

**Minute of the Audit Committee Meeting
Held on Tuesday 19 March 2019
At the Kilmarnock Campus**

(Paper 1)

Present: Gordon James (Chair)
Margarette Bryan
Hazel Murphy (Vice Chair)

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

1 Welcome and Declarations of Interest

The Chair welcomed everyone to the meeting, and in particular Anne Campbell to her first meeting of the Audit Committee. There were no declarations of interest.

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 27 November 2018 (Paper 1) P

The minutes were approved as a correct record.

Proposed: Hazel Murphy
Seconded: Margarette Bryan

4 Matters Arising and Action Tracker (Paper 1A)

Page 2, Item 5.1, Para 5 – The Board of Management Report and Financial Statements to July 2018 was finalised as agreed in the minute of the meeting of 27 November 2018.

Action Tracker: Items 1 to 5 and 7 to 8 were all confirmed as completed. The Chair undertook to conclude with the Chair of LTC the scope of the Student Curriculum/Experience Review. *(Item 6 on the Action Tracker)*

Action: Chair to discuss scope of the Student Experience/Curriculum Review with Chair of LTC.

5 2018-19 Internal Audit Report: IT Security (Paper 3) (P)

S Peterson (BDO) took the Committee through Paper 3, its conclusions and recommendations, explaining the findings reached. In summary, S Peterson concluded that the findings indicated a good control environment, but one where some improvements had been identified to ensure that the controls operate consistently across the College.

As this was the first BDO report considered following their appointment, the Chair congratulated BDO on the quality of the written report and stated that it was very clear and easily comprehensible.

A discussion followed during which BDO confirmed, in response to a question, that there would be follow-up to ensure that all actions had been completed, as agreed, and that the progress would also be listed in the annual report.

In relation to Recommendation ref 2, Account Lockout Policy, which had not been agreed by the College, the Chair asked where the risk sat in relation to not implementing the password lock. M Breen and J Thomson set out the College rationale for not accepting the recommendation, in the process explaining how a systems lockout could be detrimental to some of the most vulnerable students. Rather, secondary measures were in place to mitigate against any risk of not imposing lockout.

The Committee noted the above rationale for not accepting the recommendation, but felt that a fuller explanation was required before the Audit Committee could determine whether to accept the BDO recommendation

The Committee approved Paper 3 subject to the caveat contained in the action below.

Action: The College Management to discuss with BDO Recommendation ref 2, and bring a fuller explanation to the next meeting of the Committee as to why it feels this recommendation should not be accepted.

6 2018-19 Internal Audit Report: Risk Management (Paper 2) (P)

C Robertson, BDO, took the Committee through Paper 2 and stated that the College had excellent Risk Management processes in place, as reflected in the report, with only one low level recommendation identified.

The Chair, on behalf of the Committee, welcomed Paper 2 and congratulated the College Team responsible on the receipt of such an outstanding report.

The Committee noted and approved the content of the above Report and welcomed the conclusions.

7 2018-19 Internal Audit Report: Financial Planning (Paper 4) (P)

C Robertson introduced Paper 4 and stated that the audit had not identified any recommendations surrounding the College Financial Planning controls, and was able to provide substantial assurance over the budget setting and monitoring arrangements in place within the College.

The Committee welcomed the above report and the process excellence highlighted. The Committee commended the College Finance Team.

The Committee noted and approved the above report, and welcomed the substantial assurance received.

8 2018-19 Internal Audit: Progress Report (Paper 5) (P)

C Robertson introduced Paper 5 and explained that the Report set out the progress of the internal audits against the Plan agreed by the Audit Committee. The progress reports will translate into the Annual Report prepared by BDO and presented to the Audit Committee following the completion of the 2018-19 academic year.

The Chair in noting the Progress Report queried the lack of KPIs contained within, specifically in relation to actual dates of audit undertaking against the planned dates. The Committee agreed that it would benefit from the inclusion of this KPI within future Progress Reports.

The Committee noted and approved the above report and asked BDO to note the above comment in relation to KPIs within future reports.

In light of discussion that took place at the Extraordinary Meeting of the Board of Management held on 12 March 2019, it was agreed that discussions should be held with BDO on bringing forward the Commercial Income Generation Audit. In addition, the Flexible Workforce Development fund should be added to this Audit and additional days used, as appropriate, as set out in the minutes of the meeting of this Committee held on 18 September 2018.

Action: Discuss with BDO the bringing forward of the Income Generation Internal Audit, with the addition of the Flexible Workforce Development fund and the use of additional days as appropriate.

9 2018-19 Internal Audit Rolling Action Plan at March 2019 (Paper 6) (P)

J Thompson introduced Paper 6. It was noted that all internal audit action points from previous internal auditors Scott Moncrieff had been completed. As such, there was nothing new to report to this meeting of the Committee and the Rolling Action Plan would resume with the agreed points raised within the BDO internal audits.

Paper 6 was noted by the Committee.

10 Date of Next Meeting – Tuesday 11 June 2019, 4pm at the Kilwinning 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.