

**South Lanarkshire College
Audit Committee (Board of Management)
Held on 2nd November 2020**

Present L Glen (Chair)
Y Johnston

In Attendance Aileen McKechnie
A Kerr
C Gibb (Representing the Finance & Resources Committee)
Keith McAllister
Lynsey Gifford
C Sweeney
Lucy Nutley – Mazars (MT)
Ruth Holland – Mazars (MT)
Chris Brown – Azets (MT)
Andrew O'Donnell – Azets (MT)

1. Apologies P Hutchinson

2. Declarations of Members' Interests

Mr Kerr declared his membership of the Board of the Scottish Funding Council and The Lanarkshire Board.

Ms McKechnie declared her membership of The Lanarkshire Board

3. Minute of previous meeting

Approved.

4. Matters Arising

Refreshed remit of Audit Committee – to be carried forward to next meeting.

5. Head of Finance Report

Mr McAllister spoke briefly to his report, previously circulated.

6. External Audit

Draft Annual Report

L Nutley advised the Committee that this was an unqualified report, except in relation to the support staff pensions' valuation matter. Ms Nutley noted that this was a common position across the sector, given the COVID situation and the inability to properly value property. She confirmed that this was what was termed an "emphasis of matter" and would require to be in the notes to the report.

Ms Nutley thanked the Finance team for its support and advice during the audit process.

Ms Nutley suggested there should be specific reference to the in-year change of principal within the annual report. The College agreed to do this. She noted that 'satisfactory' is a glowing endorsement of the College approach and that this was a very positive report overall. Separately, there is a strong story to tell on sustainability.

Ms Nutley noted that the changed approach to Board engagement during the period of lockdown had been helpful. She confirmed that the College response to the COVID pandemic had been a great opportunity to stress test its business continuity planning, and that this had gone very well.

Draft Financial Statements 2019-20

Ms Glen raised several issues: the valuation of land and buildings; the income generated by the Job Retention Scheme; the income deferred by the pandemic; whether the pension liability issue indicated a drop in net assets; whether reporting on gender pay gap statistics was required. These were all addressed to the satisfaction of the Committee. Mr Kerr noted that he had some minor drafting changes, not substantive, which he would discuss separately with Mr McAllister. The issue of post-balance sheet events, such as the SFC recommendation for dissolution of the college regional arrangements, was discussed. A reference will be made to this in the report.

The Audit Committee agreed to recommend approval of the Report of the External Auditors to the Board of Management.

7. Internal Audit Reports

C Brown advised the Committee of the changed name of the company. Mr O'Donnell presented the reports on Student Activity, on Student Support Funds and on Progress. He confirmed that the College had well-designed controls in place; that it was operating effectively; that this was a satisfactory audit, with no issues to raise; and that the IA progress report was on track. Ms Glen noted that it was reassuring to have such a positive report.

The Audit Committee approved that management responses as being appropriate.

8. Risk Management

Mr McAllister advised that the College response to the COVID lockdown had been helpful in testing the Business Continuity Planning approach. The success of the College in being able to continue to deliver teaching and learning, and staff and student support and guidance had demonstrated the robustness of the BC planning.

He reminded the Committee that, to help deal with the monitoring and control of the lockdown, the College initially raised a specific COVID19 risk register and then adopted a formal programme management approach to support the College's response to the COVID pandemic, supported by the use of RAID logs (risks, assumptions, issues and dependencies), which required every area of the College to identify risks and mitigating

actions. This allowed Heads of Faculties and Departments to plan for continuity of service in full consideration of robust risk assessment and required mitigation. The RAID logs were updated on a weekly basis in response to the rapidly changing COVID environment and were a key basis for decision-making about the safe re-opening and continued blended operation of the College campus.

Mr Kerr noted the need for consideration of future approaches to COVID change, tiered regional levels or indeed future lockdowns. Ms Gibb asked for a summary of the RAID logs for information for her Committee.

The Committee noted the content of the Regional Risk Register and approved the College Risk Register.

9. Draft Annual Report of the Audit Committee

KM provided a brief overview of the draft report. Further updates to be provided and the report to be re-circulated to Committee before it goes forward to the Board for approval.

10. Private discussion between auditors and Board members

College staff left the room.

11. Audit Scotland Technical Bulletin

Noted by the Committee.

12. AOCB

None raised.