

South Lanarkshire College

Audit Committee (Board of Management)

**Meeting to be held on
Wednesday 28th February 2018
at 17.30 hours in the Boardroom**

AGENDA

1. Apologies.
2. Declaration of Members' Interest.
3. Minutes of Previous Meeting 6 November 2017
4. Matters Arising.
5. Internal Audit Reports Messrs. Scott-Moncrieff
▪ Quality Framework Self-Evaluation (Appendix 1)
6. Internal Audit Plan Messrs. Scott-Moncrieff
▪ Progress Report, February 2018 (Appendix 2)
7. Risk Management
▪ College Risk Register as at 9 Feb. 2018 (Appendix 3)
▪ Regional Risk Register as at 26 Feb. 2018 (Appendix 4)
8. External Audit
▪ Review of 2016/17 audit (Appendix 5)
▪ External audit report on Consolidated Financial Statements (Appendix 6)
9. Audit Scotland Technical Bulletin
▪ October / December 2017 (2017/4) (Appendix 7)
10. Other Audits
▪ SDS Payment Assurance Compliance Visit (Appendix 8)
▪ SLC QAG Audit Programme 2017/18 (Appendix 9)
11. Any Other Competent Business.

South Lanarkshire College
Audit Committee (Board of Management)
Held 8th March 2018

Present Robert Ralston
John Gallacher

Apologies Paul Hutchinson
Angela Martin

In Attendance Stewart McKillop (Principal)
Angus Allan
Keith McAllister
Cathie Wyllie, Messrs Scott-Moncrieff

1. Declarations of Members' Interests

Mr McKillop declared his interest as a member of The Lanarkshire Board.

2. Minutes of the Previous Meeting

The Minute of the meeting held on 6th November 2017 had already been agreed by the Board of Management.

3. Matters Arising

Student Support Funds Audit - Mr McKillop would confirm that the written procedure re student attendance as regards childcare was in place.

Regional assurance – Mr McKillop confirmed to the meeting that the work undertaken in this area by Messrs Wyllie & Bisset had been completed satisfactorily, with no issues reported.

4. Internal Auditors – Messrs. Scott-Moncrieff

Quality Framework Self-Evaluation

Ms Wyllie reported that there were no recommendations to report and that there were several areas of good practice identified. Mr McKillop stated that College management had been very keen for this review to be carried out as it triangulated the procedures put in place by the College for addressing the requirements of the new quality framework.

Members approved the report.

Internal Audit Plan 2017-18 – Progress Report

Ms Wyllie agreed to forward the scope of forthcoming audits to Mr McAllister as soon as possible.

It was noted that one forthcoming audit would cover cyber security and General Data Protection Procedures (GDPR), which was more acute for public bodies. Mr McKillop updated the meeting on the progress being made by the College on General Data Protection Regulations (GDPR). A group had been set up to deal with the issue and all College staff had had staff training on the

issue, with the management team having specific, targeted training delivered to it by legal specialists.

Mr Allan updated the meeting on work being undertaken re cyber resilience. This, together with GDPR, was being dealt with under the umbrella of the College's Risk Management Group and formed a major part of the ongoing development of business continuity. The College had engaged the services of Universities and Colleges Shared Services (UCSS) to advise on requirements. Their initial review had determined that the College had robust systems in place, and a further review (Cyber Resilience Plus) would hopefully be undertaken before the summer.

Mr McKillop reported that the College would engage the services of an independent Data Protection Officer, who would effectively be the "gatekeeper" re information. This was a shared service and would have the benefit of that person having knowledge of issues in similar organisations.

Mr McKillop gave examples of how the College was addressing the issues involved; e.g. PCs closing down after a period of inactivity to preclude the information thereon being accessed by someone other than the person logged in originally.

5. Report from the Head of Finance

Risk Management

Mr McAllister drew members' attention to the Risk Register as at 9th February 2018 and the Commentary and Summary of Risks. The commentary detailed the changes and trends since the last review. It was noted that GDPR Compliance and Cyber Resilience had been given additional prominence in the Register, with the former now being the subject of a separate risk.

Members noted the Regional Risk Register. Mr Ralston and Mr Gallacher asked for confirmation that risks identified at a Regional level had been incorporated appropriately with the College's own Register. Mr McKillop replied that whilst individual risk registers would always have a slightly different emphasis due to the issues at respective institutions, the College was confident that all issues relevant to SLC were indeed covered.

Members discussed the possibility of New College Lanarkshire receiving a Section 22 notice. Members asked what the ramifications would be for South Lanarkshire College. It was agreed that this would be discussed at the forthcoming Board of Management meeting. Ms Wyllie said that the investigations following a Section 22 notice were usually very focussed on the named, specific issues.

Mr Allan raised the issue of the recent publication of performance indicators (PI's) by the Scottish Funding Council. Discussion took place in regard to the results for multi-college regions.

Audit Quality Survey

Mr Ralston referred to the survey document which the college had been sent by Audit Scotland in respect of the external audit service provided in 2016/17. He added that he, as Chair of the Audit Committee, had been contacted separately. He wished there to be a collective response from the College and asked that Mr McAllister arrange for himself and the Finance Department to undertake this. This was agreed.

It was highlighted that there had been issues arising from the location of the senior management team at the audit providers. Messrs Mazars had originally planned to control the audit from their Glasgow office, but this was not now being done. Mr McKillop was also concerned at the lack of input from South Lanarkshire College in the overall process of the consolidation of Regional accounts. Members agreed that whilst the appointment of one firm to audit both Colleges had merit, the addition of the audit of the consolidation exercise had led to a blurring of the edges in respect of segregation of duties.

It was noted that whilst New College Lanarkshire had indicated that they would only be producing consolidated Regional financial statements for the year 2017/18, South Lanarkshire College would still be producing their own college accounts.

Regional Accounts Audit Report

Mr McAllister referred to the report prepared by Messrs Mazars on the consolidated Regional accounts and said that, as agreed, this document and the Regional accounts themselves, would be available to College Board members on their portal. Mr Ralston asked for clarification on the deficit in the Strathclyde Pension Fund (page 9 of the Report). Mr McAllister replied that the employer and employee contributions to the scheme would address this deficit in the long term, and that the rules of the Fund had been amended to preclude it being used so easily as a “redundancy / early retirement fund”, one of the contributory factors to the deficit.

Bulletin from Audit Scotland

Members were issued with an extract from Technical Bulletin 2017/4 issued by Audit Scotland. It was noted that there were no issues specific to the FE sector.

6. Any Other Competent Business

Mr McKillop reported that Board representatives had met with representatives of Audit Scotland on Regional arrangements. This would be the subject of a report on regional arrangements throughout Scotland.

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

SOUTH LANARKSHIRE COLLEGE

AUDIT COMMITTEE MEETING

Wednesday 28th February 2018

REPORT FROM THE HEAD OF FINANCE

1 Purpose & Introduction

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

2 Executive Summary

○ Internal Audit – Scott-Moncrieff

- Scott-Moncrieff will present their report on **Quality Framework Self-Evaluation**, one of the areas which the College management was keen to have reviewed. This is attached as **Appendix 1**. Members should note the Key Findings on page 3 and also note that there were no recommendations for action.
- Attached as **Appendix 2** is Progress Report on the 2017/18 Internal Audit Plan

○ Risk Management

- Attached as Appendices 3A – 3C is the latest update of the College's Risk Register. Members should note the main changes to identified risks being the situation re GDPR and associated IT issues. The Register shows a new risk, that being re GDPR.
- Following discussion at the Board of Management in January 2018, it was agreed to send the updated Risk Register to all Committees of the Board of Management for them to review and determine whether risks in their particular area are being identified and managed appropriately.
- Attached as **Appendix 4** is the Lanarkshire Region Strategic Risk Report for the information of members.

○ External Audit Review

- Attached as **Appendix 5** is survey from Audit Scotland on the quality of the audit work undertaken re 2016/17. A copy has been sent to the Chair of the Audit Committee. College management will liaise with him on the response.

○ External Audit – Lanarkshire Region

- Attached as **Appendix 6** is the Annual report to the Regional Board re the 2016/17 audit of the first Consolidated Regional Accounts. This has been discussed and approved by the Regional Strategic Board and has been attached for the information of the Committee.

SOUTH LANARKSHIRE COLLEGE

AUDIT COMMITTEE MEETING

Wednesday 28th February 2018

REPORT FROM THE HEAD OF FINANCE

- **Bulletin from Audit Scotland**
 - Attached as **Appendix 7** is an extract from Technical Bulletin 2017 / 4 issued by Audit Scotland. Although there is no specific section on Education in this Bulletin, there are several areas of cross-sectoral issues that have been incorporated in this extract. The header page details the issues raised therein that Audit Committee members should note.

- **Other Audits**
 - **SDS Compliance Visits 2017/18 – Payment Assurance**
Attached as **Appendix 8** is the above report. It should be noted that the issues identified during the visit were minor in nature and no funds were identified as having to be recovered.

- **SLC Internal Audit Plan 2017/18**
 - Attached as **Appendix 9** is the updated plan being undertaken by the College Quality Audit Group.

3 Conclusions and Recommendations

It is recommended that Members of the Audit Committee:

- Review and accept the internal audit report and approve the management responses as being acceptable.
- Note the updated internal audit Progress Report
- Note the Risk Register and approving the recent movements therein.
- Determine whether risks in the areas covered by the Audit Committee are being identified and managed appropriately and report to the Board of Management on this.
- Note the Regional Strategic Risk Register
- Note the survey issued by Audit Scotland.
- Note the contents of the *Technical Bulletin* issued by Audit Scotland.
- Note the results of the SDS compliance visit and the responses given by management.
- Note the work being undertaken by the Quality Audit Group.