

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

AUDIT COMMITTEE

Minutes of a Meeting held on Wednesday 26 November 2008 at 5.00pm

Membership:	* Charles Cardiff	Member	Chairman
	* Andrew Bishop	Member	
	* Donna Kitchen	Staff Member	
	* Lynden Jones	Member	
	* Andy Williams	Co-opted Member	
	* Pamela Woolgrove	Member	
Quorum:	3 Members required	6 present	Meeting quorate
In Attendance:	* Judith Armstrong	Principal	
	* Bill Blythe	Head of Finance (HOF)	
	* Simon Burrell	Clerk to the Corporation (Clerk)	
	* Bob Jenner	Head of Facilities & Estates (HOFE)	
	* Gill Livingstone	Bentley Jennison (Internal Auditor)	
	* Chris Mantel	Tenon (External Auditor)	
	* David Moir	Deputy Principal - Finance & Resources (DPFR)	
	* Present at meeting		

PART 1 – NON CONFIDENTIAL MATTERS

110. PRE MEETING DEVELOPMENT SESSION

Members held a 'Members Only' pre-meeting development session.

111. APOLOGIES FOR ABSENCE

None received.

112. DECLARATIONS OF INTEREST

The Clerk declared an Interest in Agenda Item 7.2.1 PAYE Review.

113. NOTIFICATION OF ANY OTHER BUSINESS

There were no items of Any Other Business notified.

114. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 11 June 2008 were confirmed as a correct record, and were signed by the Chairman.

115. MATTERS ARISING

There were no Matters Arising discussed.

116. HEALTH & SAFETY ANNUAL REPORT 2007/08

A written report was received and noted. The HOFE took Members through the report. He highlighted the work undertaken by the H&S Consultants, and stressed that good progress had been

made in a number of the curriculum areas. He also advised on the positive support given to the College by the local Fire Officer, and on improvements made to the fire safety systems.

In response to a question, the Principal advised that appropriate fire services engineers would be appointed as part of the Design Team responsible for the capital building project.

(Bob Jenner left the meeting)

117. PROGRESS REPORT ON THE IMPLEMENTATION OF RECOMMENDATIONS FROM PREVIOUS AUDIT REPORTS

A written report was received and considered. The DPFR took Members through the report and updated them on progress made. He advised that the vast majority of outstanding recommendations had now been completed.

In response to a question about the Business Continuity Plan (BCP), the DPFR outlined the proposals around putting in place appropriate processes and procedures before testing of the BCP took place. The Internal Auditor proposed that a review of the BCP be undertaken during 2009/10 in order to give the Committee re-assurance on progress of the BCP.

Members were pleased to note the progress achieved on completing outstanding recommendations.

118. INTERNAL AUDIT SERVICE REPORTS

1. Internal Audit Annual Report 2007/08

A written report was received and considered. The Internal Auditor advised that the report summarised the internal audit work undertaken during the year. She took Members through the report and highlighted a summary of the conclusions and recommendations made.

In her overall and unqualified opinion, the Internal Auditor confirmed that the College had adequate and effective risk management, control and governance processes to manage the achievement of the College's objectives.

It was RESOLVED to RECOMMEND to the CORPORATION that the Internal Audit Annual Report 2007/08 be received and accepted.

2. Internal Audit Report: PAYE Review 09.07/08

A written report was received and considered. The Internal Auditor advised that, in her opinion, the control framework in place provided good assurance that risks material to the achievement of the College's objectives were suitably managed and controlled. There were 8 recommendations arising from the review (1 'significant', 7 'merits attention'). The Internal Auditor took Members through the recommendations and outlined actions taken by College Management to address them.

3. Internal Audit Report: Compliance Arrangements for the Data Protection Act 10.07/08

A written report was received and considered. The Internal Auditor advised that, in her opinion, the control framework in place provided adequate assurance that risks material to the achievement of the College's objectives were adequately managed and controlled. There were 4 recommendations arising from the review (2 'significant', 2 'merits attention'). The Internal Auditor took Members through the recommendations and outlined actions taken by College Management to address them.

4. Internal Audit Report: Risk Management Follow-up 11.07/08

A written report was received and considered. The Internal Auditor advised that, in her opinion, the control framework in place provided good progress in implementing actions agreed to address internal audit recommendations, and that she was pleased to note that progress had been made on several fronts where significant recommendations had been previously made.

There were 4 recommendations arising from the review (all graded 'merits attention'). The Internal Auditor took Members through the recommendations and outlined actions taken by College Management to address them.

5. Internal Audit Report: Follow-up 12.07/08

The Internal Auditor reported that she had reviewed 29 previous recommendations, noted that 18 had been completed (incl 5 'significant'), 11 were outstanding, of which 5 were ongoing and 6 yet to be implemented.

6. Internal Audit Report: Health & Safety – Educational Visits 01.08/09

A written report was received and considered. The Internal Auditor advised that, in her opinion, the control framework in place provided substantial assurance that risks material to the achievement of the College's objectives were adequately managed and controlled. There was 1 'significant' recommendation arising from the review. The Internal Auditor took Members through the recommendation and outlined actions taken by College Management to address it.

7. Internal Audit Report: Governance 02.08/09

A written report was received and considered. The Internal Auditor advised that, in her opinion, the control framework in place provided substantial assurance that the controls upon which the Corporation relies to manage this area, as currently laid down and operated, were effective.

There were 2 recommendations arising from the review (1 'significant', 1 'merits attention'). The Internal Auditor took Members through the recommendations and outlined actions taken by the Clerk to address them.

8. Internal Audit Progress Report

A written report was received and considered. The Internal Auditor advised that of the areas planned for review during the current year, 2 had been completed and 3 would be undertaken in the new (calendar) year.

It was confirmed that, from the 2009/10 financial year, 5 days of internal audit would not be allocated, but 'held' for reviews instigated by the Audit Committee.

119. FINANCIAL MANAGEMENT AND CONTROL EVALUATION (FMCE)

A written report was received and considered. The DPFR advised that the FMCE was a new requirement from the LSC as part of the Framework for Excellence initiative, but that it was planned to replace two existing questionnaires. The LSC had stipulated that the FMCE should be completed and reviewed by the Audit Committee before being presented to the LSC by 12 Dec 2008.

The DPFR took Members through the detail of the FMCE and highlighted the responses made to a number of the questions. He also outlined the proposed self assessment grades considered appropriate to each section of the FMCE. Members requested that one change be made to the questionnaire to include an area for improvement concerning post-project completion reviews.

It was RESOLVED that the completed FMCE be agreed, and that the self assessed grades be approved as:

Strategic oversight	Good
Operational oversight	Outstanding
Sub-contracting arrangements	Satisfactory
Long-term financial planning	Good
Short-term financial planning	Outstanding
Risk management	Good
Internal control system	Good
Financial monitoring	Good

and that the overall self assessed grade for financial management and control be GOOD. (Proposed by Lynden Jones, Seconded by Andy Williams)

120. FINANCIAL STATEMENTS AND REGULARITY AUDIT 2007/08

A written report was received and considered. The Financial Statements Auditor took Members through his report and advised that, in his opinion, the financial statements and regularity audit were deemed to be true and fair, and that he had issued 'clean' reports.

The Financial Statements Auditor also advised that until the property strategy was formally approved by the LSC all costs associated with it had to be shown in the revenue account, but when approved, major adjustments would be made to the accounts accordingly. He also highlighted some minor adjustments that had been made to the accounts post year end.

It was RESOLVED to RECOMMEND to the CORPORATION that the Management Letter from the Financial Statements Auditor be received and agreed.

(Proposed by Lynden Jones, Seconded by Pamela Woolgrove)

121. BCOT ENTERPRISES LTD – REPORT AND ACCOUNTS 2007/08

A written report was received and considered. The HOF advised that the College Bookshop had ceased trading on 31 July 2008, following the Corporation's approval to Blackwell UK Ltd opening their bookshop at the College. He advised further that the accounts for the year showed a closing loss of £14,079, of which approx £11k consisted of stock that had been written-off (but re-used within the LRC).

The HOF further advised that the Company would now be declared 'dormant' and an application made to Companies House in this respect.

It was RESOLVED to RECOMMEND to the CORPORATION that the financial statements 2007/08 (showing a deficit of £14,079) in respect of BCOT Enterprises Ltd be received and agreed. (Proposed by Charles Cardiff, Seconded by Lynden Jones)

122. AUDIT COMMITTEE'S ANNUAL REPORT 2007/08

A written report was received and considered. The Clerk advised that the report summarised the work of the Audit Committee during the year concerned.

It was RESOLVED to RECOMMEND to the CORPORATION that the Audit Committee's Annual Report 2007/08 be received and agreed.

(Proposed by Charles Cardiff, Seconded by Pamela Woolgrove)

123. PERFORMANCE INDICATORS (INTERNAL AND EXTERNAL AUDIT)

A written report was received and noted. The DPFR advised that there were no particular matters that he wished to raise, and that he was satisfied with the service provided by the auditors'.

124. BENTLEY JENNISON THEMATIC REVIEW THE KEY EFFECTIVE GOVERNANCE

A written report was received for information. The DPFR advised that the report had been produced by Bentley Jennison and gave a general overview of governance matters across their client-base. It was proposed that copies of the report be forwarded to the Chairman and Vice-Chairman of the Corporation for their information and to seek their opinion on whether to circulate it to all Members of the Corporation for information. **ACTION: DPFR**

125. RISK MANAGEMENT ANNUAL REPORT 2007/08

A written report was received and considered. The DPFR gave Members an overview on risk management activities within the college, and advised that, in the opinion of College Management, the overall self assessment of its risk management practice was good. In response to a question, the DPFR advised that the College Management's definition of 'risk appetite' was that the college was prepared to take-on some level of risk but not so as to affect the overall operation of or place the College in any undue level of risk or jeopardy.

(Charles Cardiff left the meeting. Pamela Woolgrove was elected Chairman for the remainder of the meeting)

1. Risk Management Policy

A revised Risk Management Policy was received and considered. The DPFR highlighted that the only change proposed was the addition of a section on 'risk appetite'. He also highlighted the six High Risks (risks with a residual score of 20-29) that had been identified in the Risk Register, and proposed that any risks with a residual score of 30+ were too high to accept.

It was RESOLVED that the Risk Management Policy, as amended, be agreed, and that any risks identified with a residual score of 30+ were too high to accept.

2. Risk Register 2008/09

The updated Risk Register 2008/09 was received and noted.

126. USE OF COLLEGE SEAL

The Clerk advised that the Seal had not been used in the period since the last meeting.

127. ANY OTHER BUSINESS

There were no items of Any Other Business discussed.

128. DATE OF FUTURE MEETINGS

Wednesday 11 March 2009
Wednesday 17 June 2009

PART 2 – CONFIDENTIAL MATTERS

129. EXCLUSION OF OFFICERS

No Members or Non Members were excluded from the meeting.

130. CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING

The Part 2 Confidential Minutes of the meeting held on 11 June 2008 were confirmed as a correct record, and were signed by the Chairman.

131. MATTERS ARISING

There were no Matters Arising discussed.

132. OPPORTUNITY FOR INTERNAL AND FINANCIAL STATEMENTS AUDITORS TO COMMENT ON ANY ASPECTS OF AUDITS

There were no matters raised by the Internal Auditor or the Financial Statements Auditor.

(Meeting closed at 7.15pm)

Confirmed as a correct record

Signed:..... Date:.....

Chair's
Initials:.....