

Minutes of a meeting of the Audit Committee held in the Boardroom of the College on Monday, 20th May 2013 at 5.00 pm.

Present: Andrew Oldham (Chair); Norma Boyes; Sarah Graham; Sarah Farquhar; Phil Jardine

Also present: Lindsay-Anne Straughton, Internal Audit, RSM Tenon; Mike Kirsopp, External Audit, Dodd & Co; Cath Richardson, Principal; Karen Wilson, Deputy Principal, Finance and Corporate Services; Jane Murray, Clerk to the Corporation

08/13 Minutes

The minutes of the meeting held on 25 February 2013 were agreed and signed as a correct record.

09/13 Declarations of Interest

None received.

10/13 Internal Audit Report: Academic Staff Utilisation

The internal auditor drew attention to the substantial assurance given on this audit, where two medium recommendations had been made, concerning procedures and processes for review. These had been fully accepted by the staff involved.

Agreed – to note the audit

11/13 Internal Audit Report: Learner Number Systems

The internal auditor drew attention to the substantial assurance given, with no recommendations made. The Committee asked that staff be congratulated on their strong performance.

Agreed - to note the report

12/13 Key Financial Controls

The internal auditor drew attention to the substantial assurance given, with 3 low-level recommendations made. The tasks were being undertaken, but checklists were the checklists being completed or signed off in the appropriate manner in all instances.

Agreed - to note the report

13/13 Internal Audit Report: IT Security Policy – Advisory Review

As this was an advisory review, no assurance levels were given. However, it was felt that the College has a good basis for an Information Security Policy and attention was drawn to some further areas identified that the College may wish to include.

The Committee requested that awareness-raising training be included in staff development to ensure the high profile of this policy.

14/13 Network Security: Follow up Audit Report

The report advised that it was felt that adequate performance had been made in implementing actions agreed, but that none had been fully implemented as yet.

The Committee did not agree that performance had been adequate and expressed their strongest disappointment that actions had not yet been fully implemented. They requested that outstanding actions were completed by the 31st July, the end of the financial year, except where they were advised that a summer break was required, in which case those actions could be completed by the end of August.

They requested that the Audit Committee should be informed of completed actions by the end of July by e-mail and of the remaining actions at their September Committee meeting.

15/13 Internal Audit Progress Report

It was noted that the Lean Process Review would be reported to the September meeting of the Committee, but that the remaining five reports had received substantial assurance.

16/13 Accountability Reviews

These were being introduced by the Skills Funding Agency to replace the 'Provider Financial Assurance' Audits, which had generally accompanied Ofsted inspections. The PFA Audits had largely been carried out on the Financial Management and Control Evaluation, which, as the Committee already knew, was no longer a requirement.

Of particular note, the trigger for an accountability review would include 'inadequate' financial gradings from desktop investigations; a Financial Notice to improve; a failed Ofsted inspection or worse than expected results; a qualified audit opinion; consistent under-performance against allocations; high levels of sub-contracting; key senior personnel changes or concerns.

It was noted that this guidance, and both the Audit Code of Practice and an accountability code issued by the AOC, which had only just been issued, would be given consideration over the summer and appropriate recommendations or amendments to the Financial regulations be brought back to the September committee meeting.

17/13 Re-appointment of the Internal Auditors

The Committee had already considered this issue, believing there was a consensus of opinion among the three colleges to retender. In the event, the other two colleges had asked to extend for a year, pending the publication of the Audit Code of Practice. The Committee agreed that there was strength in retaining the audit partnership and that they should reconsider their recommendation, which would now request the re-appointment of RSM Tenon for a further year.

18/13 Internal Audit Planning 2013-14

Internal audit was still considered by the Committee to be an important function in spite of the relaxation of the requirement to have an internal audit function. In considering planning for 2013-14, the Chair proposed that there should be a firewall audit and a further follow-up audit of IT network security, and of sub-contracting, given the increases in sub-contracting provision. It was further agreed that the work plan should focus on key risks and that the learner journey might be better later in the year to capture the implementation of e-tracker. As part of the planning process, the Committee might also want to look at an assurance framework.

19/3 Audit Tracking Report

The audit tracking report was received and status noted. The Student Loan Company saga continued and effort to resolve continued. It was noted that two of the three tasks of the network security audit had been completed.

20/13 The Value for Money Report

Following research by the auditors and the Clerk last year, it was felt that the report format was extensive. Of particular note was that although the dependency on SFA income was higher than in previous years, it was lower than benchmarking data. There was a further need to review business support costs, but equally it was noted that there were a higher number of contracted teaching hours in a standard contract compared with benchmarking data, which was also positive. It was also noted that the positive downward trend on sickness absence had continued into this year.

The meeting closed at 6.45pm