

Draft Minutes

MEETING OF AUDIT COMMITTEE

DATE 5.30PM, TUESDAY, 31ST MARCH 2015

VENUE CONFERENCE ROOM 108, PROFESSIONAL STUDIES BUILDING,
PARSONS WALK, WIGAN CAMPUS

ATTENDANCE:

Governors

David Rogers, Chair
Ann Harrison, Vice Chair
Susan Spibey
Mike Thomas
Vickie Round
Ian Dempsey

External Co-optee

Clerk to the Governing Board

Robin Newton-Syms

Principal

Michael Sheehan

Vice Principal, Curriculum
Finance Director
Executive Director, HR & College Services
Executive Director, Business Services

Teresa Farran
David Reeve
Louise Brown
Chris Davey

Internal Auditors (Baker Tilly)

David Fletcher

External Auditors (Wylie Bissett)

Scott Gillon

Italics denote absence

The Chair opened the meeting for business at 5.30pm and the Clerk confirmed it was quorate		
Minute	Item	
A/15/3/55	1	CONSULTATION WITH AUDITORS There were no items to report.
Members of staff joined the meeting		
A/15/3/56	2	APOLOGIES – Apologies were received from Ian Dempsey and Mike Thomas.
A/15/3/57	3	DECLARATIONS OF INTEREST Vickie Round declared an interest in items 5.2 and 8.2 on the Agenda. There were no other declarations made.
A/15/3/58	4	MINUTES OF THE MEETING HELD ON THURSDAY 4th DECEMBER 2014 The Chair asked that the wording of the draft minute relating to Item 7.2 be amended. He stressed that this was not an issue of accuracy in terms of the reporting but one of concision. This being agreed, the minutes were approved as a correct record and duly signed.

A/15/3/59	5	MATTERS ARISING
	5.1	The Clerk reported on the Actions Sheet which was accepted. He highlighted that there were a number of items which formed part of the agenda for this meeting and that account had been taken account of matters raised at the meeting held in December.
	5.2	<p>Overseas Debtors Update</p> <p>David Reeve spoke to this report. He informed the Committee of the approach that was being taken with regard to the withdrawal from the College's overseas activity.</p> <p>Members discussed this in some detail and felt the approach was prudent. It was confirmed that legal advice had been, and was being, taken through Eversheds Solicitors with regard to the potential for further action.</p> <p>It was:</p>
A/15/3/60		Resolved: that the report should be accepted.
	5.3	<p>Management Report on Health and Safety</p> <p>Louise Brown spoke to this report. She advised the Committee of the changes that had taken place since the Internal Audit report 'Health and Safety Framework Review' had been published.</p> <p>She outlined the management changes that had been made and referred to the appointment of Westfield Compliance to support the Estates Manager with the College's work in this area.</p> <p>She answered a number of questions from members of the Committee about the monitoring arrangements and how the reporting lines now worked through to the Executive. In addition, members of the Committee wished to confirm that the actions being taken met with the requirements of the original audit report. She confirmed that this was the case. Following this discussion it was:</p>
A/15/3/61		<p>Resolved:</p> <ul style="list-style-type: none"> • that the report should be accepted; and • that the Executive Director HR and College Services should provide the Committee with an organisation tree setting out how the Health and Safety reporting arrangements now worked. <p>*** Action: Executive Director HR & College Services</p>
	5.4	<p>Management Report on Data Protection</p> <p>Teresa Farran spoke to this report. She confirmed to the Committee that all the actions which were required to be undertaken following the Internal Audit Report had been taken.</p> <p>She was also able to confirm that 100% of all staff had undertaken Data Protection training.</p> <p>It was:</p>
A/15/3/62		Resolved: that the report should be accepted.

A/15/3/63		<p>The Committee asked that there should be further Internal Audit Reports covering both of these areas at a future date to be determined by the College management but within the academic year if possible and it was:</p> <p>Resolved: that there should be further reports covering both areas to be presented for consideration by the Committee if possible before the academic year end.</p> <p>***</p> <p style="text-align: right;">Action: Finance Director</p>
A/15/3/64	6	<p>RISK MANAGEMENT</p> <p>David Reeve spoke to this report. He set out that the essence of the proposal being put to the Committee was that there should be a core team within the College trained to compile the Risk Register using the 4 Risk (Baker Tilly) software rather than training staff across the College to use the software. He felt this should enable more consistency in assessing risks and would be a more efficient use of resources.</p> <p>In addition it was proposed that from an analysis of the current risk register, the top 15 or 20 critical risks should be identified. These would be brought to the June meeting of the Committee along with the whole cross-college risk data so that members of the Committee could review the appropriateness of the listing. It was:</p> <p>Resolved:</p> <ul style="list-style-type: none"> • That the proposals as set out in the report should be enacted. • Members of the Committee should be circulated with the draft summary documentation for the risk register. • That the critical risks should be limited to below 15 if possible. <p>***</p> <p style="text-align: right;">Action: Finance Director</p>
A/15/3/65	7	<p>AUDIT IMPLEMENTATION PLAN</p> <p>David Reeve spoke to this item. He proposed that the Recommendation Tracking Report as presented, be used in future and outlined how it would operate. He gave Governors an update on the progress being made in addressing the recommendations from internal audit reports and outlined that some were still yet to be fully completed with the exception of the Sub-contracting report, felt that welcome progress had been made.</p> <p>The Chair remarked on the dramatic and radical changes that had taken place within the College and the Management Team as part of the revitalisation of the College. Therefore he understood the reasons why not all of the targets were being met at this time. However, with the new team now in place, he He would expect to see rapid progress being made on dealing with these issues.</p> <p>Chris Davey then responded to a member's query relating specifically to sub-contracting. It was noted that there were currently relatively few sub-contractors engaged by the College and that there was also to be a further report to the Governing Board later this year in May which would cover the changes in the funding rules relating to sub-contracting.</p> <p>He explained that to ensure accuracy in the capture of data and tracking of progress, plans included the dual running of systems for recording and ensuring the timely progression of Apprentices. This approach was supported by Baker Tilly. Following further discussion, it was:</p> <p>Resolved: that the report should be accepted and the Recommendation Tracker be used for future reporting.</p> <p>***</p> <p style="text-align: right;">Action: Finance Director</p>

	8	INTERNAL AUDIT REPORTS
A/15/3/66	8.1	<p>Internal Audit Progress Report</p> <p>David Fletcher. Baker Tilly, spoke to this report. He explained where changes had been made from the original plan agreed in June 2014. These changes took account of additional work that had been undertaken and the need to ensure there was no duplication of resource. Members then discussed the Baker Tilly briefing paper on their “hop, skip, jump” approach with regards to the introduction of changes in the UK Generally Accepted Accounting Practice (UKGAAP) and the Statement of Recommended Practice (SORP) for Further and Higher Education.</p> <p>It was:</p> <p>Resolved: that there should be further discussions between the Finance Director and the Internal Audit Service to determine the appropriate use of available audit days.</p> <p>***</p> <p style="text-align: right;">Action: Finance Director</p>
A/15/3/67	8.2	<p>Internal Audit Follow-up Report</p> <p>David Fletcher spoke briefly to this report. It was noted that most of the matters contained within the Report had been discussed as part of earlier items on the agenda and it was:</p> <p>Resolved: That the report should be accepted.</p>
A/15/3/68	8.3	<p>Study Programmes and Mathematics and English Provision</p> <p>David Fletcher spoke to this report, explaining that it was generally a positive report. He noted that this was a new field of work for many Colleges. He informed the Committee that the College’s activities were in line with others within the sector and that the Board could take substantial assurance that the controls upon which it relied to manage this risk were suitably designed and being consistently applied. It was clear that the College had undertaken a significant amount of work in establishing a framework for the delivery of English and maths as required by the Education Funding Agency.</p> <p>Members had a wide ranging discussion about Government’s policies and the funding body’s requirements for work on maths and English. However the Chair reminded them that the concern of the Committee was with regard to the process and control mechanisms that were in place, and clearly in light of the Audit Report these were appropriate and suitable.</p> <p>It was:</p> <p>Resolved: that the report should be accepted.</p>
	9	ANNUAL CYCLE OF AUDIT COMMITTEE BUSINESS
	9.1	<p>Terms of Reference of Committee</p> <p>The Clerk spoke to this item. He outlined how the terms of reference ensured the Committee was operating fully in accordance with the Joint Audit Code of Practice</p>

A/15/3/69		<p>(JACOP). He explained that it was proposed to reduce the minimum number of members required for the Committee to take account of the reduction in the determined number of members of the Governing Board and that it was also proposed to reduce the quorum. There was some debate with particular regard to the numbers required for a quorum. A member of the Committee raised concerns over the weight of responsibility this could place upon individual Governors. This was noted, but in practice such a situation felt likely to be a rare occurrence.</p> <p>It was:</p> <p>Resolved: that the changes should be accepted and the revised Terms of Reference be recommended for formal approval by the Governing Board.</p> <p>***</p> <p style="text-align: right;">Action: Clerk</p>
A/15/3/70	9.2	<p>Occurrences of Fraud Annual Report</p> <p>David Reeve spoke to this report. Members noted that there had been no occurrences of alleged fraud reported during 2014/15.</p> <p>It was:</p> <p>Resolved: that the report should be accepted.</p>
A/15/3/71	9.3	<p>Follow-up on External Audit Recommendations</p> <p>David Reeve spoke to this report. He outlined for members of the Committee the actions that had been taken in response to the recommendations made by the External Auditors, Wylie and Bisset within their Annual Report to the Governing Board for the year ending 31st July 2014. These were noted and felt to provide a helpful update on these matters.</p> <p>It was:</p> <p>Resolved: that the report should be accepted.</p>
A/15/3/72	9.4	<p>Audit Planning Memorandum</p> <p>Scott Gillon from Wylie and Bisset, spoke to this report. He explained that the Audit Planning Memorandum was being presented at this stage in order to inform the Committee of the proposed nature and scope of the Audit work to be undertaken over the course of the year. He gave members a detailed breakdown and explanation of each section of the Memorandum, during which the Committee made a particular note of the risk areas identified and acknowledged that the risk matrix presented within the Memorandum showed the total overall risk to be "low" across all key systems.</p> <p>It was:</p> <p>Resolved: that the report should be accepted.</p>
	9.5	<p>Initial Briefing on Changes in the SORP</p> <p>Scott Gillon spoke to this item. He identified that as this was a transitional year in which the decisions which arise from the changes in the Statement of Recommended Practice for Further and Higher Education (SORP 2015) set out under Financial Reporting</p>

A/15/3/73		<p>Standards (FRS102) do not yet need to be made, the report simply presented the options the Governing Board may need to consider.</p> <p>David Reeve explained that it was proposed to bring a further paper to the Committee in due course setting out the College's preferred route in respect of these options.</p> <p>Scott Gillon then explained to the Committee the detail of some of the options available with regards to Government Capital Grants, advising that he felt most colleges would continue to use an Accruals model. In answer to a question from a member of the Committee with regard to the treatment of Non-Government Capital Grants, he advised that Colleges would need to follow the Performance model.</p> <p>He then spoke on the standards covering the payment of holiday pay. With regard to the position at Wigan and Leigh, the current arrangements were robust and the changes were not a concern. Also the treatment of post-employment benefits would not cause any issues for the College. He referred then to the section dealing with operating leases and the section relating to the treatment of property, plant and equipment. He felt that within the FE sector most would determine to retain their existing practices.</p> <p>David Reeve informed the Committee which areas in his view would require consideration in more detail by the College and reiterated that this would be subject to a further report to the Committee.</p> <p>It was:</p> <p>Resolved: that the report should be accepted.</p>
A/15/3/74	10	<p>ANY OTHER BUSINESS</p> <p>There were no other items of business.</p>
A/15/3/75	11	<p>DATE AND TIME OF NEXT MEETING – Thursday 4th June 2015 at 5.30 pm at the Wigan Campus.</p>
The Chair declared the meeting closed at 7.25 pm		