

**South Lanarkshire College
Audit Committee (Board of Management)
Held on 24th August 2020**

Present Lesley Glen (Chair)
Andy Kerr

In Attendance Aileen McKechnie
Angus Allan
Keith McAllister
Lynsey Gifford
Lorna Reid
Ruth Holland – Mazars (MT)
Elizabeth Young – Scott-Moncrieff (Internal Auditor) (MT)
Andrew O’Donnell – Scott-Moncrieff (Internal Auditor) (MT)

Apologies Paul Hutchinson
Yvonne Johnston

1. Declarations of Members’ Interests

Ms McKechnie and Mr Kerr declared their membership of The Lanarkshire Board. Mr Kerr also declared his membership of the Board of the Scottish Funding Council.

2. Minutes of the Previous Meeting

The Minutes of the meeting held on 17th February 2020 were agreed by the Committee.

The Minute of the Audit and Risk Committee update to the Board meeting held on 22nd May 2020 had already been agreed by the Board of Management.

3. Matters Arising

There were no matters arising.

4. Head of Finance Report

The Head of Finance presented the report.

5. External Audit

Update – Year to 31st July 2020 - Presented by Ms Holland - Mazars

The report provides the Audit Committee with an update on progress of delivery responsibilities as the College’s external auditors.

Ms Holland reported that due to the COVID-19 pandemic, the Auditor General for Scotland and the Accounts Commission for Scotland intend to extend the current audit appointments by one year in the first instance. The Auditor General will confirm both the extension and the time period in Autumn 2020.

Mr McAllister asked if the deadline for accounts would have an extension. Ms Holland advised that college dates would not change and that overall, work is on track with no significant issues arising. Ms Holland stated that they are aware of the potential impact of the COVID-19 pandemic and will liaise with Mr McAllister and Ms Gifford on the college timetables if required.

Ms Glen asked if any audits would take place on site. Ms Holland advised that on-site working is limited, and fieldwork is primarily undertaken remotely. Although some on-site work may be required in relation to sensitive data. It was agreed that there would be early scheduling of any required college visits.

Ms Glen enquired about the fraud risk in relation to Covid-19 and if this be reflected in the plan. Ms Holland confirmed it would be covered in the plan. Ms Glen asked about the position with going concern – this will be similar to previous years.

6. Internal Audit

Presented by Ms Young and Mr O'Donnell – Scott-Moncrieff.

The following reports had been distributed with the papers –

- Reports 2019/20
 - Payroll and Expenses
 - Strategic Planning and Communications
 - Follow Up
 - Progress Report 2019/20
- Annual Report 2019/20
- Draft Internal Audit Plan 2020/21

Ms Young introduced Mr O'Donnell to the Committee.

Payroll and Expenses

Mr O'Donnell presented this report. Very positive report with four areas of good practice and three minor areas for improvement identified.

Ms Glen asked about the system access review. Mr McAllister advised that the payroll system was now operated from Human Resources although he still has control of access rights which gave an “arm's length” control on access.

Mr Kerr asked about the technical feasibility of the management response. Mr McAllister advised that he would be adding a review of access to the quarterly review control sheet being drawn up for the Finance Department.

Strategic Planning

Mr O'Donnell presented this report, which he stated was a very positive one, with 3 areas of good practice highlighted and only 2 minor recommendations.

Ms Glen asked about the stakeholder engagement recommendation. Ms McKechnie advised the meeting of the initiative to recruit a researcher to perform a stakeholder analysis to establish a better understanding of our target market and asked Mr O'Donnell if he thought social media would be a useful tool. Mr O'Donnell advised that he thought greater use of Twitter or LinkedIn would be useful to capture a larger audience and to use for polling.

Follow-up

Very positive report. Ms Young confirmed to the committee that excellent progress had been made with twelve outstanding actions from previous reviews having been completed, with only one remaining partially completed. It was noted that the college approach to business continuity planning had been fully, and positively, tested during the period of lockdown.

Progress Report

Ms Glen advised that this was now complete with nothing to report.

Annual Report

Ms Young was pleased to say that this was a very positive report with no high-risk actions being raised during their work in the year. She noted, in response to a query from Mr Kerr, that 'reasonable assurance' was the most positive audit commentary possible, and that SLC's approach was at the top end of the scale across the college sector.

Ms Glen asked if any changes to the work undertaken had been required due to Covid-19. Ms Young advised that no areas had been identified but that the Follow Up audit had contained several outstanding recommendations on Business Continuity Planning and that these had been successfully cleared due to the college response to the pandemic. Ms Glen asked Mr McAlister if there is a mechanism in place for any lessons learned. Mr McAllister explained that the college had introduced a programme management approach to support our COVID response, including the use of 'RAID Logs' (risks, assumptions, issues and dependencies) and regular programme meetings, which involved every area of the College identifying risks and the mitigating actions that were being taken. Ms McKechnie outlined the rich sources of information regarding college operation during and post lockdown, which included staff and student surveys; weekly CLT meetings to consider the RAID logs; increased meetings of the Health and Safety Committee, of the JNC and with the Students Association; as well as weekly meetings of the Colleges' Principals Group. All of these engagements provided scope for concerns and areas of good practice to be highlighted and had allowed for sharing of good practice.

Ms Glen stated that this was a very clear and positive report. Ms Glen advised the report should be circulated to the Board of Management.

Draft Internal Audit Plan 2020/21

Ms Young outlined the key areas for audit from the plan and the rationale for the various audits and timings. Mr Kerr raised the issue of freeing up time from the complaints handling process (B4) to initiate an audit with connection to Covid-19 arrangements. Ms Glen asked that College management and the internal auditors liaise with a view to

presenting options to the Committee for their consideration. Ms Young and Mr McAllister agreed to do that.

Ms Glen also suggested a piece on assurance that the College received from other external organisations be prepared, particularly around the area of cyber security. Mr McAllister agreed to have this prepared for the next meeting of the Committee.

Members agreed that the final document should be circulated to the Committee before going forward to the Board of Management.

7. Risk Management

Due to the impact on risk occasioned by the pandemic, Mr McAllister explained to the committee that the College had introduced a separate COVID-19 risk register, maintained by the Head of Estates and the Depute Principal, supported by the use of “RAID” (risks, assumptions, issues and dependencies) logs, which involved every department of the College identifying their own particular risks and monitoring mitigation progress. Ms Glen asked how the information from the RAID Log was fed into the main register. Mr McAllister outlined how this would work and he stated that this would next be done at the next meeting of the Risk Management Group in September. He suggested that an update on risk might be provided to the full Board in September.

Mr Kerr asked about the cashflow risk to the organisation as a result of the pandemic. Mr McAllister replied that the College had found that cashflow had actually improved in the short term, but this was only due to the postponement of some expenditure, the earlier receipt of fees from some major “customers”, alongside some reduction in expenditure. He expected the cash holding to fall to its normal level by the end of September and advised that the College continued to monitor cash on a daily basis.

Risk Management Policy and Procedures

Mr McAllister advised that the Risk Management Group had reviewed the document and some changes to language were proposed by Ms Glen. Mr McAllister agreed to take these back to the Risk Management Group to confirm the amendments and suggested that the updated document be presented to the full Board for consideration.

Regional Risk Register

Members noted the content of the report.

8. Audit Scotland Technical Bulletin 2020/21

Members noted the detail of the Bulletin.

9. Remit of the Audit Committee

Ms Glen advised this would be deferred to the next Committee meeting.

10. Approval of Publication of Papers

The Committee approved the publication of all papers marked 'for publishing' by the reporting officers.

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