

Minutes of a meeting of the Audit Committee held on Monday, 25th November 2013 at 5.00pm in Room FO30 of the College.

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

Apologies: Phil Jardine

Also present: Jane Murray, Clerk; Martin Ward, External Auditor (Dodd & Co); Lindsay-Anne Straughton, Internal Auditor (RSM Tenon).

33/13 Minutes

Agreed – that the minutes of the meeting held on 16th September 2013 be agreed and signed as a correct record.

34/13 Financial Statements and Management Letter

The External Auditor presented the financial statements and the accompanying management letter, which gave their opinion that the financial statements were a true and fair view of the College's state of affairs at as at 31 July 2013. In addition, the regularity audit had been completely satisfactory.

Turning to their recommendations, the external auditor noted that there were three grade 2 recommendations:

The first, on the Fixed Asset Register, had been an error in the software process, and an extra check would be introduced to eliminate the potential for a repeat process.

With respect to the second recommendation, the Committee was both surprised and extremely disappointed at the error uncovered on the bank reconciliation, which had led to an un-reconciled item appearing since June 2013 of £65,537. (This adjustment had had no impact on the surplus for the year).

The mistake had been picked up by the Finance Team, but the adjustment made to rectify the error had been posted to accruals rather than to the bank account.

The Audit Committee's principal concern was that whilst the reconciliations are being mechanically completed, the subsequent review and action to address outstanding items is not being properly concluded.

Noting management comments (who had also been disappointed by the error), the Committee requested that in addition to the extra checks which were being proposed, that the Finance Director assume responsibility for signing off the bank reconciliations along with the Management Accounts on a monthly basis, which was agreed, and that training was reviewed for the staff involved.

A third recommendation was an issue of documentary evidence, and was to ensure that the risk of duplicate payments and invoices being entered onto the system was minimised. The recommendation and action to be taken were noted.

A number of comments were made on the presentation of the financial statements. There were no comments which affected the materiality of the statements.

Agreed – that the Financial statements be recommended to the Corporation for approval.

35/13 Audit Committee Annual Report 2012-13

The Annual Report of the Audit Committee was now the only document required to be submitted to the Skills Funding Agency along with the Financial Statements.

This being the case, some amendments had been made to reflect both the Audit Committee's performance and that of the internal auditor (which had previously been documented in their own annual report and submitted to the Skills Funding Agency).

Discussion also took place and an agreement reached to recommend to the Board that both contracts for internal and external audit be tendered in 2014.

Agreed –

- 1) to approve the audit committee's annual report subject to RSM Tenon being replaced by Baker Tilly as appropriate; and
- 2) to retender both the internal and external audit function in 2014.

36/13 Internal Audit: Network Security 2013-14

An audit of firewall management had been undertaken and the internal auditor was able to give reasonable assurance (Amber/Green) that controls were suitably designed and consistently applied.

There were three medium and three low recommendations, which included the purchase of a second firewall and which would be considered as part of capital bidding in 2013-14.

The recommendations would be tracked.

37/13 Internal Audit: Follow up to Network Security Audit in 2012-13

The internal auditor was now able to report that all previous recommendations arising from the Network Security Audit of 2013/14 had been implemented.

38/13 Internal Audit Progress Report

It was noted that some of the audits had been scheduled for half term and would be re-scheduled in such a way that the cycle of business was not affected.

39/13 Audit Tracking Report

Some progress had been made on student loans. Further correspondence would see £7,933 of the £10,777 reclaimed this week (as the Student Loan Company will only claw back against the same funding line). This leaves £2,844 outstanding which would be expected to be clawed back next year.

The Virtualisation project was now underway, however, it was noted that there would be substantial training involved.

Other recommendations had been previously discussed, including those relating to the External Auditor's Management Letter.

40/13 Student Prize Fund Accounts

The Student Prize Fund Accounts were received and noted. There had been very little expenditure to date.

The meeting closed at 6.30pm.