

Board of Management

Minute of the Meeting of the Audit Committee of the Board of Management of Dumfries and Galloway College held on Tuesday 11 March 2014 at 12.30 pm in Room 2009

Present: Hugh Carr (Chair)
Delia Holland
Karen McGillivray Fallis

In attendance Carol Turnbull, Principal
Karen Hunter, Finance Manager
Jannette Brown, Assistant Principal and Clerk to the Board
Brian Johnstone
Stuart Martin
Lindsay-Anne Straughton, Baker Tilly
Gary Devlin, Grant Thornton
Angela Pieri, Grant Thornton
Susan Sutherland, PA to the Principal

1 Apologies

Apologies for absence were intimated on behalf of Sandy Burgess.

2 Declaration of Interest

Members agreed to indicate declarations of interest as appropriate throughout the meeting.

3 Minute of Previous Meeting

The Minute of the Audit Committee held on 30 September 2013 was approved.

4 Matters Arising

None.

Standing Items

5 SI: Internal Audit Reports

Lindsay-Anne Straughton, on behalf of Baker Tilly, Internal Auditor, spoke to the reports which had been distributed.

5.1 Value for Money: Open Learning

The Committee noted and accepted the Advisory report, and the three recommendations related to carrying out a comprehensive review of the costs to agree a new costing model for the end of Session 2013/14.

5.2 Follow-Up reports

The Committee noted follow up audits in respect of network security, general ledger, risk maturity, transport (VfM) and business continuity planning. Of the recommendations made following the original audits, 10 had been implemented, two were ongoing and two were yet to be implemented, which was entirely acceptable to the Internal Auditors.

5.3 Income and Debtors

The Committee noted and accepted the report, which had identified no recommended actions. It was noted however that a Debt Recovery Agency was still not in place.

5.4 Procurement and Payments

The Committee noted and accepted the report, which identified three recommendations on the methods and background to how suppliers were chosen.

During discussion, G Devlin of Grant Thornton indicated his feeling that the limits applied were slightly high. The Finance Manager advised on the internal process where all quotes were kept on file, and added that the majority of these had already been subject to APUC tendering. The Committee agreed and asked for the process to be reviewed following 12 months operating under the ONS reclassification.

5.5 IA Progress Report

The Committee noted and accepted the report.

6 SI: ONS Reclassification of Colleges

G Devlin, External Auditor, advised that there was still a good deal of uncertainty and lack of guidance regarding colleges' year end arrangements, March or July, but the college should continue to plan for a March year end.

6.1 External Audit meeting – 11 February 2014

The Chair of the Committee tabled copies of an email he sent to all Board members following a meeting on 11th February with Gary Devlin, Grant Thornton, Chair of Audit, Brian Johnstone, Jannette Brown and Karen Hunter. In the email the Chair of Audit proposed that the Board decision to transfer reserves to the D&G Foundation was reversed, and that reserves (other than the Lennartz commitment) are transferred to the SFC Umbrella Trust.

This proposal was subsequently agreed to and approval was given (by email) from the Chairman of the Board for the College to sign up to the SFC Umbrella Foundation.

As a result the College had formally lodged a request to join the SFC Trust, and the Principal and Assistant Principal (LS) would meet with the Trustees in the near future to discuss the reserves to be lodged by 31 March, and the date when these would require to be returned.

The External Auditor stressed that the Accounting Officer (Principal) would need to be satisfied that the funds as public monies were to be used for the purpose intended. The Committee discussed the situation and agreed that the Principal should seek clarification with the Trustees on the process for fund donations and requests, and in particular that the funds lodged would be "restricted".

In the meantime, the College would continue with the process of setting up the D&G FE Foundation, although the Board may ultimately decide that this should remain dormant.

G Devlin also highlighted that it was crucial that the College achieve a break even position at 31 March 2014.

The Committee agreed that it was content with the arrangements in place to inform the Board regarding the decision on whether to join the Umbrella Trust were robust and appropriate.

7 SI: Institutional Sustainability

The Committee noted no change to the table considered at the previous meeting.

8 SI: Strategic Risk Register

The Assistant Principal (Learner Services) spoke to the report which had been distributed. She advised of only one proposed change, to Risk 12 regarding the ONS Reclassification, where it was felt that the residual risk could reduce from 12 to 9 and advice/guidance from external auditors added to the control measure.

The Committee noted the report and approved the proposal.

Business

9 External Audit Report

G Devlin, on behalf of Grant Thornton, spoke to the Financial Statements Audit Findings report which had been distributed. The Committee noted that there had been little change since the original draft which they had previously discussed, and recommended the Report to the Board for approval on 28 April 2014.

10 Any Other Business

None.

11 Date and Time of Next meeting

The next meeting had been diarised as 16 June 2014 but the Committee agreed that, in view of the change to the Accounting year, and in order to review the Audit Plan 2014/15, the next meeting would take place on 14 May 2014 from 12.30 pm.