audit was part of a thematic review being undertaken at a significant number of Colleges to provide comparative information for benchmarking purposes.

The Auditors had assessed the College's risk maturity as 'Defined'. This indicates that the College has a suitable framework in place and is continually improving its risk management arrangements.

The Auditors had made one **significant** recommendation and three that **merit attention**.

The significant recommendation related to the feedback of controls to manage risk into the planning cycle. Members did not consider that the three merit attention recommendations need to be reported to the Board. It was noted that College management had not accepted one recommendation that related to aligning risks to the strategic objectives. The Principal reported that the Executive would review this response.

*Afternote: The Risk Register has been modified to include a section to align the risk with the relevant strategic objective.*

Members asked a number of questions of the Internal Auditors relating to the concept of a thematic review and how it fitted with the normal audit reports that gave a level of assurance. It was explained that the review would enable the Committee to see how far the College had travelled towards risk management being fully embedded in College systems, rather than being a separate, stand alone, tool of management.

In response to further questioning it was agreed that the Thematic Review did provide substantial assurance.

**The Committee received the report.**

### 7.2 Follow Up Report

The Committee noted that the Internal Auditors had undertaken a review to follow up progress made by the College in implementing internal audit recommendations made in 2008/09.

Members were pleased to note that the Auditors had concluded that the College has demonstrated good progress in implementing Internal Audit recommendations from 2008/09, with a total of 97% completed.

**The Committee received the report.**

## 8 INTERNAL AUDIT PROGRESS REPORT

A Campbell presented a paper that summarised the outcome of work from the Internal Audit Plan 2008/09 that has been completed to date. He reported that there had not been any major issues identified that would impact on the annual opinion.

Members received a detailed summary of the work undertaken and in response to a question about 'value for money' audit days, **the Internal Auditors agreed to clarify the description of how these were used.**

**Action: RSM Bentley Jennison**

**The Committee received the report.**

## 9 AUDIT ACTION PLAN UPDATE

Members received a report, which detailed the status of actions identified in all audit reports, noting that there were no actions outstanding.

It was noted that there was a discrepancy between the summary and the number of reports in the table. This was due to the omission of one Health and Safety 'merits attention' from the table, although it had been completed.

**The Committee received the report.**

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

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.

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

## 11 RISK MANAGEMENT ANNUAL REPORT 2008/09

The Committee considered a draft Annual Report on Risk Management, 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 2008/09 Members' Report.

Members requested that benchmarking information from the Thematic Review on Risk Maturity (*Minute 7.1 refers*) be included in the report.

## **The Committee approved the Report for submission to the Board.**

**Action: Clerk**

### 12 EXCEPTION AND INFORMATION REPORT

The Clerk drew Members' attention to a Minute from the previous meeting which informed the Committee 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. An explanation for this had been provided in the Minutes.

The Committee was informed that the original plan was for a refectory to be included in the fit out of the new Unit. Due to delays in finalising the lease, and a misunderstanding about what work Post Office Counters (the Head Landlord) were are were not contributing to, the refectory was taken out of the plans for the fit out.

When it was clear that the lease would be agreed, the College had to arrange for a temporary unit to meet the requirements of a refectory service. This was tendered by only two responses had been received because of the specialist nature of the requirement and the urgency to ensure the service was in place in time for the September intake of students.

### **The Committee received the report.**

#### 13 ANY OTHER BUSINESS

- 13.1 The Director of Finance reported that with the changes in funding there could be additional audits in 2009/10, although the three new funding agencies were trying to achieve a single Code of Practice.
- 13.2 The Clerk reported that the Curriculum and Quality Committee were looking at the reporting requirements to 'value for money' in the Ofsted framework and would liaise with the Audit Committee.
- 13.3 The Chair reported that he had attended the Midlands FE Audit Committee Chairs' Forum in Birmingham on 6 October where a recent letter from the LSC, referring to individual learner data management, had been discussed. It was emphasised that the quality of individual learner records (their accuracy, timeliness, completeness and consistency) was going to be more important with demand-led funding and that data management processes and systems need to be audited.

The Director of Finance informed Members that the College is aware of this and is taking appropriate action.

#### 14 DATE OF NEXT MEETING

Thursday 26 November 2009, 9.00 a.m. in room 1.19, Bedminster Centre.  
The meeting closed at 10.15 a.m.