

Audit Committee 24 March 2009 in Ashington

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| | <p>Present : S Barlow(Chair), C Smith, K Morrison</p> <p>Apologies: S Reed, I Todd, KPMG team</p> <p>In Attendance: Clerk, R Ellis-Jones, C Todd, A Crookston, S McNair, W Brown</p> | |
| Check numbering | <p>The meeting was agreed to be quorate and the Chair thanked K Morrison for agreeing to attend the meeting to ensure quoracy. The minutes from the last meeting were agreed to be accurate and approved and the items to be actioned had been completed.</p> | |
| | <p>Matters arising: Chris Saint reported back on the pensions update meeting he had recently held (Northern Pension Fund Employers meeting). As it stood at the moment an increase in employer contribution of 9% would be indicated. Work would be done across the sector by actuaries to tweak the rates and try to pull that figure down. The cost at the moment was 20% of employer contribution. It was a national problem and a close eye would be kept on the rates to see what the trend was.</p> | |
| | <p>Auditors report on the audit planning process : The auditors from PWC were invited to outline the planned audits for the forthcoming sessions. They noted that the plan had been put on hold to deal with the request for an urgent Treasury Management report. They had conducted fieldwork in various areas. There were various priorities in the financial processes especially the debt collection process. The next review was to be marketing. C Todd noted that he agreed the plan so far but would like to see it planned even further ahead. It was agreed that this was desirable but the changes in the FD post holders had made this difficult. It was agreed that Learner Records were a key area and maybe the processes behind them needed to be examined. The chair asked that the plan go back on the agenda for the Summer meeting.</p> | <p>Audit plan to be placed on the agenda for the summer meeting.</p> <p>Clerk</p> |
| | <p>5. ILR Records : The grade given was a limited assurance. There were 7 problem areas outlined on page 4. There was an issue about applying the small class formula incorrectly. C Saint noted that this had been followed up and showed that the rate was even higher than had been allowed for – this had not gone back to LSC yet for approval but would do soon. In response to questions it was noted that this figure was so high because of low learner numbers and high staff costs.</p> <p>There was an issue with additional support calculations not being substantiated properly. It was proposed to carry out termly checks to</p> | |

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| | <p>monitor this. A question was raised why were the errors occurring in the first place ? It was agreed a controls audit probably should be carried out and that this would help tighten up areas with anomalies.</p> <p>Partnership and Franchise had some issues about lost evidence in the form of registers and it was recommended that the contracts be changed to prevent this from happening in the future.</p> <p>There was an unfunded course picked up which was due to a change in the awarding body and was felt to be an isolated example.</p> <p>Tuition fees: the sample had proved to be good but there was an anomaly outside the sample. There was some discussion about why the auditors took an example from outside the sample and what this showed. The auditors pointed out that the limited assurance was only on specific areas and that the sampling showed more work was need on the controls side.</p> | |
| | <p>Financial Procedures: this audit result was limited overall. More documented procedures were required and safeguards put in place to ensure that the procedures were not bypassed. The audit committee would like to review the financial procedures manual and should be provided with a copy.</p> <p>It was agreed that a robust process for chasing aged debt needed to be put in place and that they payroll needed better processes. C Todd noted that he felt some of the implementation dates needed to be reviewed.</p> | <p>Audit committee to be provided with a copy of the financial procedures manual.</p> |
| | <p>Treasury Management: This was a moderate result. They did review the design of the system and carry out some limited testing. More testing will be carried out later in the year. More cash management was needed eg: who can sign cheques etc. C Todd noted that there was now a cash management strategy and the team were getting better at managing the cash position. He had also appointed a financial controller with an FE background who would start in May and look after the debtors and cash positions.</p> | |
| | <p>6. Risk Register update: C Saint noted that the main areas of new risk were income and the staff mix able to deliver the curriculum plan. There were plenty of areas that had improved. C Smith added that he felt a significant risk was the inability of the data to identify inefficiencies in operations and the lack of accurate forecasting. C Todd noted that this was improving and a lot more data was being used effectively now. It was agreed that this would go on the risk register so that it could be monitored.</p> | <p>Forecast and data management to go on risk register</p> |
| | <p>Other business : none, no items were classed as confidential</p> | |
| | <p>Action points:</p> | |

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| | <p>Audit plan to be placed on meeting agenda for summer</p> <p>Audit committee to get a copy of the financial processes manual</p> <p>Forecast and data management to go on the risk register</p> | |
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