
SUMMARY

1 This report provides the Council with an assurance that the National Audit Committee has discharged its duties effectively. The committee has met regularly during the year and held the executive to account for its stewardship of public funds. In providing this report I as Chairman of the Audit Committee would like to record my appreciation to my fellow members of the Committee, who have unstintingly given their time to the advantage of the LSC. During the year the committee recommended the replacement of local audit committees with regional focused audit committees, who, following Agenda for Change, will be better placed to provide assurance. The national Audit Committee will strengthen its relationship with the nine regional audit committees as they come into being.

RECOMMENDATION

2 The Council is recommended to accept the assurances given below and to note the summarised Chief Internal Auditor’s report as well as the minutes of the July 2006 meeting of the Audit Committee. (Attached)

BACKGROUND

3 The LSC’s national audit committee operates under standard Terms of Reference which have been reviewed to ensure that they reflect good practice. We meet three to four times a year and consider issues of Governance including Internal Control, Assurance, Risk Management as well as Financial Reports. The Committee has received regular reports from Internal Audit, the National Provider Financial Assurance Service, National Audit Office and The Learning and Skills Council’s Finance Directorate. Over the year, as necessary, the committee has invited various Directors to provide them assurance and explanations as to their operations. In addition, the committee has met with the Chief Executive to discuss various aspects of assurance. Although quorate at all its meetings, the committee has operated through the year with one fewer national council members than it should.

ASSURANCE

4 The Committee has satisfied itself that the Learning and Skills Council executive has responded appropriately to the risks facing it and that a basically sound control environment has continued to operate. This view is based upon the reports we have received from Internal Audit and the National Audit Office as well as through discharging our scrutiny and challenge role. In particular the committee has paid particular attention to the management of risks associated with Theme 7, Procurement and Contracting and Information Management. At various meetings we have sought assurance from the specific senior directors responsible for responding to and managing the risks
associated with these subjects.

This year the LSC was required to meet a particularly tight time table for laying its accounts before parliament. It is to the credit of the staff involved that not only did the LSC meet the timetable, but the associated National Audit Office audit of the final accounts also endorsed the approach taken by the LSC. The National Audit Office’s subsequent management letter included little criticism of the LSC and praised the cooperative approach that had been established and operated to during the year.

In May 2006 the Audit Committee received the Chief Internal Auditor’s Annual Report for 2005-2006. The Committee was satisfied that the report represented an objective assessment of the LSC’s systems of governance, risk management and controls. A summarised version of the report is attached. Also in May the Chief Executive’s Statement of Internal Control for 2005-2006 and its supporting evidence was reviewed and ratified. The National Audit Office representative praised the statement’s candid and transparent content as well as the amount of supporting data presented. National Audit Office and Department for Education and Skills’ representatives have attended each Audit Committee meeting, the committee seeking their advice as and when necessary.

Contact: Bryan Gray
Chair, LSC Audit Committee