

**Minute of the Audit Committee Meeting
held in the Kilmarnock Campus on
Thursday 24 March 2016 at 4.00pm**



Present: Alan Walker (Chair) (Paper 1)
Nicki Beveridge
Jim English
Barbara Graham

In attendance: Brendan Ferguson (Board Secretary)
Michael Breen
Alistair Gordon
Jane McKie
Donna Vallance
James Thomson (Scott-Moncrieff)
Kirsty Steele (Scott-Moncrieff)

1 Welcome and Introductions

The Chair welcomed everyone to the meeting and confirmed to members that Gordon James, who had been Vice Chair of the Audit Committee, had left the Committee's membership to become Chair of the Estates & New Campus Development Committee. A new Vice Chair would be appointed when the new Board membership for 2016-17 is in place.

The Committee thanked Gordon James for his contributions as a member of the Audit Committee and wished him well in his new role as Chair of the Estates & New Campus Development Committee.

2 Apologies

Apologies were received from Committee Member Alan McGregor and EMT members Jackie Galbraith and Bernadette McGuire.

3 Declarations of Interest

There were no declarations of interest.

4 Minute of the Previous Meeting held on 10 December 2015 (Paper 1)

The minutes were approved as a correct record.

Proposed: Jim English
Seconded: Barbara Graham

5 Matters Arising

Item 6, Page 3; The Chair reported that as set out in the minute, and with the approval of the Board of Management, he had written to the Chief Executive of the Scottish Funding Council following the December 2015 meeting of the Board. No acknowledgement or reply had been received.

The Audit Committee noted with disappointment the position outlined and the fact that no acknowledgement of receipt had been received. It was the unanimous view of the Committee that the letter should be resent and in both hard copy and also by email on this occasion, and should be followed up by a phone call to ensure that it had been received.

The Committee was strongly of the view that the content of the letter was of such central importance that it could not be ignored. The subject matter affected not only the ongoing financial health and wellbeing of Ayrshire College, but also of the majority of colleges across the sector.

6 Internal Rolling Action Plan as at February 2016. (*Paper 2*)

A Gordon took members through Paper 2 as presented. The only point of note related to the outstanding item from the Asset Management audit which required completion. Because of the delay in receiving the funding letter for 2016-17 from SFC, which was now not expected before May 2016, no funding based long term plan could be prepared at this time. Rather, the long term plan would be prepared in terms of priorities, pending agreement of the College Budget for 2016-17.

The Committee noted the above report and agreed that Asset Management should proceed on the basis of a prioritised rolling action plan at this time acknowledging the lack of funding information available.

It was also agreed that the Chair would explain the position of the outstanding item from the Asset Management audit to the Board at its next meeting.

7 Internal Audit Programme: Student Experience and Curriculum Reviews (*Paper 3*)

M Breen reported that, as requested by this Committee, this paper was presented to the Learning and Teaching Committee at its meeting on 25 February 2016, at which it was agreed that, subject to some suggested slight amendments to the scope, as outlined in Appendix 1 to Paper 3, the curriculum review areas recommended in Section 2 be approved: i.e.

2015-16 – Extended Learning Support (ELS)

2016-17 – Student Experience (Student Voice)

2017-18 – Student Services (Learning Resources and Technologies)

The Committee noted and approved the content of Paper 3 and thanked the Learning and Teaching Committee for its valued input.

8 2015/16 Internal Audit Plan Status (Paper 4)

K Steele of Scott Moncrieff introduced the above paper and confirmed the content as presented. The Committee noted the programme was proceeding as scheduled.

The Committee noted the above paper

9 2015-16 Ayrshire College Risk Register (V2) at February 2016 (Paper 5)

The Committee noted that, immediately following this meeting, a further Risk Workshop would be held. This workshop was designed to further review the definition, objective measurement and assessment of Risk Appetite within the Corporate Risk Register.

M Breen reminded the Committee that an internal audit of the College's approach to risk was carried out in May 2014 which made a number of recommendations to update the College's approach to risk:

- The risk register should set out risks under strategic objectives showing a clear link between the risk and the objective which will be impacted
- Management should agree the new risk clusters/themes for the College
- The risk clusters or themes should be used to ensure each key strategic risk relevant to each cluster is identified
- The College defines and agrees its own risk appetite for the clusters/themes identified

At a Board Development Day on 5 November 2015, an updated approach to risk was agreed. The principal changes incorporated were:

- Individual risks were aligned to risk categories
- Individual risks expressed as 'there is a risk of x because of y resulting in a cost/impact to the College of z
- The Risk Assessment Methodology was updated to include four categories of risk scores (previously three)
- Risk impact tailored to give more detailed analysis on the likely loss/impact of an event depending on its severity

A final and important change in approach was that the Board now required the **Risk Appetite** for each risk to be assessed: this appetite as currently expressed was across four options, low, moderate, medium and high.

The Board recognised that the management of risk did not mean that all risk should be avoided or potentially mitigated down to negligible, but that the Board and the College should set its appetite for each risk, and for the risk and control environment to be tailored to this.

Risk Appetite and Risk Groupings

The Risk Appetite and risk groupings were reviewed and agreed for a number of risks at the Development Day on 5 November 2015. The Board focussed on a number of key risks to agree the overall approach. With the benefit of this agreed approach, the Executive Management Team allocated a provisional 'risk appetite' and risk grouping to the risks in the (V1) Register as at November 2015.

The 2015-16 (V1) Risk Register as at November 2015 was presented to the Audit Committee for review and approval at its meeting on 10 December 2015, with the Audit Committee asked to treat the Risk Appetite and Risk Groupings allocations as provisional at that stage.

Review of Risks by Board Committees

It was considered important that relevant members of College Management and Board Committees continue to have responsibility for the identified risks. This would ensure that management could be held accountable for the effective mitigation of risks. Risks should also be reported to the most appropriate Committee to maximise scrutiny and challenge. It remained agreed practice that each Board Committee should review 'its' risks at each Committee meeting so that these risks could be agreed/actions updated prior to a final position coming to each quarterly meeting of the Audit Committee and finally to the Board.

The Board Committees had reviewed their extract risk registers in the cycle of meetings since the last Board Meeting on 17 December 2015. **One issue identified by this Committee was that a further review of risk appetite should be undertaken to establish a more objective basis of assessment.** As a result of this feedback a further Workshop had been scheduled for this meeting of the Audit Committee, assisted by Scott Moncrieff, as described above.

As a result of this approach, the previous provisional Risk Appetite assessment had therefore been removed from this (V2) version of the Risk Register, pending agreement by the Audit Committee and the Board on the Risk Appetite groupings.

M Breen concluded that the new Risk Template included all of the other aspects agreed at the 5 November 2015 Development Day, and was working well.

The Committee welcomed the new Risk Management Template which was considered to be an excellent document and easy to follow.

The 2015-16 Ayrshire College Corporate Risk Register (V2) was approved, with members noting the further work being undertaken in relation to Risk Appetite.

Action. For future risks, include within the Risk Register the date on which the risk commenced.

10 New Campus Risk Register (V13) at February 2016 (Paper 6)

D Vallance noted that V13 had been considered and approved by the New Campus Project Board.

D Vallance continued that there had been one risk enhancement since the last meeting of the Audit Committee. This related to the completion and handover date of the New Campus from the contractors. As members were aware, there had been delays in the progress of the construction project over the previous six months. The contractor had not caught up with the delay, but had assured the College that the contract would reach completion and the scheduled handover date of 18 May 2016 would be met.

The College was currently seeking information from the contractor on what they considered “completion” to be. The College was clear, however, that it would not accept the new building unless all of the requisite quality assurance approvals were in place and work had been completed to the required standard. This was currently a matter of some concern as any delay in the handover could impact on the decant programme and, therefore, the entry of staff and students to the new campus.

The Committee noted its disappointment at the above report and the possible implications for the move into the new campus.

V13 of the New Campus Risk Register, together with the enhanced risk regarding the completion and handover of the new Campus, was noted.

11 Date of Next Meeting: Thursday 16 June 2016.