

**Minute of the Audit Committee Meeting  
Held on Thursday 15 June 2017  
at the Kilwinning Campus**



**Present:** Alan Walker (Chair)  
Nicki Beveridge  
Marri Welsh

**In attendance:** Brendan Ferguson (Board Secretary)  
Michael Breen  
Alistair Gordon  
Michael McHugh  
Helen Canning  
Elizabeth Young (Scott-Moncrieff)  
Lucy Nutley (Mazars)

**1 Welcome and Introductions**

The Chair welcomed everyone to the meeting.

**2 Apologies**

Apologies were received from Committee Members Barbara Graham, Alan McGregor and Fiona Fawdry. Apologies were also received from EMT members Jackie Galbraith, Jane McKie and Donna Vallance.

**3 Declarations of Interest**

There were no declarations of interest.

**4 Minute of the Previous Meeting held on 20 March 2017 (*Paper 1*)**

The minutes were deferred for approval until the next meeting as there were insufficient members present who attended the previous meeting of the committee.

**5 Matters Arising**

There were no matters arising, which were not dealt with elsewhere on the agenda.

**6 Cyber Security (*Presentation*)**

Brad Johnstone, Head of IT Services, provided a presentation on College systems and strategies to mitigate threats from external cyber-attacks.

Members discussed in parallel the requirements as set out within the General Data Protection Regulations (GDPR), which at this time are expected to be enacted in 2018. M McHugh commented that an Information Audit is a necessity going forward and a group within the College is working systematically through the requirements. An update on the progress would be provided at November meeting of the committee. Members wished to reserve the option of engaging Scott Moncrieff to undertake an internal audit on this subject.

***The Committee noted the above and thanked Brad Johnstone for the informative presentation.***

**7 Internal Audit Report 2016-17 – SFC Financial Returns – Resources and Cash Drawdowns (Paper 2)**

M Breen took the Committee through Paper 2 as written.

A number of questions were asked and satisfactory responses provided.

***The Committee noted and approved Paper 2, welcoming the positive nature of the audit conclusions.***

**8 Internal Audit Report 2016-17 – Corporate Governance (Paper 3)**

E Young introduced the above paper and stated that no control weaknesses were identified by the audit, with a number of low risk housekeeping opportunities for improvement identified.

B Ferguson noted the suggested introduction of Action Logs for the Board and Committees contained in the above report and updated the management response contained within Paper 3. B Ferguson stated that Action Logs would be introduced as a part of the board standing committee review and proposed restructuring to be considered at the following week's meeting of the Board of Management.

***The committee noted and approved Paper 3. In particular, the committee welcomed the assurance provided by the Corporate Governance Report that the implementation of the Board's processes and procedures, as set out in its Standing Orders, the requirements of the Code of Good Governance for Scotland's Colleges and the various Acts of Parliament governing the operation of the College were being properly and appropriately enacted.***

**9 Internal Audit Report 2016-17 – Student Experience – Student Voice (Paper 4)**

E Young introduced the above paper and took the Committee through it as written.

M McHugh replied on behalf of the College that the report represented a fair assessment, noting areas of good practice and areas where improvements could be made. M McHugh went onto outline where developments had since taken place since the audit date e.g. the complaint handling procedures M McHugh confirmed that the College had a very proactive culture in dealing with complaints.

H Canning noted based on her remit that from a student perspective the audit had been very positive and work was currently underway to address the points raised within the report.

***The Committee noted the above comments and approved Paper 3.***

**10 Internal Audit Progress Report 2016-17 – Summary (Paper 5)**

E Young reported that the internal audit programme for 2016/17 was complete, with six audits completed and one deferred until 2017/18.

***The Committee noted the content of Paper 5.***

**11 Internal Audit Plan 2017-18 (Paper 6)**

E Young reported that 2017/18 represented the third year of the three-year plan previously agreed with the Audit Committee. E Young then took the Committee through the Paper, noting that the deferred Business Continuity Planning audit would take place during 2017/18.

M Breen commented that the College is awaiting information from the Scottish Funding Council on the requirements of the ten-year infrastructure plan and as such further discussion on the Estates Strategy Audit due to take place within 2017/18 may be required.

***The Committee noted and approved Paper 6.***

**12 Draft Business Continuity Plan (V2) at May 2017 (Paper 7)**

M Breen took the committee through the draft plan, being the second iteration of the Business Continuity Plan since the vesting of the College. It was noted that the committee had previewed the systems resilience in the presentation made earlier in the meeting by Brad Johnstone. Further work would be undertaken on the draft designed to make it more “user friendly” in its presentation. M Breen added that the draft plan represents a risk based assessment based on the College’s Corporate Risk Register.

In response to a question, M Breen confirmed that the ownership of the Plan rested with him as detailed within the documentation, but that ownership was shared across EMT and SMT.

***The Committee approved the draft Business Continuity Plan (V2), noting that further work would be undertaken on its presentation.***

**13 External Audit Report – Audit Strategy Review & Plan for 12 months ending July 2017 (Paper 8)**

Lucy Nutley introduced herself to the Committee as the representative for the new external auditors and provided a brief introduction to Mazars. L Nutley then took the committee through the proposed audit strategy and plan for the 12 months ending 31 July 2017.

A Gordon commented to the Committee on the technical work being undertaken around bringing the new £50m Kilmarnock Campus onto the balance sheet, while at the same time adjusting current balance sheet values for the former campuses.

L Nutley noted that going forward national bargaining agreements and their impact would have to be considered in relation to College budget and accounts

***The Committee welcomed Lucy Nutley and approved the Audit Strategy Memorandum for the 12 months ending July 31 2017.***

**14 2016-17 Internal Audit Rolling Action Plan at May 2017 (Paper 9)**

A Gordon took the Committee through the paper as written.

A Gordon confirmed that the sector was still awaiting the updated Financial Memorandum from the SFC in order to complete the update of the Finance Procedures Manual.

***The Committee noted the above report.***

**15 Corporate Risk Register (V4) at May 2017 (Paper 10)**

A Gordon introduced Corporate Risk Register V4 and reminded the committee that the extracts had all been considered by their host committee.

The Committee noted Paper 10 and discussed the implications of equality legislation and where it could best be located within the Risk Register. The Committee considered that it might be located under HRW3, but equally there was an argument for it being located within the Board Risks in order that it be recognised as an institutionally embedded risk.

***The committee approved the Corporate Risk Register 2016/17 V4. In addition, the committee asked that further consideration be given to the most appropriate location within the Risk Register of equalities legislation.***

***The committee also asked that the Board of Management give consideration to the continuing relevance of Risk BOM4.***

**16 National Fraud Initiative (NFI) 2016 (Verbal)**

A Gordon verbally reported on the College's engagement with NFI. No issues of significance had been identified and the external auditors would report accordingly to Audit Scotland.

**Date of Next Meeting:** Date of Next Meeting – Tuesday 19<sup>th</sup> September 2017 at Kilmarnock Campus.