

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

AUDIT COMMITTEE

Minutes of a Meeting held on Wednesday 16 June 2010 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	5 present	Meeting quorate
In Attendance:	I Anthony Bravo	Principal	
	I Simon Burrell	Clerk to the Corporation (Clerk)	
	I Graham Clarke	Mazars (Internal Auditor from 1 Aug 2010)	
	Gill Livingstone	RSM Tenon (Internal Auditor to 31 July 2010)	
	I Richard Plumb	Bentley Jennison (Internal Auditor to 31 July 2010)	
	I Chris Mantel	RSM Tenon (Financial Statements Auditor)	
	I David Moir	Deputy Principal - Finance & Resources (DPFR)	
	I Brian Theobald	Head of Finance (HOF)	
	* Present		
	I From Minute 203		

PART 1 – NON CONFIDENTIAL MATTERS

202. PRE MEETING DEVELOPMENT SESSION

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

(The Clerk took the Chair for the following item)

203. ELECTION OF CHAIRMAN OF THE COMMITTEE

The Clerk sought nominations for the appointment of Chairman of the Committee for a two year term of office commencing on 16 June 2010. One nomination was received.

It was RESOLVED that Charles Cardiff be appointed Chairman of the Audit Committee for a two year term of office commencing on 16 June 2010.

(Proposed by Pamela Woolgrove, Seconded by Mary Orsborn)

(Charles Cardiff took the Chair)

204. APOLOGIES FOR ABSENCE

Andrew Bishop, Gill Livingstone (RSM Tenon).

205. DECLARATIONS OF INTEREST

There were no Declarations of Interest made by those present.

206. NOTIFICATION OF ANY OTHER BUSINESS

There were no items of Any Other Business notified.

207. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 3 March 2010 were confirmed as a correct record, and were signed by the Chairman.

208. MATTERS ARISING

1. Appointment of Internal Auditor (Minute 195)

Members noted that the Corporation had confirmed the appointment of Mazars LLP as the internal auditor for the College, commencing 1 August 2010. Graham Clarke was welcomed to the meeting.

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

A written report was received, considered and noted. The DPFR and HOF took Members through the report and updated on progress made. It was noted that of the 12 recommendations contained in the report, 7 had been completed, and 4 were due for completion by the end of September 2010. The HOF advised that with regards to the remaining recommendation (review of suppliers) the College had a de-centralised purchasing system and it was not an easy task to rationalise a large suppliers list. However, he was due to meet the new Internal Auditor to discuss the matter. The current Internal Auditor (RSM Tenon) advised that he was satisfied that College Management had reviewed the situation and undertaken whatever rationalisation that could be implemented.

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

210. INTERNAL AUDIT SERVICE

[Internal Audit recommendations graded on a three-tier hierarchical structure: fundamental, significant, merits attention]

1. Key Financial Controls (06.09/10)

A written report was received, considered and noted. The Internal Auditor advised that, in his opinion, the Corporation could take substantial assurance that the controls upon the College relied to manage the risk/area, as currently laid down and operated, were effective. There were 3 recommendations made 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.

2. Payroll (07.09/10)

A written report was received, considered and noted. The Internal Auditor advised that, in his opinion, the Corporation could take substantial assurance that the controls upon the College relied to manage the risk/area, as currently laid down and operated, were effective. There were 2 recommendations made arising from the review (both graded 'merits attention'). The Internal Auditor took Members through the recommendations and outlined actions taken by College Management to address them.

3. Follow-up Review (08.09/10)

A written report was received, considered and noted. The Internal Auditor advised that he had reviewed 6 'significant' and 16 'merits attention' recommendation made in previous reviews, and that he was satisfied with the progress made by College Management. The Chairman expressed his concern at the number of 'merits attention' recommendations but was assured by the Internal Auditor (RSM Tenon) that he (the Internal Auditor) was not concerned about this matter.

210. (cont)

4. Internal Audit Progress Report 2009/10

A written report was received and considered. The Internal Auditor advised that the report outlined the work currently being undertaken, and confirmed that final reports would be provided to College Management and the Audit Ctte.

5. Draft Internal Audit Plan 2010/11

A written report was received and considered. Graham Clarke (Mazars) advised that the initial draft Plan was based on undertaking the mandatory requirements (Governance, risk management, key financial controls and learner number systems) covering 22 days, 3 days 'follow-up' and 4 days audit management. He proposed an overall allocation of 45 days, that included the 5 days to be allocated by the Audit Ctte. He advised further that he was due to meet with College Management in the near future in order to consider additional areas for inclusion in the review timetable.

It was proposed that the final draft Plan would be presented to the Committee at its next meeting.

ACTION: Mazars/DPFR

211. FINANCIAL STATEMENTS AUDIT 2009/10

1. Regularity Audit SAR 2009/10

A written report was received and considered. The DPFR advised on the completion of the Regularity Audit SAR 2009/10. He informed Members that the responses contained in the SAR were based on the previous year's return and updated accordingly. He highlighted the changes made, and advised that there had been no change in the risk profile.

It was RESOLVED that the Regularity Audit SAR 2009/10 be agreed.

2. Financial Statements 2009/10 - Audit Planning Memorandum

A written report was received and noted. The Financial Statements Auditor took Members through the report and highlighted the proposed timetable for the financial statements and regularity audit reviews. He also advised that the level of materiality would be set at £200k (£180k in 2008/09).

212. RISK MANAGEMENT REPORT AND RISK REGISTER

A written report was received, considered and noted. The DPFR advised that 3 new risks had been added to the Risk Register and 7 existing risks had been deleted. He took Members through the Risk Register and highlighted the new and deleted risks.

The DPFR also advised on the current level of all risks, stressing that no risks were considered 'unacceptably high' (red risk), 11 were graded 'high' (orange risk) and the remainder 'medium' or 'low' (yellow risk or green risk). He advised further that the 'orange risks' had been assessed in detail by the risk owner and specific action plans developed and monitored.

213. APPOINTMENT OF FINANCIAL STATEMENTS AUDITORS FOR THE 2009/10 ACCOUNTS

It was RESOLVED that RSM Tenon be appointed as Financial Statements Auditor and Regularity Auditor to undertake the financial statements and regularity audit for the financial year 2009/10.

214. DRAFT PERFORMANCE INDICATORS FOR INTERNAL AUDIT SERVICES AND FINANCIAL STATEMENTS & REGULARITY AUDIT

A written report was received and considered. The proposed PIs for 2010/11 were considered.

It was RESOLVED that the draft performance indicators for the Internal Audit, Financial Statements Audit and Regularity Audit be agreed.

215. COLLEGE FINANCIAL STATEMENTS 2009/10 – GOVERNANCE STATEMENTS

A written report was received and considered. The HOF advised that the proposed wording for the Financial Statements Governance Statements incorporated the requirements of the LSC and the professional accounting bodies.

It was RESOLVED that the Statement of Corporate Governance and Internal Control 2009/10, and the Statement of Responsibilities of the Members of the Corporation 2009/10, be agreed.

216. USE OF COLLEGE SEAL

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

217. ANY OTHER BUSINESS

There were no items of Any Other Business discussed.

218. DATE OF NEXT MEETING

Wednesday 24 November 2010
Wednesday 16 March 2011
Wednesday 15 June 2011

(Meeting closed at 6.29pm)