

AUDIT COMMITTEE

Minutes of a Meeting 2.00pm on Thursday 10th April 2014 Gordon Canning Room

Present: Mr Bob Barnett (RB) (Chairman)
Mr D Clegg (DC)
Mr J Matthews (JM)
Mr David Seymour (DS)

In Attendance: Mr Graham Ledden (GL)
Dr Lawrence Ware (LW)
Mr Russell Marchant (RM)
Mr Chris Mundy-BDO (CM)

Apologies: Mr Paul Reynaert

Minutes: Mr Rob Lee

		ACTION	ACTION DATE
1.	Apologies Apologies were received from Mr P Reynaert.		
2.	Declaration of Interest – Paper A02/04/14 The Clerk advised that member's interests would be taken as those disclosed in the Register of Members Interests. There were no further declarations of members interests for agenda items.		
3.	Minutes of the Last Meeting – Paper A03/04/14 Minutes of the meeting held on 22 nd November 2013 were agreed to be a true and accurate record and signed by the Chair.		
4.	Actions completed from last Meeting 4.1. (5.1, 5.2, 5.3, 5.4, 6.0, 7.0, 8.0, 9.0, 10.0) The annual Financial Statements, Audit Reports and Terms of Reference were all approved at the Corporation Meeting 5 th December 2013.		

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5.	<p>Matters outstanding from last Meeting</p> <p>There are no matters outstanding.</p>		
6.	<p>Discuss and Approve Internal Audit Reports</p> <p>CM advised that the first report is the last in the old format. The following three are in the new format and CM outlined the changes.</p> <p><i>It had been agreed previously that the number of days spent on each audit would be included in the report and this still needs to be actioned.</i></p> <p>6.1. Corporate Governance February 2014. Paper A06.1/04/14</p> <p>CM outlined the scope of the audit and the key findings and confirmed that the Colleges Corporate Governance substantially meets expectations. CM agreed that the wording adequately led for our governance arrangements could be replaced with well led. In response to DS CM advised that they had not considered any threats to our process with the reduction in the number of governors but it was important that we do not lose the things we do well. CM explained that there was only one low priority recommendation considering the briefings received by governors. In response to RB CM outlined the documents that they thought should have been seen by governors. The Clerk advised that there was a large amount of paperwork and it was necessary to manage the volume that went to governors.</p> <p>6.2. Capital Project Management March 2014. Paper A06.2/04/14</p> <p>CM confirmed that this was part of the Audit Plan. CM outlined the background to the project, the work that was undertaken and the key findings. CM advised that a moderate level of assurance has been given for the design of internal control framework showing a generally sound system achieving system objectives with some exceptions. CM advised that a moderate level of assurance has been given relating to the operational effectiveness of internal controls as there was evidence of non-compliance with some controls that may put some of the system objectives at risk. CM advised there were two recommendations, one medium priority and one low priority. The first, medium priority concerned the recommendation that there should in future be more detailed post project evaluation. GL advised that this had been discussed at the Finance Committee and it had been agreed there would be two stage post project evaluation. Stage 1 would take place immediately on completion of project and highlight performance against budget, timescale and any lessons that can be learnt. Stage 2 will take place no later than 24 months after project completion giving performance evaluation against original plan. This process will apply to all capital projects over £500K and at the discretion of the Finance Committee selected projects with a capital spend below £500K. RM advised that the latter point would give the opportunity to look at smaller</p>	CM	Immediate

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<p>projects that would have a high student impact. In response to DS GL outlined how the projects were managed to ensure that we had no surprises. RB was concerned that we did not already have a process in place for post project reviews and governors only know how they come in to budget and timescale but did they have the benefits that had been originally outlined. Information had been gathered and assembled but whether we get all the benefits is a question still unanswered. In response to DC GL outlined the projects that had been covered and advised that monthly and year to date capital spend appeared against all capital projects in the monthly accounts. The second low priority recommendation concerned the depth and scope of project updates to governors and management had disagreed with this proposal as it was thought it would increase the volume of reporting without adding to the quality of content. GL advised that he gave brief reports to Board and Finance Committee of the current progress of major capital project and flagged any potential problems. RM believed that the discussion on the new FE Centre at the last Board Meeting was a good example as there was a need to increase the budget for IT and furniture. In response to JM GL outlined the reasons why there was a need to increase the budget. In response to JM GL advised that critical path analysis was produced for larger projects but not for smaller and felt that this would be too much detail for governors.</p> <p>6.3. New Finance System Pre-implementation Review March 2014. Paper A06.3/04/14</p> <p>CM confirmed that this was part of the Audit Plan. CM outlined the background to the project, the work that was undertaken and the key findings. CM advised that a moderate level of assurance has been given for the design of internal control framework showing a generally sound system achieving system objectives with some exceptions. CM advised that a moderate level of assurance has been given relating to the operational effectiveness of internal controls as there was evidence of non-compliance with some controls that may put some of the system objectives at risk. In response to RB GL advised that this was a £70K project and CM confirmed that the project had been managed by the Department. In response to RB CM advised that this was a pre implementation audit and the post implementation audit would outline the benefits. GL advised that this was a forced change as the system we were using was being discontinued by our supplier. In response to DC GL confirmed that we are going with our existing supplier. There was a tendering process but it was thought the risk was too great to go to a new supplier and there was little difference in the price. CM advised there were four recommendations all of medium priority. DC noted that we had not done enough to outline role requirements in the implementation. GL agreed that a lesson had been learnt and that the audit had been very useful and the implementation had gone well.</p> <p>6.4. HE Learner Record Systems April 2014. Paper A06.4/04/14</p> <p>CM confirmed that this was part of the Audit Plan. CM outlined the background to the project, the work that was undertaken and the key findings. The audit</p>		

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	<p>was important at this time because of the growth in HE, the change in the Colleges relationship with UWE and direct numbers from HEFCE. CM advised that a moderate level of assurance has been given for the design of internal control framework showing a generally sound system achieving system objectives with some exceptions. CM advised that a moderate level of assurance has been given relating to the operational effectiveness of internal controls as there was evidence of non-compliance with some controls that may put some of the system objectives at risk. There were five recommendations, one high priority, three medium and one low. The greatest concern was the risk relating to having only one person with the knowledge, expertise and skills to accurately compile the data submissions to HEFCE. GL agreed this was an area of concern but more than one person can complete the submissions. LW advised that the MIS funding co-ordinator also completes, validates and submits ILR files and the Faculty Registrar also has significant experience in preparing and validating student data for HEFCE. There was, however, a need to train other people in these functions. In response to RB LW advised we did not take advantage of our relationship with UWE in this audit as they do not complete this return and RM advised that we are on different systems.</p>		
<p>7.</p>	<p>Discuss progress on recommendations from Internal Audit Reports. Paper A07/04/14</p> <p>GL advised that the Report details all outstanding recommendations from audit reports. Those marked completed have been actioned since the last meeting. CM advised that a sample validation will be made to agree that points have been completed. A test of the Business Continuity Plan has been carried out by team from Myerscough College on desk top simulation and outcomes will feed back into the Business Continuity Plan and the IT Disaster Plan. Relating to Farm Management and in response to DC GL advised that the process had improved because there was now better control over the budgetary process and more scrutiny.</p>		
<p>8.</p>	<p>Risk Management</p> <p>8.1. Discuss and approve Risk Management Register. Paper A08.1/04/14</p> <p>GL confirmed that there were no significant changes other than those agreed at the Board Meeting.</p> <p><i>The amendments to the Risk Register were approved.</i></p> <p>8.2. Review Top 10 College Risks. Paper A08.2/04/14</p> <p>GL believed that they were all high risks and there was no significance in the order.</p>		

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9.	<p>Note Report from SFA Auditors on final returns for 2012/2013. Paper A09/04/14</p> <p>GL advised that the Report was the audit opinion from the SFA on our final returns and that in their opinion, in all material respects the final funding claim 2012/2013 has been properly compiled in accordance with relevant guidance issued by SFA and EFA.</p>		
10.	<p>Discuss the outcomes of the SFA Funding Assurance Review 2012/2013. Paper A10/04/14</p> <p>GL advised that this is the detail of the audit on which we were given the positive opinion outlined above. RB noted that the Report did not indicate the sample size and therefore it was difficult to put the results in perspective. Relating to the 27 where learning aims were not completed in a timely basis LW advised this was majorly for complimentary subjects, which is why they were delayed and the auditors would have pre-selected 200 records to check and when mistakes were found would have looked at the entire cohort. RM believed the Report to be a good out-turn. In response to RB LW advised that the SFA had not asked for funds to be returned as the audit took place in September and the mistakes were rectified by the time the final report was submitted in November.</p>		
11.	<p>Review Purchase Order Compliance. Paper A11/04/14</p> <p>GL advised that for the period there was only one order that was not compliant and that concerned fencing for the deer park where due to timescales to complete the work this was a design and build on the job by a contractor who we had used before.</p> <p><i>It was agreed that the Report should be headed by the time period that the orders cover.</i></p>	GL	23/09/14
12.	<p>Any Other Business</p> <p>The main meeting was followed by a short Members Meeting comprising of the Chair, the other Governors and the Auditor.</p>		
13.	<p>Dates of future meetings all at 10.00pm on a Tuesday unless stated.</p> <p>Tuesday 23rd September 2014 Tuesday 18th November 2014 Tuesday 21st April 2015-please note change from Tuesday 12th May 2015 Tuesday 15th September 2015 Tuesday 17th November 2015</p>		

Mr Bob Barnett
Chairman Audit Committee

22nd September 2014