

West Lothian College

12 September 2019

Audit Committee

Minute of Meeting of the Audit Committee held on **Thursday 6 June** at 9.30am in the Barbour Suite.

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

In attendance: Jackie Galbraith (Principal & Chief Executive)
Jennifer McLaren (Vice Principal, Finance & Curriculum Services)
Simon Earp (Vice Principal, Curriculum & Enterprise)
David Eardley (Scott-Moncrieff, Internal Auditors)
Ruth Holland (Mazars, External Auditors)
Emily Purdie (Health & Safety Officer) item 19.19 only
Karine McNair (Board Secretary)

19.15 Welcome/Apologies

The Chair welcomed everyone to the meeting. Apologies were received from George Hotchkiss.

19.16 Declarations of Interest

There were no declarations of interest.

19.17 Minute of Meeting of 7 March 2019

The Minute of the meeting of the Audit Committee of 7 March 2019 was approved as a correct record.

19.18 Matters Arising from Minute of Meeting of 7 March 2019

All actions were duly completed and noted.

The Committee requested an update on Strategic Risk 5 regarding the defective wall in the gym hall. Vice Principal, Finance & Curriculum Services confirmed that specific SFC funding had been requested and granted to enable all remediation works to take place. The contract is currently out for tender and work is due to be completed by the end of the summer subject to

West Lothian College

12 September 2019

obtaining a building warrant. In the meantime, Health & Fitness have carried out additional risk assessments to ensure that all activities can be safely carried out and some events/courses have been moved to another site as a precaution.

19.19 Health & Safety Quarterly Report

The Health & Safety Officer presented Paper 3 highlighting that a number of new Health & Safety procedures have been drafted and many risk assessments have been undertaken.

There was a fire inspection in April which didn't give rise to any issues and a full report will be provided at the next meeting. The College have been trialling an inside 'holding position' for Health & Beauty clients in the event of an alarm, which has proved successful and will now be implemented as part of the evacuation procedure.

The Committee noted that there has been an increase in students with pre-existing conditions coming to the College. The Health & Safety Officer commented that this can be due to students being more willing to disclose pre-existing conditions or simply the fact that more conditions are being diagnosed. Either way, this was not of concern to the College since the Health & Safety Officer was confident that the College had support in place to help all students and this strengthened the College's offering as an equal opportunity educator.

The Health & Safety Officer confirmed that a Legionella risk assessment has been carried out as a result of which the procedures have been updated and a report will be produced imminently.

It was also confirmed that the Business Continuity plan had resulted in 11 actions which had all now been resolved and mainly concerned functional procedures such as testing phone numbers and VLE logins.

19.20 External Audit Strategy Memorandum 2018-19

The External Auditors confirmed that the plan for 2018-19 is in line with previous years although the June visit has been rescheduled to September as a result of the work taking place in the Street Building over the summer period. This will not have any significant impact on the overall audit timetable.

The Committee queried the difference between 'Significant Risk' and 'Enhanced Risk' which Vice Principal, Finance & Curriculum Services confirmed as;

'Significant Risk' – there is a risk due to value and control issues

'Enhanced Risk' – there is a risk due to value issues

The Audit Committee approved the External Audit Strategy Memorandum 2018-19 and the associated fee.

The Committee queried the depth of investigation carried out by the Auditors regarding the pension liabilities. The External Auditors confirmed that the pension valuations were internally checked by their own actuaries however the scope of their work was limited to the impact pensions might have on the financial sustainability of the College. It was noted that the recent increase in employers' contributions for the STSS pension scheme was a real risk for the whole College sector.

19.21 Internal Audit

(i) Strategic Internal Audit Plan 2019-20 to 2020-21

The Internal Auditors presented Paper 5a commenting that the plan was being rolled forward from 2018-19 and had been discussed with the Senior Team.

Part of the plan was to include a reassessment of the Board's risk appetite and the Committee felt that this should happen sooner than May 2020 since the College was currently drafting a Strategic Plan and the Board membership had changed significantly since the last risk workshop had taken place. It was agreed that the Internal Auditors would work with Vice Principal, Finance & Curriculum Services, to come up with a plan for a workshop for the Board to be presented at the September Board meeting.

Action 1: Vice Principal, Finance & Curriculum Services

(ii) Internal Audit Report: Schools Activity - Strategy

The Internal Auditors noted that their report contained only lower graded recommendations which were aimed at continuous improvement. In summary the report highlighted there was close engagement with schools and student feedback positively commented on the commitment for excellence.

The Committee were interested to hear about issues that may be affecting other Colleges of which both Internal and External Auditors may have intelligence. Issues such as cyber security, industrial action, staff succession planning and financial pressures were discussed. Vice

West Lothian College

12 September 2019

Principal, Finance & Curriculum Services, reassured the Committee that any changes to bank account payments were confirmed by speaking to the individual involved and the processes were clearly laid out in the Financial Procedure Manual. Mandatory cyber security training had also been introduced for all staff.

The Chair requested that College Sector Intelligence be added to the agenda for Internal and External Auditors comments and also for links to Audit Scotland Reports be included at the end of the agenda.

Action 2: Board Secretary

19.22 College Audit Rolling Action Plan

Vice Principal, Finance & Curriculum Services noted that 1 action had not yet been completed but that the outstanding action related to terminology updates to the Finance Procedure Manual which were not material. The Manual will be updated as soon as possible however the delay has been due to the time consuming Job Evaluation requirements which had to be prioritised to meet the deadline. The outstanding action will be completed by December.

19.23 Review of IT Service

Vice Principal, Finance & Curriculum Services, presented Paper 7 noting that all issues will be completed by the end of July and will result in a much improved service for students.

The Committee conveyed their relief that the IT security issues were being addressed and were keen that improvements continued to be made.

19.24 Strategic Risk Register June 2019 Update

Vice Principal, Finance & Curriculum Services, presented paper 8 and the following risks were specifically commented on;

Strategic Risk 1

Vice Principal, Finance & Curriculum Services, commented that there will be a curriculum meeting next week which will move forward any outstanding issues.

Strategic Risk 4

The Principal confirmed that she would be sending the results of the Staff Experience Survey out to staff and teams shortly.

West Lothian College

12 September 2019

Strategic Risk 5

Vice Principal, Finance & Curriculum Services, noted that the level of the Estates Maintenance grants is reducing again with the College only being able to meet its statutory maintenance obligations with improvements and estate upgrades being very difficult to fund.

The Committee queried if other Colleges were in a similar position and whether the College had a long term plan to fund investment in the estate if SFC funding was reducing. It was confirmed that all Colleges are in a similar position and the funding of the College infrastructure in both the long and short term was high on the Senior Team's agenda.

There was discussion about the benefits and constraints of an Arm's Length Foundation ('ALF') and it was considered that the use of an ALF in the short term was unlikely. The Committee suggested that the College should always have a bank of projects ready to apply for funding should any funds become available from the SFC.

Strategic Risk 6

Vice Principal, Finance & Curriculum Services, noted that an improved pay offer had been made to the EIS and members were being balloted. However the risk remained very high given the medium term prediction with regard to SFC funding allocations.

19.25 College Key Performance Indicators (KPIs) 2018-19

Vice Principal, Finance & Curriculum Services, presented paper 9 noting that the withdrawals percentage for the non-financial KPIs was expected to increase.

The Committee commented that it would be useful to see the non-financial KPIs by Centre and Vice Principal, Finance & Curriculum Services, undertook to provide this information going forward.

Action 3: Vice Principal, Finance & Curriculum Services

19.26 Committee Remit Review

The Committee discussed the Audit Committee Remit and it was suggested that 6h be expanded to include specific reference to the National Fraud Initiative.

Action 4: Board Secretary

West Lothian College

12 September 2019

19.27 Any Other Business

There were no items of other business.

19.28 Review of Meeting, Supporting Papers and Training Needs

The Committee considered the 2020 Committee Development Plan and the Chair proposed that every meeting will start at 9am with a campus visit. All members who are able to arrive early will be welcome to attend the visit and the meeting will other start at 9.30am for everyone.

The Committee will visit the reconfigured campus areas at the start of the September meeting.

Action 5: Vice Principal, Finance & Curriculum Services / Board Secretary

The Audit Committee was content with the meeting and supporting papers

19.29 Date of Next Meeting

The next meeting would take place on Thursday 12 September 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