

**JOHN WHEATLEY COLLEGE**

**BOARD OF MANAGEMENT**

**AUDIT COMMITTEE**

**MINUTES**

Minutes of the meeting held on 8 September, 2009 at 5 pm in Room S/09, Easterhouse Campus

**1. Sederunt**

M Forsyth (Chair);  
R Saez  
H Ostrycharz.

In Attendance:

I Graham (Principal);  
A Kirk (Depute Principal);  
J Gow (Chief Finance Officer);  
R McLaughlin (Wylie & Bisset);  
G Gillespie (Wylie & Bisset);  
A Taylor (KPMG);  
S Double (Finance Manager);  
A Carlin (Observer);  
R Stewart (Clerk to the Board); and  
Lorna McEwan (for recording purposes only).

**2. Apologies**

S Afridi (Support Staff Representative); and  
E MacArthur;

**3. 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.

**4. Declarations of Interest**

There were no declarations of interest noted at the meeting of 8 September, 2009.

**5. Minutes of the meeting held on 2 December, 2008**

The minutes of the previous meeting were taken as read. They were accepted as an accurate record of the meeting held on 20 May, 2009.

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

***Value for Money***

The Principal confirmed that the College's draft Annual Accounts for session 2008/09 would be considered by the Financial Control Committee at the meeting scheduled to be held on 17 November, 2009.

**Tabled Item – Value for Money Strategy – Financial Year 2009/10**

The Principal spoke to the contents of his report (which had already been considered by the Board) which sought to remind members of the conditions of the Scottish Funding Council's (SFC) main letter of Grant for 2009/10. Members noted that it established a need for 'cash releasing' savings of 2% by each College which may be reinvested in improvements in the quality or quantity of activity. Members further noted that the delivery of an extra 700 WSUMs would be an important contribution to achieving this.

**7. Correspondence**

**a) KPMG – Letter of 17 July, 2009 – 'In principle' reliance on the work of Wylie & Bisset**

The Principal spoke to the correspondence from Ms A Taylor (KPMG) which confirmed that KPMG would expect to be able to place reliance on the work of Wylie & Bisset (the College's newly appointed Internal Auditors).

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

**b) Cahill Jack Associates – Letter of 29 May, 2009 – Audit of the Education Maintenance Allowance 2008/09**

The Principal spoke to the contents of the correspondence from Cahill Jack Associates which confirmed that they were satisfied that evidence existed of the spot checks required by the Scottish Funding Council (SFC) in respect of the Audit of the Educational Maintenance Allowance (EMA) 2008/09.

Members agreed to note the contents of the correspondence which was provided for information only.

**c) Audit Scotland**

**i) Audit Scotland Annual Report – 2008/09**

The Principal spoke to the contents of the Annual Report by Audit Scotland which was provided for information only.

Members noted that Audit Scotland employees received 12.2 days each, on average, of training and personal development and further noted that this figure was exceeded by the College in respect of the development of its employees.

Members agreed to note the contents of Audit Scotland's Annual Report.

## ii) **Technical Bulletin – June 2009**

The Principal spoke to the contents of the quarterly Bulletin issued by Audit Scotland which was provided for the information of members.

I Graham requested that members pay particular attention to the following points contained in the report:

- new Internal Audit Standards (page 14);
- new bulletin on treasury management practices (page 33);
- Public Sector Pay Policies (page 57); and
- Corporate Governance developments (page 63-64).

Members of the Audit Committee agreed to note the contents of the Technical Bulletin and the issues highlighted by the College's Management Team.

## 8. **Audit Scotland – Improving Public Sector Purchasing**

The Principal spoke to the contents of his report which sought to invite members of the Audit Committee to consider, in some detail, the key recommendations made in the Audit Scotland report *Improving Public Sector Purchasing*.

Members were provided with a letter from the Auditor General for Scotland which provided a contextual statement related to the Audit Scotland Study and also the full Audit Scotland *Improving Public Sector Purchasing* report.

Members recalled that the Board requested that the Audit Committee consider, in more detail, the recommendations made in this document and to consider their relevance for the College's future approach to the development of its procurement functions.

These recommendations primarily related to:

- action needed to be taken by the Scottish Government; and
- action needed to be taken by the Centres of Procurement Excellence (Including Advanced Procurement Universities and Colleges [APUC]).

The Principal informed members that the report also highlighted action which Public Bodies (including Colleges) in Scotland may take to exploit more fully the benefits of collaborative procurement.

Members noted that some of these recommendations may, at a future date, also impact on the College's response to the imperatives of securing better value for Public Expenditure by means of Procurement Reform.

The Principal informed those present that Audit Scotland recommended that the Scottish Government:

- revise its Plan for Procurement Reform (to include measurable targets);
- report publicly progress against the Procurement Programme's objectives;
- should identify and manage the risks to the programme more effectively; and
- work with Centres of Excellence to ensure that they:
  - i) recruit high quality staff;
  - ii) monitor savings made by Procurement Reform;
  - iii) develop and maintain good practice in procurement; and
  - iv) ensure that Procurement guidance takes full account of wider Government Policy Objectives.

In addition, Audit Scotland recommended that Centres of Excellence (such as APUC) should:

- work together to develop the skills-sets of key staff;
- monitor and manage risks to ensure the Programme's benefits are delivered as intended;
- identify opportunities to collaborate to secure public benefits for Procurement Reform; and
- identify 'good practice' and procurement 'priorities' with Public Bodies.

Finally, the report recommended that Public Bodies (such as Colleges) should:

- have high quality purchasing strategies and plans in place (including plans to meet future workforce needs);
- ensure all purchasing practices (including control of spending) comply with good practice as set out in relevant procurement guidance;
- have up-to-date information on their purchasing activities (such as supplier details, volume of transactions, value and type of spend etc);
- work with Scottish Government and with Centres of Excellence such as APUC to identify and develop opportunities for collaboration and for improved purchasing practice;
- use Procurement Best Practice Indicators (BPI's) to assess their performance and continually to improve how they buy goods and services; and
- report savings and other benefits on a regular and consistent basis.

The Principal added that members may wish to consider requesting the Board's Internal Auditors to include studies, as part of their Assessment of Audit Need and associated Audit plans, which seek to monitor the College's progress against the above agenda identified for Public Bodies by Audit Scotland over financial years 2009/11.

Members of the Board of Management's Audit Committee agreed to:

- i) note the contents of the Principal's Report and its annexes;
- ii) note the contents of Audit Scotland's *Improving Public Sector Purchasing Report* (attached as annex 2 to this paper);
- iii) note the Audit Scotland recommendations to Public Bodies (such as the College) which are intended to improve the effectiveness of Public Sector Procurement Reform; and
- iv) request the Board's Internal Auditors to review the College's current practices against the Audit Scotland recommendations as part of their Audit Needs Assessment and future Audit Plans for financial years 2009/11.

## **9. Procurement Capability Assessment Guidance**

J Gow spoke to the contents of his report which sought to provide members of the Audit Committee with details of the Procurement Capability Assessment process.

The Chief Finance Officer reminded members that Advance Procurement in Universities and Colleges (APUC) was set up as a centre of procurement centre of expertise for the College and University Sector following the publication of the McClelland Report in 2006. APUC was now in the process of carrying out a Procurement Capability Assessment for all colleges and universities (at the time of the meeting the College did not have a date for when it will be assessed).

Members were provided with details of the exercise and also with the criteria that all public bodies were being assessed against on a scale from 1 to 3. Members noted that anecdotal evidence from those colleges which had completed the process indicated that they were generally not scoring well against these criteria (since they appeared to have been drafted with large organisations with complex procurement needs in mind).

The Principal informed members that the College believed that the suggested criteria and scoring was disproportionate to the scale of the procurement at most colleges in Scotland. In addition, members noted that part of the justification for setting up APUC was that there was insufficient procurement expertise within colleges and therefore it was likely that this process would confirm this view. The Principal confirmed that he had written to Nigel Paul (Chief Executive, APUC) to express the concerns of the College in this respect. Similar views had already been brought to his attention by *Scotland's Colleges* on behalf of the Sector as a whole.

Members noted that the College had already undertaken a number of key actions over the past couple of years to improve its capacity in relation to procurement and further noted the actions planned for the current session:

- a Procurement Strategy would be drafted for approval by the Board of Management by April 2010;
- an 8 week programme for the full implementation of e-procurement would be developed to include staff training and development throughout the organisation to facilitate devolved electronic purchasing;
- a tender exercise for property maintenance would be carried out by December 2009.
- Staff development and training would continue to take place within the Finance Section to further increase procurement awareness and capacity; and
- the College would seek to identify staff to participate in user intelligence groups where resources permit.

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

#### **10. Scottish Funding Council Internal Audit – Irregularities in a College’s Management**

The Principal spoke to the contents of his report which sought to advise the Committee of recent correspondence from the Scottish Funding Council (SFC) in respect of the findings of their Internal Auditors (KPMG) in respect of a number of concerns raised in respect of the management of one of Scotland’s Colleges.

Members noted that in the latter stages of academic/financial year 2008/09 the College received correspondence from the Chief Executive of the SFC in respect of a number of apparent irregularities which had recently arisen in respect of one College’s management. Members had been provided with a copy of that correspondence for their information.

The Principal informed those present that the Board’s Executive Committee, at a meeting held on 23 June, 2009 considered the College’s response to this letter (to which the College is obliged to reply by 30 September, 2009).

The Executive Committee subsequently decided that:

- i) the College should draft a response to the issues raised in the SFC correspondence; and
- ii) this response would be validated by an exercise to be conducted by the Board’s Internal Auditors (Wylie and Bisset) as part of the internal audit plan for 2009/10.

The College’s response, which had been considered by members of its Senior Management Team on 7 August, 2009, was provided for the information of members.

Members noted that this was passed to Wylie and Bisset for their scrutiny on 12 August, 2009 and the Internal Auditor's conclusions about the College's proposed response to the SFC was also provided for the information of members.

Members were therefore recommended to endorse the College's reply to the SFC in this respect, (having first considered the opinions of the Internal Auditors).

This confirmed that the issues raised by the SFC did not apply to John Wheatley College's operational context.

Members of the Board of Management's Audit Committee agreed to:

- i) note the contents of the Principal's report and its appendices;
- ii) note the conclusions of the College's Internal Auditors in respect of the exercise required by the SFC; and
- iii) request the Principal to forward the College's response to the SFC's correspondence to its Chief Executive by the 30 September, 2009 deadline.

## **11. Audit Action Plan**

S Double spoke to the contents of his report which sought to apprise the Audit Committee of the current status of the medium / high grade internal audit recommendations contained in the Audit Action Plan.

Members recalled that Wylie & Bisset had been appointed as the College Internal Auditors for an initial period of three years commencing on 1 August, 2009 (with a two year option of a possible extension) they further recalled that it was agreed, at a previous meeting, to report on the progress made by the College Audit Action Plan at every meeting of the Audit Committee.

Members were provided with a copy of the Audit Action Plan as at September 2009 for their information and noted that there had been no changes made to the Plan since the last meeting of the Audit Committee.

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

## **12. Wylie & Bisset**

### **a) Internal Audit Needs Assessment (ANA) – Academic / Financial Year 2009/10**

Ross McLaughlan (Wylie & Bisset) spoke to the contents of his report which sought to apprise members of the background of the Internal Audit Needs Assessment and a summary of the findings of the assessment.

R McLaughlin highlighted the key areas of the assessment as follows:

- the process of the Audit Needs Assessment;

- the Strategic Plan to be adopted by Wylie & Bissett in respect of John Wheatley College;
- the timing of audit visits and assignment plans;
- the reporting of Wylie & Bissett to John Wheatley College;
- risk assessments; and
- an overall summary of the assessment.

A discussion followed and Mr McLaughlin clarified several points for those present.

The approach and the scope of the exercises proposed by Wylie & Bissett were endorsed by the Committee.

Members of the Audit Committee agreed to note the contents of the Internal Audit Needs Assessment for Academic / Financial Year 2009/10.

**13. Risk Management – Risk Issues to be considered as a consequence of the consideration of the above agenda**

Following discussion members noted that there were no new risk issues to be considered as a consequence of the meeting of 8 September, 2009.

**14. Closure**

The meeting closed at 5.25 pm with the Chair thanking all in attendance.

**15. Date of Next Meeting**

Members noted that the next meeting of the Audit Committee would take place on Thursday 19 November, 2009 at 5 pm.