

Audit Committee

Draft Minute of Meeting of the Audit Committee held on **Thursday 9 June 2016** at 9.30am in the Barbour Suite.

Present: Graham Hope (Chair)
 Norman Ross

In attendance: Jennifer McLaren (Assistant Principal, Curriculum Support & Finance)
 Mhairi Harrington (Principal & Chief Executive)
 George Hotchkiss (Assistant Principal, Curriculum & Innovation)
 Paula White (Facilities Manager, Item 16.23)
 David Eardley (Scott-Moncrieff, Internal Auditors)
 Michael Smith (Scott-Moncrieff, Internal Auditors)
 Joanna Paterson (Board Secretary)

16.13 Welcome/Apologies

The Chair welcomed all to the meeting.

Apologies were received from Cynthia Guthrie and Frank McGraw.

Apologies from Scott Gillon, Wylie & Bisset, were also noted.

16.14 Declarations of Interest

There were no declarations of interest.

16.15 Minute of Meeting of 1 March 2016

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

16.16 Matters Arising from Minute of Meeting of 1 March 2016

Members noted paper 2 detailing actions duly completed following the meeting of 1 March 2016.

There were no other matters arising.

16.17 Internal Audit Plan Reports

Members agreed to take an additional item, progress report on the 2015-16 Internal Audit Plan, which had been circulated to members by e-mail.

It was noted in relation to the planned review of student experience and the decision to defer this item that this was as a result of the recent Education Scotland review of the student experience and the programme of work to take forward recommendations from that review.

The Committee agreed to note the report.

i) Strategic and Operational Planning

Michael Smith presented the findings from the Internal Audit review of Strategic and Operational Planning. It was noted that this was overall a very constructive report.

There was some discussion of what SMART targets might look like in relation to the examples given and agreed that it was mainly a question of making actions and assumptions more detailed and explicit.

It was noted that there had been an earlier recommendation raised in the 2014-15 Performance Management report regarding the reporting of non-financial KPIs. Work had been taken forward to develop a report which combined financial and non-financial KPIs that would go to all Committees and this should be ready for the 2016-17 cycle of meetings. Progress on this action point would be picked up in the follow-up review of the recommendations from the original audit report.

ii) Business Development

Michael Smith presented the findings from the Internal Audit review of Business Development. The Committee noted the findings and the recommendations made.

In relation to the proposed flowchart, it was noted that this would have a read-across to the Scheme of Delegation. The intention was to develop a system that was proportionate to the value of the proposed activity and associated risks.

16.18 Internal Audit Plan 2016-17

Assistant Principal, Curriculum Support and Finance, introduced paper 5 setting out the plan for 2016-17 as previously considered by the Audit Committee, with two proposed changes.

It was noted that these changes, to replace partnership working with organisational wellbeing, and to replace timetabling and curriculum planning with portfolio planning, had been discussed by the Senior Team in light of information which was not available when the original plan was agreed.

The Committee agreed to approve the Plan in principle and that it should come back to the next Committee meeting for a final sign off.

16.19 External Audit Strategy and Plan 2015-16

Assistant Principal, Curriculum Support and Finance, introduced paper 6 setting out the strategy and process for the audit of the 12 month period ended 31 July 2016. The Committee noted the contents of the report.

16.20 Financial Regulations

Assistant Principal, Curriculum Support and Finance, introduced paper 7 setting out the work that had been carried out to review and update the Financial Regulations to ensure compliance with the requirements of the Financial Memorandum and the Scottish Public Finance Manual. The revisions also took account of changes in procurement legislation.

A report had been produced by the Internal Auditors summarising the main changes made, and this was also attached.

It was noted that the Financial Regulations would be considered by this Committee, the Finance and General Purposes Committee, and the full Board.

It was noted that the recommended changes did not imply existing weaknesses in the system; rather they were making explicit procedures that were already in place.

Some changes were a result of changes in the powers available to Boards. Borrowing powers for example were now reserved to the SFC.

Some changes were a requirement of the Scottish Public Finance Manual and included many additional constraints and restrictions for example in relation to the delegated financial limits and the prior approval requirement for items that might be considered novel, contentious or repercussive.

Members expressed concerns about these additional constraints in relation to the additional workload for staff, the limitations on the powers of the Board and the risk of curtailing the kind of entrepreneurial activity that was needed at a time of reductions in central government funding.

It was agreed that one alteration should be made in reference to remuneration policy (21.1) and the remit of the Remuneration Committee, which should refer to salaries and benefits in relation to 'managers' rather than 'senior managers'.

Action 1: Assistant Principal, Curriculum Support and Finance

In conclusion, the Committee noted that the revisions were a requirement and agreed on that basis to approve the new Regulations.

16.21 College Audit Rolling Action Plan

Assistant Principal, Curriculum Support and Finance, introduced paper 8, showing progress in implementing recommendations previously agreed.

The Committee noted progress in relation to workforce management, and further steps that were underway to recruit the final member of the new team.

The Committee noted the report.

16.22 Risk Management Report

The Principal presented paper 9 which provided an update on the 2015-2016 Risk Register.

In relation to Learner Attainment it was noted that the risk remained at high since this was such a critical area and the outcomes from 2015-16 were not yet known. It was noted that work was underway to explore options for earlier in-year assessment which would both provide additional in-year predictors and help to boost the motivation of students with early results.

In relation to Organisational Wellbeing, it was noted that the risk remained at very high given on-going negotiations in relation to national pay bargaining and the risk of dispute with Support Staff Unions.

It was agreed that the senior management team should explore contingency measures in the eventuality of industrial action by support staff.

Action 2: Principal

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The Committee noted the report and agreed subject to the additional item agreed above that the current mitigating actions being taken were appropriate in relation to the risks identified.

16.23 Health & Safety Quarterly Report

The Facilities Manager introduced the quarterly report to end March 2016.

The Committee noted the plan of action in relation to display screen equipment and agreed that this was a sensible way forward. It was noted that the current timescales for compliance would be tightened up once the administration of the system was improved.

The Committee welcomed the inclusion of a dashboard style report within the report. It was agreed that it would be useful if possible to populate this with data going back three years to show trends over time.

Action 3: Facilities Manager

The Committee noted the report.

16.24 Audit Scotland reports

The Board Secretary advised the Committee that Audit Scotland had recently published three reports that might be of interest to members: the 2014/15 audit of Edinburgh College, the 2014/15 audit of Clyde College, and the 2014/15 audit of Glasgow Colleges' Regional Board, all available on the Audit Scotland website.

16.25 Any Other Business

It was noted that Audit Scotland were carrying out a sector wide review that would report in late August. There was a risk of some negative findings emerging in relation to the sector.

There were no other items of business.

16.26 Review of Meeting, Supporting Papers and Training Needs

The Audit Committee was content with the meeting and supporting papers presented. Members expressed their thanks for the high quality of papers.

16.27 Date of Next Meeting

The next meeting would take place on Thursday 1 September at 9.30am.

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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