

**South Lanarkshire College
Audit Committee (Board of Management)
Monday 16th March 2015**

Present	Jeanette Evans Ian Todd Robert Ralston
In attendance	Stewart McKillop Keith McAllister Chris Brown (Scott-Moncrieff) Elizabeth Young (Scott-Moncrieff)
Apologies	Angus Allan Angela Martin

Mrs Evans welcomed Mr Chris Brown (partner) and Ms Elizabeth Young (manager), the representatives of the College's internal audit providers, Scott-Moncrieff:

Declaration of Members' Interests

Mr Todd asked the meeting to note that he was a trustee of the South Lanarkshire College Foundation. Other than that, no declarations were received.

Minutes of Previous Meeting

The minute of the meeting held on 24 November 2014 had previously been agreed by the Board of Management.

The Principal updated members on the progress of the new build project. The contract for the main build was due to be signed within the week. It was noted that the building had received an "Outstanding" BREEAM rating at the design stage, with Mr McKillop adding that this was the first building in the UK to achieve this under the new regulations.

Mr McAllister updated members on the issue re the year end and the changes to reporting. He added that the Funding Council's increased emphasis on the 31st March as a reporting date was very apparent. He added that the Funding Council would be looking for external auditors to perform what they called a "soft audit" at this date, although no discussions had taken place with either Audit Scotland or individual external audit providers. Mr McAllister said that he would keep members apprised of the situation.

It was noted that the Whistleblowing and Fraud Policies would be being reviewed by the HR Committee of the Board.

It was also noted that the amended remit of the Audit Committee had been agreed by members and adopted. Mr McAllister asked the meeting to note that a proposed amendment to the remit of the Finance Committee reflecting changes to the Audit Committee's remit was being considered by the former.

Internal Audit

Mr Brown led members through the draft Internal Audit Plan for the period 2014 – 2017. He emphasised that his firm took both a “top down” and “bottom up” approach to internal audit, concentrating on the assurance that risk was being adequately managed.

Discussion ensued on the schedule of proposed audits. Mr Ralston questioned the audit of Corporate Governance in year 2 of the Plan rather than year 1. Mr Todd stated that with a new Financial Memorandum being drawn up re the Lanarkshire Region, perhaps year 2 was more appropriate. Mr Brown concurred that this was the thinking, and it was agreed that work on this area in year 2 would also allow the new governance arrangements in the Region in general to bed down.

Mrs Evans asked whether Scott-Moncrieff would be proposing to undertake any work which would be regarded as Value for Money. Mr Brown replied that his firm looked to incorporate VFM and added value into all of its audits, rather than simply undertaking a review of transactions. Members were happy with this approach.

Mrs Evans also asked that all samples mentioned within written reports be contextualised to assist the Committee’s comprehension of the scale and scope of work undertaken. Mr Brown agreed that this would be done.

It was noted that there were no audits scheduled at a time that would allow them to be presented to the next meeting of the Committee in May. Mr McAllister and Mr Brown agreed that they would look to pull at least one visit forward to enable this to be done.

Risk Management

Mr McAllister took members through the revised Risk Register and the process of change that was being pursued by the College’s Risk Management Group. There was discussion on the assessment of risks, particularly what was termed the “initial” or gross risk. There was also discussion on whether the Register should contain risks which were continually assessed as “Low”.

It was noted that the Register now contained Risk Appetite, which was agreed to be a good thing. This was discussed in terms of how risk averse the College was, and it was agreed that the almost universal “Low” appetite for risk was probably appropriate for an organisation such as a FE college. However, some areas such as Business development might carry a higher risk appetite.

Several suggestions were made on amendments to content and presentation, but Mr McAllister proposed that, as Scott-Moncrieff had the review of risk as one of their first assignments, any changes be considered after their report had been received and discussed by the Committee. This was agreed.

Mr McAllister also referred to the risk register being maintained re the College’s new build project by the project managers, Gardiner Theobald. The meeting noted the changes in assessment, to the good, since the last presentation of this particular register.

Quality Audit Group Report

Members noted the report on EMAs and Mrs Evans asked the arrangement for following up recommendations. Mr McKillop replied that the Quality Audit Group had a formal monitoring system in place.

Skills Development Scotland Audit on Modern Apprenticeships

It was noted that there a number of recommendations and audit points within this report. Mr McAllister highlighted that the College had prepared a formal, written action plan to address the points raised. Mrs Evans suggested that this plan should be forwarded to SDS to emphasise the importance that the College placed on addressing the issues. Mr McAllister agreed to do have this done.

Audit Scotland Bulletin

Members noted the contents of the Bulletin, particularly the reference to changes in reporting requirements. Mr McAllister asked the meeting to note that the Finance Committee had been briefed extensively on the changes.

On the arrangements introduced to fully fund student support needs, Mr Ralston asked where additional student support received would be recorded in the College's financial statements. Mr McAllister replied that this would be processed through the balance sheet as the College was simply an agency for Funding Council funds.

External Audit Quality Survey

Mr McAllister presented Audit Scotland's document re the above. He asked members if they would be happy to use this document as the method by which they would assess the provision. This was agreed. Members gave their feedback and Mr McAllister agreed to remit the report to Audit Scotland once complete.

Internal Audit Appraisal

Mr McAllister presented a document re the above to the Committee. It was agreed that this document should be used as the template for the appraisal process, and that this would be undertaken for the new appointment rather than for the Wylie & Bisset tenure which had just finished. Mr McAllister agreed to make appropriate amendments to the template and present it to the Committee in August for review and completion.

AOCB

Members were asked to note that the next meeting of the Committee would be on Wednesday 27th May 2015.

There being no further business, Mrs Evans thanked members for their attendance and input.