

**Minute of the Audit Committee Meeting
held in Lecture Theatre 4, Kilwinning
Campus, on Thursday 27 November 2014 at
5.30 pm**



Present: Alan Walker (Chair)
Nicki Beveridge
Jim English
Gordon James
Alan McGregor

In attendance: Brendan Ferguson (Board Secretary)
Michael Breen
Jane McKie
Jackie Galbraith
Alistair Gordon
Paul Kelly (Scott-Moncrieff)
Jennifer Alexander (Scott-Moncrieff)
Phil Charles (KPMG)

1 Welcome and Introductions

The Chair welcomed everyone to the meeting.

2 Apologies

Apologies were received from Barbara Graham and Stephen Greenwood.

3 Declarations of Interest

There were no declarations of interest.

4 Minute of the Previous Meeting held on 9 September 2014 (Paper 1)

The Minutes were approved as a correct record.

Proposed: Nicki Beveridge; Seconded: Alan McGregor

5 Matters Arising

Page 8, Item 17: The Chair reported that since the last meeting of this Committee, notification had been received from the Scottish Funding Council (SFC) that the end of the financial year would revert to 31 July with immediate effect. In the spirit of the previous Audit Committee recommendation to extend the term of Scott-Moncrieff to 31 March 2015, which had been received and approved by the Board of Management in June 2014, the Board at its meeting on 30 September 2014 had extended the appointment of Scott-Moncrieff as Internal Auditors to 31 July 2015 to take account of this further revision to the financial year end date.

The Audit Committee noted and supported the extension of Scott-Moncrieff's appointment as Internal Auditors until 31 July 2015.

6 2013/14 External Audit Report: FES/SUMs Audit (Paper 2)

M Breen introduced this item and stated that normally these reports would be received at the same time as the annual accounting process. However, as a result in the change in the accounting year in 2013/14, this year they are being received separately.

J Alexander (Scott-Moncrieff) took the Committee through the report and summed up by saying that while the report makes three recommendations, the Auditors were content, on the basis of the sampling carried out, that the controls over the collection of data and the preparation of the WSUMs returns are adequate and effective. No real concerns had been raised.

M Breen added that as members were aware the WSUMs recorded showed a 3,385 or circa 1.84% shortfall on the SFC target, for reasons that have been fully considered by the Board. Provision had been made in the annual accounts for a clawback resultant on this shortfall, but no decision will be made on this until the SFC has analysed the sector wide position.

A further issue raised was that Scott-Moncrieff had received an anonymous letter earlier in the year from a “whistleblower” in relation to the subject matter of the audit. In line with standard process the existence of the letter had not been revealed to the College until the conclusion of the audit as Scott-Moncrieff investigated the allegations it contained as a part of their audit process. J Alexander reported that the audit process had concluded that the allegations contained no substance. M Breen confirmed that the College was content that the matter had been handled correctly and the appropriate governance and process had been applied by Scott Moncreiff.

The Committee noted the above Report.

The Committee also recorded its thanks for the work undertaken by Allan Cowan, MIS Services, in supporting the above audit.

7 2013/14 External Audit Report: Student Funding EMA Returns Audit (Paper 3)

J Alexander confirmed that the audit had concluded the systems and controls for the administration and disbursement of student funds were adequate and that the returns had accurately recorded the information contained in the College records.

The Committee noted that the above outcome was highly satisfactory, particularly given that three separate legacy systems had been in use to support the production of the EMA Returns during the period covered by the audit.

The Committee noted the above Report and recorded that it was a credit to those staff responsible for the administration and disbursement of student funds.

8 Internal Audit Rolling Action Plan at November 2014 (Paper 4)

M Breen introduced the above report stating that it was a progress report on the actions being undertaken as a result of the previous audit reports received and considered by the Committee. J Alexander commended the layout of the document stating that it provided both the Committee and the Auditors with an easy reference to the progress of the actions identified and agreed.

B Ferguson (Board Secretary) confirmed that the Pilot Board Self Evaluation Process had been approved by Board of Management at its meeting on 30 September 2014. The process of evaluating Board performance in 2013/14 was launched immediately afterwards. The analysis of the self-evaluation will be presented to the Board at its meeting on 16 December 2014 and it is the intention to include Board Committees in the process for the 2014/15 self-evaluation exercise. B Ferguson added that a Board Development Plan had also been prepared, based on the schedule of Board activities approved annually by the Board and which includes scheduled development days. This schedule was live and adaptable, and had already been adapted in 2014/15 to meet issues arising from the Risk Management Audit Report. In addition, a course designed to brief the Board on its responsibilities for Health & Safety in terms of strategic vision and corporate performance had been added.

M Breen stated that in relation to the Risk Management actions, plans were well advanced to hold a Board Risk Management Workshop designed to address the points identified within the previous internal audit report as well as progress the College's developing approach to the identification and management of risk. The Risk Management Workshop will be facilitated by Scott-Moncrieff.

The Committee noted the content of the above report and the information contained in the above discussion.

9 Updated Internal Audit Plan to 31 July 2015 (Paper 5)

J Alexander took the Committee through the above paper and its appendix, explained the timings contained therein and answered a number of member's questions of clarification. The Committee noted the addition of Procurement to the schedule and the additional curricula area. Also noted was the additional associated costs at the normal day rate.

The Committee noted and approved the Updated Internal Audit Plan to 31 July 2015. The Committee also noted and approved the updated fee based on the extension of the period of appointment to 31 July 2015 and the normal day rate.

10 Internal Audit Assignment Plan: Procurement Review (Paper 6)

J Alexander stated that the above paper had been discussed and agreed with the College Senior Management and now required the approval of the Audit Committee.

The Internal Audit Assignment Plan for the Procurement Review was approved by the Committee as presented.

11 2014/15 Ayrshire College Risk Register (V3) at November 2014 (Paper 7)

M Breen introduced the above paper and reminded members that it was the intention that the individual risk clusters are discussed, as applicable, at each of the Board Committees prior to being combined into the Ayrshire College Risk Register presented to the Audit Committee. Unfortunately, due to the sequencing and timing of the meetings this was not always possible. M Breen stated that Student Funding had been added as a separate risk to the Risk Register due to both its strategic significance and the current pressures being faced as a result of the insufficient student funding being made available by SFC for Ayrshire College. M Breen then took members through the paper as presented.

The Committee discussed the contents of the Risk Register in detail before reaching the following decisions

The Committee approved the above Risk Register (V3) at November 2014 for presentation to the December 2014 meeting of the Board of Management subject to the following actions.

Actions:

- **BOM1: stay as is, but additional explanation be added explaining the rationale for not changing the level of this risk.**
- **BOM7: Likelihood be raised to 4 and, as a consequence, the total risk score be raised to 16.**
- **The Risk Register be continuously monitored and, in the light of events, be updated if required following discussion with the Chair of the Audit Committee prior to presentation at the Board of Management meeting scheduled for 16 December 2014.**

12 New Campus Risk Register (V2) at October 2014 (Paper 8) (As presented and approved by the Estates & New Campus Development Committee at its meeting on 23.10.14)

M Breen reminded the Audit Committee of the relative responsibilities of the two Committees. Estates is responsible for the above Risk Register while Audit had the opportunity to consider it and comment as appropriate. M Breen added that 25% of the build period had now elapsed and that excellent progress had been made and no significant risks to the College had arisen.

The Committee noted the above Risk Register and welcomed the changes made to its presentation. The Committee also welcomed the progress being made towards the completion of the new build.

13 Draft Business Continuity Plan (V1) at November 2014 (Paper 9)

M Breen introduced the above paper stating that it was Version 1 of the Business Continuity Plan. The Plan would require to become embedded into the College and its operation regularly updated, particularly in the light of experience, and be brought to the Audit Committee annually for consideration and approval.

M Breen took the Committee through the plan explaining its layout, link to the Corporate Risk Register and the flow charts setting out the processes. The Committee welcomed and commended the document and commended the work put into its preparation.

The Committee welcomed and approved the Business Continuity Plan (V1) and the proposals contained in Section 3. The Committee commended Sharon Driver (Project Manager) and all of the staff involved in its preparation.

Action: A paragraph be added to the document explaining how major business decisions will be taken within a business continuity situation, and how the College will ensure that all appropriate governance in terms of the role and responsibilities of the Board of Management will continue to be met.

14 Date of Next meeting: Tuesday 3 March 2015 at 5.30pm in Ayr Campus.