

BRIGHTON HOVE & SUSSEX SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY 4th MARCH 2010 at 6.00 P.M. IN THE SPORTS CENTRE CAFE

Present: Michael Bewlock, Dominic Blythe (Chair), Sarah Bovill and Sue Smith.

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

The meeting was quorate.

A10/01 Apologies and Welcomes

Sue Smith (Staff governor) was welcomed to her first meeting.

A10/02 Minutes of the Meeting held on 17th November 2009

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

A10/03 Matters Arising

A09/30 – page 2 of the papers all of the action items have been processed.

A09/33 – sub-item d) Jutta Knapp advised the Committee that the estates management/planned maintenance issue raised by Michael Bewlock would be brought forward and considered in next year's internal audit plan. She also reported that a full conditions' survey had been completed and that currently SMT were reviewing the details to determine priorities over the next 10 years for the College with regard to estates management/planned maintenance issues.

A10/04 Declaration of Interests

None declared.

A10/05 Update on Report and Financial Statements to 31 July 2009

Jutta Knapp confirmed that following the decision at Corporation in December 2009 to approve the Annual Report and Financial statements for the year until 31st July 2009, subject to the receipt of additional LSC monies in respect of additional funding to offset part of the Capital Project consultants' costs, an additional £300,000 had been received. The annual report and financial statements have now been signed by the Principal and Chair on behalf of the College, but following recommendation by the College's external auditors (RSM Tenon), it was decided not to include the additional funding in the accounts but to include this in the accounts to 31/7/10. The Committee supported this decision.

It was also noted that the College was discussing the on-going financial position of the College with the LSC, with the aim of seeking further funding in order for the College to be categorised with a satisfactory financial health - based on current figures, the College remains within the classification "inadequate". The position at sixth months indicates that the College remains in the "inadequate" financial health category, despite the £300,000 additional LSC funds. The College also continues to be supported via its overdraft facilities. The results of the LSC's further analysis will be advised before the end of March.

At this point Michael Bewlock joined the meeting and he was brought up to date with the business discussed prior to his arrival.

A010/06 Internal Audit Report December 2009

Tina Thorne, Hampshire County Council Audit Services (Internal Auditors) presented the Internal Audit Report following the audit visit to the College in December 2009. The contents of the report were noted by the Committee and the following points highlighted:

- a) 5 areas were audited: Risk Management, Governance and Management – obligatory to review annually; Health and Safety, Pay Roll, Business and Continuity/Disaster Recovery.
- b) Both Risk Management and Governance/Management both received clean audit opinions with no recommendations. Regarding page 18 of the papers Governance and Management item 4.9 Control issues, Tina Thorne agreed to amend the wording to confirm that the links scheme had not “lapsed” but has been reviewed and revised.
ACTION: Tina Thorne
- c) Health and Safety – first review after several years. Two minor housekeeping recommendations, one being low priority and one being medium priority.
- d) Payroll and Business and Continuity/Disaster Recovery – clean audit opinions with no recommendations.
- e) Page 22 item 5.14 Work Based Learning (WBL) – following a query from Michael Bewlock, Jutta Knapp explained the process involved regarding WBL risk assessments which entail an assessment of every venue to which a student is assigned for WBL, referring to both risk management policy and procedures and any other relevant policy and procedure such as health and safety. It was noted that issues might arise during enrichment week, when students may be offered work placements at many different locations/organisations and that currently this was in the process of being addressed by the College. Chris Thomson agreed to report further on this issue at the next meeting.
ACTION: Chris Thomson
- f) Page 25 of papers – Payroll controls. Michael Bewlock queried the separation of duties between staff and controls in place regarding system passwords etc. Jutta Knapp explained that with respect to payroll issues, there were 3 staff members with system access rights with one individual having access rights to all areas, with two other staff members having various limited rights. Tina Thorne confirmed that the auditors had examined the separation of duties and were satisfied with the controls in place. Certain staff within the HR Department also have access rights to various parts of the payroll system.

A10/07 Update on Internal Audit Recommendations

The Committee noted the report presented by Tina Thorne and Jutta Knapp and Jutta agreed to revise the target dates to reflect correctly the dates actioned. **ACTION: Jutta Knapp**

A10/08 Update on External Audit Recommendations

The Committee were advised that all outstanding external audit recommendations had been implemented.

A10/09 Performance Indicators for Financial Statements Auditors

The performance indicators for the FS Auditors were approved by the Committee and recommended to Corporation. **ACTION: Jutta Knapp/Louise Pennington**

A10/10 Update on Risk Management

Chris Thomson presented the Report to the Committee and the changes to the survey since the last Audit Committee, as given on page 42 of the papers, were noted.

It was resolved that a contingency column should be added to the main survey analysis for ease of reference which would be possible if the Likelihood, Impact and Score columns were reduced.

ACTION: Chris Thomson

Michael Bewlock queried risk 28 "Adverse Government/SFCF Funding-related decisions/rise in interest rates etc" and Chris Thomson advised that all Colleges were been asked to make efficiency savings for 2010/2011 and that College's funding rate will not be increased, despite a rise in expenditure, combined with inflationary effects. Furthermore the College will be affected by the MOG (Machinery of Government) changes and the Corporation had approved the designation of the College as a Sixth Form College, along with the majority of Sixth Form Colleges in the country. It was resolved that the assumptions underpinning the figures in the 3 year financial forecast (and not the figures themselves which are the province of F & GP Committee) should be included within risk 28. **ACTION: Chris Thomson**

Following a query from Sarah Bovill, regarding risk 53 "Disruption from building work" and the fact that the associated likelihood and impact was scored at the same level, it was agreed to leave this for the time being, but it was noted that this would continue to be regularly reviewed by SMT.

A10/11 Fraud

Jutta Knapp reported that there were no cases of fraud at the College since her last report in November 2009.

A10/12 Disaster Recovery Update

The revised process and guidelines initiated as a result of the recent adverse weather conditions were noted by the Committee.

A10/13 Tendering for Internal & External Audit

At this point Tina Thorne left the meeting.

Dominic Blythe introduced the paper produced by Jutta Knapp regarding the re-tendering of both external and internal audit services. The shortlist of candidates was considered, noting that owing to the nature of the College's business, that there were a small number of possible candidates who would be interested in tendering for the audit work.

It was resolved that the interview Panel should comprise Dominic Blythe, Jutta Knapp and Sarah Bovill and Jutta Knapp agreed to send out invitation to tender letters as soon as possible with submissions to be made electronically. It was intended that the Panel would meet to consider submissions in April from a minimum of two candidates, but no more than 3. Recommendations will be brought to the next meeting.

The Committee noted that Tenon had merged recently with Bentley Jennison, but that the College continued to be serviced by the same team with regard to the external audit work.

A10/14 Any Other Business

Draft Joint Audit Code of Practice

Jutta Knapp advised the Committee that the above document had been released by the LSC on behalf of the SFA (Skills Funding Agency), YPLA (Young People’s Learning Agency) and LGA (Local Government Association) with comments being invited by 12th March 2010. She confirmed that she had discussed the document with Dominic Blythe.

Responses are required on a single page response form which lists 5 questions and the College is recommending that the following responses be given:

- 1) Should there be a Joint Code of Practice for the SFA, YPLA and Local Authorities? YES
- 2) Should it cover all types of learning provider? YES
- 3) Do you agree with the principle of one provider? YES
- 4) What level of guidance should the SFA, YPLA and Local Authorities issue to learning providers on assurance matters (there will also be a separate consultation on this matter: YES (to detailed requirements/detailed guidance.
- 5) Should assurance work be consistent for similar types of learning provider, and proportional in approach (that is, with lower risk providers receiving less assurance coverage)? YES

Jutta Knapp also advised that she had agreed to participate on a new Group of Finance Directors within the sector which will be meeting next week in Coventry and that the Joint Audit Code of Practice would be discussed.

The Committee noted that a copy of the full consultation document was available on request from Jutta Knapp. The responses given above were endorsed by the Committee.

A10/15 Date of Next Meeting

Tuesday 18th May 2010

Louise Pennington
Clerk to the Corporation

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