

**West Lothian College
Audit Committee
01 March 2016, 2.00pm**

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West Lothian College

01 March 2016

Audit Committee

Minute of Meeting of the Audit Committee held on 3 December 2015 at 3.30pm in the Barbour Suite.

Present: Graham Hope (Chair)
 Cynthia Guthrie

In attendance: Jennifer McLaren (Assistant Principal, Curriculum Support & Finance)
 Mhairi Harrington (Principal & Chief Executive)
 George Hotchkiss (Assistant Principal, Curriculum & Innovation)
 Chris Brown (Scott-Moncrieff, Internal Auditors)
 Paul Kelly (Scott-Moncrieff, Internal Auditors)
 Jillian So (Wylie & Bisset, External Auditors)
 Graham Anderson (Health & Safety Officer – part only)
 Joanna Paterson (Board Secretary)

15.36 Welcome/Apologies

The Chair welcomed all to the meeting.

15.37 Declarations of Interest

There were no declarations of interest.

15.38 Minute of Meeting of 3 September 2015

The Minute of the meeting of the Audit Committee of 3 September 2015 was approved as a correct record.

15.39 Matters Arising from Minute of Meeting of 3 September 2015

Members noted paper 2 detailing actions duly completed following the meeting of 3 September. There were no other matters arising.

15.40 External Audit

i) Annual Report and Financial Statements

Assistant Principal, Curriculum Support and Finance, presented the annual financial statements to the Committee, covering the 16 month period to end July 2015.

The adjustments that had been made as a consequence of revaluation were noted.

The requirement to include a remuneration report was noted. There had been some concerns at the Finance Committee about the proposed degree of open disclosure compared to other parts of the sector, but it now appeared that all colleges would be following the same approach.

It was noted that changes in Statements of Recommended Practice (SORP) meant there would be significant changes in the presentation of the accounts next year. Arrangements were being made for a presentation by the external auditors to the full board in the spring.

The Committee noted that it was difficult to make meaningful comparisons against previous years given the recent variations in the length of the financial year. The same issue would occur again in the next set of financial statements.

The Committee agreed to recommend approval of the annual financial statements to the Board.

ii) Annual Report to the Board and Auditor General

Assistant Principal, Curriculum Support and Finance, introduced the annual report from the external auditors to the Board of Governors and the Auditor General for Scotland, for the 16 month period to 31 July 2015. Jillian So, Wylie & Bisset, provided a detailed presentation of the report.

It was noted that no major control weaknesses were identified, and that the conclusion of the report is that the accounting systems operated effectively.

In noting the report the Committee expressed their thanks to the external auditors, and their commendation to the financial team for the thorough work that had been done.

iii) Letter of Representation

Assistant Principal, Curriculum Support and Finance, introduced paper 5 covering the draft letter of representation for 2014-15.

The Committee agreed to recommend that the letter be signed by the Chair of the Board of Governors on behalf of the Board.

15.41 Internal Audit

i) Business Continuity Planning Report

Paul Kelly, Scott-Moncrieff, introduced the findings of the internal audit review of business continuity arrangements for the College.

It was noted that further work was required in order to ensure that the College develops robust and mature business continuity plans to allow staff to respond effectively in the event of a continuity incident.

The proposed implementation plan was discussed. The internal auditors confirmed that they were content with the proposed timetable for implementation given the importance of securing full engagement with the new approach.

There was some discussion of the risks of cyber attack. The College was relatively secure given hosting through the Council as a result of the shared service arrangement.

Assistant Principal, Curriculum & Innovation, reported that evacuation plans in case of physical attack had recently been updated. There was some read across to the Prevent work (safeguarding students from risk of radicalisation).

A comprehensive programme of briefing had been taken forward across the College to support staff in this work. Anti-terrorism work would be integrated into the business continuity planning.

It was recognised that identifying who was responsible for monitoring and updating business continuity plans would be vital to its long term success. There might be software solutions that could support this and this would be considered as part of implementation.

ii) IT Shared Services Review

Paul Kelly, Scott-Moncrieff, introduced the findings of the internal audit review of the College's ICD Shared Services Arrangement with West Lothian Council.

It was noted that the arrangements were currently working well. Although there might be scope for further defining the IT shared services agreement it was not considered a priority at this stage.

The single point of data connection between the College and the Council is clearly a risk, and will be dealt with as part of the work on business continuity.

iii) SUMs Audit Report

Assistant Principal, Curriculum Support and Finance, introduced paper 8 covering the review of the College's student data returns in accordance with SUMs guidance from the Scottish Funding Council.

The recommendations and management response were noted. It was recognised that this was a complex and challenging area, and agreed that the review represented a good outcome.

iv) Annual Internal Audit Report

Chris Brown, Scott-Moncrieff, presented the Internal Audit Annual Report for 2014-15.

The Committee noted the conclusion of the report that governance and internal control arrangements in place at the College are adequate and effective, and that adequate arrangements are in place to promote and secure value for money, deliver best value and secure regularity and propriety.

The planned work programme for 2015-16 was noted for and it was agreed that this represented a comprehensive and proactive approach.

15.42 College Audit Rolling Action Plan

Assistant Principal, Curriculum Support and Finance, introduced paper 10, showing progress in implementing recommendations previously agreed.

It was noted that a number of the recommendations related to workforce management, and that it might be helpful for Committee members to sit in on a presentation to be given by the new HR specialist to the February meeting of the Finance and General Purposes Committee (whose remit included reviewing and monitoring matters related to HR management).

Action 1: Board Secretary

The Committee noted the report and the progress made.

15.43 Audit Committee's Annual Report to the Board

Assistant Principal, Curriculum Support and Finance, introduced paper 11, covering the draft report from the Committee for the sixteen month period ended 31 July 2015.

The Committee agreed the report, and expressed their appreciation to all staff and auditors who had contributed to a very constructive period of work.

15.44 Risk Management Report

The Principal presented paper 12 which provided an update on the 2015-2016 Risk Register.

It was noted that the risk for financial sustainability had been escalated from medium to high due to a forecast shortfall in fees income and overspend on student funds. It was noted that management action was in hand to bring the budget back on target.

It was noted that the national situation on pay bargaining and the possibility of industrial action created a risk for business continuity and organisational well-being.

The Committee noted the report and agreed that the current mitigating actions being taken were appropriate in relation to the risks identified. It was agreed that this was a very useful reporting format.

15.45 Health & Safety Quarterly Report

The Health and Safety Officer introduced the quarterly report to end September 2015.

It was noted that this was the first time the report covered near misses and that this was a useful way to encourage reporting and increase awareness.

The Committee noted that the senior management team had discussed how to enforce the mandatory training on display screen equipment, and agreed a management response.

It was agreed that the new reporting format was much improved.

It was important however to ensure accuracy in the reporting of dates and other details to allow the Committee to monitor performance effectively.

15.46 Committee Terms of Reference

The Board Secretary presented paper 14, introducing proposed revised terms of reference. The new terms took into account the various issues raised at the last meeting and the requirements of the Code of Good Governance.

It was based on the model template from the Scottish Government Audit Committee handbook. A comparison was provided to show how the existing provisions mapped across to the new version.

The Committee agreed that it was useful to see the comparison presented in this way.

It was agreed to recommend the new Terms of Reference to the Board.

15.47 Meeting of the Committee Without Management

Members of the management team left the meeting before this item.

The Chair asked the internal and external auditors for their opinion of the College's approach to audit. They indicated that the management team demonstrated a very open approach to audit. There were no concerns to highlight.

15.48 Committee Self-Evaluation

The Board Secretary introduced Paper 15, which was to form the basis of a collective discussion as the self-evaluation of the Committee's performance. In order to ensure there was sufficient time for a substantial discussion on this item it was agreed to take this forward in two stages.

As a first step, Committee members would complete and return individual responses. There would then be a collective discussion, informed by those responses, at the March meeting of the Committee. It was agreed that it would be useful to seek input from Sue Cook as part of the first stage of the exercise.

Action 2: Board Secretary

15.49 Any Other Business

There were no other items of business.

West Lothian College

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15.50 Review of Meeting, Supporting Papers and Training Needs

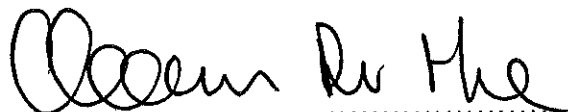
The Audit Committee was content with the meeting and supporting papers presented.

15.51 Date of Next Meeting

The next meeting would take place on Thursday 10 March 2016 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



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Chair, Audit Committee

Date

01-03-16

