

**South Lanarkshire College
Audit Committee (Board of Management)
Monday 16th May 2016**

Present Jeanette Evans
 Robert Ralston
 Ian Todd

 Stewart McKillop
 Angus Allan
 Keith McAllister

Apologies Angela Martin

Also in attendance –
 Kirsty Steele (Scott-Moncrieff – internal audit)
 Phil Charles (KPMG – external audit)

1. Declaration of Members' Interests

Mr Todd declared his position as a Trustee of the South Lanarkshire College Foundation.

2. Minutes of the Previous Meeting

The Minute of the meeting held on 22nd February 2016 had previously been agreed by the Board of Management.

It was note that the reference to the Internal Audit Plan on page 1 should read "2015/16"; this would be amended in the filed version of the minutes.

3. Internal Audit

Internal Audit – Finalised Internal Audit Plan 2016/17

Ms Steele presented the amended Internal Audit Plan for 2016/17 with tracking changes. She asked members to note the rearrangement of work which was scheduled to be undertaken in 2015/16 to 2016/17 from the original Plan. These proposed changes had been circulated previously to members by Mr McAllister and agreed. The meeting formally approved the Plan. Ms Steele confirmed that a "clean" copy of the Plan would be issued to the College.

Mr McKillop stated that he had found the different approach adopted by Scott-Moncrieff had been "fresh" and had added value to the audits undertaken, a view echoed by the meeting.

4. External Audit

Audit Strategy Review and Plan

Mr Charles presented his firm's Plan for the audit for the year ending 31st July 2016. He asked the meeting to note that there would be a change of manager as Ms Alderson was leaving KPMG. However, the senior member of field staff had worked on the College's audit previously, so there would be no problem re continuity.

He stated that the changes following the implementation of FRS 102 would result in an increase in audit work, but he welcomed the College's recognition of the issues, and referred to the briefing paper produced by the College's Financial Accountant, Mr Gordon Kerr, and included in the meeting papers as Appendix 9.

He also asked the Committee to note the additional work that Audit Scotland had required on "Scotland's workforce" due to the College's new status as a public body; the College had already completed a return on this issue for KPMG. In response to a question from Mr Todd, Mr McAllister stated that the College had not been regarded as a public body previously. Mr McKillop added that a brochure on employee benefits had been produced by the College and that a copy would be forwarded to KPMG.

It was noted that the reference to the May 2016 meeting on page 14 should read November 2016.

The Committee stated their appreciation of both the content and the format of the report which they formally approved. They noted that the fee proposed by KPMG was at the top end of Audit Scotland's indicative scale but this was approved.

External Audit Appointment from 2016/17

The Committee noted that Mazars had been appointed by Audit Scotland to undertake the external audit of the College for the financial years 2016/17 to 2020/21. Mr McKillop commented that the same firm had been appointed to New College Lanarkshire. He asked the meeting to note that the College had developed a close and good working relationship with KPMG over the period of their appointment.

5. Risk Management

Mr McAllister updated the meeting on the work being undertaken on the Regional Risk Register. He stated that a draft register, which took a more strategic approach to risk than was done at the individual colleges, and backing documentation had been prepared for submission to the next Regional Audit Committee. He agreed to forward this draft to members. Mrs Evans suggested that the College's insurers, Zurich, may be useful in facilitating a session on risk that may be of benefit in developing the Regional model. Mr McAllister agreed to take this to the new Regional Risk Group. Members noted the progress on Risk.

6. FRS 102 Briefing Note

Mr McAllister introduced the paper on the implications of the introduction of FRS 102. The College's document was welcomed as a comprehensive and informative aid to the Board. There was, however, a disquiet amongst the meeting at the implications for the future format of the statutory accounts as it was felt that the changes in presentation and treatment introduced by the adoption of FRS 102 would obscure the understanding of the figures by those without a high level of technical accounting knowledge.

The meeting thanked the College for the detailed nature of the report and asked that their thanks be passed to Mr Kerr for putting together such a comprehensive document. Mr McAllister stated that it would also be presented to the next meeting of the Finance Committee.

7. Scotland's Colleges Review

Discussion ensued on the impending review of the sector financial results for the period to July 2015. Mr McKillop confirmed that the accounts for the period had been laid before the Scottish Parliament. Mr Todd stated that he had not been able to view these and it was only assumed that they had not been made public as yet. It was noted that colleges had taken differing views on declarations of salary information and, indeed, at least one had suffered a technical qualification due to this.

Mr McAllister brought the attention of members to the added note on the findings of the Auditor General re its 2014/15 review. Mr Todd asked if any severance monies had been returned; Mr McKillop replied that there had not been, to his knowledge.

8. Bulletin from Audit Scotland

The extracts from Technical Bulletin 2016/1 issued by Audit Scotland dealing with the FE sector and accounting narrative were discussed and noted.

9. AOCB

It was noted that all colleges would have to have a refreshed board of management in place by September 2016. Mr McKillop outlined the arrangements that the College was making in order to facilitate this. He thanked the three current members of the Committee for their assistance, guidance and attention to detail throughout their tenure.

There being no further competent business the Chair closed the meeting by thanking everyone for their attendance.