

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

AUDIT COMMITTEE

Minutes of a Meeting held on Wednesday 24 November 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:	% Anthony Bravo	Principal	
	Simon Burrell	Clerk to the Corporation (Clerk)	
	Graeme Clarke	Mazars (Internal Auditor)	
	\$ Gill Livingstone	RSM Tenon (Internal Auditor to 31 July 2010)	
	% Chris Mantel	RSM Tenon (Financial Statements Auditor)	
	* Joanna Miller	Corporation Member	
	David Moir	Deputy Principal - Finance & Resources (DPFR)	
	Brian Theobald	Head of Finance (HOF)	
	* Present		
	From Minute 222		
	\$ To Minute 225		
	% From Minute 229		

PART 1 – NON CONFIDENTIAL MATTERS

221. PRE MEETING DEVELOPMENT SESSION

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

222. APOLOGIES FOR ABSENCE

Pam Woolgrove.

223. DECLARATIONS OF INTEREST

There were no Declarations of Interest made by those present.

224. NOTIFICATION OF ANY OTHER BUSINESS

There were no items of Any Other Business notified.

225. INTERNAL AUDIT ANNUAL REPORT 2009/10

A written report was received and considered. The Internal Auditor (RSM Tenon) 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 giving her overall opinion the Internal Auditor advised that sufficient internal audit work had been undertaken to allow her to draw a reasonable conclusion on the adequacy and effectiveness of BCOT's arrangements. In addition, based on work undertaken, her opinion regarding the adequacy and effectiveness of BCOT's governance, risk management and control arrangements were all graded 'green' on the 'traffic light' system of grading.

The Internal Auditor was able to confirm that after due consideration of the elements forming her opinion, she was able to provide an unqualified opinion.

It was RESOLVED to RECOMMEND to the CORPORATION that the Internal Audit Report 2009/10 be received and accepted.
(Proposed by Lynden Jones, Seconded by Andrew Bishop)

Members and Officers thanked Gill and her colleagues for their work at the College.

(Gill Livingstone left the meeting)

226. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 16 June 2010 were confirmed as a correct record, and were signed by the Chairman.

227. MATTERS ARISING

There were no Matters Arising discussed.

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

A written report was received, considered and noted. The DPFR and HOF were pleased to advise that there were only two (2) recommendations outstanding from previous audit reports, both due for completion in January 2011. The DPFR advised that this position had been reached mainly as a result of the new Internal Auditor having not yet undertaken any reviews, and that the College had been able to concentrate on resolving outstanding recommendations.

The Internal Auditor advised that his staff had been required to undergo enhanced CRB checks before commencing any reviews, and that he was currently waiting the results from CRB that were anticipated shortly.

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

229. INTERNAL AUDIT SERVICE

1. Internal Audit Plan – Three Year Strategy

A written report was received and considered. The Internal Auditor (Mazars) advised that in preparing the three year strategy he had taken into account the work undertaken by the previous internal auditor, reviewed the risk register and consulted with the Senior Management Team of the College. He was proposing a three year strategy based on 45 days per year, and that this included 5 days for allocation by the Audit Ctte.

(Chris Mantell joined the meeting)

The Chairman advised that the Committee had met before the formal meeting and discussed possible areas for review. Three Members had expressed concerns about equality and diversity and the way it was handled within the College. Although it was noted that this was an area for review in

2012/13 they were sufficiently concerned to request it be undertaken in the current year. The Chairman, DPFR and Internal Auditor agreed to meet in the near future to agree the final brief for the review.

(Anthony Bravo joined the meeting)

It was also proposed that Campus Security be considered as an area for review in 2011.

It was RESOLVED that the Three Year Internal Audit Plan be agreed, and that the Audit Committee's review be confirmed as Equality & Diversity.

(Proposed by Charles Cardiff, Seconded by Mary Orsborn)

2. Internal Audit Report 2009/10 – Risk Maturity Thematic Review

A written report was received and considered. The DPFR advised that the (then) Internal Auditor had undertaken the review and assessed BCOT's current position on the risk maturity spectrum as Risk Managed (second highest grading). He stressed that it was the College's intention to achieve Risk Enabled (highest rating) as soon as possible.

The report was noted.

230. FINANCIAL MANAGEMENT AND CONTROL EVALUATION (FMCE)

A written report was received and considered. The HOF advised that the previous year's FMCE had been reviewed and updated. He informed Members that the self-assessed grades for the eight areas covered by the FMCE were six as 'outstanding' and two as 'good' (2009/10 – 5 'outstanding', 3 'good'), and that the overall assessment had been upgraded from 'good' to 'outstanding'. Four minor areas for further action had been identified and implementation plans prepared.

It was RESOLVED that the FMCE be approved, and that the individual self-assessed grades of six 'outstanding' and 2 'good' with an overall assessment of 'outstanding' be agreed.

(Proposed by Charles Cardiff, Seconded by Lynden Jones)

231. FINANCIAL STATEMENTS AND REGULARITY AUDIT 2009/10

Written reports were received and considered. The Financial Statements Auditor took Members through his reports and advised that overall financial performance had been better than anticipated, with SFA income in line with projections. He also advised that no clawback was proposed by the SFA for the 2009/10 year.

The Financial Statements Auditor confirmed that he had given 'clean opinions' for both the financial statements audit and the regularity audit. He also confirmed that, in his opinion, the accounts did not show the College as a 'going concern' issue.

A draft Letter of Representation was also received and considered for signing by the Corporation.

It was RESOLVED to RECOMMEND to the CORPORATION that the Financial Statements Audit report, Regularity Audit Report be received and agreed.

It was also RESOLVED to RECOMMEND to the CORPORATION that the Letter of Representation be agreed and signed on behalf of the Corporation.

(Proposed by Charles Cardiff, Seconded by Lynden Jones)

232. PERFORMANCE INDICATORS (PI) FOR EXTERNAL AUDIT

A written report was received and noted. The DPFR advised that the (then) internal auditor (RSM Tenon) had not been required to complete the internal audit performance assessment because of the changeover to Mazars. However, he confirmed that there had been good liaison between the internal audit and external audit divisions at RSM Tenon.

The PIs for the external auditor were received and noted.

233. RISK MANAGEMENT

A written report was received and considered. The DPFR advised that the Risk Register had been reviewed by the SMT and updated to include two new risks. He advised that there were no risks scored as 'extremely high', 9 risks were identified as 'high', 22 risks as 'medium' and 4 risks shown as 'low'. He highlighted in his report those risks identified as 'high', ranked in order of seriousness, along with a listing of those risks identified as 'increasing risk'.

The Chairman raised concerns around the introduction of the new IT system, especially in relation to what appeared to be a breakdown in communications between the contractor and some College Departments. He also felt that the IT contract had not been managed as well as some of the other changes that had taken place. He also noted that this project had not been included in the Risk Register.

The DPFR advised that he had only been made aware that week that there was a serious issue relating to this matter. He accepted the fact that the project was not reviewed as a risk matter. In retrospect he felt that if the project had been properly planned and assessed it would have resulted in a phased programme of implementation. He also confirmed that the project was still causing concerns and would now be included in the Risk Register. Members suggested that any spare capacity relating to the Audit Ctte's internal audit review allocation should be used to review the process for generating the Risk Register.

ACTION: Audit Ctte/Internal Auditor

The Principal informed Members that he took a personal level of responsibility with regards to this project. However, he believed that the worst of the problems had now been resolved and the system was beginning to operate as anticipated.

The Principal and DPFR also advised that there would be a number of additional risks with regards to the proposed building works, and that there was a need to re-visit the Risk Register with regards to the property plans.

ACTION: DPFR

The Chairman also requested that future versions of the Risk Register be updated to show clearly any changes made to it, including a list of those items that 'drop-off' the Register after they have been completed/re-evaluated to a non-risk rating.

ACTION: DPFR

234. SKILLS FUNDING AGENCY REVIEW OF BCOT TRAIN TO GAIN

A written report was received and considered. The DPFR advised that the review was undertaken by the SFA, and that they had given a 'satisfactory' opinion. It was noted that the total contract was valued at £1.4m, and that the auditors had only highlighted one minor matter that resulted in a repayment of £600.

The Committee recorded its thanks to Lorraine Heath for achieving a very good review result.

235. AUDIT COMMITTEE ANNUAL REPORT 2009/10

A written report was received and considered. The Clerk advised that the report outlined the work of the Committee during 2009/10, and highlighted the work of the Financial Statements Auditor and Internal Auditor.

Members suggested one change to the wording in the Conclusion of the report.

It was RESOLVED to RECOMMEND to the CORPORATION that the Audit Committee's Annual report be received and accepted.

(Proposed by Andy Williams, Seconded by Lynden Jones)

236. HEALTH & SAFETY ANNUAL REPORT 2009/10

A written report was received and considered. The DPFR took Members through the report and highlighted changes to the management and monitoring of health and safety within the College. He advised that an existing member of staff was now employed as the Health & Safety Coordinator with the external Health & Safety consultant continuing to offer advice and guidance where appropriate. The DPFR advised further that this change offered better value for money for the College.

236. (cont)

The DPFR also advised that the Fire Risk assessment had now been completed and that a number of recommendations had been made. An action plan had been developed to ensure appropriate action was taken.

It was RSOLVED that the Health and Safety Annual Report 2009/10 be received and accepted.

(Proposed by Charles Cardiff, Seconded by Andy Williams)

237. TENDER PROCESS FOR FINANCIAL STATEMENTS AUDITOR 2011

A written report was received and considered. The DPFR outlined the proposed timetable for the receipt of tenders from appropriate firms as Financial Statements Auditor to the College with effect from August 2011. It was noted that the proposed date for presentations to the Committee was scheduled for Friday 11 March 2011. The Clerk was requested to check the availability of Members for that date.

ACTION: Clerk

The report was noted.

238. USE OF COLLEGE SEAL

The Clerk advised that the Seal had been used in respect of a lease with B&DBC regarding a sub-let of Norden House.

239. ANY OTHER BUSINESS

There were no items of Any Other Business discussed.

240. DATE OF NEXT MEETING

Wednesday 16 March 2011
Wednesday 15 June 2011