

BRIGHTON HOVE & SUSSEX SIXTH FORM COLLEGE

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON WEDNESDAY 10th
MAY 2006 at 6.00 P.M.
IN THE SPORTS CENTRE CAFE**

Present: Jack Hazelgrove, Altaf Razak, Ellen Walsh (Chair).

In Attendance: Jutta Knapp, Louise Pennington.
Tina Thorne - Hampshire Audit Services (Internal Auditors)

The meeting was quorate.

1. Apologies and Welcomes

Mike Bewlock, Chris Thomson and Marion Wilcock.

2. Minutes of the Meeting held on 8th March 2006

The Minutes were approved unanimously and signed by the Chairman as a correct record of the meeting.

3. Matters Arising

Item 4) c) and d) It was noted that MW had agreed to speak to her colleague, Melanie Carter in respect of a possible training session.

Item 9) a) It was noted that would report on the progress of this at the next meeting.

Item 9) e) The next Disaster Recovery Scenario (Bird Flu outbreak) has been scheduled for later in May.

4. Internal Audit Report March 2006

TT presented the Report to the Committee, the contents of which were noted and the following points were made:

- a) A number of the College's financial systems, including the learner number systems, were examined during this audit which will assist Tenon, the external auditors, when they complete the financial statement audit later in the year.
- b) All systems examined had an appropriate framework of control with controls in place and working and no significant issues arising.
- c) Capital Project, Planning, Management and Evaluation. EW reported upon an e mail received from Peter Freeman, Chair of Corporation which queried whether there are lessons to be learnt from the recent DDA capital project. A discussion was held and it was resolved that JHK should prepare a response from the Audit Committee

Action

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including the following comments – key issues arising from recent project: overspend arising from out of hours working costs and the extension of time as a result; in future, bear in mind noise issues and must establish acceptable working timetable before commencement; VAT interpretation – would recommend agreeing the VAT liable work with the contractor prior to the commencement of the contract and external VAT adviser could be brought into the consultation process too; include the Assistant Principal, Director of Curriculum and Guidance for any future projects, during the consultation phase for a better overall understanding by the contractor of the issues involved regarding staff and students. TT gave assurances that the auditors would review the situation again, prior to the commencement of another capital project.

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- d) Post-project review should be completed when the final cost report is received by Premises Group/F & GP Committee and SMT.
- e) Learner Number Systems – well-managed systems and controls. Item 4.12, page 20 – it was noted that only 1 file contained an additional learning support work plan and contract signed by the student and College representative. This had been brought to the attention of the Head of Learning Support who had given assurances that all documentations would be in place for the 2006/07 year.
- f) Asset Controls – Last reviewed 2001/02 when there were a number of issues arising. In 2002/03 a follow-up audit was completed and all the issues raised had been addressed by the College. One low priority recommendation was raised – to ensure that all assets can be located, the department in which the asset is located should be included on the FAR.
- g) Procurements and Payments – Last reviews 2001/02. Two medium priority issues have been raised at the current audit, one of which the College has agreed to action.
- h) Debtors and Cash Income – the three medium priority recommendations have already been actioned.
- i) Student Support Services – three medium priority recommendations and one low priority recommendation have already been actioned.
- j) It was recorded that the external auditors, Tenon, would be reviewing the internal auditors' files with regard to the College, in order to place reliance on the internal auditors' work prior to commencement to the financial statement audit.

5. Re-appointment and Remuneration of Internal Auditors

JHK gave a verbal report to the Committee, advising that an open-ended contract was in place with Hampshire Audit Services (HAS) which has been in place for five years. There is no agreement in place regarding the review of fees and HAS has requested the College to consider a proposal to agree to a fee review. HAS has completed their own fee review and the pay awards agreed over the last five years have not matched RPI. Furthermore the fee awarded also covers the auditors' associated hotel accommodation costs and these costs have increased markedly too. HAS would like consideration to be given to a re-base using RPI for the next three years. The current daily rate is £392 and based on the proposal made, this would increase to £435 (11% increase).

JHK has spoken to other Sixth Form Colleges in Sussex and the daily rate range is £347 - £544. Obviously the charge is likely to be lower if a local firm of auditors was used.

The Committee noted that SMT were very happy with the existing service and that a good relationship had been established. It was also noted that usually the audit teams comprised three auditors, with the lead auditor being known to the College, whilst of the other two auditors, at least one would generally be new to BHASVIC, providing a fresh approach.

EW/JHK/
LEP

Following a general discussion, it was agreed that the revised terms suggested should be recommended to Corporation for approval for one year only, but that the Committee should re-visit the proposal at its Spring Term Meeting 2007 for further consideration, at which JHK would be asked to present a paper giving more details with regard to level of service, comparable rates etc.

JHK

TT agreed to issue a revised contract for one year on the basis recommended above.

TT

6. External Audit Planning for the year ended 31st July 2006

JHK presented the paper to the Committee, the contents of which were noted. Owing to the requirement to apply the international standards on auditing, the external audit fee will increase by the RPI plus up to 10%, the details of which are still to be agreed. Currently the fee is £8,200 plus VAT.

It was noted that the College and both external and internal auditors would be liaising to ensure that there is no duplication of audit work, particularly in respect of testing systems and controls.

JHK agreed to circulate the external audit planning letter to the Committee members as soon as it is received.

JHK

7. Update on Internal Audit Recommendations

JHK presented the paper to the Committee, the contents of which were noted.

8. Risk Management

In CT's absence, JHK presented his report to the Committee and the contents were noted. The following points were made:

- a) Risk 12 – Serious breaches of Health and Safety – it was noted that a draft policy was being prepared with regard to children of staff being on College site. The Committee was concerned that health and safety of children could not be guaranteed on site and that further consideration should be given by SMT. JHK agreed to report back on the subject at the next Audit Meeting in November.
- b) Risk 42 – Breaches of Equality and Diversity good practice – it was noted that a June Staff Inset was planned to train all staff with regard to dealing with disabilities in others.
- c) Page 73 Appendix 2 Risk Management Action Plan – Current position regarding Actions December 2005 should read May 2006.

JHK

CT

9. Update on Disaster Recovery Plan

The next disaster scenario testing, based on bird flu, has been scheduled for next week – Audit Committee Members have been invited to attend.

Formal review of the Plan will be presented to the November Audit Committee Meeting.

10. Any Other Business

There was no other business.

11. Date of Next Meeting

To be agreed.

Louise Pennington
Clerk to the Corporation

CHAIRMAN..... DATE.....