

## **Audit Committee**

Minute of Meeting of the Audit Committee held on **Thursday 9 March 2017** at 9.30am in the Barbour Suite.

Present:               Graham Hope (Chair)  
                              Simon Ashpool  
                              Sue Cook  
                              Norman Ross

In attendance:       Jennifer McLaren (Assistant Principal, Curriculum Support & Finance)  
                              George Hotchkiss (Assistant Principal, Curriculum & Innovation)  
                              Paula White (Facilities Manager, Item 17.08)  
                              David Eardley (Scott-Moncrieff, Internal Auditors)  
                              Joanna Paterson (Board Secretary)

### **17.01 Welcome/Apologies**

The Chair welcomed everyone to the meeting. Apologies were noted from Mhairi Harrington.

It was noted that Cynthia Guthrie had stepped down from the Board and the Committee agreed to note with appreciation the contribution that she had made to the work of the Committee over many years, in particular in the area of Health and Safety reporting.

### **17.02 Declarations of Interest**

Graham Hope declared a financial interest in item 17.05 (i), the Internal Audit report on financial systems, in relation to the shared services agreement with West Lothian Council for payroll administration. It was agreed that he would withdraw during consideration of this item, with Sue Cook to stand in as Chair.

There were no other declarations of interest.

### **17.03 Minute of Meeting of 1 December 2016**

The Minute of the meeting of the Audit Committee of 1 December 2016 was approved as a correct record.

### **17.04 Matters Arising from Minute of Meeting of 1 December 2016**

Members noted paper 2 detailing actions duly completed following the meeting of 1 December 2016. There were no other matters arising.

## **17.05 Internal Audit Reports**

### **i) Financial Systems**

Graham Hope withdrew from the meeting for consideration of this item, having declared a financial interest. This part of the meeting was chaired by Sue Cook.

David Eardley presented the findings from the Internal Audit review of financial systems, covering controls surrounding both purchasing and creditors, and payroll and expenses.

The report indicated that the College has a range of effective controls in place and highlighted areas of good practice as well as areas where existing controls could be improved.

It was noted that one control procedure, relating to supplier bank details amendments, had been assessed as red given the risk of invalid or fraudulent creditor details being added into the system. It was noted that management action had already been taken to require secondary authorisations of supplier bank detail amendments.

The report had noted that final payroll payment authorisations were being signed off retrospectively. The HR Shared Service Agreement with West Lothian Council had been reviewed and the College's HR Team had reviewed internal procedures and timescales to ensure that the appropriate review and approval takes place prior to payroll payment taking place.

It was noted that current arrangements for off-payroll adjustments for HMRC (in relation to Statutory Maternity Pay Recovery for example) included manual adjustments and could be made more efficient. It was noted that current arrangements will be discussed with the Council to identify ways to achieve this.

It was noted that payroll arrangements with the Council were based on a shared services arrangement rather than a Service Level Agreement and that the final report should be adjusted to reflect that.

#### **Action 1: Internal Auditors**

### **ii) Risk Assessments – Internal Audit Plan 2014-2017**

Assistant Principal, Curriculum Support and Finance, introduced paper 4 providing an update as requested on the Internal Audit Plan.

The Committee noted the further detail on those potentially auditable areas in the Internal Audit Plan that were not highlighted as an area of risk, often because there were other controls or external assurance systems in place. It was agreed that it was helpful to see this supplementary detail and the Committee agreed to note the report.

### **17.06 College Audit Rolling Action Plan**

Assistant Principal, Curriculum Support and Finance, introduced paper 5 showing progress in implementing recommendations previously agreed.

In relation to Workforce Management, it was noted that several key policies were now within the scope of National Bargaining. Policies outwith that scope would be reviewed during 2016-17.

In relation to IT Shared Services and Business Continuity, it was noted that server replacement was now scheduled for renewal in March. The installation of a second line connection to mitigate against the single point of failure and the offsite back-up solution would now be funded from the 2017-18 Capital Allocation. .

It was noted that action on the recommendation was now correctly marked as complete in the Action Plan, on the basis that options had been considered and appropriate action identified.

It was agreed that, given the risks associated with this area, action through to full implementation should continue to be monitored by the Committee, and that progress should be reported at the next meeting.

#### **Action 2: Assistant Principal, Curriculum Support and Finance**

### **17.07 Strategic Risk Register February 2017 Update**

Assistant Principal, Curriculum & Innovation presented paper 6, providing an update on the Strategic Risk Register.

The Committee noted the risk levels in the five strategic risk areas and the mitigating actions which were being taken.

In relation to key risk 2, widening access and learner attainment, it was noted that the risk had been escalated to very high. Final performance indicators for 2015/16 had indicated that the College had slipped below the national average across FE and HE and fallen short of Regional Outcome Agreement (ROA) targets.

It was noted that following discussion at the last Board meeting one set of targets, the existing ROA targets, had now been confirmed.

The Committee noted that an in depth analysis was being taken forward to support the identification of actions for improvements going forward. This would be the subject of an in depth discussion at the June meeting of the Learning and Teaching Committee.

It was agreed that it would be helpful to include analysis from other comparable colleges in the sector to inform this discussion. Education Scotland should also be able to offer insights into best practice elsewhere in the sector.

In relation to key risk 3, recruiting and developing high performing staff, it was noted that the risk remained at high due to the on-going challenge with National Bargaining. It was noted that following an indicative ballot, the EIS would now be undertaking a formal ballot in support of industrial action.

Given the likelihood of industrial action over the next couple of months, the senior team would consider potential impact on learners and risks in relation to assessment in particular, and the scope for mitigating actions. The Committee noted that investment continued to be made in supporting positive relationships with trade unions within the College.

The Board Secretary advised that the Finance and General Purposes Committee during its annual self-evaluation had asked this Committee for any thoughts on how best to ensure Board oversight of strategic risks. It was noted that current arrangements included: reporting on the discussion around risk in the minutes of the meeting and associated report by the Committee Chair to the Board; the annual report from the Committee to the Board; and facilitated discussion at Board away days around the appetite for risk.

It was agreed that it might be helpful to supplement these arrangements by routinely sharing the strategic risk register with the Board on a 'for information' basis, and that this option should be discussed with the Chair of the Board.

**Action 3: Board Secretary**

**17.08 Health & Safety Annual Report**

The Facilities Manager introduced the Health and Safety Annual Report for 2016. It was noted that this included the quarterly report for the last quarter of the year. It was agreed that it would be helpful to separate out the two reports before they were presented to the Board.

**Action 4: Facilities Manager**

The Committee noted that the Health and Safety Officer was currently reviewing the College's procedures, risk assessments and activities and that a full report on the outcome of this review would be brought to the next meeting.

It was noted that there was an increase in reported accidents compared to previous years. Analysis indicated however that this was a result of increased awareness and improvements in reporting arrangements.

The Committee noted that action was in hand to improve reporting of near misses, including staff training and posters to raise awareness.

There was some discussion of ways in which incidents that might lead to acts of physical or verbal aggression could better be reflected in the Health and Safety reporting arrangements. It was agreed that reporting options, including the model used by West Lothian Council, should be explored.

**Action 5: Facilities Manager**

**17.09 College Key Performance Indicators 2016-17**

Assistant Principal, Curriculum Support and Finance, introduced paper 8 showing the College's Key Financial and Non-Financial Performance Indicators (KPIs) for 2016-17.

Members noted the report.

**17.10 Self-Evaluation of Committee**

The Board Secretary introduced a paper to support the annual committee self-evaluation exercise, including the Committee remit, action points taken forward as a result of the last self-evaluation and the relevant sections from the Code of Good Governance on (a) audit and (b) risk.

General issues and recommendations were noted in discussion to be fed back both to the Board and into the Effectiveness Review that was currently being undertaken.

In relation to Committee membership, it was agreed that it had been an improvement to increase the number of members to five. The current vacancy should be considered as a priority by the Nominations Committee when looking at Committee membership again following the next round of recruitment.

**Action 6: Board Secretary**

In relation to effective reporting and two way communication with the Board, it was agreed that it would be helpful for other members to be encouraged to sit in on meetings to raise awareness of the work of the Committee.

This could be taken forward as part of a general commitment by Board members to attend at least one other Committee meeting within a defined time period. This would be reflected in Board development plans following the outcome of the Effectiveness Review.

**Action 7: Board Secretary**

It was agreed that it would be helpful to circulate a note of the self-evaluation discussion to members and invite any further comments in correspondence.

**Action 8: Board Secretary**

**17.11 Any Other Business**

It was noted that the last meeting of the Learning and Teaching Committee had included a visit to part of the campus (the new childcare playroom learning facility) at the start of the meeting.

It had been suggested that other Committees might want to adopt a similar arrangement of organising one visit a year at the start of a meeting. It was agreed, business permitting, that this should be arranged for the June meeting of the Committee.

**Action 9: Board Secretary**

It was agreed that it would be useful to provide a reminder to Board members about the arrangements for registering and declaring interests.

**Action 10: Board Secretary**

There were no other items of business.

**17.12 Review of Meeting, Supporting Papers and Training Needs**

The Audit Committee was content with the meeting and supporting papers presented.

**17.13 Date of Next Meeting**

The next meeting would take place on Thursday 8 June 2017 at 9.30am.

**West Lothian College**

6 June 2017

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Note: Graham Hope declared an interest in item 17.05(i). There were no other matters discussed during the meeting, during which Members declared any conflict of interest, or the Secretary to the Board was aware from the Register of Interests that discussion could give rise to such a conflict.

Signed .....  
Chair, Audit Committee

Date .....