

John Wheatley College

Board of Management

Audit Committee

Minutes of the Audit Committee held on Thursday 4 May 2006 at 12.30 pm in the Conference Room of Strathclyde European Partnership, 94 Elmbank Street, Glasgow.

1. Sederunt

The meeting commenced at 12.30pm and was attended by:

D O'Brien(Chair); and
A MacDougall.

In Attendance:

I Graham (Principal);
A Kirk (Depute Principal);
G Notman (Baker Tilley);
Helen Russell (Audit Scotland);
R Stewart (Clerk to the Board);
J Gow (Chief Finance Officer);
M Brennan (Financial Adviser to the Board); and
S Wilkie (for recording purposes only).

2. Apologies

A Sherry (Assistant Principal); and
M Blyth (Baker Tilly)

3. Terms of Reference

Members noted the terms of reference for the Audit Committee. It was confirmed that the meeting was quorate with 2 members in attendance.

4. Declaration of Interest

There were no declarations of interest expressed at this Committee meeting.

5. Minutes of the Audit Committee held on 8th February 2006

The minutes of the previous meeting were taken as read. They were accepted as an accurate record of the meeting held on 8th February 2006.

6. Matters arising from the Minutes of the Previous Meeting

Item 9 – Internal Audit Annual Report 2004-05

The Principal informed members that the Risk Register for the New Campus had been significantly amended.

7. Correspondence

(a) Audit Scotland

(i) Appointment of External Auditor

The Principal asked for clarification on whether David Watt would be the nominated officer from KPMG who would liaise with college staff on external audit issues. Ms Russell replied that she was unable to confirm this but she would enquire and advise the Principal.

The Principal confirmed that he would wish to have an early meeting with the KPMG Audit Manager to ensure appropriate liaison between the internal and external auditors. It would also be necessary for KPMG to indicate their agreement with the Internal Audit Plan for 2006/07.

(ii) External Audit Appointment – Financial Years 2006/07 to 2010/11

Members agreed to note the contents of the correspondence from Audit Scotland.

(b) Communique – New Procurement Regulations

The Principal confirmed that a report would be prepared for a future meeting of the Board on the new procurement regulations.

Mr Kirk reported that regulations have changed. He noted that, in the past, there was little a failed bidder could do if it felt wronged by a contract award. Previously contracts would be awarded before unsuccessful bidders were informed of the reasons for failure. Now, the contracting authority and the successful bidder cannot conclude their contract for at least ten days after the successful bidder is announced. This gives the unsuccessful bidder the opportunity to challenge the actual award of the contract.

A brief discussion took place about public procurement of IT systems and the scope for future economics in this respect.

Members agreed to note the contents of the correspondence from Maclay Murray and Spens.

(c) Baker Tilly – Project Income and Expenditure

Members noted the contents of the correspondence from Baker Tilly.

Mr O'Brien asked about clarification on non-viable classes and the usage of teaching staff when these classes no longer run. The Principal reported that a report was presented to the Board some time ago on staff utilisation. A brief discussion took place.

Mr Kirk confirmed that a report would be presented to the first meeting of the committee in session 06/07.

8. Baker Tilly – Internal Audit Reports

(a) Staff Absence and Utilisation

The Depute Principal informed members of the contents of the Internal Auditor's report on Staff Absence and Utilisation and the College Management's response to their findings.

He confirmed that the Internal Audit Report on Staff Absence and Utilisation lists 1 low grade recommendation and indicated there were no high grade recommendations.

In response to questions Mr Graham reported that Mr Gow and Doreen Sneddon would be looking at the time-of-in-lieu system and confirmed that this is now being regulated and reviewed more frequently.

The Principal confirmed that this paper was presented to the last Personnel and Staffing Committee.

With no further discussion members of the Audit Committee agreed to:

- i) note the contents of the report and its appendix;
- ii) note that there is one new audit recommendations contained in the Baker Tilly's report on Staff Absence and Utilisation;
- iii) note the College Management response; and
- iv) request the College to address the audit recommendations and update the College's Audit Action Plan.

b) Staff Development and Appraisal

Mr Kirk spoke to this report informing members of the contents of the Internal Audit Report on Staff Development and Appraisal and the College Management's response to their findings.

The Depute Principal indicated that the Internal Audit Report on Staff Development and Appraisal listed 4 low grade recommendations and no high grade recommendations.

Members of the Audit Committee agreed to:

- i) note the contents of this report and its appendix;
- ii) note that there are four new audit recommendations contained in the Baker Tilly's report on Staff Development and Appraisal;
- iii) note the College Management response; and
- iv) request the College to address the audit recommendations and update the College's Audit Action Plan.

(c) Student Record and Information Systems Review

The Depute Principal informed members of the contents of the Internal Auditor's report on Student Record Information System and the College Management's response to their findings.

He confirmed that the Internal Audit Report on Student Record and Information Systems Review lists 1 low grade recommendation and indicated there were no high grade recommendations.

The Depute Principal advised that the College are not using unit-e to its full potential and do not record attendance electronically.

Members of the Audit Committee agreed to note the contents of this report and its appendix.

(d) Corporate Governance

Mr Kirk informed members of the contents of the Internal Audit report on Corporate Governance and the College's Management's response to their findings.

The Depute Principal informed members that there were no recommendations.

Members of the Audit Committee agreed to:

- i) note the contents of this report and its appendix; and
- ii) note that there are no new audit recommendations contained in the Baker Tilly's report on corporate governance.

(e) Contracts and Tendering

Mr Kirk informed members of the contents of the Internal Auditor's Report on Contracts and Tendering and the College Management's response to their findings.

The Depute Principal reported that lists 1 low grade recommendation and indicated there were no high grade recommendations.

He further reported that the College had no written procedures as yet and confirmed all these items would be dealt with in the new procedures.

Members of the Audit Committee agreed to:

- i) note the contents of this report and its appendix;
- ii) note that there is one new audit recommendations contained in the Baker Tilly's report on Contracts and Tendering;
- iii) note the College Management response; and
- iv) request the College to address the audit recommendations and update the College's Audit Action Plan.

9. Audit of Accounts 2004/05

Mr Gow spoke to the contents of the report advising them of the current status of the issues raised by Audit Scotland in the Final Accounts Audit Memorandums for 2003/04 and 2004/05. He reminded members of the nine issues identified in the 2003/04 Final Report and Audit Memorandum, five have been resolved. This included the write off of £58k of Bad Debts in March 2006.

He informed members that he is currently in the process of updating the existing Financial Regulations and Procedures. He would also bring to the next Board a paper which proposed changes to the college's accounting policies. These were likely to relate to the future treatment of superannuation and the depreciation period for the East End Campus.

Members of the College's Audit Committee agreed to:

- (i) note the contents of the report and its appendix;
- (ii) note the College Management response; and
- (iii) request the College to address the audit recommendations.

10. Internal Audit Performance Indicators

The Depute Principal spoke to his report informing members of the progress with the Internal Audit Performance Indicators.

He reported that indicators 14 and 20 require by this Committee and indicator 28 by Audit Scotland.

The Principal referred to indicator 21 – 'Issue of draft and final reports within the period specified in the internal audit service's terms of reference'. He advised that this should remain due to the value for money agenda.

The Chair reported that he would speak to Mr Kirk concerning indicators 14 and 20. Mr O'Brien asked Mr MacDougall whether this would be acceptable, Mr MacDougall agreed.

Members of the Audit Committee agreed to:

- (i) note the contents of the report and its appendix;
- (ii) note the information provided for each performance indicator in Appendix 1; and
- (iii) that the same exercise is undertaken following the signing of the 2005/06 accounts.

11. Audit Committee Self Assessment – Draft Report

Mr Brennan spoke to this report and informing members of the Draft Report on the Self Assessment of the work of the Committee during 2004/05.

The Chair asked Ms Russell and Ms Notman whether they were happy with the report. Ms Russell stated that she was not unhappy with the contents of the report. Ms Notman confirmed that she was also content with the report.

Mr O'Brien asked members of the College's Management Team if they had any comments to make. Mr Graham asked Ms Russell whether other Colleges Audit Committee were doing self evaluation. She replied that Audit Scotland recommends this is done as best practice. She indicated that it was also being done by a number of other colleges.

The Chair asked that this report be presented to a future meeting of the Board of Management. Mr Kirk replied that the report would be going to the Board. The Chair asked members if they had any comments then they should pass them to him.

Members of the Audit Committee agreed to:

- (i) note the contents of this report and its appendices; and
- (ii) approve the Audit Committee Self Assessment Report.

12. College External Audit Planning Memorandum

Ms Russell spoke to this report and advised members of the fee for external audit for 2005/06 which amounts to £11,690.

Ms Russell outlined the main areas of the draft Audit Planning Memorandum.

Members of the Audit Committee agreed to note the contents of the report and its appendix.

13. Public Procurement in Scotland

The Principal informed members of the recent developments in Public Procurement in Scotland. He advised that the College will require, in due course, to review both its current procurement policies and the Financial Regulations. The Principal further added that this report was referred to this Committee by the Financial Control Committee.

Members of the Audit Committee agreed to note the contents of the report.

14. East End Campus Risk Register

Mr Kirk informed members of the revised Risk Register for the East End Campus. He confirmed that the register is updated monthly by the Project Management Group.

Mr Kirk proceeded to go through risk register inviting comments from members. A number of questions were raised.

Members of the Audit Committee agreed to note the contents of the College's Risk Register for the East End Campus.

15. FRS 17 – Retirement Benefits

The Principal reported that this paper was considered at the last Financial Control Committee who requested that this paper be presented to this Committee. He added that the College was proposing to change the accounting policy. The Chair requested that the accounting policy be changed prior to the year end. The Principal replied that he would take this to the Board.

The Principal added that a number of policies require to be amended and pulled together into one report and presented to a future Board of Management Committee for consideration.

The Chair asked the Principal when he was hoping to have a meeting with KPMG. He replied that he will meet with them as soon as the College receives confirmation of the name of the Audit Manager.

16. Exemption of College from SQMS Audit

The Principal informed members of the Audit Committee that Scotland's Colleges will no longer require to participate in Scottish Quality Management System (SQMS) Audit processes.

The Principal advised that the College had recently undergone an SQMS audit at a cost of approximately £1,500. He further added that the Scottish Funding Council (SFC) has now negotiated exemptions for Colleges for the entire SQMS framework. This will apply from 1 September 2006. He confirmed that this reform will avoid the duplication of quality frameworks in future.

Members of the Audit Committee agreed to:

- (i) note the contents of the Principal's report; and
- (ii) note the contents of the SFC circular (SFC/27/06).

17. Audit Scotland – Technical Bulletin 2006/1 – March 2006

Members of the Audit Committee agreed to note the contents of the Audit Scotland, Technical Bulletin 2006/1.

18. Closure

The meeting closed at 2.05pm with the Chair thanking all members for their contribution.

19. Date of Next Meeting

Members were advised that the next meeting of the Committee would take place on Thursday 15 June 2006 at 12.30pm at Strathclyde European Partnership, Elmbank Street, Glasgow.