

**John Wheatley College**

**Board of Management**

**Audit Committee**

**Minutes of the Audit Committee held on Tuesday 31 August 2004 at 12.30pm at The College of Building and Printing, North Hanover Street, Glasgow.**

**1. Sederunt**

The meeting commenced at 12.30pm and was attended by:

D O'Brien(Chair);  
J Kerrigan; and  
A Woolley.

In Attendance:

I Graham (Principal)  
A Kirk (Depute Principal);  
Alan Sherry (Assistant Principal);  
M Blyth (Baker Tilley);  
C Clinton (Baker Tilley);  
Helen Russell (Audit Scotland);  
B Forrest (Chief Accountant);  
M Brennan (Financial Adviser to the Board);  
S Wilkie (for recording purposes only).

**2. Apologies**

D McConnell, Audit Scotland

**3. Declaration of Interest**

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

**4. Terms of Reference**

Members noted the terms of reference for the Audit Committee. It was confirmed that the meeting was quorate with 3 members in attendance.

**5. Minutes of the Audit Committee held on 17<sup>th</sup> June 2004.**

The minutes of the previous meeting were taken as read. They were accepted as an accurate record of the meeting held on 17<sup>th</sup> June 2004.

**6. Matters arising from the meeting held on 22 April 2004.**

Mr Graham confirmed that ASC is hosting an event for the Chairs of Audit Committees during September 2004. The Principal confirmed that he would provide Mr O'Brien with the relevant details of the conference when they became available. Mr O'Brien confirmed that he had already previously received notification of training events planned by ASC for session 2004/05.

**Correspondence**

- i) a) SFEFC - Internal Audit Needs Assessment**
- b) Principal's Response**

Mr Graham referred to the letter from Brian Baverstock dated 11 May 2004. The Principal advised that he had already responded to this letter. He opined that it would not be appropriate for the Chair or the Committee to respond further (unless an enquiry were directed to either the Chair or the Internal Auditors). He indicated that this would intrude into operational matters which were not the preserve of the Committee. He did suggest that it would, however, be appropriate for the Committee to record in the minutes the reasons for the changed audit priorities about which Mr Baverstock had enquired.

The Chair commented that in his view Mr Baverstock has made a valid point in relation to point 1 in his letter and proposed that if the Committee agrees then he as Chair of the Committee would send a letter to Mr Baverstock explaining the Audit Committee decision in this area. The Principal reinforced his view that this was an entirely operational matter which required no response from the Chair. He also noted that the correspondence had been addressed to him and that he had responded to it (and provided copies of that correspondence to the Committee). Following discussion it was agreed that the Chair would seek the advice of the other members prior to entering into correspondence with SFEFC.

Mr O'Brien advised that he had no comment to make on the second point to Mr Baverstock's letter.

- ii) SFEFC - Revised Accounts Direction for Session 2003/04**

Mr Graham reminded members that that this item was considered at the Board meeting held on 18 August 2004 and reported that it was placed on this agenda for further consideration if appropriate. Members concluded that the discussion at the Board was sufficient.

**iii) SFEFC - Revised Accounts Direction - Letter to David McConnell**

Mr Graham advised that the College are required to submit all audit reports and the annual audit report to the SFEFC by 31 December 2004.

In response to questions Ms Russell confirmed that it was unlikely that Audit Scotland would have completed all external audit work by 11 November 2004 therefore making unlikely that a final external audit report would be available to be considered at the Audit Committee scheduled for 18 November 2004. The Principal reminded members that an additional Audit Committee had been arranged for 7 December 2004 with a Financial Control Committee scheduled for 6 December 2004 to take cognisance of this. Mr Graham also reminded member that an additional Board of Management has been arranged for Wednesday 9 December 2004 and that meeting would 'sign off' the Annual Accounts and Financial Statement for 2003/04 and the Annual Audit report.

Ms Russell confirmed that Audit Scotland would provide a draft report for the consideration both committees and the Board of Management by late November 2004. In response to questions from the Principal she confirmed that in her experience other colleges had used this draft report as the basis for the Annual Audit report which they submitted to SFEFC. Members noted this information.

**iv) Scottish Executive - Audit Committee 4<sup>th</sup> Report 2004: SFEFC Performance Management of the FE Sector in Scotland.**

Mr Graham confirmed that this correspondence contains the Scottish Executive response to the Committee's report. He asked members to note that it sought to provide additional information which the Chief Executive of SFEFC had failed to present to the Parliament's Audit Committee.

It was, however, noted that the Parliament's Audit Committee were apparently still 'unhappy' with aspects of the Scottish Executive's additional response.

**8. Internal Audit Reports**

The Depute Principal spoke to his report dealing with each of the individual reports separately:

**i) Payroll**

Mr Kirk reported that the findings were presented in the attached report and noted that there was 1 recommendation with a low grade. The College accepted this recommendation and would take appropriate action.

The Principal informed members that this report would be placed on the agenda for the next scheduled Personnel and Staffing Committee.

## **ii) Attendance Management**

Mr Kirk advised that the findings were presented in the attached report and noted that 2 recommendations with a low grade were included. The College accepted these recommendations and would take appropriate action.

In response to questions Mr Kirk confirmed that all line managers have been trained on the absence management policy and that further training was planned for session 2004/05 to enhance the skills of managers in this area.

Mr Woolley asked who advised line managers when staff members reach the trigger points for formal interviews. Mr Kirk replied that the Human Resources section inform managers when such interviews are required.

Mr Graham advised members that this report would also be considered by the next Personnel and Staffing Committee.

The Principal confirmed that the intermittent absence rate had been reduced to approximately 1.3% | However the long-term absence rate was still a cause for concern. In response to questions the Principal confirmed that the causes for long –term absence were often due to serious illness which could not be tackled by any attendance management policy. He reported that an IPD survey suggested that absence rate within the public sector is around 8% while the College figure is currently over 11%.

## **iii) Asset Register and Capital Expenditure**

Mr Kirk reported that findings were presented in the attached report and noted that the three (3) recommendations contained one medium grade and 2 with a low grade. The College accepted these recommendations and would take appropriate action.

Mr O'Brien asked whether these recommendations were being dealt with. Mr Kirk replied that all action associated with these recommendations had now been implemented.

Mr Woolley asked that this item be placed on the next Capital and ICT Committee.

A Sherry agreed to ensure that this item was placed on the agenda of the next scheduled meeting of that Committee.

## **iv) Student Records and Information Systems Review**

Mr Kirk advised that the Auditors findings were presented in the attached report and noted that one (1) recommendation with a high grade was included within their report. This was in relation to the timing of notification to the CMIS section that a class is due to commence. The recommendation

was that staff be reminded of the need to inform CMIS when classes were due to commence.

Mr Kirk confirmed that such an instruction had been given however reminded members that there would be occasions when, in order to be responsive to the requirements of partner organisations, classes would start before all the CMIS procedures had been completed.

Mr Graham confirmed that the College have changed the member of staff who is managing the CMIS team and that this had resulted in improvements in this area.

**v) Management Reporting Review**

Mr Kirk advised that the Auditors findings were presented in the attached report and noted that two (2) recommendations with a high grade and one (1) with a low grade were included. The high grades related to the upgrade of the College's computerised financial recording system Dream and the requirement for the College to produce a regular cash flow forecast. The Depute Principal informed members the upgrade of the Dream software had been delayed due to circumstances beyond the control of the College. He added that it was anticipated that the upgrade would now be available by the end of by October 2004.

Mr Graham confirmed that Mr Forrest had the second point as an operational target for 2004/05. These had been considered at the August meeting of the Board of Management.

**vi) Review of the BDO Stoy Hayward 2002/03 Grade 1 Recommendations**

Mr Kirk advised that BDO Stoy Hayward report had a total of 13 (thirteen) grade 1 recommendations. He confirmed that the College had overtaken all of these recommendations but in some areas there is still some work to be completed due to changes in technology. Of the 13 recommendations, 3 required no further action, 5 were classified as in progress and 5 still required further attention.

The Depute Principal confirmed that the upgrade of the Dream System is due in October 2004. Cover for the Bursary Officer has now been completed an additional member of staff have been trained.

Mr Kirk advised that he is anticipating that all of these recommendations should be completed by October 2004.

Members agreed to:

- i) note the contents of the report and its appendices;
- ii) note the recommendations contained in the Internal Audit report for 2003/04;

- iii) note the College's proposed action and timescales to address these recommendations;
- iv) request the College to address the audit recommendations and to place the high grade recommendations on the College's Audit Action Plan; and
- v) request the College to bring forward an update report at the next scheduled meeting of the Audit Committee.

## **9. Visit by Scottish Further Education Funding Council's GMAP**

Mr Graham informed members that the Funding Council wrote to the College in July 2004 indicating that they would visit on 19 August 2004 to review the Financial Forecast Return (FFR). He informed members that he had written to B Baverstock requesting an agenda at five working days before the meeting. When such an agenda was not produced the College postponed the meeting and rescheduled it for 30 August 2004 as an agenda was provided. This agenda contained 26 detailed questions relating to the FFR which required the Chief Accountant to undertake a considerable amount of work to investigate and provide appropriate responses.

Mr Graham informed members that the Financial Control Committee would consider the detailed response which the College made to GMAP at its next scheduled meeting. In response to questions the Principal confirmed that this meeting was scheduled for 1 September 2004.

Members agreed to;

- (i) note the contents of this report and its appendix;
- (ii) note that the College underwent a GMAP regularity visit on 30 August 2004; and
- (iii) request the Principal to apprise the Board or the Committee of the outcome of the GMAP visit in due course.

## **10. Report on Loss of Cash**

Mr Forrest spoke to his report and advised members of the circumstances surrounding the loss of cash receipts during the year 2003/04.

Mr Forrest informed members that the total value of the loss was £210 of which £50 was in the form of a cheque. The Police were notified on the 25<sup>th</sup> June 2004. However it was their view that no the sum was so low that it did not warrant an investigation.

The Chief Accountant confirmed that revised and updated procedures supported by staff training have been put in place to prevent a recurrence.

Members agreed to:

- a) note the contents of this report; and

- b) request the Chief Accountant to bring forward a report on the operation of the procedures to an appropriate future meeting of the Audit Committee.

#### **11. Audit Requirements for Education Maintenance Allowances**

Mr Forrest spoke to this report and advised members of the audit requirements put in place by the Funding Council for the Educational Maintenance Allowance (EMA). He reminded members that the College had participated in the EMA pilot project however this had been administered by Glasgow City Council which therefore was responsibility for internal audit. As the EMA programme was now to be 'rolled out' on a national basis with the funds being administered by SFEFC for the start of the financial year the Council had issued the guidance on the audit process. This was attached as an appendix to the College's report (for the information of members)

In response questions the Chief Accountant confirmed that spot checks are conducted throughout during the year and these spot checks audited by the College's Internal Auditors.

Following discussion members agreed to note the contents of this report and its appendix

#### **12. Audit Requirement for Student Support Funds**

Mr Forrest spoke to this report and informed members of the audit requirements put in place by the Funding Council for the year ending 31<sup>st</sup> July 2004.

Mr Forrest advised that this circular refers to the following funds:

- i) further education bursaries;
- ii) childcare fund;
- iii) further education hardship fund; and
- iv) young students retention fund

In response to questions the Chief Accountant clarified the content of the recommendations.

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

#### **13. Audit of Data for Funding Purposes**

Mr Graham advised that he would bring back a further report on the audit of student activity in session 2003/04 in November 2004. This report is being presented to the Committee for information only at this time.

Members noted the paper.

**14. Audit Scotland: Consultation on Future Study Programme**

Mr Graham reported that the College did not respond to this communication due to other work commitments.

Ms Russell indicated that she had no additional comments to make on the paper.

Members noted this item.

**15. Audit Scotland - Technical Bulletin 2004/05 - June 2004**

Mr Graham informed members that information on FE commenced on page 14. He confirmed that the merger had taken place between the Glasgow College of Building and Printing and Glasgow College of Food Technology, and that the joint institution would be known as Glasgow Metropolitan College.

The chair commented that the bulk of the bulletin was concerned with the work of the NHS and that this had limited impact on the work of the College.

Members formally noted the Technical Bulletin.

**15. Schedule of Meetings Session 2004/05**

Mr Graham advised that this schedule would be included within the Terms of Reference for this Committee.

Members agreed to:

- (i) note the contents of this report and its appendix; and
- (ii) note the schedule of meetings for the Committee.

***All College Senior Staff left the meeting at this point (1.30pm) S Wilkie remained for recording purposes only.***

**16. Audit Needs Assessment Financial Year 2004/05 - Review of Planned Activities**

Mr Blyth issued a copy of the Internal Audit Progress Report to members for session 2003/04.

Mr O'Brien noted that Baker Tilly has undertaken 16 days work since they began this task for the College. Mr Blyth replied that was the case.

Following discussion it was agreed that Baker Tilly should allocate 2 days to audit the operation of contracts and tendering. Mr Woolley asked whether 2

days would be sufficient to undertake this work. Mr O'Brien advised that he would be surprised if it went beyond this time.

A discussion took place regarding Mr Baverstock's letter previously considered under item 6. i). Mr O'Brien asked Mr Blyth whether SFEFC had made any contact with him, Mr Blyth replied that he had not. Members agreed that no letter should be sent to Mr Baverstock from the Audit Committee since he had not made any further contact with either the College of its Internal Auditors following the Principal's reply to his original correspondence.

A further discussion took place concerning systems and sub-systems and number of days allocated. It was agreed that Value for Money was allocated 2 days within year 1, however, if necessary additional days would be allocated.

Mr O'Brien asked that Baker Tilly provide an anticipated schedule for the entire programme up to July 2005 to be considered at the next scheduled meeting.

**17. Closure**

Having discussed all items on the agenda the Chair of the Committee thanked members for their attendance. The meeting closed at 2.10pm.

**18. Date of Next Meeting**

Members were advised that the next meeting of the Committee would take place on Thursday 18 November at 12.30pm at Strathclyde European Partnership, Elmbank Street, Glasgow.