

**Minute of the Audit Committee Meeting
held in the Kilmarnock Campus, on Thursday
29 September 2015 at 4.00pm**



Present: Alan Walker (Chair)
Nicki Beveridge
Jim English
Barbara Graham
Gordon James (Via Video Conference)
Alan McGregor

In attendance: Brendan Ferguson (Board Secretary)
Michael Breen
Jackie Galbraith
Jane McKie
Chris Brown (Scott – Moncrieff)
James Thomson (Scott – Moncrieff)

Risk Management: Second Workshop Follow Up & Presentation of Revised Risk Register

(Received as part of this session: ***Risk Register Methodology*** – being the updated Risk Register approach following the Risk Workshop in April 2015 and the first Follow Up session in June 2015. ***Draft 2015/16 Risk Register (Summary & Detail) (V1) at August 2015*** – being a draft based on the new methodology for consideration and possible roll out to the Committees and Board of Management.)

A further session to the Risk Management Workshop Follow Up held on 9 June 2015 was held prior to the start of this Audit Committee meeting. The following “next steps” agreed by the Committee as a result of its discussion on 9 June had been addressed by the EMT and Chair of the Audit Committee working in association with Scott-Moncrieff:

- *The Risk Register should set out risks under strategic objectives showing a clear link between the risk and the objective that will be impacted;*
- *College Management should agree the new risk clusters/themes for the College;*
- *The risk clusters/themes should be used to ensure each key strategic risk relevant to each risk cluster is identified;*
- *The College define and agree its own risk appetite for the clusters/themes identified.*
- *It was agreed that work would be undertaken over the summer involving the EMT and Chair of the Audit Committee with a view to preparing detailed proposals for implementation in 2015/16. In addition to the*

above, the work would encompass identifying where responsibilities lie, including a College Officer and lead committee responsible for each risk. There was also a requirement to identify the level of risk routinely reported to the Audit Committee and the Board and whether it would be limited to the higher level risks and/or those which had changed significantly.

As a result of the work undertaken, the proposed revised approach to the production and presentation of the rolling Risk Register together with the Draft (V1) 2015/16 Risk Register at August 2015, which addressed all of the above points, was presented to the Committee by James Thomson (Scott-Moncrieff) and Michael Breen. The Committee went through the proposed revised approach in detail. At the end of the discussion the following was agreed.

The Audit Committee welcomed and were supportive of the revised approach to the preparation and presentation of the Ayrshire College Rolling Risk Register, prepared in line with the outcomes of the Risk Management Workshop held in April 2015 and the “Follow Up” session held prior to the meeting of the Committee on 9 June 2015.

The Audit Committee would recommend to the Board of Management that the revised approach be accepted and rolled out to the Committee structure in time for it to be considered by the committees, with the consolidated Risk Register in its new format being received and considered by the Board of Management at its December 2015 meeting.

The Secretary to the Board would seek to arrange a Development Day for the roll out of the revised format of the Risk Register to all members of the Board of Management. The Development Day to be held in November at a time which would permit the board members to gain awareness and understanding of the new format in sufficient time for each committee to consider and comment on its segment of the Risk Register prior to its receipt by the Audit Committee and the Board of Management in December 2015.

As part of the preparations, the EMT identify some relevant risk examples using their experience of 2014/15. These examples would be used as the basis of an exercise to be completed at the Development Day.

Audit Committee Meeting

1 Welcome and Introductions

The Chair welcomed everyone to the meeting.

2 Apologies

Apologies were received from EMT members Alistair Gordon and Bernadette McGuire.

3 Declarations of Interest

There were no declarations of interest.

4 Minute of the Previous Meeting held on 9 June 2015 (*Paper 1*)

The minutes were approved as a correct record.

Proposed: Nicki Beveridge

Seconded: Alan McGregor

5 Matters Arising

Item 9, Page 4: Audit Strategy Review – The Chair, A Walker, asked if there had been any update in relation to the concern expressed in the conclusion to the above minute concerning the governance implications surrounding the lack of any formal audit of the “March Statement” and the different reporting periods being imposed as a direct result of ONS reclassification.

M Breen reported that no further information had been forthcoming from SFC or the auditors.

Item 12, Page 5: Internal Audit Services – A Walker, reported that following a full competitive tendering and interview process Scott-Moncrieff had been appointed as the College Internal Auditors for the period 1 August 2015 to 31 July 2018.

6 Internal Audit Arrangements AY 2015/16 to AY 2017/18 (*Paper 2*)

The Committee noted the content of the above paper as confirmation of the report by the Chair in Matters Arising above.

7 Rolling Internal Audit Action Plan at August 2015 (Paper 3) & Internal Audit Report Follow Up (Paper 4)

Papers 3 and 4, which both related to the follow up of previous audit actions, were taken together. C Brown (Scott–Moncrieff) spoke to the above papers and stated that only five actions from the internal audits undertaken over the previous two years remained to be completed. None of these actions were in the high risk category, they were work in progress and were expected to be completed in a timely manner. Scott-Moncrieff held no concerns regarding the response from the College to the audit points and commended the College on the efficiency and effectiveness of their response to audit outcomes.

The Audit Committee noted and welcomed the content of the above two papers and the professional response shown by the College to implementing the recommendations made within the Internal Audit Reports.

8 Internal Audit Annual Report for the 16 Month Period to 31 July 2015 (Paper 5)

C Brown introduced the above report and confirmed that having taken into account:

- All Reviews undertaken as part of the internal audit action plan;
- Matters arising from previous reviews and the extent of follow up action taken;
- The effect of any significant changes in Ayrshire College’s objectives or systems; and
- The proportion of Ayrshire College’s review needs to date;

In the opinion of Scott–Moncrieff Ayrshire College has a framework of controls in place that provides reasonable assurance regarding the effective and efficient achievement of the College’s objectives and the management of key risks. In addition, in the areas reviewed, proper arrangements were in place to promote value for money, deliver best value and secure regularity and propriety in the administration and operation of the College.

The Committee noted and welcomed the above report and the assurance provided.

Action: In the Annual Report submitted on behalf of the Chair of the Committee to the Board of Management it should be made clear that the addition of the Procurement Audit was carried out at the request of the Audit Committee in conjunction with the Finance Committee to ensure that good governance was being undertaken in an identified area of risk.

9 Proposed Internal Audit Strategy for the Period 2015 to 2018 (Paper 6)

C Brown introduced to the Committee for consideration and approval Scott-Moncrieff's proposed 3 year internal audit strategy for the period 2015 to 2018. C Brown stated that the proposal was for a risk based audit approach designed to cross reference with the most recent version of the College Risk Register and is intended to demonstrate the role of internal audit in effectively mitigating key risks.

The Committee discussed the proposals in detail and, in particular, the audit priorities and the allocation of time to each audit. A number of questions were asked and satisfactory responses received. Following its consideration the Committee welcomed and approved the proposed audit strategy.

The Audit Committee approved the proposed Internal Audit Strategy for the period 2015 to 2018, subject to response from the Learning & Teaching Committee to the "Action" below. The Committee recognised that it may at any time alter the direction of the plan to address any concerns which may arise.

Action: The views of the Learning & Teaching Committee be sought on the proposals in relation to Student Experience/Curriculum Reviews and the priorities therein.

10 New Campus Risk Register (V7) at August 2015 (Paper 7)

M Breen introduced the above document, explaining that it had previously received approval by the Estates & New Campus Development Committee.

Members noted the position as outlined.

11 Date of Next Meeting: 10 December 2015, 3.00pm at the Ayr Campus.