

BOARD OF MANAGEMENT MEETING

Friday 22nd May 2020

HEAD OF FINANCE REPORT – AUDIT & RISK UPDATE

1. Purpose & Introduction

To inform the members of the Board of Management of developments in the area of audit and risk.

2. Executive Summary

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

Attached as **Appendix 1** is the draft external audit strategy plan from Messrs Mazars; a representative of the firm will present this document. Members are asked to consider the report and the proposed audit fee, which agrees to the expected fee of £14,650 (2018/19 fee = £14,400) suggested by Audit Scotland in their e-mail to the College in December 2019.

Committee to note the report and, in particular, the emphasis on governance, going concern and financial sustainability.

Committee to approve the audit fee.
--

2.2. Risk Management

In place of reviewing the College's Risk Register, the Risk Management Group reviewed the College's risks specific to the current COVID-19 pandemic at its meeting of 4th May, compiling a specific Risk Matrix. This document is attached as **Appendix 2**. It should be noted that business continuity and sustainability has been the focus of two subsequent meetings of the College Leadership Team in May.

The next meeting of the Group will review this document and the Risk Register.

Attached as **Appendix 3** is the Strategic Risk Report of the Regional Board (RSB). This document was presented to the RSB in May 2020.

Board to review and approve the College's COVID-19 Risk Matrix as an appropriate method for recording and managing the particular risks of the lockdown situation and thereafter.
--

The Board should also note the Register of The Lanarkshire Board.
--

BOARD OF MANAGEMENT MEETING

Friday 22nd May 2020

HEAD OF FINANCE REPORT – AUDIT & RISK UPDATE

2.3. Internal Audit 2019/20 – Progress Report

Attached as **Appendix 4** is the Progress Report submitted by Messrs Scott-Moncrieff on work undertaken to date and planned for the year. The Board should note that the current lockdown situation has resulted in the postponement of two internal audit reviews, **Strategic Planning & Communication** and **Payroll & Expenses**, but these have been rescheduled for June 2020. Whilst the review of the College Strategic Planning arrangements can be undertaken remotely, the review of Payroll could not in its current form. Accordingly, College management and the providers have agreed on a change of emphasis to incorporate absence monitoring and the monitoring of payroll spend.

Board to note the report and the work due to take place to complete the programme for the year.
--

2.4. Internal Audit 2020/21

The internal audit contract with the current providers, Messrs Scott-Moncrieff, ends in July 2020. Whilst the College had planned to go to tender for the renewal of the service over the spring / summer of 2020, the lockdown situation and the departure of the College's APUC secondee who would have handled the process have held up the exercise. The College does intend to proceed with the retendering once APUC have replaced their secondment person and the new providers should be in place to commence their programme for session 2020/21.

However, we do require to have auditors in place for the review of the activity and student support funds audits in September / October. Given the current situation, College management requests that this work be undertaken by the current providers. This mitigates the issues that may arise from a protracted tendering process and the "bedding in" of a new provider who may have to acquaint themselves with complex College internal processes remotely.

Board to approve (a) that management proceed with the tendering process, and (b) approve the extension of the current contract to cover the 2019/20 activity and student support funds audits.
