

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

AUDIT COMMITTEE

Minutes of a Meeting held on Wednesday 25 November 2009 at 5.00pm

Membership:	Charles Cardiff	Member	Chairman
	Andrew Bishop	Member	
	* Lynden Jones	Member	
	* Mary Orsborn	Staff Member	
	Andy Williams	Co-opted Member	
	* Pamela Woolgrove	Member	
Quorum:	3 Members required	3 present, meeting quorate	
In Attendance:	* Anthony Bravo	Principal	
	* Simon Burrell	Clerk to the Corporation (Clerk)	
	* Gill Livingstone	Bentley Jennison (Internal Auditor)	
	* Richard Plumb	Bentley Jennison (Internal Auditor)	
	* Chris Mantel	Tenon (Financial Statements Auditor)	
	* David Moir	Deputy Principal - Finance & Resources (DPFR)	
	* Present		

PART 1 – NON CONFIDENTIAL MATTERS

168. APOLOGIES FOR ABSENCE

Charles Cardiff, Andy Williams.

169. APPOINTMENT OF CHAIRMAN FOR THE MEETING

In the absence of the Chairman (Charles Cardiff) Pamela Woolgrove was elected Chairman for the meeting. *(Proposed by Lynden Jones, Seconded by Mary Orsborn)*

170. DECLARATIONS OF INTEREST

The Internal Auditor made a Declaration of Interest with regards to Agenda Item 14 – Tender Process for Appointment of Internal Auditor.

171. NOTIFICATION OF ANY OTHER BUSINESS

There were no items of Any Other Business notified.

172. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 11 March 2009 were confirmed as a correct record, and were signed by the Chairman.

173. MATTERS ARISING

There were no Matters Arising discussed not covered elsewhere on the Agenda.

174. 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. It was noted that of the 16 recommendations contained in the report, 11 had been completed, 1 (one) had been completed as far as was possible at the time, 2 (two) were due for completion by the end of November 2009, and the remaining 2 (two) in February 2001 and April 2010.

The Ctte was very pleased to note the continuing progress achieved on completing outstanding recommendations.

175. INTERNAL AUDIT SERVICE

1. Internal Audit Annual Report 2008/09

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

In his overall 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 2008/09 be received and accepted.

(Proposed by Pamela Woolgrove, Seconded by Lynden Jones)

2. Internal Audit Reports 2008/09

1. Learner Numbers (07.08/09)

A written report was received and considered. The Internal Auditor advised that as a result of her work the Corporation could take substantial assurance that the controls upon which the College relied to manage Learner Numbers were effective. She had made 3 recommendations, all accepted by College Management. The report was received and accepted.

2. Follow Up 2008/09 (08.08/09)

A written report was received and considered. The Internal Auditor advised that as a result of her review, in her opinion the College had demonstrated good progress in implementing actions agreed to address previous internal audit recommendations. She advised further that of 30 recommendations made in 8 previous reports, 23 (76.6%) had been completed and the remaining 7 carried forward for follow-up at the next review.

3. Prompt Payment (09.08/09)

A written report was received and considered. The Internal Auditor took Members through her report and advised that in her opinion the Corporation could take adequate assurance that the controls upon which the College relied to manage this risk were effective. She had made 4 recommendations (1 Significant and 3 Merits Attention) all of which had been accepted by College Management.

3. Internal Audit Reports 2009/10

1. Estates Management – Overview of Strategy (01.09/10)

The Internal Auditor advised that this review had been requested by the Audit Ctte, and centred around the capital project. She stressed that it was an 'Advisory Review'. She highlighted her conclusions (set out in the report) and had made 5 recommendations (all graded as Significant).

175. (cont)

The DPFR highlighted some questions raised by Andy Williams (Co-opted Member) and outlined his responses to them. Specifically he advised that the dates outlined in the report were seen as 'outcome dates' rather than being 'strategic' dates. He also advised that the College was working with external property professionals to undertake a full review of the existing campus and how to make best use of it. The report was noted.

4. Risk Management Report

A copy of the presentation given by Duncan Short at the last meeting was received and noted.

5. Internal Audit Progress Report

A written report was received and considered. The Internal Auditor advised that the 2009/10 programme had been started (first review considered in Minute 175.3.1 above), and outlined the timetable for the remaining reviews. She advised further that there were no changes to the Plan agreed by the Ctte and Corporation.

176. FINANCIAL MANAGEMENT AND CONTROL EVALUATION (FMCE)

A written report was received and considered. The DPFR took Members through 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 considered the report and proposed grades.

It was RESOLVED that the completed FMCE be agreed, and that the self assessed grades be approved as: *(NOTE: Previous year's grades shown in brackets)*

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

and that the overall self-assessed grade for financial management and control be graded GOOD (Good).

(Proposed by Lynden Jones, Seconded by Pamela Woolgrove)

177. FINANCIAL STATEMENTS AND REGULARITY AUDIT 2008/09

1. Management Letter 2008/09

A written report was received and considered. The Financial Statements Auditor took Members through the report and advised that there was nothing of any significance raised as a result of the audit of the accounts.

The Financial Statements Auditor advised further that during the year the College had under-achieved its LSC funding target, but that it was within the 5% tolerance criteria set by the LSC. He confirmed that the LSC would not be making any clawback.

The Financial Statements Auditor also highlighted changes to the funding methodology that put increased risk on the College. He advised that as the College had under-achieved during the two previous years it must deliver at the target level for 2010/11 unless it rebased its targets, and that would need to be undertaken before the end of December 2009. He stressed that the College was fully aware of this and would be seeking to rebase urgently. The DPFR advised that there was provision in the 2009/10 budget to limit any financial impact of any rebase.

177. (cont)

With regards to the regularity audit, the Financial Statements Auditor advised that he was satisfied with the 'spend' during the year, and confirmed that it was all in line with the objectives of the College and LSC.

The Financial Statements Auditor confirmed that, overall, he had given a clean and unconditional audit, he was able to confirm that the College was a 'going concern' and that he could not see any substantive issues arising.

It was RESOLVED to RECOMMEND to the CORPORATION that the Management Letter 2008/09 be agreed, and that the Letter of Representation 2008/09 be agreed and signed.

(Proposed by Mary Orsborn, Seconded by Lynden Jones)

178. PERFORMANCE INDICATORS (INTERNAL AND EXTERNAL AUDIT)

A written report was received and considered. The DPFR highlighted the responses of the Internal Auditor and Financial Statements Auditor to the PIs for 2008/09 (as agreed by the Ctte at its last meeting). He also confirmed that the auditors' responses were mirrored by College Management.

179. RISK MANAGEMENT POLICY AND RISK REGISTER

1. Risk Management Policy

A written report was received and considered. The DPFR advised that the Risk Management Policy had been reviewed and updated. He advised further that new sections had been added to encompass the roles of Head of Dept/Dept Managers (para 8), the role of all staff (para 9), and the nature of risk (para 25).

Members considered the additions.

It was RESOLVED to RECOMMEND to the CORPORATION that the updated Risk Management Policy be agreed.

(Proposed by Pamela Woolgrove, Seconded by Mary Orsborn)

2. Risk Register

A written report was received and considered. The DPFR advised that the scoring matrix of the Risk Register had been amended and strengthened in line with the suggestion from Duncan Short following his presentation at the last meeting of the Ctte.

The DPFR also advised that a new risk associated with campus security had been added to the Risk Register. He also stressed that the SMT regularly reviewed all items contained in the Risk Register. He confirmed that there was nothing specific arising from these reviews to raise.

The revised Risk Register was noted.

3. BCOT Risk Management Annual Report 2008/09

A written report was received and considered. The DPFR outlined the content of the Annual Report. He took Members through the report and clarified a number of matters raised by Members.

The BCOT Risk Management Annual Report 2008/09 was received and noted.

180. AUDIT COMMITTEE'S ANNUAL REPORT 2008/09

A written report was received and considered. The Clerk advised that the Ctte's Annual Report outlined their role and work during the year, and highlighted the work of the Internal Auditor and Financial Statements Auditor.

It was RESOLVED to RECOMMEND to the CORPORATION that the Audit Committee's Annual Report 2008/09 be received and agreed.

181. HEALTH AND SAFETY ANNUAL REPORT 2008/09

A written report was received and noted. The DPFR advised that there were no matters of significance arising.

182. TENDER PROCESS FOR APPOINTMENT OF INTERNAL AUDITOR

A written report was received and considered. The DPFR outlined the proposed timetable for the issue of tenders and their evaluation. He advised that it was proposed to hold formal presentations by shortlisted firms week beginning 15 March 2010. The report was noted.

183. USE OF COLLEGE SEAL

The Clerk advised that the Seal had been used in conjunction with the signing of a Retrospective Licence to Alter – Unit 1A Davy Close. The College Solicitor’s (Lamb Brooks) had requested that it be signed and sealed.

184. ANY OTHER BUSINESS

There were no items of Any Other Business discussed.

185. DATE OF NEXT MEETING

Wednesday 3 March 2010
Wednesday 16 June 2010

Audit minutes 091125.