

Minutes of the Audit Committee [AUD0708-7]
held on Monday 16 June 2008 in Room A102

Present:

Penny James	Member	Adrian Stallard	Co-opted Member
Alison Mackenzie	Staff Member	Rob Setchell	Staff Member
Garry Charles	Member		

In attendance:

Peter Avery	Principal	Jane Scott	Clerk to the Corporation
David Taylor	RSM Bentley Jennison	Karen Williams	RSM Bentley Jennison

The meeting opened at 5 35 pm and was quorate throughout.

PART 1 : MEETING FORMALITIES**1. Apologies for absence**

There were apologies for absence from Jef Collingwood.

2. Minutes of the meeting held on Monday 28 April 2008 (AUD0708-5) and Wednesday 7 May 2008 (AUD0708-6)

The Minutes of 28 April 2008 were agreed as a correct record and signed.

The Minutes of 7 May 2008 were agreed as a correct record and signed.

3. Matters Arising**Minutes of the meeting held on 28 April 2008 AUD0708-5**

Reference AUD0708-5/II/3, the matter of fixed asset tracking is included for discussion during the current meeting under item AUD0708-7/II/4.

Reference AUD0708-5/II/3, the matter of IT performance indicators is included for discussion during the current meeting under item AUD0708-7/II/4.

Reference AUD0708-5/II/4, the new Director of Finance will be briefed about the requirements for Student Council financial reporting.

There were no other matters arising which are not dealt with on the agenda for the current meeting.

Minutes of the meeting held on 28 April 2008 AUD0708-6

There were no matters arising.

PART II ISSUES FOR THE MEETING**1. The Risk Management Action Plan: changes and developments**

Members noted that the key area for current monitoring relates to the risk *the College is unable to accurately assess and influence changes in local and regional plans in a timely and risk aware manner*. The papers for the meeting include a summary relating to the Machinery of Government changes and how the Sixth Form Colleges Forum has responded to the recent consultation process. It is currently unclear how the transitional period involved in the changes to the Learning and Skills Council (LSC), Department for Innovation Universities and Skills (DIUS), the Department for Children Schools and Families (DCSF) and the Local Authority will impinge on the sector, but there is potential for very significant impact, and the College will closely monitor developments.

Huish Episcopi School has been successful in its appeal to proceed with a sixth form presumption, to be in place for 2010 and with £4.8m from local LSC funding to be spent on the new facility. Members noted that the new sixth form provision could negatively impact *inter alia* on the current 40-50 students per annum received by the College from Huish Episcopi.

Penny James recommended the Risk Management Action Plan for approval by the Corporation. This was seconded by Adrian Stallard and agreed *nem con*.

2. The College Development Plan for the Learning and Skills Council 2008-09 and beyond

Although requirements are not currently clear, it is anticipated that the Learning and Skills Council will require an up-dated College Development Plan for 2008-09 and beyond, approved by the Corporation, by 1 August 2008.

The Committee agreed that it would give specific consideration to the following areas of the Development Plan, with feedback and comments to the Clerk to the Corporation no later than Friday 4 July 2008:

- 1.4 Performance and Quality
- 2.11 Equality and Diversity
- 2.12 Health and Safety

Each Committee of the Corporation will contribute to the re-drafting of the Plan to be presented to the Corporation on 21 July 2008.

3. Internal Audit Plan for 2008-09 and beyond

The new Internal Audit providers, RSM Bentley Jennison, attended the meeting in order to present the draft internal audit plan. The plan had been drafted on the basis that fieldwork would provide a clear level of assurance on internal controls. Members were appreciative of the rapid preparation of the Plan in the short period since the appointment of the Internal Auditors.

In noting the proposed areas of fieldwork, RSM Bentley Jennison had been mindful of a number of factors, including the appointment of a new Director of Finance, the recent changes to Payroll provision and the need for a risk-based approach to cover the College key risks. Fieldwork and advisory/benchmarking work will feed into the process, providing the Committee with appropriate opinions on an annual basis. Members noted that some work in relation to procurement and value for money reviews might be useful, with due consideration given to timing during the overall schedule.

The internal audit plan is based on 35 days' work, in line with tendering documents. The indicative plan is not rigid, and it was noted that there is provision to make changes to the plan as issues/needs emerge and change during the planning period. Regular dialogue between the College and RSM Bentley Jennison will ensure a cohesive plan and productive working relationship.

Rob Setchell, seconded by Garry Charles, and agreed *nem con*, proposed that the draft Internal Audit Plan be approved by the Corporation.

4. Review of Outstanding Audit Issues

Financial Regulations and Procedures are not up to date

It was noted that the new Director of Finance is due to take up appointment on 23 June 2008 and that once an initial period of handover with the current Finance Manager is completed, work will start on, *inter alia*, a fundamental review of Financial Regulations.

Fixed Asset Tracking

Considerable investigatory work has been undertaken in connection with implementation of a cohesive system of fixed asset tracking. However, members noted that pivotal to much of this work is the need to re-establish the capitalisation levels for fixed assets and to review, simplify and co-ordinate a number of established databases currently in use within the College.

Members agreed that the short term solution to comprehensively address the issue of fixed asset tracking would be to ensure that new information is input to a spreadsheet from which the information can be extracted and re-applied as required. More fundamentally, priority will be given to reviewing Financial Regulations to establish capitalisation thresholds, and then full consideration can be given to developing an appropriate cohesive database to be used as an on-line register. It was agreed that a group will be established to progress the matter once the new Director of Finance is familiar with the day-to-day running of the College. Garry Charles and Adrian Stallard agreed to give their input to the group. It was also noted that early inclusion of the External Audit Service in discussion about new systems would be a positive step.

In view of the College not being at an appropriate juncture with implementation of a fixed asset tracking system, it was agreed that internal audit testing work would not be productive at this stage. It was proposed by Garry Charles, seconded by Alison Mackenzie, and agreed *nem con* that current planned internal audit field work in this respect be cancelled.

Action: Clerk to Corporation to co-ordinate arrangements for revision of internal audit fieldwork schedule.

Performance Indicators for IT Service Provision

The Committee noted that progress had been made towards establishing a number of performance indicators. However, it was agreed that there were still a number of performance indicators required, critical to measuring how the IT function meets client needs. To this end, it was agreed that provision should be made for fault reporting and customer satisfaction to be given performance indicators. In respect of fault reporting, it was agreed that there should be a clear method for fault reporting and prioritising for action, with a facility for the client to be able to challenge the

response time. The Committee will consider a revised set of indicators in due course.

Action: Clerk to Corporation to liaise with IT Manager on development of Performance Indicators.

5. External Audit Provision in Respect of Financial Statements Auditing

Members noted the content of the scope of the audit, and considered the fee reasonable. The fee in the sum of £13,365 was recommended for approval by the Corporation. This was proposed by Adrian Stallard, seconded by Alison Mackenzie, and agreed *nem con*.

6. Consideration of the Draft Calendar for Preparation of Members' Report and Annual Financial Statements and Annual Governance Calendar

Members noted that the overall schedule of meetings closely matched that of the current year, but with some minor refinements to facilitate consideration of business at appropriate times.

The calendar for preparation of the Members' Report and Annual Financial Statements was recommended for approval by the Corporation. This was proposed by Penny James, seconded by Alison Mackenzie, and agreed *nem con*.

The Annual Governance calendar was recommended for approval by the Corporation. This was proposed by Rob Setchell, seconded by Alison Mackenzie, and agree *nem con*.

7. Any Other Business

There was no other business.

8. Date of Next Meeting

The date of the next meeting is scheduled for 8 September 2008.

The meeting closed at 6.43 pm.

Signed as a correct record.....

Date.....