

**John Wheatley College**

**Board of Management**

**Audit Committee**

**Minutes of the Audit Committee held on Wednesday 8 February 2006 at 12.30 pm in the Conference Room of Strathclyde European Partnership, 94 Elmbank Street, Glasgow.**

**1. Sederunt**

The meeting commenced at 9am and was attended by:

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

In Attendance:

I Graham (Principal);  
A Kirk (Depute Principal);  
Al Sherry (Assistant Principal);  
M Blyth (Baker Tilley);  
C Clinton (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**

J Kerrigan  
M Cloonan

**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 5<sup>th</sup> December 2005**

The minutes of the previous meeting were taken as read. They were accepted as an accurate record of the meeting held on 5<sup>th</sup> December 2005.

**6. Matters arising from the Minutes of the Previous Meeting**

**Item 9 – Internal Audit Annual Report 2004-05**

The Depute Principal informed members that the amended Risk Register for the New Campus would be brought back to the next scheduled meeting of the Committee.

I Graham informed members that the ESF and ERDF 'on the spot' verification audits had taken place as scheduled and that formal notification of the outcome would be received in due course from Strathclyde European Partnership (SEP).and that this would be considered at a future meeting of the Committee. However the College had been informed verbally that both audits had been successfully concluded that that no further action was required.

Members welcomed the positive outcome of these visits.

## **7. Correspondence**

### **(a) Scottish Funding Council – Guidance on the Audit Requirements for Education Maintenance Allowances(EMAs)**

I Graham informed members that this correspondence from the Scottish Funding Council was for information purposes only.

Members agreed to note the contents of the correspondence from the Scottish Funding Council.

## **8. a) Report on Internal Audit Visit November 2005 Asset Register and Capital Expenditure**

J Gow spoke to the contents of his report on the visit from internal audit in November 2005 concerning the Asset Register and Capital Expenditure and the College Management's response to their findings.

He reported that 4 (four) findings were presented in the attached report and noted that the recommendations contained one medium grade and 3 with a low grade.

The Chief Finance Officer indicated that the 3 medium recommendations and one of the low recommendations are now considered as complete. The low recommendation relating to capital projects will continue to be monitored.

In response to questions A Kirk reported that there was at present no overrun on the costs of the capital project reminded members that expenditure on the new build was being monitored on a monthly basis by the Project Management Group under the remit delegated to it by the Board. He further reported that if there was to be a cost overrun this would be reported to the Board.

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

- i) note the contents of the report and its appendix;
- ii) note the audit recommendations contained in the Internal Auditors report on the Asset Register and Capital Expenditure Income;
- 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) Non SFC Income**

J Gow spoke to this report informing members of the contents of the Internal Audit service report on non -SFC Income and the College Management's response to their findings.

The Chief Finance Officer indicated that the Internal Audit Report on Non-SFC Income listed 2 low grade recommendations and no high grade recommendations.

Members of the Audit Committee agreed to:

- i) note the contents of this report;
- ii) note the audit recommendations contained in the Internal Auditors report on Non -SFC Income;
- 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) Management Information Systems Review**

The Chief Finance Officer informed members of the contents of the Internal Auditor's report on Management Information Systems Review and the College Management's response to their findings.

He confirmed that the Internal Audit Report on Management Information Review Income lists 5 low grade recommendations and indicated there were no high grade recommendations.

In response to questions I Graham reminded members that he has written to Board members enclosing information for them to how to access the information contained on the College website.

Members of the Audit Committee agreed to:

- i) note the contents of this report;
- ii) note the audit recommendations contained in the Internal Auditors report on the Management Information Systems Review;
- iii) note the College Management response; and
- iv) request the College to address the audit recommendations and update the College's Audit Action Plan.

**(d) Bad Debts Review**

J Gow informed members of the contents of the Internal Audit report as a result of their visit in November 2005 together with College Management's response to their findings.

The Chief Finance Officer informed members that there were a total of eight (8) recommendations. He noted that the recommendations fell into the following grades. Three (3) in high grade, three (3) in medium and two (2) in low.

In response to questions J Gow informed members that the College currently has circa £6,000 in outstanding tuition fee debt.

Members of the Audit Committee agreed to:

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

#### **(e) Tuition Fees and Charges Systems Review**

J Gow informed members of the contents of the Internal Auditor's Review of Tuition Fees and Charges System and the College Management's response to their findings.

The Chief Finance Officer reported that there were a total of four (4) new recommendations. He noted that the recommendations fell into the following grades, one (1) in high grade, three (3) in medium and none at low grade.

Members of the Audit Committee agreed to:

- i) note the contents of this report and its appendix;
- ii) note that there are eight new audit recommendations contained in the Baker Tilly's report on Tuition Fees and Charges System;
- 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. Baker Tilly – Internal Audit Progress Report**

Mr Blyth spoke to the contents of the Internal Audit Progress report for Session 2005/06. He reminded members that the final visit would take place in March 2006.

He informed members that the first 5 reports which detailed the work undertaken to date had been considered as part the agenda of this meeting. He added that the review meeting would be arranged in due course.

Members of the College's Audit Committee agreed to note the contents of the Internal Audit Progress Report.

#### **10. Progress Report on Audit Action Plan**

M Brennan spoke to his report informing members of the current status regarding the BDO grade 1 and Baker Tilly high grade Internal Audit recommendations contained in the Audit Action Plan.

He reported that Baker Tilly have reviewed all of the BDO Grade 1 recommendations contained in the Audit Action Plan. They

recommended that all four remaining BDO Grade 1 recommendations be considered as complete and be removed from the Audit Action Plan.

Members of the Audit Committee agreed to:

- (i) note the contents of the report;
- (ii) for the College to remove the BDO Grade 1 audit recommendations from the Audit Action Plan; and
- (iii) request the College to remove Baker Tilly's audit recommendation on Management Reporting (Appendix 2) from the Audit Action Plan.

#### **11. Audit Scotland – Technical Bulletin – December 2005**

The Principal referred to page 9 – Proposed Charity Accounting Regulations. He informed members that the Scottish Executive has published a summary of the responses from its consultation on new charity accounting regulations arising from the Charities and Trustee Investment (Scotland) Act 2005 which will come into force in April 2006.

I Graham referred to page 12 – Efficient Government. He advised that the Scottish Parliament Information Centre has issued a briefing which provides background on the Scottish Executive's efficient government initiative.

The Principal referred to page 42 – Financial Memorandum. He informed members that the new financial memorandum should be adopted with effect from 1 January 2006 and asked them to note that the College had already taken this action..

Members agreed to note the contents of the Technical Bulletin.

#### **12. On Board: review of Corporate Governance**

Mr O'Brien advised members that he would consider this correspondence alongside item 13.

##### **Additional Item**

##### **Doig & Smith – John Wheatley College – East End Campus – Risk Register**

The Chair asked that this item be brought back to the next meeting of this Committee. A Kirk agreed to ensure that this item was place on the agenda of the next scheduled meeting.

The Chair referred to two matters relating to Value for Money.

He pointed out that the Colleges accounts for 2004/05 showed project expenditure exceeding project income by more than £100K; while he did not think it was likely that the College would be actually losing money on projects nonetheless he felt it would be appropriate for Baker Tilly to quickly review this item. The Chief Finance Officer confirmed that this was a fairly complex issue involving presentation and suggested that he

provide a more detailed analysis of the income and expenditure. The Chair agreed this would be helpful for Baker Tilly.

The Chair also noted that management had raised the question of the impact of non-viable classes in its community -based education programme, and the measures taken to improve the management of such programmes. He suggested that Baker Tilly arrange a briefing from management on this issue and thereafter include a review of the effectiveness of management action preferably during the Internal Audit visit scheduled for March 2006.

### **13. Internal Audit Needs Assessment**

The Chair informed members that M Brennan would be take note of any amendments.

D O'Brien proceeded to go through all the sections contained within the self assessment inviting comments from members, making his own observations. A number of amendments were made.

It was agreed that M Brennan would produce an amended report for consideration at the meeting scheduled for 4 May 2005.

### **14. Closure**

The meeting closed at 2.45pm with the Chair thanking all members for their contribution.

### **15. Date of Next Meeting**

Members were advised that the next meeting of the Committee would take place on Thursday 4 May 2006 at 12.30pm at Strathclyde European Partnership, Elmbank Street, Glasgow.