



To promote lifelong learning for individuals and industry through the understanding and enjoyment of flowers, trees, plants and animals for career, business, educational and leisure purposes”

**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 5.15PM ON 19TH NOVEMBER 2008**

Members: Roger Abraham, Governor and Chairman
Don Gratton, Governor
Tony Leach, Governor
Ron Melville, Governor
Gareth Dufton, Independent Member

Other Representatives: Rakesh Shaunak, MacIntyre Hudson LLP
Milton Nicholas, Baker Tilly LLP

Present: Sue Adams, Clerk to Governors
Stephen Dowbiggin, Chief Executive
Nicholas Evans, Director of Estates and Buildings
Madeline Hall, Head of College
Janet Hughes-Hallett, Finance Manager

Prior to the start of the meeting, the Chairman asked for members' congratulations to be passed to Simon O'Hear (Personnel Manager) and his wife on the birth of their son, Dylan.

1. APOLOGIES FOR ABSENCE

Apologies were received from Tony Leach (who had advised the Clerk that he would be unable to attend the meeting when the original schedule of meetings had been circulated) and Simon O'Hear, Personnel Manager (annual leave).

2. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 1ST JUNE 2008

RECEIVED the minutes of the Audit Committee meeting held on 1st June 2008

The minutes were approved and signed by the Chairman as a true record of the meeting.

3. MATTERS ARISING FROM THE MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 9TH APRIL 2008

RECEIVED paper 3, matters arising from the Audit Committee meeting of the 1st June 2008 for information and revised copy of the Visit One 2007/08 Internal Audit Report from Macintyre Hudson LLP

NOTED that:

- i. all the matters arising from the Audit Committee meeting of the 1st July 2008 had been completed by the Internal Audit Service and a revised copy of their Visit One 2007/08 Internal Audit Report provided to the college;
- ii. three medium recommendations and six low priority recommendations had been made by the Internal Audit Service following their visit, all of which were agreed by college management;
- iii. the Internal Audit report contained benchmarking data in the form of a college league table for the academic year 2006/07. Based on the number and priority of the recommendations made by the Internal Audit Service for 2007/08 and if the distribution of other colleges remained the same, Capel Manor's performance would have improved to such an extent they will move up the league table for the 2007/08 year;

4. REPORT OF THE FINANCE MANAGER

RECEIVED paper 4, report of the Finance Manager for information (and not decision as stated on the on the agenda and report).

4.1 07/08 Internal Audit Plan

NOTED that:

- i. the audit of VAT and Taxes originally included in the internal audit plan for 2006/07 had been undertaken on the 19th November 2008 by a VAT specialist appointed by MacIntyre Hudson LLP. The visit had been planned to coincide with the quarterly visit by the college's VAT consultant (Andrew Baker of Davies Mayers);
- ii. the Finance Manager confirmed that sound advice and clear guidance has been received from the VAT consultant who provided a valuable service to the college;
- iii. Members supported the continued use of a VAT consultant particularly at the present time when the college was proposing to embark on a number of capital projects.

4.2 Revenue and Customs VAT visit

NOTED that:

- i. no errors were found when Customs and Excise completed a routine VAT visit on the 3rd November 2008 to verify the college's VAT return for the period 07/08;
- ii. this finding had been confirmed in writing.

4.3 London Development Agency (LDA) audit of Pan London GreenHEART for Women Project

NOTED that:

- i. a very detailed audit by Deloittes had been undertaken for two LDA funded projects: Pan-London Green HEART for Women into Horticulture and Step-up;
- ii. the period audited for the Pan London GreenHEART for Women project covered the LDA's 2007/08 audit year which cuts across two college financial/academic years;
- iii. Deloittes would be reporting their findings directly to the LDA. The Finance Manager had requested a copy of the findings which will be reported to the next meeting of the Audit Committee;
- iv. the college does not contribute to the cost of the audit although there is a cost incurred by the college in servicing the auditors, for example staff time.

5. REVIEW OF AREAS SUSCEPTIBLE TO FRAUD (2007/08)

RECEIVED paper 5, report of the Finance Manager for decision

NOTED that:

- i. the review of areas considered to be susceptible to fraud and/or irregularity was undertaken annually by the Senior Management Team;
 - ii. risk areas are identified and college controls in place to mitigate these are detailed;
 - iii. the review of the area relating to the loss of petty cash/floats had been added in recognition of the growth of college centres and the need to move more cash between centres;
 - iv. members asked whether there had been any instances of cash or assets going missing. The Finance Manager advised members that there had been no instances to date and that she felt confident that if fraud/irregularity took place there were controls in place which meant it would be discovered quickly;
 - v. the Chairman of Audit advised that the fraudulent use of one of the college's credit cards had been discovered by staff in the Finance Section very quickly and action taken to ensure no financial loss to the college. The Chairman had been notified immediately by the Finance Manager and a report made to the Audit Committee
- i. the Chief Executive Officer advised members that they could feel reassured that:
 - a. college systems/internal controls were subject to audit by the Internal Audit Service;

- b. the college's Financial Regulations and procedures relating to the college's financial functions and loss of equipment ensured transparency;
- vii. members felt a further key control should be included relating to cash management in that controls were only as good as the staff operating them. Members felt it key that the college authorises the right staff to undertake certain duties and continues to employ suitably qualified staff. Officers agreed that a control relating to ensuring staff are properly selected, monitored and trained should be added to future Fraud and/or Irregularity Reviews;
- viii. members sought clarification as to what extent senior management are able to over-ride controls and were reassured that the college's Financial Regulations are robust, consistent with guidelines for the Sector and applied without exception to all staff. Staff are aware that disciplinary action could result from non-compliance with the Financial Regulations/college processes and procedures;
- ix. members identified that the use of expense claims by staff and governors could be an area where fraud could be attempted. Officers agreed this risk area should be added to the Fraud and/or Irregularity Review for 2007/08. The controls in place to mitigate the risk would be identified and included, for example the college's Business Expenses Protocol.

RECOMMENDED TO THE GOVERNING BODY that the Fraud Review Schedule for 2007/2008 be adopted subject to the inclusion of an additional risk area relating to expense claims for staff and governors.

6. AUDIT OF QUALITY CYCLE 2007/08

RECEIVED paper 6, report of the Head of College for information

NOTED that:

- i. the annual summary detailing quality cycle completion against the planned timetable for the academic year has been presented to the Audit Committee since 2002/03 as part of the college's quality assurance process;
- ii. the quality cycle for 2007/08 details the college's planned schedule and a completion summary;
- iii. the Head of College reported that deadlines had been challenging with rigorous attention to learner satisfaction and performance;
- iv. the Head of College reported that all internal and external deadlines, including those for the Framework pilot were met. Members congratulated the Head of College on this achievement.

7. INTERNAL AUDIT ANNUAL REPORT 2007/08

RECEIVED paper 7, report of MacIntyre Hudson LLP for decision

NOTED that:

- i. the Internal Audit Annual Report 2008/08 provided a summary of the Internal Audit visit report and was presented in the format prescribed by the Learning and Skills Council;
- ii. the Internal Audit Service had reviewed the following areas of the college's work:
 - Corporate Governance
 - Risk Management
 - Centre
 - Space Management
 - Strategic Planning
 - Curriculum Issues and Pastoral Care
 - Central Nominal Ledger
 - Bank and Cash
 - Insurance
 - Franchising

Nine recommendations had been made by the Internal Audit Service. Three recommendations were classified as medium priority and six as low priority;

- iii. the Internal Audit Service advised members that they were satisfied with the action taken by management to implement their recommendations relating to both the recommendations identified for 2007/08 and recommendations that had been carried forward;
- iv. when considering operational assurance, guidance from the LSC allows for only two classifications which are adequate (unqualified) and not adequate (qualified). The Internal Audit Service had gone further than this and classified some of the specific areas identified above as "good", recognising "value added". These were:
 - identify, assess and manage the risks to achieving the college's objectives
 - advise on, formulate and evaluate policy, within the responsibilities of the principal as accounting officer;
- v. the overall opinion of the Internal Audit Service was "unqualified";
- vi. the annual performance indicators, attached as a separate appendix to the report, would be consider by the Audit Committee at agenda item 17.

RESOLVED to report to the Governing Body that in the opinion of the Internal Audit Service the college has adequate and effective management, control and governance processes which should enable the college to

manage the achievement of its objective and there are no significant matters to draw to the their attention;

RECOMMENDED TO THE GOVERNING BODY that the Internal Audit Annual Report for 2007/08 be approved.

Rakesh Shaunak had previously advised the Chairman that he needed to leave the meeting at this stage as he had another meeting to attend.

Prior to his leaving and for openness the Committee advised the Internal Audit Service that some concerns had been identified with their performance for the 2007/08 year (cross reference to paper 17) which members would be discussing. The Internal Audit Service advised that they acknowledged their standard had not been as high as in previous years and this had now been addressed. The Chief Executive Officer said he was confident the concerns were now historical and would not affect any future performance.

Rakesh Shaunak left the meeting.

8. REGULARITY AUDIT SELF ASSESSMENT QUESTIONNAIRE

RECEIVED paper 8, report of the Finance Manager for decision

NOTED that:

- i. completion of the Regularity Audit Self Assessment Questionnaire had been undertaken annually since 2004/05. It was part of the process required by the LSC to enable the Financial Statements Auditor to give an opinion to the LSC and to colleges on the regularity of colleges' expenditure, regardless of its source;
- ii. the audit report on regularity is signed by the Chief Executive Officer and published as part of the financial statements.

RECOMMENDED TO THE GOVERNING BODY that the completed Regularity Self Assessment Questionnaire for the year ended 31st July 2008 be adopted. (To be attached to the audit committee minutes for the Governing Body to adopt).

9. CONTROLS MANAGEMENT REPORT – LSC FUNDING AUDIT FOR THE YEAR ENDED 31ST JULY 2008

RECEIVED paper 9, report of the Head of College for decision

NOTED:

- i. for 2007/08 the LSC initiated a national pilot "Controls Management" report and Capel Manor was selected by the LSC to be part of the pilot;
- ii. as the college participated in the LSC pilot, Baker Tilly (Chelmsford) were not appointed by the college for 2007/08 to undertake an ILR audit as the LSC commissioned exercise covered ILR controls assessment alongside controls for Work Based Learning, Education Maintenance

Allowance and Adult Learning Grants. Coincidentally Baker Tilly were the appointed LSC auditors;

- iii. the separate and more detailed report on the LSC provider assurance visit “Work Based Learning” would be considered by members at agenda item 10;
- iv. the controls on ILR data were assessed as good/satisfactory with an unqualified (satisfactory) audit opinion on internal control for Work Based Learning;
- v. the Head of College reported there were two areas relating to the Course Master File where management had not been in full agreement with recommendations made by Baker Tilly:
- vi. the first observation made by Baker Tilly (where management was not in full agreement) was that the college’s new course pro-forma does not contain any costing information to support the financial viability of the new course.
- vii. the Head of College had advised Baker Tilly that Heads of School have delegated budgets and are monitored for their performance against overall budget. This process of delegating responsibility for balancing expenditure against earned income has served the college well. A ready-reckoner has been provided to Heads of School for guidance on matching projected expenditure against income which would support Heads of School in making more informed decisions;
- viii. the Chief Executive Officer advised members that the risk to the college of Heads of School running their courses uneconomically was mitigated because the process for allocating staff funding to each School was calculated based on the recruitment and achievement of that School;
- ix. the second observation made by Baker Tilly (where management was not in agreement) related to guided learning hours reported on the system for loadbanded qualifications. These are reviewed for “reasonableness” by the tutors at the beginning of the year and during the May census check. The May census check does not involve checking the planned guided learning hours to the actual guided learning hours (per the registers).
- x. Baker Tilly recommended that for qualifications within 10% of a load-band border, the college should review registers on a termly basis, to compare actual against planned guided learning hours. The risk identified by Baker Tilly was that differences between actual and planned may be undetected and could result in an incorrect funding claim during the year;
- xi. the Head of College advised that this was not a requirement within the LSC funding guidance and it was management’s view that the additional work would not add value;
- xii. the Head of College also advised that the college carries out a full check of all enrolment by circulating “Enrol Checks” to course managers each year. These require the GLH to be restated if it is not as originally planned. The check is carried out after the May census and covers the

whole year. GLH values are amended in enrolment records as appropriate, thereby updating the funding claim for the year. Management were of the view that this process mitigated the risk of any incorrect funding claim and did not consider it necessary to do this update on a termly basis;

RESOLVED:

- i. to agree management responses and follow up implementation;**
- ii. members supported the management responses in respect of recommendations relating to the course master file (detailed in 3.1.2 and 3.1.3 of the Controls Management Report);**
- iii. to accept the Controls Management Report, incorporating ILR Assurance, for the year ended 31st July 2008;**
- iv. that the Chairman of Audit writes to the LSC (London office) on behalf of the Audit Committee advising that governors support management's responses to the auditor's recommendations relating to the course master file (detailed in 3.1.2 and 3.1.3 of the Controls Management Report).**

RECOMMENDED TO THE GOVERNING BODY that the Controls Management Report, incorporating ILR Assurance alongside controls for Work Based Learning, Education Maintenance Allowance and Adult Learning Grants be approved.

10. LSC PROVIDER ASSURANCE VISIT: WORK BASED LEARNING (WBL) 2007/08

RECEIVED paper 10, report of the Head of College for decision

NOTED:

- i. auditors had calculated that as a result of their assurance work actual payment errors in the period August 2007 to July 2008 totalled £24,323, £23,470 of which related to the framework achievement as were due to time differences;**
- ii. whilst the LSC auditor was content that all necessary achievement components had been met, the packs of evidence were not forwarded to the Sector Skills Council with applications for award of the over-arching Framework Certificate until September 2008. Funding Guidance states that Claims for achievement should be made in the year that the over-arching certificate is awarded (by July 2008);**
- iii. a pragmatic solution has been reached following discussion between the college and the college's LSC Partnership Manager. The LSC has agreed to honour the claim for work completed in-year in year 2007/08 and there would be no claw-back of the £23,324.92**

RESOLVED to receive the final audit report on Work Based Learning and endorse the management response.

(N.B. The recommendations to the Governing Body following consideration of paper 9 include Work Based Learning)

11. ACCOUNTANT'S REPORT – STEP-UP PROJECT APRIL 2007 – MARCH 2008

RECEIVED paper 11, report of the Head of College for information

NOTED:

- i. contracts with the London Development Agency require that payments exceeding £50,000 in any financial year (April to March) are subject to an independent accountant's report supporting the Statement of Grant Expenditure;
- ii. Baker Tilly (Watford) were engaged to conduct this work and their final report was received in college on the 25th July 2008. It was also copied to the LDA;
- iii. The report confirmed that the college's claim to grant was properly extracted from college records.

12. FINANCIAL MANAGEMENT AND CONTROL EVALUATION FOR THE PERIOD 1ST AUGUST 2007 TO 31ST JULY 2008

RECEIVED paper 12, report of the Clerk to Governors and Finance Manager

NOTED:

- i. since 2005/06 the college has been required to complete a Self Assessment Report Questionnaire (SARQ) annually as part of the overall self-assessment procedures;
- ii. for 2007/08 the LSC had introduced new financial management controls which also contribute to Framework for Excellence Grades;
- iii. as part of the process for 2007/08 colleges are required to complete the Financial Management and Control Evaluation Document (FMCE). The LSC expects college audit committees to review and recommend approval of the completed FMCE document;
- iv. members asked why the college's overall grade was not considered "outstanding" as there were more areas deemed to be "outstanding" than "good". The CEO advised that it was the college's view that you could not consider the overall grade to be "outstanding" unless all the areas covered by the FMCE were deemed to be "outstanding";
- v. the "good" grade for Financial Monitoring was discussed. The CEO advised that as areas of weakness had been identified an "outstanding" grade could not be awarded. There was a need for further development of minor budget holders and the college's procurement strategy required further honing;
- vi. members thanked the Clerk to Governors for taking the lead on the completion of the FMCE.

RESOLVED to confirm and approve the completed FMCE document for the year ended 31st July 2008.

RECOMMENDED TO THE GOVERNING BODY that the FMCE for the year ended 31st July 2008 be adopted (for forwarding to the Regional Audit Manager of London North LSC by the 12th December 2008)

The Chairman took papers 13 and 14 after paper 16 as papers 13, 14 and 15 inform the recommendations made in paper 16. The minutes are written in the order detailed on the agenda.

13. LETTERS OF REPRESENTATION FOR 2007/08

RECEIVED paper 13, report of the Finance Manager for decision

NOTED:

- i. the college is required to provide the Financial Statements Auditor (Baker Tilly) with two signed letters of representation, one for the audit of the financial statements for the year ended 31st July 2008 and one in respect of the 2007/08 regularity audit;
- ii. Finance and General Purposes Committee are responsible for recommending the Financial Statements to the Governing Body and the letter of representation covering the financial statements;

RECOMMENDED TO THE GOVERNING BODY that the Chairman of Governors and the Chief Executive be empowered to sign the Letter of Representation (Appendix 2 to the report) for the regularity audit on behalf of the Corporation.

14. REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2008 (FINAL DRAFT)

RECEIVED paper 14, report of the Finance Manager for decision

NOTED:

- i. the report and financial statements for the year ended 31st July 2008 (final draft) is in two parts:
 - c. Financial Statements (for information as these are approved by F&GP Committee);
 - d. Corporate Governance Statement (for decision by Audit Committee)
- ii. the Chairman of Governors (on behalf of the Corporation) is required to sign the Corporate Governance Statement once approved by the Corporation;

RECOMMENDED TO THE GOVERNING BODY that the Statement of Corporate Governance and Internal Control included in the financial statements for the year ended 31st July 2008 be adopted.

See pages 14-19 of the Financial Statement and note the need to amend page 14 to reflect decisions made at the Governing Body meeting re membership of the Corporation.

15. DRAFT FINAL AUDIT FINDINGS FROM THE FINANCIAL STATEMENTS AUDITOR (BAKER TILLY) FOR THE YEAR 2007/08

RECEIVED paper 15, report of the Finance Manager for decision

NOTED

- i. audit and accounting issues identified by Baker Tilly at the planning stage have, in all respects, been resolved and satisfactorily dealt with in the accounts;
- ii. the audit is based on forming an opinion on the financial statements and is not systems based;
- iii. the Financial Statements Auditor (FSA) drew members attention to three internal control issues which arose out of their audit work, all of which were agreed by management;
- iv. the FSA highlighted the importance of cash flow management as cash will be increasingly required to fund the large capital projects – subject to LSC “Approval in Principle”;
- v. the FSA also drew members attention to long-standing creditors/provisions. The FSA advised that the college may benefit from an agreed process to monitor and address long standing balances that may be able to be written back to the income and expenditure account. The CEO advised that the Senior Management Team had undertaken a review following the advice of the FSA and would be making a report to Finance and General Purposes Committee;
- vi. in respect of restricted funds, the FSA advised that the use of the word “restricted” implies there is a third party condition attached to those funds. The balance sheet of the college shows £68,000 of restricted funds which relate to the disposal proceeds from the sale of property which can be used to fund capital works at Forty Hall. The FSA drew attention to the need to review whether these funds are technically “restricted”;
- vii. under the section relating to uncertainties, risks, exposures, judgemental issues and going concern, the FSA highlighted that the college operates a defined benefit pension scheme and in 2008/09 it is expected that there will be an increase in the pension liability and as a result the contribution required by the employer. The FS felt this matter should be kept under review in light of the estimated pension liability and economic conditions;
- viii. performance of the FSA would be considered at agenda item 17; the final queries relating to Regularity Audit (“Outstanding Issues” – Appendix D) were almost complete. The final query relates to the college’s Centrepont contract where the level of funding depends on the level of activity (recruitment by Centrepont). The Head of College and Finance Manager would be providing the details required by the IAS.

RESOLVED:

- i. to agree the management responses to matters arising in this year's audit and changes implemented in response to matters raised during last year's audit;
- ii. to accept the draft final audit findings for 2007/08.
- iii. to report to the Governing Body that subject to the minor "Outstanding Matters" detailed in Appendix D, Baker Tilly expect to be able to issue a clean audit opinion on the Financial Statements and on the Regularity Audit for 2007/08

RECOMMENDED TO THE GOVERNING BODY that the 2007/08 final audit findings report to the Governing Body be approved;

16. THE ANNUAL RISK MANAGEMENT REPORT FOR THE YEAR 2007/08

RECEIVED paper 16, report of the Chief Executive Officer for decision

NOTED that the purpose of this report was to enable the Audit Committee to assess whether or not the college has complied with its Risk Management Policy during 2007/08.

RECOMMENDED TO THE GOVERNING BODY that the following paragraphs be added to the Annual Report of the Audit Committee to the Corporation and the Accounting Officer for the year ended 31st July 2008:

The Governing Body received a detailed report on the college's Risk Management Policy on the 24th July 2008 and made amendments to the Risk Schedule and Risk Management Action Plan for 2008/09 as a result of their review of the college's Risk Management Process.

The Audit Committee received a report on the college's compliance to its policy and its effectiveness in assisting the college to manage its risks on 19th November 2008 and concluded that the college had complied to the policy in 2007/08 and that the policy had been effective in assisting the college to manage its risks during 2007/08.

Milton Nicholas, Baker Tilly left the meeting for items 17, 19 and 20.

17. EVALUATION OF PERFORMANCE OF AUDITORS 2007/08

RECEIVED paper 17, report of the Finance Manager

17.1 Internal Audit Service

NOTED:

- i. the report of concerns in respect of some areas of the auditor's work. Following discussion between the CEO and IAS the CEO felt that it was unlikely that there would be any reoccurrence as action had been taken to resolve the issues which arose;

- ii. the assurances given earlier in the meeting by the IAS that the college is a valued customer;
- iii. the benefits of a final closure meeting with the senior partner present in future to review audit findings and management responses before the Internal Audit Report was presented to the Audit Committee;
- iv. Members deemed the performance of the IAS to be inadequate, rather than poor, (following a frank discussion with the IAS).

17.2 Financial Statements Auditors

NOTED:

- i. Members consider the Performance Indicators that could not be completed until the reports was received by the Audit Committee:

Q14 Yes

Q15 Not applicable

Q16 Not applicable

Q21 Yes (inserted after consideration of agenda item 19)

- ii. the performance of the FSA was deemed to be “good”

RECOMMENDED TO THE GOVERNING BODY that the evaluation of the performance of the IAS and FST for the year ended 31st July 2008 be accepted as detailed below:

Internal Audit Service	Inadequate (following frank discussion with the IAS)
Financial Statements Auditor	Good

18. ANNUAL REPORT OF THE AUDIT COMMITTEE FOR YEAR ENDING 31ST JULY 2008

RECEIVED paper 18, report of the Audit Committee for decision

NOTED that:

- i. the Annual Report of the Audit Committee summarises the work of the Audit Committee during 2007/08;
- ii. the performance of both the Internal Audit Service and Financial Statements Auditor would be included in the Annual Report of the Audit Committee for the year ended 31st July 2009 as detailed above (agenda item 17);
- iii. members confirmed the paragraph on Risk Management included in the Annual Report of the Audit Committee for the year ended 31st July 2008;

- iv. Members thanked the Clerk to Governors for her input into the production of the Annual Report of the Audit Committee for the year ending 31st July 2008.

RECOMMENDED TO THE GOVERNING BODY that the Annual Report to the Corporation and Accounting Officer for the year ending 31st July 2008 be adopted (including the additions detailed above).

19. ANNUAL RE-APPOINTMENT OF THE FINANCIAL STATEMENTS AUDITOR TO INCLUDE REGULARITY AUDIT

RECEIVED paper 19, report of the Finance Manager for decision

NOTED it was not possible to agree a fee because the LSC has not yet issued guidance on the scope of the audit. However fees are likely to be in the order of those agreed for 2007/08 for equivalent work (plus inflation) and would be reported to a future meeting of the Audit Committee.

RECOMMENDED TO THE GOVERNING BODY:

- i. **Baker Tilly be reappointed as Financial Statements Auditor for the financial year 2008/09;**
- ii. **the audit fee for the year 1st August 2008 to 31st July 2009 be agreed at a future meeting once the level of audit required is known.**

20. ANNUAL REAPPOINTMENT OF THE INTERNAL AUDIT SERVICE

RECEIVED paper 20, report of the Finance Manager for decision

NOTED:

- i. the Senior Management Team are of the view that the college should re-tender for the internal Audit Service for 2009/10. The Provider Financial Management regional team from the LSC supported this view as part of a desktop review of financial management and governance;
- ii. Macintyre Hudson LLP would be invited to tender for the provision of the Internal Audit Service for 2009/10;
- iii. audit companies listed as part of the Framework Agreement would also be approached to tender for the Internal Audit Service for 2009/10.

RECOMMENDED TO THE GOVERNING BODY that:

- i. **MacIntyre Hudson LLP be reappointed as the Internal Audit Service provider for the financial year 2008/09 and monitored closely;**
- ii. **the audit fee for the year 1st August 2008 to 31st July 2009 identified in the annual audit plan considered at the previous meeting be agreed at £16,931.90 per annum excluding VAT. This fee is based on 34.5 days of service;**
- iii. **a tendering process is instigated with a view to make a recommendation to the Governing Body for the appointment of internal auditors with effect from 2009/10.**

21. DATE OF NEXT MEETING: Wednesday 25th March 2009 at 4.30pm

Before closing the meeting the Chairman of Audit, on behalf of the Audit Committee, thanked Janet Hughes-Hallett for her contribution to the work of the Audit Committee whilst she has been Finance Manager and wished her well for the future.