

AUDIT COMMITTEE MEETING Monday 24 August 2020

HEAD OF FINANCE REPORT

1. Purpose & Introduction

To inform the members of the Audit Committee of developments in the area of audit, risk and finance.

2. Executive Summary

2.1. External Audit of the Financial Statements for the 12 months to 31 July 2020

Attached as **Appendix 1** is an update on the external audit strategy plan from Messrs Mazars; a representative of the firm will present this document. Members are asked to consider the report. Despite the potential implications of the COVID 19-related conditions, the Committee should note that the College expects to meet previously agreed deadlines for completion of the accounts and the passing of information to both our auditors and New College Lanarkshire for the completion of the consolidated Regional accounts.

Committee to note the report and workplan.

2.2. Internal Audit - Reports 2019/20

Attached as **Appendices 2, 3, and 4** are the internal audit reports on Payments and Expenses, Strategic Planning & Communications and Follow Up. Attached as **Appendix 5** is the Progress Report as at August 2020 and, as **Appendix 6**, the draft Annual Report for 2019/20.

Committee to note the reports and the management responses to the recommendations made, particularly re the movement achieved on clearing points contained within the Follow Up work, particularly re the College's Business Continuity Planning arrangements which was tested "live" as the COVID 19 pandemic affected all aspects of College workings.

The Committee should approve the Annual Report prior to it being forwarded to the Board.

2.3. Internal Audit – Draft Plan for 2020/21

It was agreed to extend the initial three-year contract with Messrs Scott-Moncrieff, given the particular circumstances prevailing. Attached as **Appendix 7** is their draft plan of audit work proposed for 2020/21. Members are invited to consider this draft plan in the context of current risks identified by the College in its Risk Register.

Committee to consider the draft plan and to agree the areas of audit work proposed for the year ahead.

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2.4. Risk Management

The impact of the COVID 19 situation has been marked on the College. Normal Risk arrangements including the upkeep of the Risk Register have been superseded, with the College developing a highly focused system of scenario planning, monitoring and action. Attached as **Appendix 8A** is a brief FAQ document that outlines the processes to be employed. This is encapsulated in the system of RAID (Risk, Assumptions, Issues, Dependencies) logs. Each departmental head in the College had their own log and attached as **Appendix 8B** is the one for the Finance function.

Committee to review and note the College's current risk arrangements and recommend these to the Board of Management as being pertinent for the present situation.

Attached as **Appendix 9** is an updated draft of the remit of the Risk Management Group. The Remit contains only minor procedural changes which have been highlighted by Board members and through internal audits and senior management review of the arrangements. Inter alia, re the former, the Group will review Risk Appetite as a precursor to consideration by the Audit Committee and, re the latter, the Risk Register will be reviewed by the Senior Leadership Team of the College.

Committee to review and, if appropriate, to approve the revised brief.

Attached as **Appendix 10** is the last available Regional Risk Register, presented to The Lanarkshire Board in June 2020.

Committee to review the register and note that any issues pertinent to South Lanarkshire College have been addressed accordingly.

2.5. Audit Scotland Technical Bulletin 2020 / 1 and 2020/2

Attached as **Appendices 11** and **12** are extracts from the most recent Bulletins from Audit Scotland. Although neither has a section on Further Education, both have more general information on, for example, COVID-19 and Fraud & Irregularities.

Committee to note, the implications of current issues as they affect, or may affect, the sector in Scotland and the College in particular.

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2.6. Remit of the Audit Committee

Each Committee of the Board of Management reviews its remit periodically and attached as **Appendix 13** is a draft update to the remit of the Audit Committee, with proposed amendments highlighted.

Attached at **Appendix 14** is a draft Schedule of Work, which will be added to the Remit and adjusted as appropriate throughout the year.

Committee to review the remit, propose any further amendments and submit it to the Board of Management for approval.