

BEDFORD COLLEGE

Audit Committee

Wednesday 4th February 2009
4.30 p.m.
Chief Executive's office

Members are reminded of their obligation to declare openly any conflict of interest arising from a matter before the Committee.

AGENDA

1. Apologies for absence
2. To receive the minutes of the meeting held on 3rd November 2008 (attached)
3. Matters arising not covered elsewhere in the Agenda

Internal Audit

[Mr. Chris Rising of RSM Bentley Jennison in attendance]

4. To consider the Bentley Jennison report on Governance (attached)
5. To consider the Bentley Jennison report on Risk Maturity including discussion led by Chris Rising on the role of Non-Executives in the Risk Management process (attached)

Items for information

6. To receive the Final LSC Report on the Effectiveness of the Financial Management and Governance Frameworks (attached)
7. To receive the RSM Bentley Jennison Further Education Benchmarking Report (attached)
8. Any other business
9. Date of next meeting: *Monday 16th June 2008, 4.00 p.m.*

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Audit Committee

Wednesday 4th February 2009

4.30 p.m.

Present: Mr. D. Parry (Chair)
Mr. M.Y. Kiteley
Mr. M. Whitlock

In attendance: Mr. C. Rising, Senior Manager, RSM Bentley Jennison [AC04-07/09]
Ms. L. Wright, Assistant Manager, RSM Bentley Jennison [AC04-07/09]
Mr. I. Pryce, Chief Executive [AC01-05/09]
Mr. N. Jeffery, Finance Director
Mrs. I. Lennox, Clerk to the Corporation

AC01/09 Apologies for absence were received from Mr. M. Ward.

AC02/09 The minutes of the meeting held on 3rd November 2008 were considered, approved and signed.

AC03/09 Matters Arising

AC28/08: Financial Statements Audit Management Letter

The Director of Finance undertook to provide the committee with a break-down of the nature of trade debtors, as requested at the last meeting.

AC33/08: Audit Recommendations Implementation Progress Report

The Director of Finance (NJ) confirmed that some advice had been sought with regard to the college's VAT position in respect to suppliers; nothing untoward had been found and the position taken by the college had been correct.

NJ further reported that the college had been quick to react to the change in VAT rate and had recovered approximately £20,000 in VAT prepaid at the higher rate; the implications of future potential changes were discussed.

AC04/09 Bentley Jennison Internal Audit on Governance

Mr. Rising (CR) complimented the college on a consistently good audit outcome of governance which again had received substantial assurance and which was used by CR as a best practice standard in their approach to other colleges. The Clerk reported to members that she was actively involved in Clerks' networks which promoted the sharing of good practice and, in response to a request, CR undertook to report back on any additional governance practices in the sector which might be of interest to the Board.

Discussion centred around the 'meriting attention' recommendation that there be a high level review of the college's Financial Regulations annually and a detailed review every three years. The Director of Finance confirmed that amendments were submitted to the Finance, Estates & Strategy Committee when changes were required. It was acknowledged as important that Board members understood the regulations at a level that might govern their decision-making. NJ

agreed to implement the recommendation and the Internal Audit Report on Governance submitted under agenda item 4 was received.

AC05/09 **Bentley Jennison Internal Audit on Risk Maturity**

Ms Wright (LW) informed members that this had been a thematic audit, undertaken at a large number of clients so that comparative benchmark information could be supplied. She explained the ways in which risk maturity was defined and reported that the college's current position was Risk Defined. The college had risk management strategy and policies in place, had communicated across the organisation, but the format of the risk register and the process for updating the register prevented the college from scoring higher at the present time. One significant recommendation and seven meriting attention had been agreed by management, but assurance was given by Mr. Rising that Risk Defined was the highest opinion yet given to any of RM Bentley Jennison's further education clients to date.

In discussion, members acknowledged that, in a constantly changing environment, a more regular review of the risk register would ensure improved management of key risks impacting on the achievement of the college's objectives. However, members felt it should not become a burden and queried the necessity for an action plan against all risks. LW explained that an action plan would be affected by the impact of a particular risk on the college. The Chief Executive spoke of key risks being either reputational or strategic, underpinned by risk registers within college departments. The risks themselves had been addressed and risk assessment was fully embedded at Executive and Director level; this had been evident during the audit, but the register itself not updated during the year. LW further explained that guidance was required as to the approach to be taken in the assessment of new risk activities.

After discussion of the role of Corporation members (as non-executives) in risk management, CR felt committee members present were clearly aware of the contribution required of them. He was impressed to what extent Board members considered risk in their decision-making and felt the process was well developed and embedded, as had been concluded by the LSC in the recent report of the Financial Assurance Team (under agenda item 6). The Chief Executive planned, however, to bring the Risk Management Policy back to the Board for further debate in the light of changing circumstances. He assured members that the management team would be addressing the recommendations made in the audit report and that the college would not be exposed to unacceptable risks. The Internal Audit Report on Risk Maturity submitted under agenda item 5 was received.

AC06/09 **Report on the Effectiveness of the Financial Management and Governance Frameworks**

The Clerk explained that the review of the college's performance in relation to governance and financial management was undertaken by the LSC Auditors as part of the college preparation for external inspection. Evidence had had to be provided for each of the fourteen areas of review. Members noted the outcome of Grade 1 Full Assurance with no identified weaknesses, and thanked the Clerk and Director of Finance for their substantial contribution to this outstanding result.

AC07/09 **RSM Bentley Jennison Further Education Benchmarking Report**

Mr. Rising (CR) commended the college for its strong position within the benchmarking data resulting from RSM Bentley Jennison's audits of their Further Education clients. He anticipated a similar result in the 2007-08 report which would shortly be available. Consideration of the benchmarking data led to a discussion on the approach taken by colleges to recommendations 'meriting attention', and whether they were seen as a negative judgment or as a valuable enhancement to college controls. CR agreed to consider a way of communicating 'best in sector' practice outside the formality of recommendations. The Benchmarking Report submitted under agenda item 7 was received.

AC08/09 **Any Other Business**

The Director of Finance explained that there had been no Audit Recommendations Progress Report brought to this meeting as there was little to report.

The Director of Finance reported that MacIntyre Hudson had agreed to continue as the college's financial statements auditors for the three years 2008-09 to 2010-11 with no increase in the fee level in the first year.

AC09/09 **The next meeting** was confirmed for 4.30 p.m. on Monday 16th June 2008.