

NORTHERN REGIONAL COLLEGE

AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on 22 September 2009 at the Ballymena Campus of the Northern Regional College.

Present Mrs A Rankin (Chairperson), Rev T Jamieson, Alderman P J McAvoy and Ms C O'Neill.

In Attendance Mrs C Moore, Ms K Doey (NIAO), Mr T Neilands (Director), Mr R Monds (DEL), Mr M Pitt (PWC) and Mr J A Hunter.

Pre-Meeting with Auditors

The Audit Committee, less staff representatives, met with the Auditors prior to the main meeting. The Internal Auditors and the representatives from DEL and NIAO stated that they had no points to raise with the Committee. The Chairperson informed Members that there would be a pre-meeting prior to each meeting of the Audit Committee in order to meet the requirements of the Financial Memorandum.

UNRESERVED BUSINESS

11.1 Apologies

Apologies were received from Ms A M Campbell, Mr J D'Arcy, Ms J Fullerton and Mr S McCormick

11.2 Declaration of Interests

There were no declarations of interests.

11.3 Minutes of the Last Meeting

The minutes of the last meeting of the Audit Committee held on 24 June 2009 were approved.

11.4 Matters Arising

11.4.1 Risk Management (minute 10.4.1)

The Director of Finance advised the Committee that the College Risk Register had not been updated since the last meeting of the Audit Committee. She informed Members that Risk Registers had now been received from all Directorates. She also advised that a meeting of the Risk Management Group would be arranged before the November meeting of the Audit Committee, when the content of the departmental risk registers would be considered to inform the review and any revisions to the Corporate Risk Register.

11.4.2 Priority One Recommendations (minute 10.9)

The Director of Finance presented a Report detailing the Internal Auditors' Priority One Recommendations 2007/2008 and 2008/2009 together with the External Auditors' recommendations 2008. The Committee noted that the majority of the recommendations had been fully or partially implemented; only one item relating to Estates Management had not

been implemented and this issue was currently being addressed by the Head of Estates. This area is due to be re-audited in October 2009.

The Internal Auditor stated that he was satisfied with the follow-up action of Management.

11.4.3 Internal Audit Plan (minute 10.8)

It was noted that there had not been any responses to the Internal Auditor's suggestion that Members should bring forward any further proposals in regard to the Internal Audit Plan.

11.5 Chairperson's Communications

There were no Chairperson's Communications.

11.6 Correspondence.

11.6.1 Correspondence from PricewaterhouseCooper

The Committee noted a letter of engagement from PricewaterhouseCoopers setting out the basis on which they have been appointed to act as Internal Auditors for the College and detailing the respective areas of responsibility of the College and the Internal Auditors for the year 1 August 2009 to 31 July 2010.

Mr Pitt informed the Committee that the letter had been issued to adhere to the new Government Internal Audit Standards (GIAS) of April 2009, which require the Internal Auditors to issue a letter of engagement on an annual basis. Mr Pitt also referred to the Internal Audit Charter, a copy of which was distributed to Members. He said that the Charter incorporates elements outlined in the letter of engagement but also includes, to ensure compliance with GIAS, a formal definition of the Internal Audit activity, purpose, authority and responsibility to the College.

The Committee approved the Internal Audit Charter.

Mr Pitt advised the Committee that DEL had commissioned a review of College Audit Provision to ensure, inter alia, that PwC is delivering a quality service to the College complying with all Internal Audit standards and that the College has procured the services of PwC in accordance with the requirements of the Department. It was noted that a Report would be issued in due course and the contents shared with the Audit Committee.

Mr Monds informed the Committee that DEL had received a request for the release of information regarding 'unacceptable assurance' reports under the Freedom of Information Act. He had sought the approval of Colleges, including the Northern Regional College, and the Internal Auditors prior to releasing this information. The Director pointed out that it would be important for Colleges to know the nature of such requests, as they could be mischievous. A view was expressed that there should be an opportunity in the response to provide an update regarding progress in the area concerned since the review. Mr Monds agreed to revert to the Department's Information Officer on this latter point, and will advise the Committee further in due course.

11.7 Draft Annual Report and Financial Statements

The Committee received the Annual Report and Financial Statements for the year ended 31 July 2009. The Director of Finance explained that this was a draft document, as it had still to be audited. She stated that the Finance and General Purposes Committee (10 November 2009) and the Audit Committee (17 November 2009) would give detailed consideration to the Annual Report and Financial Statements and make recommendations for their approval to the Governing Body (25 November 2009).

The Committee noted that the College had an historic cost deficit of £1,287k during the financial year 2008/2009 compared with the original estimated deficit of £981k. It was noted

that the deficit included a notional pension provision (in line with FRS 17) for support staff amounting to £459k. If these pension costs had not been taken into consideration, the historic deficit would have been some £150k better than budget.

The Director of Finance drew attention to the College's net current assets, which amounted to £2.9m, and a bad debt write-off of £218k. A Member referred to savings in regard to staff costs and mentioned in particular a reduction of £1m in respect of administration staff. The Director said that this was part of a pattern of expenditure emerging, which would be addressed in the Business Improvement Plan.

The Internal Auditor suggested that the Accounts should include a Public Benefits Statement to accord with the Charities Act. Such a statement was not required but it would be good practice to indicate how the College was fulfilling the terms of the Charities Act.

The Committee congratulated the Director of Finance and her team on their prompt preparation of the Annual Report and Financial Statements.

11.8 Financial Audit and Support Team (FAST) Report

The Committee received a copy of the Report of the FAST Audit Inspection of the College's administration of the Care to Learn Support Fund and the Additional Support Fund for Students with Learning Difficulties and/or Disabilities.

It was noted that FAST had provided a limited assurance finding on the College's administration of the Care to Learn Fund and had made a number of recommendations, which have been graded as moderate or low risk. The Committee noted that although the fund was small, £30k, it entailed considerable record keeping.

It was also noted that FAST had provided a satisfactory assurance on the College's administration of the Support Fund for Students with Learning Difficulties and/or Disabilities. The Team had made a number of recommendations, all of which have been graded as low risk.

11.9 Any Other Notified Business

There was no other notified business

11.10 Next Meeting

The Committee noted that the next meeting is scheduled for 5.30 pm on Tuesday 17 November 2009 in the Conference Room at the Farm Lodge, Ballymena Campus of the Northern Regional College.