

BRIGHTON HOVE & SUSSEX SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON MONDAY 16th MAY 2011 at 6.00 P.M. IN THE SPORTS CENTRE CAFE

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

In Attendance: Jutta Knapp, Chris Thomson, Louise Pennington
Graham Clarke, Mazars (Internal Auditors)

The meeting was quorate.

A11/15 Apologies and Welcomes

Apologies were received from Dominic Blythe and Sarah Bovill.

In the absence of Dominic Blythe, it was resolved that Tom Wolfenden should take the Chair.

A11/16 Minutes of the Meeting held on 28th February 2011

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

A11/17 Matters Arising

The Committee noted that the actions detailed in the minutes had all been completed.

At this point, Sue Smith joined the meeting.

A11/18 Declaration of Interests

None declared.

A11/19 Internal Audit Report Corporate Governance and Risk Management

Graeme Clarke (Mazars) presented the paper, part of which was tabled at the last Audit Committee meeting (risk management aspects). The following points were highlighted:

- a) Auditors have reviewed the College's arrangements in respect of Corporate Governance and Risk Management in line with the requirements of the Audit Code of Practice etc.
- b) This is the first time for Mazars' review of this area as the College's new Internal Auditors.
- c) Page 11 of papers (4 of report) – substantial assurance has been awarded for the two internal audit areas reviewed. There is a well-developed risk management framework subject to regular review and update.
- d) There were 3 housekeeping issues relating to corporate governance and 1 housekeeping issue relating to risk management. Areas of good practice were noted on page 5 of the report. Page 6 Action Plan – governance actions 6.1, 6.2 and 6.3 have been done. Regarding the risk management action 6.4, it was noted that the Audit Committee had discussed this at the last meeting it had been agreed to reduce the quantity of risks reported to Audit Committee. It had also been resolved that the net risk consideration would not in fact have much value for the College.
- e) Following a query raised by Sue Smith, the Committee discussed Governor training and in particular the option of providing Governor feedback. It was noted that feedback from staff following links visits was obtained and also Governors were welcome to pass on any

general comments to either Louise Pennington or Peter Freeman, and members were also reminded that the links policy (which is circulated to Governors and staff at the time of a links visit), details protocols for the visit particularly reflecting the role of Governors. Additionally Governor training reports were prepared and presented to the Chairs/Search Committees as appropriate, together with the individual governor self-assessment form/committee self-assessment form which includes a section on training. A significant proportion of Governor training arises from the termly briefings given to the Corporation before the start of the formal Corporation meeting business.

A11/20 Internal Audit Reports March 2011

Graeme Clarke presented Mazars' reports to the Committee and in the first instance apologised for the slight delay in issuing these following the completion of the internal audit site visit on 18th March 2011. The following matters were recorded:

- a) Cash and Banking – (page 24 of papers) - substantial assurance from auditors with three housekeeping issues. Action Plan – 6.1 incomplete audit trail identified – with immediate effect it has been agreed with management that the cash procedure will be updated; 6.2 catering banking form unsigned in some instances – again incomplete audit trail and management have agreed to review the form by the end of this academic year; 6.3 update cash handling procedure re car boot – agreed by management with effect from June 2011. Following a query from Mike Bewlock and a discussion regarding staff training and procedures, the Committee noted that staff had received in-department training in respect of existing procedures.
- b) Learner Numbers – (page 32 of papers) – adequate assurance from auditors, with 1 significant issue and 6 housekeeping issues. Regarding risk management it was noted that the College had identified a number of risks within its risk register iro Learner Numbers but this was focused towards achievement of targets rather than data quality and accuracy. The significant issue arises from the failure to address issues with regard to data quality (apart from the process of running data through LIS software) and it was recommended that the College should undertake regular checks on data quality of the information within UNIT-e etc. This recommendation has been agreed by management with an implementation date of June 2011. Regarding the 6 housekeeping issues as detailed in the report, it was noted that all of the recommendations had been agreed with immediate or May/June 2011 implementation. The Committee discussed the staffing and procedures involved in the CIS department and it was noted that some of the work had been timetabled but had not taken place owing to a temporary restructuring of staff during the maternity leave of the CIS Manager, with a subsequent human error.
- c) Purchasing and Procurement – (page 41 of papers) – substantial assurance from auditors with 8 housekeeping issues. Areas of good practice include the fact that the College is a member of a number of procurement partnerships and has an electronic requisition system allowing budget holders to access to real time financial information. Jutta Knapp confirmed that the College currently has 13 Government procurement cards. The Committee discussed the pros and cons of the purchasing and procurement systems and agreed that it was important to improve efficiency. Action 6.1 – electronic purchase order system is not used fully and in order to improve efficiency it has been agreed that the Finance Manager will implement training for departments with effect from October 2011. The Committee noted that some departments had been wary of using the system hence it's slow process of implementation, but it was agreed that training should be given to introduce this system throughout the College where possible. Action 6.2 - more information to be made available on intranet regarding procurement, approved suppliers and best practice – October 2011 implementation.
- d) Strategic Planning – (page 53 of papers) – substantial assurance given by auditors with 2 housekeeping issues. The Committee noted in particular both the areas where controls are operating in effectively and the areas of good practice. The 2 recommendations

agreed by management were noted by the Committee within the timeframe given.

A11/21 Update on Internal Audit Recommendations

Jutta Knapp reported that all the outstanding audit recommendations had been implemented or were on target to be achieved shortly.

A11/22 YPLA assessment of our Financial Management and Control Evaluation (FMCE)

The Committee noted that the YPLA had issued confirmation that it concurred with the College's own self-assessment of its financial management and control arrangements as outstanding.

A11/23 External Audit Planning Memorandum for the year ended 31st July 2011

Jutta Knapp explained that Tenon, the External Auditors have produced the annual Audit Planning Memorandum for the year to 31/7/11 and the contents of the Memorandum were noted. The Committee discussed the following areas:

- FRS17 Pension – it was noted that a prior year adjustment will need to be included in the accounts as at 31/7/11 owing to the fact that the latest scheme guidance requires RPI to be used as the measure of inflation in respect of future benefit increases and therefore under the UITF (Urgent Issues Task Force) issued earlier this year, this indicated that a constructive obligation existed as at 31/12/10 (the accounts to 31/7/11 based the calculations upon CPI rather than RPI).
- BCIF (Building Condition Improvement Fund) – following confirmation from the YPLA that the College will be entitled to receive a BCIF grant, it was noted that part of the funding would be received before the year end.
- Voluntary redundancy programme – it is likely that decisions regarding this will be made before the year end and hence the accounts will take account of any settlement made.

The Committee recommended the External Audit Planning Memorandum to Corporation for approval. **ACTION: Jutta Knapp**

A11/24 Update on Risk Management

Chris Thomson reported to the Committee upon the changes Risk Management as summarised in the two page update schedule. The Committee agreed that the changes as proposed at the last Committee meeting, worked well. The comments made regarding the management of the YPLA funding cuts (risks 28 and 29) were also considered. Following a query from Mike Bewlock concerning the risk status, Chris Thomson confirmed that the entry reflected the latest position i.e. "amber" is equivalent to work in progress. Chris Thomson agreed to add a key to the top of Appendix B (action plan). **ACTION: Chris Thomson**

A11/25 Fraud

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

A11/26 Committee Self-Assessment and Review of Terms of Reference

The Committee considered the questions included within the Self-Assessment schedule and also reviewed its terms of reference and answered positively to all questions. Regarding question 3 – group training needs, reference was made to 11/19 above concerning links visits etc and it was

also agreed that a pre-committee meeting training session given by Graeme Clarke of Mazars regarding current audit issues/best practice etc would be useful. It was agreed to arrange the training session for the Spring Term 2012. **ACTION: Jutta Knapp**

A11/27 Any Other Business

There was no other business.

Date of Next Meeting

To be advised

Louise Pennington
Clerk to the Corporation

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