

**Minute of the Audit Committee Meeting  
Held on Tuesday 5 December 2017  
at the Kilwinning Campus**



**Present:** Alan Walker (Chair)  
Gordon James (by Video-Conference)  
Barbara Graham  
Alan McGregor  
Marri Welsh

**In attendance:** Brendan Ferguson (Board Secretary)  
Michael Breen  
Jane McKie  
James Thomson  
Lucy Nutley (Mazars – External Auditors)  
Clair Stevenson (Scott Moncrieff – Internal Auditors)  
Elizabeth Young (Scott Moncrieff – Internal Auditors)

**1 Welcome and Introductions**

The Chair welcomed everyone to the meeting and, in particular, James Thomson who was attending his first meeting since being appointed Director of Finance and Student Funding.

**2 Apologies**

Apologies were received from Committee Member Fiona Fawdry, and from EMT members Jackie Galbraith and Donna Vallance.

**3 Declarations of Interest**

There were no declarations of interest.

**4 Minutes of the Previous Meetings held on**

- **15 June 2017 A/P**

The Board Secretary confirmed that the minutes had been approved by circulation and had been homologated into the record.

- **19 September 2017 (Paper 1) C/P**

Subject to some editorial amendment noted by the Secretary, the Minutes were approved as a correct record. The amended minute would be published as the confirmed record.

Proposed: Barbara Graham. Seconded: Alan Walker.

## 5 Matters Arising

There were no Matters Arising, which were not dealt with elsewhere on the agenda.

## 6 2016-17 Financial Statements to July 2017; Being:

- i. **BOM Report and Financial Statements to July 2017** (*Paper 2*) R
- ii. **Annual Report to the BOM and the Auditor General** (*Paper 3*) R
- iii. **Letter of Representation** (*Paper 4*) R

J Thomson introduced item 6 i (paper 2) the 2016-17 BOM Report and Financial Statements to July 2017 by way of a presentation. J Thomson reminded Members that the financial sections had been presented to the BRIC committee and a summary was provided. In terms of the Audit Committee's responsibilities J Thomson took the Members through each of the main sections. A number of questions were asked and answered.

L Nutley provided a comprehensive overview of item ii (paper 3) and iii (paper 4). L Nutley explained that for each of the areas an unqualified opinion has been given by Mazars. A number of questions were asked and answered.

The following was noted during the discussions that ensued.

- The College must follow a number of accounting guidelines including the SFC Accounts Direction in terms of the presentation of the accounts

The Committee noted the rebadging of what was previously reported as net depreciation in the financial statements as "Cash Budget for Government Directed Priorities". The Committee expressed concern over the wording and it was explained that the table within this section had been completed on the basis of an SFC instruction.

- Mazars noted that the "Going Concern" statement would be further addressed in the 2017-18 Financial Statements in the light of the financial position of the College at that time.
- The Audit Committee having discussed the wording around the going concern section within the letter of representation requested that J Thomson amend the letter to include a reference to the PFI contractual payments, their effect on the College's sustainability beyond 2017/18 and that this risk is reflected within the College's risk register.

L Nutley on behalf of Mazars thanked Michael Breen, James Thomson and the Finance Team for their help, support and co-operation in the preparation of the Financial Statements.

**The Committee commended the above papers to the Board of Management for approval and signing by the Chair of the Board and the Principal.**

**The Committee noted that it wished to share with SFC its concern around the “Cash Budget for Government Directed Priorities” section within the annual financial statements.**

**The Committee requested that the letter of representation be updated for the Board of Management meeting.**

**7 2016-17 Internal Audit Annual Report (Scott Moncrief) (Paper 5) P**

E Young introduced Paper 5 and took the Committee through the annual report. A number of questions were asked and satisfactory responses received.

**The Committee noted the content of the above Report and welcomed the conclusion that the College had adequate and effective controls in place.**

**8 2016-17 Student Support Funding and EMA (Paper 6) P**

C Stevenson introduced and took the Committee through the above report.

**The Committee noted the above report and that the systems and controls in place for the disbursement of these funds were adequate.**

**9 2016-17 Credit Data Return (Paper 7) P**

C Stevenson took the Committee through the above report, confirming that no issues had been noted and there were no recommendations or adjustments attached to the report for the year ending July 2017.

**The Committee noted the above report. The Committee also stated that in the future it would be useful if any issues identified could be noted under the “Risk Areas” contained within the report.**

**10 2016-17 Audit Committee Draft Annual Report (Paper 8) P**

J Thomson and A Walker introduced the above report and took the Committee through it. During discussion, some editorial amendments were requested by Members. It was agreed that the report would be updated for these amendments prior to being presented to the Board of Management.

**The Committee approved the above report for forwarding to the Board of Management subject to the amendments agreed.**

**11 2017-18 Internal Audit Progress Report as at October 2017 (Paper 9)**

E Young introduced the above report and confirmed that progress was in line with the agreed schedule.

**The Committee noted the above report and approved the schedule for the following quarter.**

**12 Internal Audit Rolling Action Plan at October 2017. (Paper 10)**

J Thomson introduced Paper 10 and took the Committee through it. The Committee noted that the actions under Corporate Governance had, in fact, been completed.

**The Committee noted the above report and further noted the update that the actions under Corporate Governance had been completed.**

**13 Ayrshire College Corporate Risk Register (V2) as at November 2017 (Paper 11)**

J Thomson introduced Paper 11 and confirmed that it represented the risks as agreed by the responsible committees during the current meetings cycle.

A member questioned whether the section which indicated that there were no decreased risks in this cycle was accurate. It was agreed that this would be checked before V2 was presented to the Board.

**The Committee approved Risk Register V2 and agreed that, following completion of checks to ensure accuracy in line with the deliberations of the current meetings cycle, it would be forwarded to the Board of Management.**

**11 Date of Next Meeting – Tuesday 20 March 2018 in the Ayr Campus.**

P – Papers will be published on the College Website

R – Papers will not be published for reasons of commercial confidentiality or for reasons associated with data protection legislation.

A/P – Already published on the College Website

C/P – Confirmed minutes will be published on the College Website