



**Minutes of the Meeting of the Audit Committee
held on Tuesday 29th November 2011
at 8am in Room 814 – MB Campus**

Present:

Kathryn James (Chair)
Gareth Evans (GE)
Marina Hunt (MH)
Andrew Madden (AM)

In attendance:

Mark Ashton-Blanksby (RSM Tenon) (MAB)
Andrew Argyle (KPMG) (AA)
Zubair Limbada (KPMG) (ZL)
Clive Hill (Executive Director of Support Services) (CH)
Bob Pattni (Executive Director of Finance) (BP)
Catherine Bennett (Clerk to the Corporation)

Welcome and Introductions

Given that this was the first meeting for some committee members and the first meeting chaired by the new Chair, those present introduced themselves.

Apologies for Absence

No apologies received.

Declarations of Interest

There were no declarations of interest.

Declarations of Irregularities

There were no declarations of irregularities

Item 1 – Minutes of the Meeting held on 4th July 2011

The Committee reviewed the minutes from the meeting that took place on 4th July and those of the committee that had attended that meeting (GE and MH) confirmed that they were a true and accurate record of the meeting.

Matters Arising

- 3.6 BP reported that in terms of procurement, the College was considering the appointment of a procurement manager and therefore this action point needed to be carried forward.

BP reported that the scenario day was discussed at the recent Management Day.

- 4.2 MAB confirmed that the IAP 2011/12 had been modified.
- 5.3 The Clerk confirmed that the amendments had been made to the Audit Committee's Terms of Reference and they now awaited final discussion by the Executive and final approval by the Corporation.

***Item 2 – Membership of the Audit Committee**

- 2.1 The Chair and the Clerk presented this item.
- 2.2 The Chair once again welcomed AM as a new member to the Committee and also updated the Committee that GE had recently informed the Chairman of the Corporation that he has been offered a new post at a different University and would therefore be resigning from the Corporation at the end of the calendar year. The Chair wished GE well on behalf of the Committee and thanked him for his time and support.
- 2.3 The Clerk added that the Governance and Search Committee would be reviewing Corporation and Committee vacancies as a result of GE's departure.

Item 3 – Risk Register

- 3.1 BP led this item reporting for new members' benefit that there is a more enhanced risk register in place that uses a more transparent and robust risk scoring matrix.
- 3.2 BP led the Committee through the top level risks which the Committee discussed in detail.
- 3.3 It was thought appropriate by the Committee that compliance be added to the risk register and perhaps be an area the internal auditors might wish to look at.
- 3.4 The Committee noted the report.

Item 4 – Insurance Summary Report for BMET

- 4.1 This item was presented by BP and it was agreed by the Committee that this item was no longer required to be confidential (as indicated on the agenda), given that individual names had been removed from the reports.

- 4.2 BP presented to the Committee a summary of the insurance policies that had been provided in full in the pack. Following review and discussion, it was agreed that appropriate cover was in place.
- 4.3 Committee members asked for more practical ways of the insurers presenting the information (eg calculating totals in terms of claims, producing a trends report) and BP agreed to feed this back to the insurers.
- 4.4 Members also asked for clarification about Health & Safety issues and it was confirmed that Health & Safety Committee meet termly and a summary report is presented annually to the Corporation.
- 4.5 BP informed the Committee that the College's insurance advisers will provide an update at the next Audit Committee meeting.
- 4.6 The Committee noted the report.

Action:

- BP to inform the insurers of the feedback from the Committee in terms of presenting information (e.g. calculating a trends report and totalling sums in terms of claims).
- BP to arrange for the College's insurance advisers to give a presentation at the next Audit Committee meeting on 15 March 2012.

Item 5 – Internal Audit Reports

(i) Key Financial Controls

- 5.1 MAB presented this item.
- 5.2 MAB informed the Audit Committee that the College was given Substantial Assurance that controls in place are suitably designed and consistently applied to manage this risk.
- 5.3 MAB stated that there were three low priority recommendations set out in the report, all of which had been accepted by management and have either been implemented or are in the process of being implemented.
- 5.4 A detailed discussion took place in relation to the report.

APPROVED:

The Audit Committee approved the internal audit report in relation to key financial controls.

(ii) Annual Internal Audit Report 2010/2011

- 5.5 MAB presented this item and informed the Committee that the internal auditors had carried out an audit of the adequacy and effectiveness of the College's governance, risk management and control arrangements.
- 5.6 MAB reported that the internal auditors could provide Reasonable Assurance in relation to the Annual Internal Audit Report and also explained that this was the highest that the internal auditors are able to provide.
- 5.7 The Committee discussed the report in detail asking questions both of management and the internal auditors.

APPROVED:

The Audit Committee approved the Annual Internal Audit Report 2010/11.

(iii) Progress Report 2011/12

- 5.8 Again this was presented by MAB who informed the Committee that the report sets out a summary of the outcome of work completed to date against the internal audit plan for 2011/12.
- 5.9 MAB reported that no major issues were raised by the auditors or the Committee. The Committee discussed the report in detail commenting that it is very useful.
- 5.10 The Committee noted the report.

Item 6 – External Audit Reports

(i) Management Letter

- 6.1 ZL presented this item commenting on how the upfront planning has resulted in a very smooth audit process throughout the year.
- 6.2 ZL reported that the external auditors had carried out an external audit of the financial statements for y/e 31st July 2011 (provided to the Committee for information only) and the regularity audit for the same period. ZL went on to say that the Management Letter sets out their findings and that there were no issues to report.
- 6.3 The Audit Committee discussed the Management Letter and agreed to recommend it to Corporation for approval.

APPROVED:

The Management Letter was approved and the Audit Committee agreed to recommend it to Corporation for final ratification.

(ii) Letter of Representation

- 6.4 BP and ZL presented this item to the Committee. ZL explained that the Letter of Representation is from the College to the external auditors confirming that the representations set out in the letter in relation to the College's financial statements, to the best of the Corporation's knowledge and belief give a true and fair view of the College's affairs.
- 6.5 ZL reported that no issues had been raised and that the opinion in the letter was generic across the sector.

APPROVED:

The Letter of Representation was approved and the Audit Committee agreed to recommend it to Corporation for final approval.

(iii) Audited Financial Statements for BMET year ending 31 July 2011

- 6.6 BP reported that these had been provided to the Committee to assist them with their discussions.

(iv) Letter of Support for Harborne Academy

- 6.7 BP informed the Committee that the external auditors had requested a letter of support from the College and explained the reasoning behind it.
- 6.8 The Committee discussed the letter and its content in detail.

APPROVED:

The Audit Committee approved the letter of support and agreed to recommend it to Corporation for final approval.

***Item 7 – Submission of Financial Management and Control Evaluation (FMCE) 2010/11**

- 7.1 BP presented this item reporting to the Committee that it was for information only. BP briefly led the Committee through the key points relating to the FMCE Summary, which the Committee discussed.
- 7.2 The Committee noted the report.

Item 8 – SFA Assessment of College's Finances

- 8.1 Again BP presented this item reporting to the Committee that it was for information only. BP led the Committee through the key points and reported to the Committee that the SFA has carried out an independent assessment of the College's finances and graded them as "Outstanding".

8.2 The Committee discussed these findings and commented that it was an excellent outcome.

8.3 The Committee noted the report.

Item 9 – Draft Audit Committee Annual Report

9.1 The Clerk presented this item reporting that it was a requirement that the Audit Committee produce an annual report of its activities throughout the previous year, presenting it to Corporation for final approval.

9.2 The Committee discussed the report and some minor amendments were suggested in relation to risk management and additional assurances.

APPROVED:

Subject to the above amendments, the Audit Committee approved the Draft Audit Committee Annual Report and agreed to recommend it to Corporation for final approval and for signature by the Chair of Audit.

ACTION:

The Clerk to amend Audit Committee Annual Report prior to December Corporation meeting.

Item 10 – Any Other Business

BP reported that the internal and external auditors have provided an excellent service, but the tendering process for both internal and external auditors was due in the New Year and the College and Academy would be tendering as a group. BP added that both the internal and external auditors were aware of the position.

As there was no other business, the meeting ended at 9.45am.

Date of Next Meeting – Thursday 15 March 2012

Signed.....*Kath Javel*.....Date.....*15 Mar 12*.....