

BRIGHTON HOVE & SUSSEX SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON MONDAY 28th FEBRUARY 2011 at 6.00 P.M. IN THE SPORTS CENTRE CAFE

Present: Dominic Blythe (Chair), Sarah Bovill, Sue Smith, Tom Wolfenden

In Attendance: Jutta Knapp, Chris Thomson, Louise Pennington
Laura Hallez, Mazars (Internal Auditors)

The meeting was quorate.

A11/01 Apologies and Welcomes

Apologies were received from Michael Bewlock.

A11/02 Minutes of the Meeting held on 6th December 2010

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

A11/03 Matters Arising

The Committee noted that the actions detailed in the minutes had been completed and recorded the following:

- a) A10/39 Internal Audit Strategic Plan 2010-2013 item e) Laura Hallez advised that Mazars had completed a comparison exercise of risk management programmes in respect of their clients risk registers – the paper would be tabled under item 11/06.
- b) A10/47 AOB – The Committee noted that the new Audit Code of Practice had not yet been issued to Colleges.

At this point, Sue Smith joined the meeting.

A11/04 Declaration of Interests

None declared.

A11/05 Update on Internal Audit Recommendations

Jutta Knapp confirmed that all outstanding audit recommendations had been implemented by the College and referred the Committee to item A11/06 Internal Audit Report December 2010 – refer pages 14-17 of Report below, 5.1 Physical Checks on the inventories should be carried out on a regular basis, 5.2 Information on the FOI Act should be included in the staff induction process and 5.3 Copyright procedures should be included in the staff induction process. Regarding 5.1, Sue Smith queried the Manager responsible heading regarding item 5.1 and Jutta Knapp confirmed that the College's procedures had been updated to apply to the IT department in addition to the Arts and Science Technician Managers.

A11/06 Internal Audit Report December 2010

Laura Hallez presented the report to the Committee, the contents of which were noted. With regard to Staff Utilisation the action plan which contained 3 "housekeeping" risks/recommendations had been agreed by College Managers – see pages 24 – 25 of the

papers and the Committee noted that this was based both on teaching and support staff. Regarding observation/risk 6.3 (Resignation of Vice-Principal and associated re-structuring of SMT, care needs to be taken to ensure that there is appropriate segregation of duty between curriculum planning and staff budgets), the Committee were advised that SMT members had already received training within the curriculum area. Following a query from Dominic Blythe regarding the possibility that this issue might prevail in other areas within the College, Chris Thomson explained that in recent years following the retirement of Kay Dawes, the College Management had undertaken a review to ensure that appropriate policies and procedures were in place to avoid similar issues arising.

It was noted that the other two areas examined during the December 2010 Internal Audit visit, namely Governance and Risk Management, had not yet been passed to Managers for comment and would be included in the next Audit Committee Meeting papers. **ACTION: Jutta Knapp**

At this point Laura Hallez tabled the Risk Management Benchmarking paper dated February 2011 (refer Matters Arising above). The analysis within the paper, comprising information from 17 Colleges (current Mazars' clients), including BHASVIC, was examined by the Committee, which noted that the number of risks included in Colleges' risk registers varied from 10 to 140 (BHASVIC has 57 currently). Taking account of the information given within the paper and also the composition of BHASVIC's current risk management report, it was suggested that it might be useful to present some of the information of the latter in a graphical format and/or provide additional guidance within the risk register giving an indicator of whether risk has worsened/improved etc. It was agreed that in future a summary Risk Management Report should be produced for the Spring and Summer Term meetings comprising changes since last Audit Report, together with notification of the top 20 risks. A full Risk Management would be presented to the Autumn Term meeting annually. It was also recorded that SMT would continue to review all risks within the Risk Management register termly. Referring to Charts C and D, it was noted that an area of risk management good practice involved the formal assessment of mitigating controls identified to manage risk and it was noted that BHASVIC did not currently score "net" risk. The Committee were reminded that the College's two most significant risks were YPLA funding and the Vice Principal departure, following Anne Fielding Smith's resignation and in the light of this, the Committee resolved that incorporating residual risk within the risk management report would not be appropriate. Referring to Chart E – Top 5 risks across the Colleges, it was noted that "Increased Competition" was a risk commonly associated with General Further Education Colleges and it was agreed that it would not be necessary for BHASVIC to include this risk within its risk register. **ACTION: Chris Thomson**

A11/07 Update on External Audit Recommendations

Jutta Knapp presented the paper to the Committee advising that any outstanding audit recommendations were included in the report, in respect of the External Audit Management Letter presented to Committee in November 2010.

The three issues – bank reconciliation, refundable deposits and re-financing of the Portacabins – had been agreed. With regard to the latter it was noted that although property consent had been granted by the YPLA, financial consent from the YPLA was awaited.

A11/08 Update on Risk Management

In addition to the points made within item A11/06 above, Chris Thomson highlighted the list of changes to the risk register as given on page 33 and also the two key risks to the College – YPLA Funding Cuts and Anne Fielding Smith's departure as set out on page 32.

A11/09 Re-appointment and Remuneration of Financial Statement Auditors

At this point Laura Hallez left the meeting.

Jutta Knapp requested that the Committee consider the re-appointment and remuneration of the Financial Statement Auditors, Tenon and taking into account the successful tender process completed last Summer, the Committee resolved that this be recommended to Corporation for approval. It was noted that the fees were £10,600 annually subject to increase in line with RPI.

ACTION: Jutta Knapp/Louise Pennington

A11/10 Performance Indicators for Financial Statement Auditors

The performance indicators paper was noted by the Committee and recommended to Corporation for approval. **ACTION: Jutta Knapp/Louise Pennington**

A11/11 Fraud

The Committee were advised by Jutta Knapp that there no instances of Fraud had been recorded by the College since the last meeting.

A11/12 Managing the Cut in YPLA Funding

Chris Thomson presented the paper to Committee and explained the background behind the production of the paper, which had been drafted promptly once the YPLA announced indicative funding cuts late in December 2010, but prior to any comments having been issued by either AoC or SFCF owing to the Christmas break. This was done in order to relay information to staff quickly. The following points were recorded:

- a) The three phase approach proposed by SMT to manage the cuts.
- b) In addition to the Finance & General Purposes Committee receiving this information at its next meeting, the paper will also be presented to the HR Committee and the Quality and Curriculum Committee in order that Governors are aware of the implications of the funding cuts in the light of the potential for compulsory redundancies and the impact upon Quality, respectively.
- c) Following a question regarding item ii on page 59, lobbying against the YPLA cuts, Chris Thomson explained that this was unlikely to have a significant effect, although he thought it likely that Colleges could influence the debate. In this regard, he explained that he had written to Christine Gilbert (Ofsted) about this and she had advised that it would be possible for a special study to be completed regarding entitlement.
- d) On a positive note, it was recorded that as a result of the proposed funding changes, School Sixth Forms and Sixth Form Colleges would be placed in an equivalent position with regard to funding, which until now, had been significantly favourable to school sixth forms.
- e) A general discussion was held regarding the impact of removing EMA (Educational Maintenance Allowance) on BHASVIC's enrolments. Chris Thomson explained that he thought it unlikely that this would have any material affect at BHASVIC owing to the nature of its courses and the fact that the majority of its students are well-supported and motivated, although it was more likely to affect both attendance records and quality within the classroom. Approximately 1/3 of BHASVIC students receive some level of EMA.
- f) A summary of the City's sixth form provision was given, excluding BHASVIC and Varndean – Cardinal Newman (250 students approx) and the smaller numbers provided by Blatchington Mill/Hove Park and Portslade (which may become an Academy), and Falmer Academy.
- g) It was noted that the College no longer recruited international students, although did currently continue to have an ESOL provision.

A11/13 Any Other Business

There was no other business.

A11/14 Date of Next Meeting

Tuesday 16th May 2011

Louise Pennington
Clerk to the Corporation

CHAIR..... DATE.....