

John Wheatley College

Board of Management

Audit Committee

**Minutes of the Audit Committee held on Tuesday 7 December 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); and
A Woolley.

In Attendance:

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

2. Apologies

C McPhie
J Kerrigan; 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 17th November 2004.

These minutes will be considered at the meeting scheduled to be held on 9 February 2005.

6. Correspondence

(i) Baker Tilly – Internal Audit Report

Members noted this correspondence.

ii) Audit Scotland – Audit Scotland Charges

Members noted this correspondence.

iii) JWC Letter to D McConnell, Audit Scotland - 2003/04 Financial Statement

Members noted this correspondence.

7. Audit Scotland – Management Letter – SAS 610

Mr McConnell advised members that this correspondence would be discussed with item 9.

8. Audit Scotland – Independent Auditor’s Report

Mr McConnell advised that this item would be discussed with item 9.

9. Auditor Scotland – External Audit Report of John Wheatley College

Mr McConnell spoke to this draft report on the External Audit of John Wheatley College and advised members that Section 1 contains the executive summary. The report details the auditor’s main responsibilities and duties and highlights a range of matters arising from the audit of the College for the year to 31 July 2004.

Mr McConnell advised that the College’s financial statements give a true and fair view of its financial position as at 31 July 2004. He confirmed that the audit report was unqualified and that the College had appropriate financial procedures in place. D McConnell also reported that Audit Scotland were satisfied with the work of Baker Tilly as Internal Auditors.

He confirmed that the College has an historical surplus of £60,000, which will be carried forward to 2004/05.

Mr McConnell advised that members that Helen Russell would talk to the main points which dealt with corporate governance.

Ms Russell informed members that the College had appropriate policies and procedures in place to for corporate governance. She noted that the College had undertaken audit of corporate governance using the Scottish Executive's On Board audit instrument in session 2003/04 as recommended in the 2002/03 External Audit report. She reported the audit report contained reference to the changes which had been made to corporate governance as a result of this activity. She indicted that this represented good practice in this respect.

She referred to page 10 in the audit report 'Financial Regulations' and noted that CIPFA's Further and Higher education panel had recently published a revised set of model financial regulations which are designed to help institutions establish and review financial policies and procedures. She intimated that a CD-ROM is available to help organisations. Mr Forrest confirmed that the College had purchased this CD-ROM and would review its policies and procedures using these documents.

Mr McConnell expressed his thanks to the Principal and his staff for their assistance during the course of the audit.

In response to questions D McConnell confirmed that the College action plan to deal with the auditor's recommendations, which was appended to the External Audit report, had been agreed with Audit Scotland.

The Chair thanked Mr McConnell and Ms Russell for their assistance with the Audit. He also thanked the Chief Accountant for his work in ensuring that the appropriate documentation was available to Audit Scotland.

Being no further discussion members noted comments of Mr McConnell and Ms Russell and the contents of the Audit Scotland External Audit Report.

10. Annual Accounts for Year Ending 31 July 2004

Mr Kirk advised members that Mr Forrest issued updated copies of the Annual report and financial statements, as this report was presented to members of the Financial Control Committee on the 6 December 2004. Members of this committee made a number of minor amendments therefore an up updated copy was brought to this meeting for approval.

Mr Kirk spoke to this report on the College's annual report and statement of accounts for the year ending 31 July 2004.

He reminded members that the sequence for the approval of this report was being followed with it being considered by the Financial Control Committee on 5 December 2004 , by the Audit Committee at this meeting and with the

final draft being presented at the Board of Management on the 9th December 2004 for approval.

The Depute Principal informed members that the changes which had been identified at the Financial Control Committee had, in the main, been typographical and these were highlighted in bold in the revised version of the Annual Accounts tabled at this meeting. In response to questions the Chief Accountant confirmed that these changes had been agreed with Audit Scotland.

Mr Graham reminded members that by statute the Annual Accounts could not be placed in the public domain until the Auditor General for Scotland authorised publication. D McConnell informed members that he it was anticipated that this would be in February/March 2005.

Being no further discussion members agreed to:

- (i) note the contents of this report and its appendix;
- (ii) note the contents of the College's Annual Report and Accounts for the year ending 31 July 2004;
- (iii) endorse the Annual Report and Accounts for the year ending 31 July 2004; and
- (iv) for the Annual report and Accounts for the year ending 31 July 2004 be forwarded to the Board of Management for approval and signature by the Chair and Principal.

11. Draft Annual Audit Report

Mr O'Brien spoke to his report on the work of the Audit Committee during financial/academic year 2003/04 reminding members that this would also be considered at the Board meeting scheduled for 9 December 2004. He highlighted that the activities of the Committee commenting on the work of both the Internal and External Auditors. He referred to the appointment of Baker Tilly as the Internal Auditors for financial/academic year 2003/04 and the work they had undertaken to review the progress made by the College against the recommendations which remained from the activities of the previous Internal Auditors (BDO Stoy Hayward). He commented that he pleased that significant progress had been made in dealing with the Category 1 recommendations with the exception of those related to ICT. He informed members that though the College had overtaken ICT recommendations Baker Tilly had not yet been able to review this progress due the lack of availability of a specialist auditor at that time.

The Chair highlighted the positive comment made by the External Audit report welcoming the unqualified nature of the report.

The Chair asked for confirmation that the listed quality audits had taken place in session 2003/04. Mr Sherry confirmed that the Scottish Qualifications Authority Quality Audit took place in November 2003 and the British

Computer Society (European Computer Driving Licence) Audit took place in September/October each year.

Mr O'Brien informed members that he was pleased that the College has had a solid surplus for 2 years now and was financial stable using SFEFC criteria.

A Woolley referred to Appendix 2 – Internal Audit Report 2003/04 by Baker Tilly. Audit Management – Follow-up work 'Audit work deferred until academic year 2003/04' this should read 2004/05. Mr Clinton advised that he would ensure that this is amended.

Being no further discussion members noted this report by the Chair of the Audit Committee and agreed to forward the report for consideration at the next meeting of both the Financial Control Committee and the Board of Management.

12. Internal Audit Needs Assessment Session 2004/05

(i) Operational Audit Plan 04/05

The Chair proceeded to highlight the audit activities which were planned to be undertaken by Baker Tilly during academic/financial year 2004/05.

Mr O'Brien opined that he agreed with the view of the Principal (contained in his letter to M Blyth, Baker Tilly) that the risk associated to the compliance with the Freedom of Information Act should be upgraded to High rather than the low which had been allocated in the draft plan. C Clinton agreed that the plan would be alter to reflect the College's view in this matter.

Mr O'Brien referred to Value for Money agenda which was included in the draft audit plan and requested that the Committee should consider the areas which had been identified in the College Operational Plan 2004/05 as those on which the College would focus its value-for money activities. A Kirk agreed to ensure that this was included on the agenda of the next scheduled meeting of the Committee.

He suggested that consideration be given to the future management of the College's 'bad debt'.

Mr Kirk informed C Clinton that the College will be undergoing an HMIE inspection in February 2005 therefore it would wish to reschedule the internal audit visit scheduled for that period. Mr Clinton agreed to liaise with the College to identified more appropriate dates for these visits.

In response to questions the Depute Principal confirmed that there would be a separate risk register for the new East End campus project. He informed that the main risk register is currently being updated and would be considered at a future meeting of the Committee. A Sherry informed members that, as with the previous session, all Board standing committees would consider the relevant sections of the college risk register as part of the review process.

13. Closure

Having discussed all items on the agenda the Chair of the Committee thanked members for their attendance. The meeting closed at 1.10pm.

14. Date of Next Meeting

Members were advised that the next meeting of the Committee would take place on Wednesday 9 February at 12.30pm at Strathclyde European Partnership, Elmbank Street, Glasgow.

SW/AS
JWC
December 2004