

Audit Committee

Minute of Meeting of the Audit Committee held on **Tuesday 6 June 2017** at 3.30pm in the Barbour Suite.

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

In attendance: Mhairi Harrington (Principal & Chief Executive)
 Jennifer McLaren (Vice Principal, Finance & Curriculum Services)
 George Hotchkiss (Vice Principal, Curriculum & Planning)
 Emily Purdie (Health and Safety Officer, Item 17.22)
 David Eardley (Scott-Moncrieff, Internal Auditors)
 Lucy Nutley (Mazars, External Auditors)
 Joanna Paterson (Board Secretary)

17.14 Welcome/Apologies

The Chair welcomed everyone to the meeting. Members were thanked for rearranging their diaries to accommodate the change in meeting day as a result of the General Election.

17.15 Declarations of Interest

There were no declarations of interest.

17.16 Minute of Meeting of 9 March 2017

The Minute of the meeting of the Audit Committee of 9 March 2017 was approved as a correct record.

17.17 Matters Arising from Minute of Meeting of 9 March 2017

Members noted paper 2 detailing actions duly completed following the meeting of 9 March 2017.

In relation to item 2, IT Shared Services and Business Continuity, it was noted that the server replacement was now complete, the installation of a second line was progressing and the offsite back-up solution was waiting for SFC permission to proceed.

There were no other matters arising.

17.18 Internal Audit Reports

i) Internal Audit Plan 2017-18

Vice Principal, Finance & Curriculum Services, introduced the draft Internal Plan for 2017-18, set within the context of the 3 year plan to 2020. The Plan had been drawn up taking account of the College's risk management framework and strategic objectives and priorities.

It was noted that there were three proposed areas that were connected to attainment and the learner experience (B5 Performance Management and Delivery of Outcomes, C4 Student Marketing, Applications and Admissions and C5 Student Enrolment and Induction) and it was agreed that it would be useful for the Senior Team to further consider the connections, timing and relative priority of the items within these themes in order to gain the maximum added value from the audit activity.

It was agreed a revised draft plan taking these discussions into account would be brought back to the next meeting.

Action 1: Vice Principal, Finance & Curriculum Services

It was noted that procurement and tendering was on a six yearly review cycle. Although this seemed a little long, it was noted that there was an annual Scottish Government review process undertaken by APUC which was rigorous.

It was agreed that it might be useful to use the days set aside for an IT review to have a high-level stock-take of risks associated with the introduction of the General Data Protection Regulation (GDPR). Senior Team to agree the scope of the review with Internal Audit closer to the date set aside for the review to take place.

Action 2: Internal Auditors; Vice Principal, Finance & Curriculum Services

ii) Corporate Governance

David Eardley presented the findings from the Internal Audit review of corporate governance. It was noted that this audit had taken place at the same time as the Effectiveness Review and that the two pieces of work complemented each other in giving the Board assurance about its governance arrangements.

The report indicated that there were proper and effective arrangements in place and several examples of good practice. Areas recommended for improvement were not out of keeping with examples found in other similar institutions.

It was noted that there was one suggestion made that consideration should be given to the value of requiring all Committees to produce annual reports to provide the Board with proactive confirmation that delegated responsibilities had been adequately discharged.

It was noted that the Committee Chairs had discussed this and considered it would not add value given the effective system of reporting that was already in place. It was noted that the matter would be considered by the Board at its next meeting in the context of the Board Development Plan.

iii) Portfolio Planning

David Eardley presented the findings from the Internal Audit review of portfolio planning. It was noted that this was a review of processes rather than an educational review.

It was noted that there was only one minor recommendation to enhance controls in place and that the report identified many areas of good practice.

iv) Budget Setting and Monitoring

David Eardley presented the findings from the Internal Audit review of Budget Setting and Monitoring. The report concluded that the College had sound budget setting and monitoring arrangements in place. It was noted that the recommendations were around opportunities for improvement which will further enhance the design and operation of controls currently in place.

It was noted that there was one recommendation that was not agreed, in relation to the recording of budget variance actions, on the basis that these were more appropriately minuted through meetings of the Senior Management Team than budget holder meetings.

The Committee agreed that this was a very positive report and further evidence of the effectiveness of the finance team.

17.19 External Audit Strategy and Plan 2016-17

Lucy Nutley introduced the strategy and process for the 2016-17 year end audit, including an introduction to the work and approach of Mazars.

The Committee agreed to note the plan.

17.20 College Audit Rolling Action Plan

Vice Principal, Finance & Curriculum Services, introduced paper 8 showing progress in implementing recommendations previously agreed.

The Committee noted with pleasure the small number of items that were now outstanding.

17.21 Strategic Risk Register Update

The Principal presented paper 9, 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 1, College portfolio to meet national and regional skills priorities, it was noted that there were concerns about the potential impact on part-time programme recruitment as Individual Learning Accounts (ILAs) have been discontinued in their current format, without prior consultation.

In relation to key risk 2, widening access and learner attainment, it was noted that this was the highest priority for the year ahead. There would be a focused discussion on attainment issues at the Learning and Teaching Committee the following day.

In relation to key risk 3, recruiting and developing high performing staff, it was noted that the risk was maintained at very high given continuing uncertainties around national bargaining. The Principal provided an update on the current position and continuing lack of clarity around the detail of any settlement including the key question of how additional pay pressures were to be funded.

It was noted that the budget for 2017-18 had been prepared on the basis that additional funding would be received to offset the additional pay costs. It was noted that the financial pressures would continue to rise and the biggest cost would fall in year 3 of the harmonisation settlement.

In relation to key risk 4, meeting legal and statutory needs, it was noted that parking pressures continued and a further review of options would be undertaken ahead of the new term.

In relation to key risk 5, the risk was escalated to high, primarily in relation to uncertainties regarding the funding of pay pressures.

It was noted that latest set of management accounts were positive with commercial surplus significantly above target. The Committee noted that this continued to be a positive and high performing area of work.

17.22 Health & Safety Quarterly Report

The Health and Safety Officer introduced the quarterly report to March 2017. It was noted that the increase in level of accidents or incidents was a result of improved reporting arrangements. The report included one near miss which again was a reflection of the shift in awareness and reporting arrangements.

There was some discussion of evacuation procedures in the event of bomb or terrorist threat and it was noted that such arrangements were inevitably complex given the nature of the threat and were being explored with advice from the fire and police service.

The review of training needs was noted and it was agreed that the more targeted approach to training in health and safety was a welcome step forward.

It was noted that the policy and procedures had now all been reviewed; these would be reviewed again after 12 months to provide the opportunity to pick up changes identified within the Health and Safety Officer's first year in post, and subsequently on a three year cycle.

The Committee noted the findings of the audit which had taken place in February covering all high to medium risk areas of the college. Progress in delivery of actions recommended as a result of the audit would be monitored by the Health and Safety Officer. It was agreed that it would be useful to get a further update at the next meeting with an assurance that actions had been completed.

Action 3: Health and Safety Officer

The Committee agreed that this was a very comprehensive piece of work.

17.23 Health & Safety Policy

The Health and Safety Officer introduced the Health and Safety Policy which had been revised to take into account: the approach to accidents and near misses; inclusion of incidents reported to the police (as discussed at the last meeting); changes in job titles; the responsibilities of union representatives; and the requirement for a signature by the Board Chair.

It was agreed that the policy should also include reference to the specific role of the Audit Committee as detailed in its remit.

Action 4: Health and Safety Officer

The Committee agreed to recommend the policy to the Board.

17.24 College Key Performance Indicators 2016-17

Vice Principal, Curriculum & Planning, introduced paper 12 showing the College's Key Financial and Non-Financial Performance Indicators (KPIs) for 2016-17.

It was noted that the financial KPIs were positive given the success of commercial work.

In relation to the credit target, it was noted that the College was around 700 credits over target.

Members noted the report.

17.25 Committee Development Plan

The Board Secretary introduced paper 13 providing the context for the introduction of a Committee Development Plan and the first version of the plan which reflected previous decisions of the Committee. Members noted that the Plan would be included in agendas going forward providing the opportunity for both monitoring and updating if items arose during discussion.

The Committee agree to note the plan.

17.26 Review of Committee Remit

The Board Secretary introduced paper 14 highlighting a number of recommended amendments to the Committee remit. These took into account the wording on membership requirements from the Code of Good

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Governance, the role of all main Committees in the monitoring of KPIs and consideration of the External Audit Planning Memorandum.

The Committee agreed to recommend the revised remit to the Board.

Action 5: Board Secretary

17.27 Any Other Business

There were no other items of business.

17.28 Review of Meeting, Supporting Papers and Development Plan

The Audit Committee was content with the meeting and supporting papers presented. No changes were required to the Development Plan.

17.29 Date of Next Meeting

The next meeting would take place on Thursday 7 September 2017 at 9.30am.

Note: There were no 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