

**West Lothian College
Audit Committee
Thursday 1 December 2016, 9.30 am**

Agenda	Paper
16.41 Welcome and Apologies	
16.42 Declarations of Interest	
16.43 Minute of Meeting of 1 September 2016	1
16.44 Matters Arising from Minute of Meeting of 1 September 2016	2
16.45 External Audit	
(i) Annual Report & Financial Statements 2015-16	3
(ii) Annual Report to the Board of Governors and the Auditor General for Scotland 2015-16	4
(iii) Letter of Representation to Wylie & Bisset	5
16.46 Internal Audit Reports	
i) Student Support Funds Audit 2015-16	6
ii) Credit Audit Report 2015-16	7
iii) Annual Internal Audit Report 2015-16	8
iv) Internal Audit Plan 2014-17 Risk Assessments	9
16.47 College Audit Rolling Action Plan	10
16.48 Audit Committee Report to the Board of Governors	11
16.49 Strategic Risk Register November 2016 Update	12
16.50 Health & Safety Quarterly Report	13
16.51 College Key Performance Indicators (KPIs) 2015-16	14
16.52 Meeting of the Committee without management	
16.53 Any Other Business	
16.54 Review of Meeting, Supporting Papers and Training Needs	
16.55 Date of Next Meeting: Thursday 9 March 2017, 9.30am	

West Lothian College

1 December 2016

Audit Committee

Minute of Meeting of the Audit Committee held on **Thursday 1 September 2016** at 9.30am in the Barbour Suite.

Present: Graham Hope (Chair)
 Sue Cook
 Cynthia Guthrie
 Norman Ross

In attendance: Alex Linkston (Board Chair)
 Mhairi Harrington (Principal & Chief Executive)
 Jennifer McLaren (Assistant Principal, Curriculum Support &
 Finance)
 George Hotchkiss (Assistant Principal, Curriculum & Innovation)
 Lindsay Seywright (Assistant Principal, Curriculum and
 Planning)
 Colin Miller (Head of Essential Skills and Progression)
 Paula White (Facilities Manager, Item 16.36)
 David Eardley (Scott-Moncrieff, Internal Auditors)
 Joanna Paterson (Board Secretary)

16.28 Welcome/Apologies

The Chair welcomed all to the meeting.

Apologies were received from Simon Ashpool, new Board member, who had been appointed to this Committee. Apologies from Wylie & Bisset (external auditors) were also noted.

16.29 Declarations of Interest

There were no declarations of interest.

16.30 Minute of Meeting of 9 June 2016

The Minute of the meeting of the Audit Committee of 9 June 2016 was approved as a correct record.

16.31 Matters Arising from Minute of Meeting of 9 June 2016

Members noted paper 2 detailing actions duly completed following the meeting of 9 June 2016. There were no other matters arising.

16.32 Internal Audit Plan Reports

i) Financial Ledger and Treasury & Cash Management

David Eardley presented the findings from the Internal Audit review of Financial Ledger and Treasury & Cash Management. The Committee noted that this was an important area of assurance and that this was overall a very constructive report.

The Committee considered the three areas where scope for improvement had been identified.

There was some discussion around the suggestion that the College consider having a senior member of the Finance Team perform a monthly sense-check of journals posted. The Committee agreed with the management response that this was not necessary and that the current system of controls, together with the proposed additional confirmation step, was a proportionate approach.

It was agreed that the report should be annotated to indicate that the recommendation had been agreed but that an alternative approach was being taken forward to address the underlying risk.

Action 1: Assistant Principal, Curriculum Support and Finance; Internal Auditors

In relation to the security of physical financial records, it was noted that contract information and all matters to do with the payroll were securely locked. It was not however proportionate or efficient to lock invoices away. The Committee noted that the internal auditors were content with this approach.

The Committee noted that two obsolete bank accounts would be reviewed and closed when the transfer to the Scottish Government's banking service takes place.

It was noted that there was little information currently available on the timing or detailed implications of the banking transfer. The College's existing banking arrangements would continue on the same terms and conditions until such time as the transfer took place, which would not be until April 2017 at the earliest.

It was agreed that it would be useful for the college sector to keep the question of costs and service levels of the transfer under review. It was noted that this was being taken forward by the Finance Directors network.

16.33 Internal Audit Plan 2016-17

Assistant Principal, Curriculum Support and Finance, introduced paper 4 setting out the plan for 2016-17.

It was noted that this had been discussed initially at the June meeting. It had been agreed to bring it back for approval once the Assignment Plans had been discussed and agreed with College management.

Members commented that the plan was well set out and transparent.

There was some discussion of the items set out in the 'audit universe' (the list of potential auditable areas). It was noted that this included a number of areas that were not highlighted as an area of risk, in many cases because there were other controls or external assurance systems in place.

It was agreed that it would be useful for the Committee to see a summary of the contributory factors that supported these assessments.

Action 2: Assistant Principal, Curriculum Support and Finance; Internal Auditors

The Committee agreed to approve the plan for 2016-17.

16.34 College Audit Rolling Action Plan

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

In relation to the review of HR policies and procedures, it was noted that several key policies had now been brought within the scope of national bargaining. It was noted that work was underway to review those policies that were outwith that framework.

Members expressed some concern that this centralised approach created a risk of HR policies and procedures not being kept up to date in line with changes in employment law. It was noted that this issue would be raised centrally through the Employers Association.

In relation to the action plan on business continuity, it was noted that although some deadlines had slipped over the summer, good progress had been made overall with high levels of engagement across teams within the College.

The Committee noted the report.

16.35 Strategic Risk Register 2016-17

The Principal presented paper 6 setting out the approach to reviewing the Strategic Risk Register for 2016-17.

The Committee noted the progress that had been made in relation to strategic risk and reporting on risk management during 2015-16, including discussion at Board level in relation to risk appetite. It was noted that there would be a further discussion with the Board around risk appetite during the course of the next year.

It was noted that the Strategic Risk Register had been reviewed to take account of risks and staffing issues which had been raised consistently at operational level in the previous year; national and regional priorities for skills, enterprise, excellence and equity; the progress of national bargaining; legislative requirements; and budget pressures and the impact of the move to ONS.

The Committee discussed the draft Strategic Risk Register including the risk mitigation proposed in relation to each of the five strategic risks. It was agreed that these were the right areas to include in the register and that the proposed wording was an improvement, particularly in relation to key risk 3, recruiting, retaining and developing high performing staff.

In relation to key risk 1, college portfolio to meet national and regional skills priorities, it was agreed that the risk mitigation should refer to longer term horizon scanning, including the potential consequences of Brexit. Partnership working with organisations like the NEF Innovation Institute would assist with this.

In relation to key risk 2, widening access and learner attainment, it was noted the actions detailed under risk mitigation were kept under ongoing review. The Committee recognised that the relationship between interventions and outcomes in this area was complex.

It was agreed that the risk mitigation in this area should include improvements to management information both to assist in the planning of targeted interventions and to allow meaningful comparisons with other colleges.

Action 3: Principal

Subject to those amendments the Committee agreed to: approve the Strategic Risk Register for 2016-17; note that there would be a full re-assessment of risk appetite during 2016-17; and agree the estimated risk tolerance threshold levels.

16.36 Health & Safety Quarterly Report

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

Members commented that the revised format for reporting, including the trends over time, was very helpful.

The Committee noted the action that was being taken forward to ensure staff completed the Display Screen Equipment (DSE) training as required. It was agreed that the plan should include the option to remove access to a user's IT account if other approaches to secure participation had been unsuccessful and that reference to this should be included in the information on the training.

Action 4: Facilities Manager

It was noted that recruitment for a Health and Safety Officer was still ongoing and that arrangements would be made for suitable agency cover in the interim.

The Committee noted the report.

16.37 College Key Performance Indicators

Assistant Principal, Curriculum Support and Finance, introduced paper 7 showing the College's Key Financial and Non-Financial Performance Indicators (KPIs) for 2013-14 to 2015-16.

Members noted that changes in financial reporting periods had made it more difficult to make meaningful comparisons in relation to the Financial KPIs.

There was some discussion of the learner performance information in relation to partial success. It was recognised that the headline figure reflected a range of learner outcomes, including outcomes that were positive for individual students. Better management information would improve understanding and the ability to target interventions successfully.

It was noted that the College had taken part in an Education Scotland aspect review on understanding learners achieving with partial success and agreed that this should be looked at further in the context of improvements to management information in this area.

Action 5: Assistant Principal, Curriculum and Innovation

West Lothian College

1 December 2016

16.38 Any Other Business

The Board Secretary advised that Audit Scotland Scotland's Colleges 2016 Report had recently been published and would be circulated to all Board members for information.

The Principal advised the Committee that Unison had called for a national day of industrial action on Tuesday 6 September. A note would be send to Board members providing an update on the situation.

There were no other items of business.

16.39 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.

16.40 Date of Next Meeting

The next meeting would take place on Thursday 1 December 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