

**FARNBOROUGH COLLEGE OF TECHNOLOGY**

**A U D I T   C O M M I T T E E**

**MINUTES OF MEETING HELD ON MONDAY 1<sup>ST</sup> DECEMBER 2008 AT 4.00PM**

**PRESENT**

Mr A Lloyd – Chair of Audit Committee  
Mr O Reeves  
Mrs M McClure  
Dr F Oduneye

**IN ATTENDANCE**

Mrs T Thorne – IAS – Hampshire Internal Audit Services  
Representative from FSA - Tenon  
Mrs C Davis – Principal  
Mr P Brady – Deputy Principal  
Mr I Wolloff – Vice Principal/Quality & HE  
Mr P Hill – Director of Finance

Mrs Y Hughes- Clerk to the Corporation

Mr Lloyd opened the meeting at 4.00pm and welcomed all present.  
The Principal apologised for the change in dates for the Audit Committee meeting was due to a prize giving ceremony held in Birmingham.

<b>Agenda Item</b>	<b>Minute</b>	<b>Action by:</b>
<b>1.1/08.09</b>	<b><u>Apologies for Absence</u></b>  Apologies received from the Mrs Powell and Mr Charlick.	
<b>1.2/08.09</b>	<b><u>Declarations of Interest</u></b>  There were no new or amended interests declared.	
<b>1.3/08.09</b>	<b><u>Minutes of the meeting held June 2008</u></b>  Minutes agreed as a true and accurate record and signed by the Chair.	

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**1.4/08.09      Matters arising**

Covered within the agenda.

**1.5/08.09      Internal Audit Services – Hampshire Audit Services**

**Farnborough College of Technology**  
**Internal Audit Report & College Response June 2008**

Mrs Thorne of Hampshire Internal Audit Services reported on the internal audit report for June 2008 and commented on the management summary within the report.

The audit included testing of the following business areas:

- Risk management
- Capital Projects planning, management and evaluation
- Payroll
- Staff utilisation
- Business continuity
- Follow up work

There were no significant issues raised and only some very minor recommendations were made. Mrs Thorne stated that this was a very good clean audit report.

The Committee went through the report and comments raised by Mr Charlick were covered as follows:

2.16 Value for Money – queried whether any value for money opportunities had even been identified by the internal auditors. Mrs Thorne explained that this was merely a statement within the report and that had any value for money issues been raised by the auditors then they would have commented on it. The plan was that the internal audit services were looking at taking out this particular statement unless a value for money issue was identified.

Business continuity – it was asked that given the fundamental risks involved that a briefing be given to the Board on business continuity including IT infrastructure and security aspects. Board Principal

***The Committee accepted the Internal Audit Report for June 2008 and would make recommendations to the Board for approval.***

**1.6/08.09      Outstanding Internal Audit Action Points**

The Director of Finance & Resources reported on the Outstanding Internal Audit Action points as per the report circulated. Noted that the report also included any recommendations made by the IAS during their June 2008

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internal audit.

***The Committee accepted the report on outstanding internal audit points.***

**1.7/08.09      Internal Audit Annual Report for 2007/08**

Mrs Thorne (Hampshire Internal Audit Services) presented the Annual Audit Report for 2007/08.

Nine areas were reviewed and all received adequate clean audit opinions which was a good outcome for the College.

The Committee went through the report in detail and commented on the Internal Audit Key Performance Indicators on page 13 of the report. It was noted that the initial 40 audit days allocated had been reduced to 33 days so that work was not duplicated when it had already been covered by the FSA and Osfted/PFA.

***The Committee were pleased with the report and felt that there were no issues to be reported to the Board and would formally recommend it to the Board for approval in December 2008.***      **Board**

**1.8/08.09      Internal Audit Services Performance Review**

The Director of Finance & Resources felt that the College and the Internal Audit Services had worked well together and that their performance had been very good.

The Committee expressed their views and stated that the quality of the reports were good and concise and provided the evidence they required to form an opinion as to whether the risk management and internal audit procedures in the College were appropriately in place.

***The Committee accepted the report on the Internal Audit Services Performance for 2007/08.***

**1.9/08.09      Strategic Internal Audit Plan 2008/2011 and Annual Internal Audit Plan 2008/09**

Mrs Thorne presented the Strategic Internal Audit Plan for 2008/2011 and the Annual Audit Plan for 2008/09 and explained that Mrs Bond had met with the Director of Finance & Resources in drafting the plan. They had gone through the College Risk Management Plan and Risk Register and from this produced the plan as presented to the Audit Committee.

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There were three changes to the plan which included:

Long term planning  
Offsite activities (Student Trips and Visits)  
Learner Number Systems/contingency

The 41.5 days did include 3 days of contingency for work planned for 2008/09. The Committee discussed the risk management of the College around the current financial situation. The SMT were asked whether contingencies were being considered to take account of the recession and the impact on the College. The Principal explained that following on from the Finance & General Purposes Committee meeting held the week before when the same concerns were raised, the SMT were preparing a Financial Position report to take the Board meeting in December 2008. The committee were therefore comfortable that these concerns had already been identified and work was underway and looked forward to receiving the report on at the Board meeting.

**Board**

The Committee also asked how exposed the College was to local businesses going out of business due to the financial crisis. The Vice Principal explained that the College did not have over dependence on local business and noted that Finance & General Purposes have detailed reports on bad debtors.

***The Principal asked the members to forward any comments or ideas with regards to the financial situation to assist with putting in place plans should there be a worsening economic scenario.***

**Committee**

The plan detailed all areas that would be visited during the 2008/09 academic period.

***The Committee accepted the proposed Strategic Internal Audit Plan 2008/2011 and Annual Internal Audit Plan 2008/09 and would recommend it to the Board for approval in December 2008.***

**BOARD**

**1.10/08.09 Financial Statements Management Letter 2007/08 - Tenon**

A representative from Tenon presented the Financial Statements Management Letter for 2007/08 to the Committee.

The Committee went through the report in detail and stated that the management report made for very positive reading and that the College was in a good financial position. The College financial health grading was recorded as being good.

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***The Committee accepted the Financial Management Letter for 2007/08 and would recommend it to the Board for approval.*** BOARD

**1.11/08.09 Reappointment of Tenon Audit as Financial Statements Auditors**

The Senior Management Team proposed that the Financial Statements Auditors – Tenon be reappointed for the 2008/09 period. Noted that the fees for the service provided, including inflationary increases were agreed at the time of their appointment in 2003.

***The Committee would recommend to the Board that Tenon Financial Statements Auditors be reappointed for the 2008/09 period.*** Board

**1.12/08.09 Annual Audit Committee Report to the Corporation and Principal as Chief Accounting Officer for 2007/08**

The Committee considered the draft Annual Audit Committee Report for 2007/08.

***Some minor amendments were made to the report and it was agreed that subject to these amendments that the report be recommended for Board approval.*** Board

**1.13/08.09 DRAFT – Financial Management and Control Evaluation document**

The Clerk to the Corporation presented the draft FMCE document explaining that on the 1<sup>st</sup> September 2008 colleges were informed that they would need to complete and return said document to the LSC by the 12<sup>th</sup> December 2008. The FMCE document is used as a tool for further education colleges to self assess their financial management and control arrangements.

The Clerk to the Corporation and Director of Finance had completed the form as best they could as the guidance notes were not particularly clear. The Committee went through the document and some amendments were made to the strengths and weaknesses listed. It was felt that in areas some very minor points had been raised in order to merely add a weakness within the designated columns.

***The Audit Committee agreed that the amendments be made as requested and that the document then be emailed to all audit committee members for their final views and subject to this that the Audit Committee formally approved the document for despatch to the LSC by 12<sup>th</sup> December 2008.*** Clerk to corporation

**1.16/08.09    Any other Business**

Future Meetings

Noted that there was a strong likelihood that the future Audit Committee meeting dates would be changing. Clerk to Corporation would inform the Committee and its members as soon as possible.

**1.17/08.09    Date and Time of Next Meeting**

To be confirmed

**1.18/0.09    Meeting closure**

**Meeting closed at 5.15pm**

**MINUTES AGREED AS BEING A TRUE AND ACCURATE RECORD.**

**SIGNED**

**DATED**

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