

**Minute of the Audit Committee Meeting
Held on Tuesday 27 November 2018
at Kilwinning Campus**



Present: Gordon James (Chair) (Paper 11)
Hazel Murphy (Vice Chair)
Margarette Bryan
Fiona Fawdry

In attendance: Brendan Ferguson (Board Secretary)
Ellie Onions (Exec. Asst. Board Office)
Michael Breen (Vice Principal)
James Thomson (Director, Finance and Skills)
Joanne Buchanan (Mazars – External Auditors)
Lucy Nutley (Mazars – External Auditors_
Scott Peterson (BDO – Internal Auditors)
Claire Robertson (BDO – Internal Auditors)
Clair Stevenson (Scott Moncrieff)

1 Welcome and Declarations of Interest

The Chair welcomed everyone to the meeting. There were no declarations of interest.

The Chair noted that Committee Member Scott Keir had resigned from the Board of Management and thanked him for his contribution during his short time as an Audit Committee Member.

2 Apologies

Apologies were received from Committee Member, Steven Wallace and VP People and Skills, Jane McKie.

3 Minutes of the Previous Meeting held on 18 September 2018 (Paper 1) P

The minutes were approved as a correct record.

Proposed: Hazel Murphy
Seconded: Margarette Bryan

4 Matters Arising

There were no matters arising which were not dealt with by the agenda

5 2017-18 Financial Statements to July 2018

- i. **BOM Report and Financial Statements to July 2018** (*Paper 2*) R
- ii. **Annual Report to the BOM and the Auditor General** (*Paper 3*) R
- iii. **Letter of Representation** (*Paper 4*) R

i. **BOM Report and Financial Statements to July 2018** (*Paper 2*) R

M Breen introduced Paper 2, the 2017-18 BOM Report and Financial Statements to July 2018. M Breen reminded Members that the financial sections had been presented to the BRIC committee and a summary of the financial position and relevant disclosures was provided.

In terms of the Audit Committee's responsibilities, M Breen took the Members through each of the main sections. A number of questions of clarification were asked and answered.

M Breen explained that due to timing and the two-year financial sustainability plan that was being presented to the extraordinary meeting of the Board of Management on 29 November 2018, some disclosures and information would require to be updated prior to the regular meeting of the Board of Management on 6 December 2018.

The items included a more concise narrative on the cash position at 31 July 2018 within the financial review section, going concern disclosure and a statement on any post balance sheet events.

After discussion, it was agreed that the Chair and Vice Chair would liaise with both M Breen and J Thomson to finalise the Board of Management Report and Financial Statements to July 2018. This was to take place after the extraordinary Board meeting and would take into account the parallel work required to be undertaken by Mazars to complete its Annual Report.

In addition, the Chair would consider whether to discuss with W Mackie an option to reschedule the Board Meeting from the 6 December 2018 to the following week.

ii. **Annual Report to the BOM and the Auditor General** (*Paper 3*) R

L Nutley provided a comprehensive overview of Paper 3 and explained that, at this stage, for each of the areas an unqualified opinion had been proposed by Mazars.

Following a question, L Nutley outlined to members the difference between the accounts being prepared on a going concern basis and the financial sustainability opinion that was part of their wider scope work. Members found this explanation helpful and a number of questions of clarification were asked and answered on the report.

The following was noted during the discussions that ensued.

- Mazars would review the two year financial sustainability plan and update their narrative with the report accordingly
- Mazars would be available, if required, to attend the Board of Management meeting on 6 December 2018

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

G James also noted the thanks of the Audit Committee and the College Finance Team on the work completed by Mazars and the presentation of the information.

iii. Letter of Representation (Paper 4) R

The Letter of Representation (Paper 4) that would be proposed for signing at the Board meeting on 6 December 2018 was considered. It was noted that the letter was standard.

The Committee approved the BOM Report and Financial Statements to July 2018 subject to the completion of the further work required (as noted above) before presentation to the Board of Management on 6 December 2018.

The Committee welcomed the Annual Report to the BOM and the Auditor General, again subject to the completion of the further work required (as noted above) before presentation to the Board of Management on 6 December 2018.

The Committee noted the proposed Letter of Representation that would be presented to the Board of Management for signature on 6 December 2018.

6 AY 2017-18 Internal Audit Report (Paper 5) (P)

C Stevenson 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 effective controls in place.

7 AY 2017-18 Student Support Audit Report (Paper 6) (P)

C Stevenson introduced Paper 6 and took the Committee through the Report.

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

8 AY 2017-18 FES Return Audit (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 2018.

The Committee noted the above report.

9 2017-18 Audit Committee Draft Annual Report (Chair of Audit) (Paper 8) (R)

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

Subject to the completion of the agreed editorial amendments, the Committee approved the above report for forwarding to the Board of Management.

10 2017-18 Internal Audit Follow Up Report (Scott-Moncrieff) (Paper 9) (P)

C Stevenson Introduced Paper 9 and confirmed that the all actions agreed with Scott Moncrieff authored reports had been completed and that the handover to BDO could be completed accordingly.

The Committee welcomed a very positive final report from Scott Moncrieff.

On behalf of the Committee, the Chair thanked Scott Moncrieff for the positive and constructive relationship that had existed with the College during their period as internal auditors.

11 Internal Audit Rolling Action Plan at November 2018 (College) (Paper 10) (P)

J Thomson introduced Paper 10 and took the Committee through it. A number of questions were asked and satisfactorily answered.

The Committee noted the above report.

12 2018-19 Internal Audit Progress Report (BDO) (Paper 11) (P)

C Robertson 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.

14 Date of Next Meeting – Tuesday 19 March 2019 in 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

Reserved Items on the next page