

## **Audit Committee**

Minute of Meeting of the Audit Committee held on **Thursday 8 March 2018** at 9.30am in the Burns Suite.

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

In attendance:       Mhairi Harrington (Principal & Chief Executive)  
                              Jennifer McLaren (Vice Principal, Finance & Curriculum Services)  
                              George Hotchkiss (Vice Principal, Curriculum & Planning)  
                              Simon Earp (Vice Principal, Curriculum & Enterprise)  
                              David Eardley (Scott-Moncrieff, Internal Auditors)  
                              Jim Dafter (Mazars, External Auditors)  
                              Emily Purdie (Health & Safety Officer) Agenda item 18.09 only  
                              Diane Mitchell (Observer)  
                              Karine McNair (Board Secretary)

The Committee started the meeting with a tour of the Hospitality Department where they were able to speak to staff and students using the professional catering facilities and find out more about the courses and teaching that is undertaken in the department. The Committee commented on the excellent standard of facilities and high level of engagement from staff and students.

### **18.01 Welcome/Apologies**

Lucy Nutely (Mazars, External Auditor) sent apologies and Jim Dafter represented Mazars at the meeting.

The Chair also informed the Committee that Agenda items 18.09 (i) Quarterly Health & Safety Report and (ii) Annual Health & Safety Report would be taken first.

### **18.02 Declarations of Interest**

There were no declarations of interest.

### **18.03 Minute of Meeting of 30 November 2017**

It was noted that there was a spelling error on page 1, 'Normal' should read 'Norman' and on page 4, paragraph 3 'values' should read 'value'.

Mazars also provided the following paragraph to be included on page 3; 'Mazars confirmed that the opinions given on the financial statements would be unqualified. As part of the Wider Scope work, Mazars stated the following conclusions:- **Financial Management** – The College had effective arrangements including budgetary control, that help the Board members scrutinise finances.

**Action 1: Board Secretary**

Otherwise, the Minute of the meeting of the Audit Committee of 30 November 2017 was approved as a correct record.

**18.04 Matters Arising from Minute of Meeting of 30 November 2017**

The Committee approved the new wording for paragraph 2.21 of the Whistleblowing Policy (Action 6) and the Board Secretary will ensure that the updated Whistleblowing Policy is published internally and externally.

**Action 2: Board Secretary**

All other actions were duly completed and noted.

**18.05 Internal Audit Reports**

(i) Core Financial Systems

The Internal Auditor, Scott Moncrieff, presented Paper 3 and highlighted the general trend of good assurance in many areas which was drawn out in the summary on page 3 of the report.

There were 3 main recommendations:

1. **Non-SFC Income Strategy** – The strategy already has some good solid underlying strategy but the report aims to give more direction.
2. **Uninvoiced Fee Income** – A problem common to all Colleges, it would be unreasonable to expect uninvoiced fee income to be zero, however the suggestions are given with the purpose of tackling the problem at the front end so fees do not become uninvoiced income.
3. **Financial Procedures** – All finance staff should have access to financial procedures including cash flow projection.

Vice Principal, Finance & Curriculum Services commented that in respect of uninvoiced fee income, the report is reviewed regularly and is considered in many aspects of the finance reporting procedures. The uninvoiced fee income is reviewed on a line by line basis annually but

unfortunately, resources do not allow this high level review to be undertaken more regularly.

Vice Principal, Finance & Curriculum Services noted that the figure of £120,000 is a changeable figure and generally a large proportion of the uninvoiced fee income is eventually recovered since any write offs have to be authorised.

Vice Principal, Finance & Curriculum Services confirmed that no student can re-enrol with an outstanding fee and certification and awards have been withheld where accounts remain outstanding at course completion. The Committee noted that non-award in this manner also impacts attainment statistics across the College, although uninvoiced fee income usually affects short courses since Full Time courses are funded through the Scottish Funding Council.

The Committee noted the report.

(ii) **Health & Safety**

The Internal Auditor, Scott Moncrieff, presented Paper 4 and commented on the positive effect the new Health & Safety Officer had had on the Policies and Procedures at the College.

Any points of recommendation in the report are continuous improvement points rather than significant weaknesses and the report highlights many areas of good practice.

It was noted that where forms are required as a method of reporting there will always be issues in ensuring accurate information is being captured and the correct form is being used, however Scott Moncrieff were satisfied that the controls in place at the College were sufficiently robust and were under constant monitoring.

Scott Moncrieff commented that the results of the report should give the Committee a high degree of confidence in the Health & Safety Policies and Procedures at the College.

The Committee agreed to recommend the report to the Board for noting.

**Action 3: Board Secretary**

**18.06 College Audit Rolling Action Plan**

Vice Principal, Finance & Curriculum Services presented Paper 5 noting that 5 actions are complete and the one outstanding action is on target to be completed within the designated time.

The Committee noted the report.

**18.07 Ransomware Attack Report**

Vice Principal, Finance & Curriculum Services presented Paper 6 which had been prepared by the Depute Facilities Manager. The Paper highlights the action which was taken when the College was the subject of a Ransomware attack in the weeks before Christmas and the actions included; securing the network, seeking expert advice, taking support from third parties and upgrading the IT security.

It was noted that the attack exposed vulnerabilities in the College's IT and that the IT facilities were unavailable for a disproportionate amount of time, although certain parts of the network were segmented and they were able to be made available sooner than other parts. Great support has been offered from Napier University who helped at the time of the attack and are undertaking a complete review of the College's IT systems at no charge.

Vice Principal, Finance & Curriculum Services noted the very helpful support from Napier University and West Lothian Council during the time of the Ransomware attack.

The Committee queried whether it was possible to take out any insurance against future attacks. Vice Principal, Finance & Curriculum Services was not aware of any such insurance products and the general practice was through service agreements with anti-viral and anti-ransomware providers.

The Committee noted that there was a need for the College to stay current against such dynamic IT threats while taking into account the affordability of having IT expertise. The Committee mentioned safeguards and support offered by the Scottish Government Cyber Resilience initiative and the Scottish Centre for Business Resilience, which Vice Principal, Finance & Curriculum Services has looked into and will continue to be in dialogue with them to ensure the College follows best practice.

The Committee highly praised the College IT for their swift and decisive action in containing the spread of the ransomware attack and appreciated the useful update.

**18.08 Strategic Risk Register update**

The Principal gave an update on the key risks and challenges for the College which had been reviewed in light of the College's Regional Plan 2017-20, 2016/17 Performance, National Bargaining and Legislative changes, as follows:

**Risk 1 Developing the Young Workforce – risk maintained as medium**

As a government priority, the College is working hard towards targets however in respect of Foundation Apprenticeships (FA), the ambitious target has not been met due to lack of public awareness and the relatively last minute introduction of the programme.

The College is trying to build a track record of delivery while raising parent awareness of the opportunity of FA through parents' evenings and open weekends. Vice Principal, Curriculum & Enterprise confirmed that all West Lothian secondary schools are showing interest in the FA programme however participation varies. Vice Principal, Curriculum & Enterprise is planning visits to all secondary school head teachers in March and April to raise awareness of FA and commented on the challenge of alerting students and parents to the FA opportunity before course decisions are made by April.

The Committee commented on the urgency of the publicising the FA opportunity to parents and students given the time limits for enrolling and making course decisions.

The Principal commented on the need for the College to work in partnership with secondary schools to ensure that the best decisions are made by students knowing all their options both in school and at College. The Principal noted that some schools already offer vocational courses and the College needs to ensure that it works to offer a pathway for these school vocational courses, rather than compete with the same course.

**Key risk 2 – Developing Scotland's Workforce – risk maintained at high**

The Principal informed the Committee about the College's request for an additional 1,000 credits this year and an extra 2,000 credits next year as the College is always lobbying for growth. The current 2018/19 allocation seems to indicate a reduction in credit allocation which applies universally to all Colleges but does not take into account any College where there is demand for growth.

The College is examining certain courses where attainment needs improvement and Vice Principal, Curriculum & Planning confirmed that they are looking at other Colleges who have seen success in courses that West Lothian College has struggled to match. It was noted that staff development

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remains a key aim of the College and the recent Learning & Teaching observations have highlighted some areas for improvement and action is being taken to tackle these areas.

### **Key risk 3 – Widening Access – risk reduced to medium**

The College was addressing gender under representation on particular courses where there had been little progress. In particular, a new Women into STEM programme has been launched since it was noted that where there is a cluster of peer new starts, success has been improved. The recent programme has 5/6 new starts and despite the small numbers the College is committed to supporting the programme.

The Principal commented that the teacher training programme previously run by Edinburgh University has ended and the College is currently looking into developing stronger links with Queen Margaret University to ensure a pathway for College students looking to train in teaching.

### **Key risk 4 – Enterprise & Innovation - maintained as medium**

The Principal praised the work of the Enterprise team especially the International programmes which have recently been recognised by winning an award.

The risk remains as medium due to the Children's Hearing Scotland contract which has yet to be released for tenders. The College have a bid team assembled and ready to respond.

The Committee noted that there was an IT alert system called 'BIP Solutions' which sends updates of any recently launched tenders. Vice Principal, Curriculum & Enterprise confirmed that the team already use the 'Public Contracts' alert and find it very useful.

### **Key risk 5 – Ensuring Sustainability - maintained as high**

In addition to the report, the Principal brought to the Committee's attention that her retirement may also pose a perceived risk to the College due to the length of current tenure and valuable knowledge of the College and sector. The Principal reassured the Committee that the College has a highly experienced Senior Management Team, committed Vice Principals, exceptional Executive Team and a skilled Chair and Board, which despite her departure, leaves a very strong and robust team managing the affairs of the College.

The Chair thanked the Principal for a very thorough report.

**18.09 Health & Safety**

**(i) Quarterly Health & Safety Report**

The Health & Safety Officer presented Paper 8, which showed that of the 42 incidents and forms completed, none of the incidents were reportable to the Health & Safety Executive. There were 30 incidents in the same period last year and the Health & Safety Officer reviews all events and categories to identify any trends.

Policies and Procedures are normally updated every 3 years, however the Health & Safety Officer had undertaken to review all Policies and Procedures this year since it is their first year in post.

Online training has been uploaded to moodle and is now available College wide for all staff to complete. On completion of each module, staff are awarded a certificate which is recorded for their Continuing Professional Development.

The Committee queried whether staff are aware that all 'near miss' incidents also need to be reported and the Health & Safety Officer confirmed that significant progress has been made in raising staff awareness, as evidenced by the increase in the statistics, however more work will be undertaken especially with staff changes.

The Principal confirmed that with regard to Incident 8 on page 1, the 'access server' communication related to an email to all staff which was then followed up with a personal visit to the Student Association and staff involved.

Health & Safety Officer confirmed that with regard to Incident 19 on page 3, access to First Aiders has been changed and is now a tighter regime which is closely monitored to ensure that there is always an available First Aider.

The Committee agreed to note the report.

**(ii) Annual Health & Safety Report**

Health & Safety Officer presented Paper 9 and confirmed that the increase in reporting has been as a result of raising awareness of Health & Safety issues and the Health & Safety Officer having a visible on site presence.

There were no major changes to report for the year, however there are some noticeable trends especially at the start of certain courses e.g. Hairdressing and Hospitality. Health & Safety Officer is working with departments to ensure more training is given in handling sharp implements before the students embark on their practical courses.

Health & Safety Officer informed the Committee that they have a monthly walk around the College to check Policies and Procedures are being adhered to and invite staff and Union Representatives to join them.

There is also a new Anti-Terrorism alarm which has been tested and staff have been made aware of.

The Committee thanked Health & Safety Officer for their report and commended them on the progress that has been made for Health & Safety at the College in the past year.

#### **18.10 College Key Performance Indicators 2017-18**

Vice Principal, Finance and Curriculum Services, introduced paper 10 showing the College's Key Financial and Non-Financial Performance Indicators (KPIs) for 2017-18.

The Accounts show a positive position and additional resources have been allocated to focus on attainment and retention to address any concerns in those areas.

The Audit Committee noted the report.

#### **18.11 Appointment of Internal Auditors 2018-19 to 2020-21**

The Internal Auditors left the meeting for this discussion. Secretary to the Board handed out Paper 11.

The Chair invited the opinion of the Committee regarding the recommendation in Paper 11 that the current Internal Auditors be reappointed.

It was noted that the previous Internal Auditors had tenure of 9 years and that Scott Moncrieff are currently ranked top in the APUC framework. The Committee noted that a mini tender would be time consuming and if using the APUC framework, would probably result in Scott Moncrieff being awarded the contract.

The Committee recommended approval to the Board of Governors of the reappointment of Scott Moncrieff to provide the internal audit service for the period 2018-19 to 2020-21.

#### **Action 4 – Vice Principal, Finance & Curriculum Services**

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Vice Principal, Finance & Curriculum Services agreed to inform Scott Moncrieff of the Committee's decision.

### **Action 5 – Vice Principal, Finance & Curriculum Services**

#### **18.12 Self Evaluation of Committee**

Board Secretary presented paper 12 and the Committee discussed the annual Committee self-evaluation questions. The main findings will be compiled into a Self-Evaluation Report to be presented to the Board in June.

#### **Action 6 – Board Secretary**

#### **18.13 Any Other Business**

There were no other items of business.

#### **18.14 Review of Meeting, Supporting Papers and Training Needs**

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

#### **18.15 Date of Next Meeting**

The next meeting would take place on Thursday 7 June 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 .....