

**BARTON PEVERIL COLLEGE**  
**Audit Committee**

Minutes of Meeting held on  
Wednesday, 17 November 2010 at 5.30 pm

**Present:**

Mrs S Weavind (Acting Chair)  
Mr P Boote  
Mr S Vincent-Marshall

**In attendance:**

Mr N Groves (Vice Principal)  
Mr G Miles (Director of Finance)  
Mrs R Medd (Clerk)  
Mrs J Miles (Assistant to the Clerk and PA to the VP)  
Mr J Ericson (Baker Tilly)  
Mrs E Foster (Hampshire Audit Services)

to 6.52 pm  
to 6.52 pm

**Apologies:**

Mr N Tustian (Chair)  
Mrs S Guy

**Absent:**

None

		Action
1	<b>Preliminaries</b>  The Acting Chair welcomed Internal Auditor Mrs Foster, External Auditor Mr Ericson and Governor Mr Peter Boote, who was attending his first Audit Committee meeting. The agenda items would be taken slightly out of order so that item 6 followed item 4.	
2	<b>Declaration of Interests</b>  No member of the Committee had anything to declare relating to the items on the agenda.	
3	<b>Confidential meeting with the Internal and External Auditors</b>  The Vice Principal (VP) and the Director of Finance (DF) left the meeting for a few moments. The Chair asked if either of the Auditors had any issues that they wished to raise confidentially and the response from both was negative. Mr Ericson praised the co-operation of the College staff who embrace audit and who discuss issues thoroughly.	
4	<b>Equality and Diversity Issues arising from the Agenda</b>  Members were reminded of the need to consider Equality and Diversity issues when	

discussing items on the agenda.

## **5 Minutes**

**5.1 Minutes of the meeting held on Tuesday, 15 June 2010** were confirmed as a true record and duly signed by the Acting Chair.

### **5.2 Matters Arising from the Minutes**

All matters arising had been actioned, were ongoing or were on the agenda for the meeting. The updated Action Points sheet would be kept as part of the Committee's records.

## **6 Presentation from the External Auditor before the findings reports on the work done to get to that point and the current position of the Sector**

**6.1** Mr Ericson of Baker Tilly tabled a diagrammatic interpretation of the work of the External Auditors, highlighting:

- the two strands of the independent assessment of the Financial Statements and the Regularity Audit
- legislative aspects
- the involvement in the Corporation's Annual Report did not include auditing the narrative other than to ensure that any reference to the figures in the financial section was correct
- the Joint Audit Code of Practice had been reviewed in the wake of the demise of the Learning + Skills Council and was out for consultation
- standards adhered to
- uncertainties of funding
- Capital Building Projects
- general Bank problems
- Colleges becoming part of the Public Sector debt (which could limit borrowing) but not being included in Public Sector paycales
- changing accountabilities with the possibilities of shared services and mergers and how these would be reflected in financial statements
- FRS17
- the increased risk of a breach in existing mortgage covenants if three and five year forecasts identify deficit periods

**6.2** The current position of the Sector was summarised and included mention of:

- consultation on the audit approach
- debate on whether the funding audit should be resurrected
- the need for the robustness of student records to be at the forefront of Governors' minds
- the possibility of the UK financial scene moving to International Reporting Standards

**6.3** Mr Ericson also noted the benefits of having a good Finance Directors' Group and membership of the Association of Colleges.

**6.4** The Chair thanked Mr Ericson for the overview and noted the importance of the College being seen as an independent body and not just part of a blanket funding regime.

7	<p><b>Draft External Audit Findings Report and Letters of Representation</b></p> <p>Mr Ericson presented the Report adding that the summary would be reissued with the typographical error corrected as it presently stated that the College had a deficit of £604,000 which should be a surplus. The following points were highlighted:</p> <ul style="list-style-type: none"> <li>▪ the term 'Management Letter' had been replaced by 'Findings Report'</li> <li>▪ the writing off of the aborted Building Project</li> <li>▪ the treatment of FRS17 – the Urgent Issues Task Force was investigating the way the matter should be accounted for</li> <li>▪ the deficit on the pension scheme</li> <li>▪ communications</li> <li>▪ banking parameters</li> <li>▪ the treatment of the electrical works</li> </ul> <p><b>Agreed Actions</b></p> <ul style="list-style-type: none"> <li>• <b>The summary would be reissued</b></li> <li>• <b>Members unanimously AGREED to:</b> <ol style="list-style-type: none"> <li>1 <b>recommend the External Audit Findings Report to Corporation for approval</b></li> <li>2 <b>recommend the signing of the Letters of Representation</b></li> </ol> </li> </ul>	<p>BT</p> <p>Clerk Clerk</p>
8	<p><b>Draft Annual Report and Financial Statements</b></p> <p>The VP presented the Report and the External Auditor confirmed that it complied with requirements. The Finance and Employment Committee would also consider it at their meeting the following week.</p> <p><b>Agreed Action</b></p> <p><b>Members unanimously AGREED that the Draft Annual Report and Financial Statements be recommended to Corporation for approval</b></p>	<p>Clerk</p>
9	<p><b>Internal Audit Annual Report</b></p>	<p>VP</p>
9.1	<p>Internal Auditor, Mrs Foster, presented the Internal Audit Annual Report, particularly pointing out the overall summary. The Acting Chair asked about outstanding items mentioned in the follow-up section on page 9 of the report. These were clarified.</p> <p><b>Agreed Action</b></p> <p><b>A report on the outstanding items would be made at the next meeting</b></p>	<p>VP</p>
9.2	<p>Members noted the clarity of the Report.</p> <p><b>Agreed Action</b></p> <p><b>Members unanimously AGREED that the Internal Audit Annual Report be recommended to Corporation for approval</b></p>	<p>Clerk</p>
10	<p><b>Committee's Annual Report to Corporation</b></p> <p>The Clerk presented the Report, saying that no adverse comments from the Chair. The purpose of this statutory document was to reassure Corporation on appropriate testing and that frameworks of control were working in practice.</p> <p><b>Agreed Actions</b></p> <ul style="list-style-type: none"> <li>• <b>The Chair would be asked to confirm whether or not he approved the final Report</b></li> </ul>	<p>Clerk</p>

	<ul style="list-style-type: none"> <li>Members unanimously <b>AGREED</b> that, subject to the Chair’s approval, the Report should be presented to Corporation for information</li> </ul>	Clerk
11	<p><b>Financial Management and Control Evaluation (FMCE) – short Return to Young People’s Learning Agency (YPLA)</b></p> <p>The VP presented his Paper and provided some background information for the benefit of the new member. Members noted the content.</p> <p><b>Agreed Actions</b></p> <ul style="list-style-type: none"> <li>The full version of the FMCE would be provided for Mr Boote</li> <li>Members unanimously <b>APPROVED</b> the short return for issue to the YPLA</li> </ul>	VP VP
12	<p><b>Internal Audit Report (October)</b></p> <p>The Internal Auditor presented her Report which had covered six areas, each of which had a very good framework of controls, which were operating in practice and which made very few recommendations. Members noted the content.</p>	
13	<p><b>Outstanding items from previous Audit Reports</b></p>	
13.1	<p>The VP stated that the only that matter outstanding was the testing of the IT Disaster Plan raised in an earlier item.</p> <p><b>Agreed Action</b></p> <p><b>The IT Disaster Plan would be tested</b></p>	VP
13.2	<p><i>Mr Ericson and Mrs Shaw left the meeting at this point.</i></p>	
14	<p><b>Internal Audit Service</b></p>	
14.1	<p><b>Benchmark Information on Internal Audit Services in the Region</b></p> <p>The VP presented his Paper comparing other colleges’ audit provision, which illustrated that the College was obtaining good value for money for both Internal and External Audit.</p>	
14.2	<p><b>The provision of an Internal Audit Service to the College after 2010-2011</b></p> <p>Members were given a few moments to read a tabled Paper. Members discussed the future of the provision of the Internal Audit service and the way in which the Audit Manager was changed periodically. The Learning + Skills Council used to recommend the regular review of the service but as the Sector was still in the midst of a period of change it would not be untoward to defer going out to tender until the Spring of 2012. Baker Tilly had confirmed that this would be acceptable.</p> <p><b>Agreed Action</b></p> <ul style="list-style-type: none"> <li>Members unanimously <b>AGREED</b> to retain Hampshire Audit Services (HAS) as Internal Auditors for the College until Spring 2012 when the Internal Audit service would be put out to tender</li> <li>HAS would be advised of this decision</li> </ul>	Clerk Clerk

**15 Committee Business**

The Clerk reminded members:

- of the Audit training that would take place at the beginning of the Corporation meeting on 7 December 2011
- of the need to fill the vacancy on this Committee and the Acting Chair added that the eight members on the new Finance and Employment Committee would be ineligible to serve on the Audit Committee

**Agreed Action**

**A list of Governors who would be eligible to join the Committee would be e-mailed to members**

Clerk

**16 Standing Items**

**16.1 Risk Register (changes by exception) and Emerging Risks**

The VP confirmed that there were no changes to report.

**Agreed Action**

**Mr Boote would be provided with a copy of the Risk Register**

VP

**16.2 Health and Safety**

There was nothing to report.

**16.3 Confirmation of expenses claimed**

It was confirmed that the Chair had signed the appropriate Senior Leadership Team members' expenses claims.

**17 Information Exchange**

There was none.

**18 *Date of next meeting: Monday, 14 March 2011 at 5.30 pm in the Conference Room***

The meeting closed at 7.40 pm.