

AUDIT COMMITTEE

WEDNESDAY 4 FEBRUARY 2015



GATESHEAD COLLEGE

Report: Minutes of the meeting held on Wednesday 8
October 2014
Author: Clerk
Action: Approve
Status: Open

Present: Chris Macklin (Chair)
Darren Heathcote
Neil Weddle (Co-optee)

In attendance: Judith Doyle
Karen Finlayson (PWC)
Laura Hutchinson (PWC)
Claire Leece (Baker Tilly)
John Holt
Emma Moody (Clerk)

A/525 Welcome/Apologies

Chris Macklin welcomed members to the meeting. Apologies were received from Robert Auty (PWC) and Peter Gray (Baker Tilly).

No declarations of interest were made but members were reminded that if conflicts arose throughout the meeting, to declare them at that stage.

A/526 Minutes of the meeting held on Wednesday, 11 June 2014

It was noted that, on page 5 of the minutes, the reference to PWC should be replaced with a reference to Baker Tilly.

Other than this correction, the Minutes were approved.

PWC confirmed to members that they could support the College with an ethical hacking service to test the College's systems in this regard if desired.

A/527 Matters Arising

- a) Thresholds for authorisation – the Chair asked the Director of Finance for an update in relation to this. The Director of Finance confirmed that financial delegations would have to be presented to Corporate Services Committee as part of its wider review of financial regulations;
- b) Fraud Awareness Training – will be brought into the College's wider training programme;
- c) Teachers' Pension Scheme – FRS17 valuation had come in less than the previous year due to an increased contribution into the local scheme. The College's contribution had reduced from £500,000 to £360,000. The cost of the scheme continues to increase but perhaps at a slower pace than envisaged;

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- d) There were some changes to the meaning of “regularity” from an audit perspective. Claire Leece confirmed that Baker Tilly’s definition had been refreshed to place more emphasis on oversight. There was no need for formal reliance on the internal audit process, but Governors remain responsible for regularity assurance within the College and therefore had decided to continue with this function as a risk awareness tool;
- e) The Principal confirmed that the Skills Funding Agency had confirmed that the College was categorised as Grade 2 “Good” from a financial assurance perspective. Expectations were that 40% of colleges would be graded inadequate in this regard.

A/528 Internal Audit Report – Funding and Students’ Record Management

The Report was presented by Laura Hutchinson of PWC.

The Report made two small recommendations to be actioned by the College.

The report was noted.

A/529 Internal Audit Report – Corporate Responsibility

The Report was presented by Laura Hutchinson of PWC.

Overall, the Report showed low risk across all areas.

In relation to articulation of the CSR Strategy, it was confirmed that that policy was still in draft form. Formal feedback from external stakeholders was required before it could be finalised and implemented.

The College also acknowledged a need to be consistent in its CSR policy and to evidence this consistency in its record keeping.

There was a need to ensure overlap between the four governance/business quadrants and the six CSR “pillars”.

There was a clear remit for the development of this area of the College’s work.

The report was noted.

A/530 Internal Audit – Annual Report 2013/2014

The Report was presented by Karen Finlayson from PWC.

The Report was in the same format as previous years. The opinion was that the College had adequate risk management procedures and governance processes in place. The operational assurance from PWC was that the College was “adequate and effective”. It was noted that these were very good findings and were rare to see. This was testament to the Director of Finance and his team and the work of the wider College.

It was noted that in future years PWC will not provide an opinion as such on the financial health of the College. The Principal noted that due to the complex nature of the College and its operations, it was exposed to more risk from an audit perspective and therefore the results of this Report were particularly reassuring.

The content of the Report was noted and approved.

A/531 Internal Audit Plan 2014/2015

The Report was presented by Karen Finlayson from PWC. A member questioned if PWC was looking at the right things to ensure the robustness of College finances. The Audit Plan needed to be updated to include fraud awareness/management. It would also need to look at the new quadrant structure of reporting. The plan would look at funding and student records, international activity and fixed assets as well as curriculum planning and partnerships. The Chair of the Committee asked about recent international activity and the Clerk confirmed that it would be on the Agenda for the next Board Meeting and would also be looked at by the Business Committee. Members acknowledged that the curriculum planning element of the work could be done earlier in the year. The governance and organisation structure work may not be fully implemented by November so could be pushed back to accommodate the earlier work. A member queried the review of Health & Safety practices which was scheduled to be reviewed by 2015/2016. He questioned whether the Committee was content that the cycles for review were appropriate bearing in mind the College's areas of risk. Members were content if this was the recommended regularity of reviews to stick with the current programme for Health & Safety. In any event, Claire Leece of Baker Tilly would review the programme every year and consider the appropriateness of it. The Principal was content with the plan for the year and content to change the timing of the reports discussed.

The internal audit plan for 2014/2015 was noted and approved.

A/532 Teachers' Pension Scheme Audit

A Report was presented by Claire Leece of Baker Tilly. She reported that the contributions owed by the College matched exactly the amounts paid. The audit conclusion was unqualified in its assessment of this area of expenditure. The form had been prepared and contributions paid by the College in accordance with the scheme rules.

The results of the audit were noted by the Committee.

A/533 Financial Statements Audit Year Ended 31 July 2014

Baker Tilly confirmed that they had been on site for the initial planning of this year's audit. There were no areas of risk identified. The audit work would start on Wednesday. Claire Leece confirmed that Peter Gray would be leaving Baker Tilly and a new manager would be in place for the next year. He would shadow Claire Leece to ensure he was up to speed with the College's work. His name is Chris Barratt. Members confirmed that they were happy for this transition to take place and were pleased with the consistency offered by Claire Leece remaining in place as "mentor" for the next year.

A/534 Follow up of Audit recommendations

A paper was presented by the Director of Finance.

The Chair of the Committee identified that the Committee may want to use PWC to test some areas of risk that are identified during the year and it was confirmed that PWC would be able to do this.

The Report was noted.

A/535 Risk Management Plan

The plan was presented by the Director of Finance.

The main areas of concern were around key targets and achievement of objectives. These would be determined by the Executive Team and the wider Strategic Management Team.

A member commented on the need to monitor the accumulation factor of certain risks and review how risks are allocated across different Committees and which Committee picks up which action point.

It was confirmed that the Director of Finance would action this and add a column to the Risk Plan to this effect.

The plan was noted.

A/536 Any Other Business

There was no further business.

A/537 Next Meeting

The next meeting was confirmed as Wednesday 4 February 2015, however the Joint Committee meeting with Corporate Services would be held on 4 December 2014 at 4.30 pm.