

MINUTES

**Minutes of a meeting of :
the Corporation's Audit Committee
Held on Monday 01 December 2008 at 5.15pm
In Hollands House Boardroom, Yeovil College**

Members: Ken Comber [Co-opted]; *Derrick Goddard; *Derek Esp; *Tim Sweeney;
*Paul Taylor [Chair]

In attendance: *Ghislaine Badman [up to minute A.08.50]; *Paul Bowe; *Lily Garth; *James Hampton; Nigel Hardy (Baker Tilly) [up to minute A.08.52]; *Janice Tipper;
*Karen Williams (Bentley Jennison)

** Indicates actual presence at this meeting*

A.08.45	<p>Declaration of members' interests None declared.</p>	
A.08.46	<p>Apologies for absence These were received from Committee member Ken Comber.</p>	
A.08.47	<p>Minutes of the meetings held on 01 October 2008 The Committee AGREED these as a correct record and APPROVED the non-confidential set for website publication. They were signed by the Committee Chair.</p>	
A.08.48	<p>Matters Arising from the minutes The Action & Query sheet and the Committee's Self-Assessment (from the October 2008 meeting) was reviewed and noted. An updated version of the A&Q sheet will be distributed with these minutes and carried forward along with the ongoing Self-Assessment Action Plan.</p>	Lily Garth
A.08.49	<p>Alteration to the order of the agenda business The Committee AGREED that the order of agenda business for this meeting would be altered for staff efficiency reasons.</p>	
A.08.50	<p>Controls Management Report (LSC funding audit 2007/08) Paper 3 which had been prepared by Baker Tilly, was presented by Ghislaine Badman, Head of Management Information Services. After a short discussion, this report was noted without contention. <i>Ghislaine Badman then left the meeting (5.25pm)</i></p>	
A.08.51	<p>Financial Statements 2007/08 and Audit Findings Report These were presented by Nigel Hardy of Baker Tilly (the External Auditors), with additional commentary from Paul Bowe (Vice Principal Resources) and Janice Tipper (Head of Finance). The Committee noted that the Resources Committee meeting which had taken place directly prior to this meeting (and which Paul Taylor, the Audit Committee Chair had attended as an official non-voting observer) had reviewed, discussed and recommended to the Corporation for approval the main body of the Financial Statements. In the Audit Findings Report, the Committee's attention was</p>	

particularly drawn to item 4 (p6) regarding audit and accounting issues identified during the audit, and the positive fact that no areas of internal control weakness arose as a result of the audit work (item 5, p 8).

After considered discussion, **subject to the provisos below, the Committee formally RECOMMENDED to the Corporation for approval:**

Paul Bowe

- the Statement of Corporate Governance and Internal Control (pages 7-13)
- the Audit Findings Report (sometimes called the Audit Management Letter) including the 2 draft letters of representation in respect of:
 - a. financial statements
 - b. regularity

It was AGREED that these recommendations were subject to the following provisos:

- the amendment of Tim Sweeney's 'Committees served' listing to include his participation on Audit, Remuneration and Search
- the investigation of the appropriate status/inclusion of the Yeovil College Bursary Foundation in the statements (in accord with SORP 2007 as mentioned on p33 of the Audit Findings Report)
- any provisos which the Resources Committee had recorded in relation to its recommendations

A.08.52

External Auditors Strategy 2007/08

The Committee noted that this paper had been superseded by the Audit Findings Report.

Baker Tilly then left the meeting (5.50pm)

A.08.53

Internal Auditors' Annual Report 2007/08 and Other Internal Audit Matters

The Committee reviewed Paper 4 (which had been approved by David Taylor as Head of Internal Audit and which was presented by his colleague Karen Williams of Bentley Jennison) in the context of the other internal audit reports for 2007/08 – particularly Estates 07.70/08 (Paper 6) and Partnership 08.70/08 (Paper 7).

The Committee were pleased to note the Annual Report and Estates Report as revised versions of the papers presented at the October meeting. There were now no fundamental recommendations, although the overall status of the Estates Report remained unaltered.

After discussion, the Committee RECOMMENDED to the Corporation for approval the Internal Auditors' Annual Report with its clean/unqualified opinion as stated in the shaded box on page 3 and with a slight amendment to the clarified wording (also contained in the shaded box) regarding Estates. **This amendment was agreed by Bentley Jennison (BJ) and also would be altered in the Annual Report of the Audit Committee.**

BJ /
Lily Garth

The Committee noted that the IT Healthcheck audit would be redone, and received the report on [Equality and Diversity 01.08/09 \(Paper 8\)](#) without contention.

The following points were also noted:

- **BJ hoped to bring a review of benchmarking data to the March 2009 meeting**

BJ

- BJ intended to carry out a centralised review of all of its FE clients Financial Management Control Evaluations and Audit Committee Annual Reports to identify strengths and share good practice
- The high satisfaction rating of the Committee with BJ's performance as internal auditors during 2007/08 and performance indicators for 2008/09 – as set at the October 2008 meeting – were fully communicated to Karen Williams
- Lily Garth was now also Clerk to the Corporation at another college where Bentley Jennison were also providing the internal audit service. This arrangement would permit open discussions between Lily and BJ about the two colleges/corporations provided the correct level of confidentiality was kept in respect of both clients.

A.08.54

Annual Report of the Audit Committee

The Committee reviewed Paper 5 which was presented by Lily Garth.

After debate and noting the impact of the amendment to the Internal Auditors' Annual Report, **the Committee APPROVED the report with the alteration of the opinion wording (item 11) from "satisfactory" to "adequate and effective"**.

Lily Garth

A.08.55

Internal Audit Recommendations (standing agenda item)

The Committee reviewed Paper 9 which was presented by Paul Bowe.

The main item on which the Committee's discussion focussed was Disaster Recovery – particularly in relation to IT and concerns over the limited protection offered by the proximity of the College and University Centre sites.

A.08.56

Financial Management Control Evaluation (FMCE) and inspection/review matters

The Committee reviewed Paper 10 which was presented by Paul Bowe, Janice Tipper and Lily Garth.

Points raised in this discussion included:

- Completion of the FMCE was a new self-assessment regulatory requirement imposed by the Learning and Skills Council (LSC) nominally as a replacement for the Self-Assessment Report Questionnaire (SARQ)
- Contradictory instructions had been received from the LSC in respect of whether colleges being inspected in Autumn 2008 would have to complete the FMCE as well as the SARQ. This had created additional time-pressure.
- **The FMCE had to be approved by the Corporation's Audit Committee, signed by the Principal, and submitted in paper format and electronic upload to the LSC by 12 December 2008**
- Despite the different natures/analysis of the FMCE and the recent Provider Financial Assurance (PFA) Review, after comments made during a LSC FMCE briefing, it was felt that the College would be wisest to match its FMCE self-assessment to the PFA outcome on this occasion
- Management and the Internal Auditors had been given different impressions as to whether or not the validation of the FMCEs would be independent from the LSC

Paul Bowe /
James
Hampton

The Committee then APPROVED the Financial Management Control Evaluation for 2007/08.

A.08.57

Risk Management Review and Risk Register

The Committee reviewed Confidential Paper 11 which was presented by Paul Bowe.

The Committee formally noted the key risks contained in both appendices and AGREED that the actions were appropriate to the risks identified.

The Committee also AGREED that although management should continue to report on risk at each Audit Committee meeting and particularly emphasise changes, it was not necessary to bring to every meeting detailed summaries of information of which the Committee was already aware.

A.08.58

Any Other Business

Noted as none.

A.08.59

The Committee was reminded of the following meeting dates for 2008/09:

- **Wednesday 18 March 2009 at 5pm**
- **Monday 01 June 2009 at 5pm**

Meeting closed at 6.45pm

APPROVED 18 MARCH 2009