

BRIGHTON HOVE & SUSSEX SIXTH FORM COLLEGE

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 14th
NOVEMBER 2006 at 6.00 P.M.
IN THE SPORTS CENTRE CAFE**

Present: Mike Bewlock, Jack Hazelgrove, Altaf Razak, Marion Wilcock (Chair).

In Attendance: Chris Thomson, Jutta Knapp, Louise Pennington.
Karen Shaw - Hampshire Audit Services (Internal Auditors)
Karen McGuire – Tenon Audit (External Auditors)

The meeting was quorate.

Action

1. Apologies and Welcomes

Ellen Walsh and Anne Fielding Smith.

2. Training – Melanie Carter

Melanie Carter (a Partner, with specialty in Audit from DMH Stallard) gave a presentation on current legal issues and case examples within the Audit field in respect of local government and education establishments.

3. Minutes of the Meeting held on 10th May 2006

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

4. Matters Arising

Item 4) c) – Post-Project review meeting to be held this month. Report to be given to Spring Term Audit Committee. **JHK**

Item 8) a) – The College's Health and Safety Committee has reviewed the issue and the Committee is awaiting feedback from the NUT. A report should be ready for the next Audit Committee meeting. **JHK**

5. Review of Terms of Reference

The Committee terms of reference were reviewed and it was agreed that no changes were necessary. **LEP**

6. Report and Financial Statements for the year ended 31st July 2006

The Committee noted the paper and that the Finance & General Purposes Committee would be reviewing and recommending the Report and Accounts to Corporation in due course.

7. External Audit Management Letter

Karen McGuire presented the paper and the following points were noted:

- a) An unqualified regularity opinion has been given by Tenon. However there are some areas where it is suggested that controls should be strengthened further (refer item (i) below and pages 54 – 56 of the papers).
- b) Materiality has been set at £80,000, but this does not preclude the auditors identifying areas below £80,000 materiality where appropriate.
- c) Accounting policies and practices – full implementation of FRS 17 this year, so additional guidance given within section 7.
- d) The treatment within the accounts of a potential capital build was discussed (refer page 50 of the papers) and it was noted that clarification from the Tenon (& LSC) would be required (FRS11).
- e) Page 51, item 2.5 Deferred Capital Grant – noted that £57K still to be received by the College – not included as debtor in the accounts, despite the fact that the DDA works have been completed.
- f) Page 51, item 2.6 Accruals and 2.7 Investments - the adjustments in the accounts were noted. With regard to investments a general discussion was held regarding gifted shares and it was noted that the Committee advised reviewing any future gifted investments with caution. **JHK**
- g) Page 52, item 2.8 Restricted Funds – KM highlighted the issue regarding old prize funds etc. It was noted that the College should review whether it would be appropriate to carry the balances forward next year or to utilise the funds. **TENON/
JHK**
- h) Page 53 Summary of Adjustments – Tenon to amend “surplus” to “deficit”.
- i) Page 54 item 3.0 Accounting and Financial Control Systems – the two recommendations for improving the effectiveness of the College’s systems were noted. The recommendations had been agreed by JHK. **JHK**
- j) Page 57 item 5.0 Regularity Framework – the two recommendations and actions were noted by the Committee.

8. Internal Audit Annual Report 2005/06

Karen Shaw (HAS) presented the Report to the Committee, the contents of which were noted and the following points were made:

- a) When the Report is approved by Corporation, a copy will be submitted to the LSC in accordance with the Audit Code of Practice.
- b) The Report is a summary of the annual audit

- workload, together with conclusions.
- c) The Report confirms that BHASVIC has appropriate risk management, control and governance processes in place and that they are operating in practice.
 - d) All 10 business areas reviewed had an appropriate framework of control to manage the risks reviewed and these were shown to be working in practice.
 - e) There were no significant or common findings arising from the audit work during the year.
 - f) Follow-up works was carried out during the year in the areas of HR, IT infrastructure and data protection and fundamental financial accounting reviews, carried out in 2004/05. The Auditors were satisfied that significant progress had been made in implementing the Auditors' recommendations. Furthermore, with regard to recommendations made in 2005/06, most of these were accepted by College Management and the Auditors were happy that appropriate action had been taken.

**EW/JHK/
LEP**

The Report was recommended to Corporation for approval.

9. Internal Audit Strategic Plan 2006-2009

Karen Shaw (HAS) presented the Plan to the Committee.

- a) Each year a review of the three year plan is reviewed and updated as appropriate, following discussions with JHK.
- b) The audit needs assessment for the College has been updated to reflect change in risk. The areas proposed for change as detailed on pages 90 and 91 of the papers, were noted, together with the revised three year plan, detailed in Appendix A.
- c) Audit work will be carried out via three visits in the Autumn Term 2006 (one visit) and Spring Term 2007 (two visits).
- d) The key risks and controls to be examined at each review of the business areas are given in Appendix D, the contents of which were noted.
- e) Page 93 of the papers – Appendix "B" should read Appendix "A".
- f) With regard to the utilisation of gifts/hospitality received by the College, it was agreed that SMT would review the need to have a more detailed policy in place.
- g) With reference to Appendix A, it was agreed that HR risks should be reviewed every three years rather than every two years, in order to spend the time released on further reviewing quality assurance systems. CT agreed to update the risk

KS

CT/LEP

CT/KS

**CT/JHK/
LEP**

management entries in this regard and Karen Shaw agreed to review the profile of corporate governance work. **JHK/LEP**

The Plan was recommended to Corporation for approval, subject to any changes noted above.

10. Audit Committee Annual Report

JHK presented the Report to the Committee, in Ellen Walsh's absence and it was agreed to recommend the Report to Corporation for approval. **CT**

It was agreed to take item 12. before item 11.

11. Risk Management Annual Report

CT presented the Report to the Committee, the contents of which were noted. CT agreed to amend the date in the table on page 140 from November 2007 to November 2006 (Current position regarding Actions column). **CT**

CT/LEP

It was noted that Page 113 should come before Page 112.

The Committee's attention was drawn to the disaster successfully dealt with by the College in 2006 – page 116, section 6.5.

JHK/LEP

Page 141 – CT agreed to add “amber” to “No control over Funding Levels” scenario.

The Report was recommended to Corporation for approval.

12. Performance Indicators for Audit

JHK presented the Report to the Committee the contents of which were noted and the Committee recommended the Report to Corporation for approval.

At this point CT and JHK were asked to leave the Meeting. The Auditors confirmed that the College Management and the Finance team had been fully co-operative and helpful during the audit work. CT and JHK re-joined the Meeting.

Karen McGuire left the Meeting.

13. Update on Internal Audit Recommendations

JHK presented the Report to the Committee which noted that all recommendations had been actioned.

14. Update on Disaster Recovery Plan

JHK/LEP

JHK presented the update to the Committee, the contents of which were noted. There were no significant amendments reported, but it was agreed that the Plan should be reviewed and brought to Audit Committee on a regular (annual) basis.

15. Review of Internal Audit Fees

The proposed fee increase in respect of the 2006/07 year was recommended to Corporation for approval. It was noted that the Audit Committee would be reviewing the internal audit position (need for re-tendering etc) at its Spring 2007 meeting.

16. Any Other Business

There was no other business.

17. Date of Next Meeting

13th March 2007

Louise Pennington
Clerk to the Corporation

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