

**Minute of the Business, Resources and Infrastructure Committee
Held via Microsoft Teams on Tuesday 28 May 2024**

Present:

Mike Stewart	Chair
Matthew Wilson	Vice Chair
Norman Bone	Non-Executive Board Member
Gordon Neil	Non-Executive Board Member
Michael Ross	Non-Executive Board Member
Lisa Keggans	Elected Member, Service/Support Staff
Tim Chan	Elected Student Vice President
Angela Cox	Principal, Ex-Officio
Janette Moore	Elected Member, Curriculum

In attendance:

Anne Campbell	Vice Principal – Skills and Enterprise
David Davidson	Vice Principal – People, Performance and Transformation
Alan Ritchie	Vice Principal – Finance and Infrastructure
Gillian Brown	Head of HR Services
Martin Hammond	Head of Health, Safety and Wellbeing
Alistair Rodgers	Director of Enterprise Development
Liz Walker	Head of Financial Services
Hilary Denholm	Board Governance Advisor
June Northcote	Executive Assistant (Minutes)
Fiona McQueen	Chair, Board of Management (shadowing)

1. Welcome and Declarations of Interest

The Chair welcomed everyone to the meeting, particularly Non-Executive Board member Michael Ross who joined BRIC for the first time, and also Chair of the Board of Management, Fiona McQueen, who was shadowing the meeting to assist with annual appraisals.

The Chair noted thanks to Gillian Murray, who has now left the Board, for her contribution to this committee.

The meeting was confirmed as quorate.

No declarations of interest were presented.

2. Apologies

No apologies were received.

3. Minutes of the Previous Meeting held on 12 March 2024 (Paper 1) (P)

The minute was approved as an accurate account.

Proposed: Matthew Wilson

Seconded: Norman Bone

Action & Decision Log (Paper 1a) (P)

The Committee noted all previous decisions and one outstanding action (BRIC27: A01) scheduled for completion in the next academic year.

4. Matters Arising

There were no matters arising outwith those detailed on the meeting agenda.

8. 2023-24 Financial Compliance Report (Paper 5) (P)

Alan Ritchie introduced Paper 5 which was a report to provide assurance to BRIC that College is operating in compliance with the Scottish Funding Council Financial Memorandum and the Scottish Public Finance Manual.

The Committee noted that:

- The documents are being reported to the Committee to provide assurance that the financial governance requirements of both the SPFM and SFC FM are being complied with.
- Based on this assurance, the Board of Management can therefore look to sign off the year end governance statement as part of the annual Financial Statements.

The Committee noted the report as presented.

9. 2023-24 Financial Matters Update Report (Paper 6) (P)

Liz Walker introduced Paper 6, which was a report to provide BRIC with update of several key matters including: Key Stakeholder Engagement; External / Internal Audit; Procurement; Taxation; Banking and Loans.

The Committee noted that:

- The College continues to discuss the CDEL / RDEL matter with the Scottish Funding Council (SFC); however, the SFC see this as a Scottish Government matter. The College has engaged with local MSPs to highlight the impact, of this change in policy, on Ayrshire. Discussions are ongoing with the College external auditors and the matter will be discussed at the June Audit and Risk Committee.
- Although the Skills Development Scotland 2024-25 contract value has increased, this is not the increase that was projected and the College is in discussions with SDS. A further update on discussions with SDS was provided.
- 2023-24 will be the second year of Azets five-year external audit appointment regarding Statutory Accounts. As previously reported the College has met with Azets to review the lessons to be learned from the 2022-23 audit.
- The College has confirmed with Wylie and Bisset that the audit of SFC credit activity is to be undertaken in the period 16 to 20 September. The student

funding and EMA audit is to be undertaken in the period 26 to 30 August 2024.

- Wylie and Bisset are currently conducting Internal Audits on three areas: Overall Financial Controls; IT Security and Corporate Governance. The final reports will be issued to the June Audit and Risk Committee for their consideration with the Business, Resources and Infrastructure Committee receiving a verbal update on the outcomes at the May meeting and the actual reports at the September meeting.
- Based on professional advice the College annually reviews the areas of activity which are likely to be deemed as non-charitable including the provision of catering services and rent/lease of premises, and it has been confirmed that there was no corporation tax liability on any of the College's non-charitable activities.
- The latest College VAT review was undertaken in November 2023 and resulted in the College recovering £2,507 from HMRC. This was because of the annual calculation of the recovery percentage increasing from 0.89% to 1.06%. This is recalculated every year. A similar review will be undertaken in November 2024.
- The Scottish Government issued a retender for the provision of banking services to 31 July 2026, which was awarded to RBS. The current banking arrangements are therefore not subject to any immediate change.
- The College has two long term loans related to the Kilmarnock and Kilwinning campuses.

The Committee noted the report as presented.

11. Internal Audit Report – Estates Management (Paper 8) (P)

Alan Ritchie introduced Paper 8, as presented.

Committee members noted that:

- The College has accepted one high and one medium graded recommendation, which would be added to the Rolling Audit Action Plan.

The Committee considered and noted the report.

14. Quarterly Complaints Report Q2 (Paper 10) (P)

Anne Campbell introduced Paper 12, as presented.

Committee members noted that:

- 40 complaints were received. 3 issues were recorded as cannot directly assist and 1 as a policy issue.
- 27 out of 40 complaints received were dealt with at stage 1, which equates to 68% of complaints.

- Of the 40 complaints received, 13% of complaints were upheld, with a further 15% partially upheld. This combines to 11 out of 40 complaints. 16 complaints were resolved.

The Committee noted the report as presented.

16. AOB

It was noted that, following a competitive interview process, Brad Johnstone had been appointed to the post of Director of Digital Infrastructure.

The outgoing Chair, Mike Stewart, gave a farewell message and thanked Vice Chair Matthew Wilson who is taking over as the new Chair of BRIC.

No other items of business were noted.

Date of Next Meeting: Tuesday, 17 September 2024 at 4 pm.

(C/P) Confirmed minutes will be published on College Website; (P) – Paper will be published on the College Website; (R) – Paper is reserved, because it contains data or information of a personal nature, which is restricted by legislation, or because it contains commercially sensitive information, and will not be published on the College Website.

RESERVED ITEMS ON THE NEXT PAGE

Business, Resources & Infrastructure Committee - Action and Decision Log Meeting No 29 – 17 September 2024

Meeting Date	Agenda Item	Reference	Details	Action Owner	Due Date	Action Decision	Open Complete Approved Declined
12.03.24	Business Growth 6-month report	BRIC27: A01	A Stakeholder Engagement Strategy is to be introduced by the next cycle of Board meetings.	A Rodgers	28.05.24 03.10.24	Action	
28.05.24	2023-24 Management Accounts as at 31 July 2024	BRIC28: D01	The Committee recommended the 2023-24 Management Accounts to the Board of Management for approval.	N/A	13.06.24	Decision	Approved
28.05.24	2024-25 Budget	BRIC28: D02	The Committee recommended the 2024-25 Budget to the Board of Management for approval.	N/A	13.06.24	Decision	Approved
28.05.24	Transformational Projects Update	BRIC28: D03	The Committee approved the continuation of the Part 147 Project with a revised timeline.	N/A	N/A	Decision	Approved
28.05.24	Estate Update Report including Future Skills Hub Project Review	BRIC28: D04	The Committee approved the Estate Performance measures.	N/A	N/A	Decision	Approved
28.05.24	HR & HSW Update Report (February - April 24)	BRIC28: D05	Committee members observed the value of including the following details within the report, going forward: <ul style="list-style-type: none"> Comparative year-on-year statistics for accidents/incident rates. Reference to existing good practice, when no change to current procedures was required following an accident / incident. 	N/A	17.09.24	Decision	Approved
28.05.24	2023-24 Strategic Risk Register	BRIC28: D06	The Committee approved the Strategic Risk Register for submission to the Board of Management.	N/A	13.06.24	Decision	Approved

Title of Meeting: Business, Resources and Infrastructure Committee

Date: 17 September 2024

Title: Committee Terms of Reference and 2024/25 Work Plan

Purpose: To complete an Annual review of the Committee's Terms of Reference and the Committee Workplan for AY 2024/25

Recommendation: The Committee is asked to review and approve the revised Terms of Reference and the 2024/25 Work Plan for the Business, Resources and Infrastructure Committee.

The Committee is asked to note the current Committee Membership.

1. Executive Summary

At the first quarterly meeting of the Committee, in each academic year, the Committee will consider its Terms of Reference and corresponding work plan for the forthcoming academic year.

The Committee work plan is designed to ensure that the Committee is in fulfilment of the requirements as set out in its Terms of Reference.

The Terms of Reference and corresponding work plan will be submitted to the October Board of Management meeting for formal approval.

2. Associated Risks

There is a risk that the Committee could fail to demonstrate that it was fulfilling the requirements of the Terms of Reference because it has not prepared, approved, and implemented a work plan, resulting in a failure to evidence compliance with governing legislation and regulation, and the Board's governance requirements.

3. Equality and Diversity Impact Assessment

None required in this instance.

4. Publication

This paper will be published on the College's website.

1. **Background**

At the first quarterly meeting of the Committee, in each academic year, the Committee will consider its Terms of Reference and corresponding work plan for the forthcoming academic year.

2. **Current Situation**

The 2024/25 Terms of Reference and work plan have been reviewed in discussion with the Vice-Principal, Finance & Infrastructure and the Vice-Principal, Skills & Enterprise.

3. **Proposals**

The Executive Leadership Team has been engaged in developing the proposals.

Terms of Reference: Minor changes only are proposed as highlighted.

Work Plan 2024/25: the current plan as presented reflects any legislative reporting requirements as well as reporting against key strategic programmes of work and is in alignment with the proposed Terms of Reference.

Direct reference is made to the numbered Duties and the reporting as itemised in the workplan.

This will not preclude reporting on any other significant issues within the Committee remit, as they occur.

Committee Membership: for information only, the current committee membership is included and may be subject to review.

4. **Resource Implications**

None required in this instance.

5. **Consultation**

The 2024/25 Terms of Reference and work plan have been reviewed in discussion with the Vice-Principal, Skills & Enterprise and the Vice Principal – Finance & Infrastructure.

6. **Conclusion**

Following approval by the Committee, the Standing Orders of the Board will be updated accordingly.

Hilary Denholm
Board Governance Adviser
05 September 2024

Ayrshire College

Business, Resources and Infrastructure Committee Terms of Reference 2024-25

Introduction

The Business, Resources and Infrastructure Committee is identified as a Committee of the Ayrshire College Board of Management. The approved Terms of Reference and information on the composition and frequency of the Committee will be considered as an integral part of the College Standing Orders.

The Committee is a Standing Committee of the Board of Management. For the purposes of the Terms of Reference, unless otherwise indicated, 'The Board' means the Ayrshire College Board of Management.

Remit

The Committee will be responsible for:

- overseeing all matters related to the College Estate including land, buildings, moveable assets, and equipment and/or regulations and ensure that any guidance published by the Scottish Funding Council is observed.
- overseeing all matters related to the College's continuing organisational development including oversight of the development, planning, and delivery of the overarching People Strategy, promoting a positive and inclusive culture, and reviewing and monitoring the quality and performance of associated programs of work.
- overseeing all matters related to strategic and operational financial planning of the College, how this reflects upon the strategic resource management of the College and provide assurance to the Board on the ongoing financial management and performance of the College.

Committee Membership

The Committee membership shall consist of a minimum of six members from the Board, including the Principal of the College and Chair of the Board who will be a standing members of the Committee. The Board will seek to ensure that an appropriate range of expertise and knowledge related to the remit of the Committee is included within the committee membership.

The Committee Chair and remaining members will be appointed by the Board. Committee membership will be reviewed annually by the Board, taking account of the remaining terms of office of the Committee members.

Quorum

50% of the total membership of the Committee will constitute a quorum.

Attendance

The Committee may co-opt individuals as appropriate. Details of proposed co-opted individuals will be notified to the Chair of the Board in advance. The role, remit and term of membership of co-opted individuals will be determined by the Committee.

Attendance is open to all Vice Principals, and, where appropriate, other staff may be invited to attend meetings of the Committee to provide information and reports as appropriate.

Meetings

The Committee shall normally meet on a quarterly basis but shall meet on a minimum of three occasions per annum.

Any Member of the Committee may request to convene additional meetings of the Committee as and when required by giving a minimum of ten working days' notice to the Board Governance Professional to call a meeting.

The Committee Chair will instruct the Board Governance Professional to call meetings of the Committee. The agenda and supporting papers will normally be made available to members at least five working days before the day of the meeting.

Duties

- 1) Provide guidance and direction to College Management as appropriate.
- 2) Consider and propose strategies within the Committee's overall remit and recommend for approval by the Board of Management.
- 3) Consider and report on any other relevant functions of the College that are out with the Learning, Teaching and Quality Committee remit.

Human Resources

- 4) Ensure that a positive and inclusive culture is embedded across the College.
- 5) Ensure that there is strong and effective leadership which supports and encourages personal and professional development and the empowerment of teams.

- 6) Review and monitor progress against delivery of key strategic objectives and scrutinize related key performance indicator (KPI) reports to ensure that the College delivers to the People Strategy.
- 7) Ensure that the College meets all aspects of the Public Sector Equality Duty and Equality Act 2010, through publishing equality outcomes and reporting on mainstreaming activity to embed equality across all College activities.
- 8) Ensure that the College maintains the highest standards in health and safety and meets all legislative requirements.
- 9) Ensure that the College actively supports all staff in maintaining positive wellbeing through delivering evidence-based initiatives and programmes consistent with the People Strategy.
- 10) Ensure that the College is managing and developing effective, open, and transparent internal communications and dialogue with staff and the trade unions recognised by the College.

Estates and infrastructure

- 11) Regularly review all property assets.
- 12) Discuss and make recommendations to the Board on estate and digital infrastructure projects over £250,000 considering the strategic robustness and financial viability of the proposals.
- 13) Oversee the implementation of estate and digital infrastructure projects to ensure that projects are developed within the parameters specified by the Board of Management.
- 14) Consider the College's property portfolio making recommendations to the Board for the disposal of and acquisition of land and buildings, including their financial liability.
- 15) Ensure compliance with the Scottish Funding Council's Financial Memorandum regarding the College's estate and all strategic financial decisions and actions.
- 16) Ensure the principles of sustainability in managing the College's estate.

Finance

- 17) Consider and make recommendations to the Board on the annual financial budget for the College.
- 18) Monitor the receipt of funds in the form of financial allocations, together with supplementary income, ensuring all funds are applied for the purposes specified in the allocation.
- 19) Monitor in-year expenditure against budget and advise the Board including any requirement for remedial action.
- 20) Consider financial benchmarking and performance information on a variance reporting basis.
- 21) Recommend for Board approval, the College's borrowing requirement and all borrowing/loan agreements, granting security and/or giving guarantees as appropriate within the regulations as set out in the Financial Memorandum with the Scottish Funding Council.

22)Oversee the agreement and implementation of the Financial Regulations of the College and systems of delegated authority to ensure a robust financial control environment is in place.

23)Consider the Statutory Annual Accounts of the College and report on them to the Board.

Risk Management

24)Receive and consider the Committee's extract from the current version of the **Corporate Strategic Risk Register** and to advise the Audit and Risk Committee accordingly.

Authority

The Committee is authorised to investigate any matters which fall within its Terms of Reference.

The Committee is authorised to seek and obtain any information it requires from any senior manager or employee of the College, its advisors or member of the Ayrshire College Board of Management whilst taking account of policy and legal rights and responsibilities.

Reporting Arrangements

At the end of each meeting, the Committee may further decide on the business of the meeting that will be fully published on the College website, should this differ from that recorded on the meeting agenda. Unless otherwise recorded, it would be expected that complete minutes and papers will be published: except where the exclusions listed in paragraph 2.8 of these Standing Orders apply.

Minutes will be kept of the proceedings of the Committee by the Board Governance Professional. These will be circulated, in draft form normally within ten working days to the appropriate senior management representatives for checking and then to the Chair of the Committee for consideration. It is expected that minutes will be checked timeously, and any amendments advised to the Board Governance Professional.

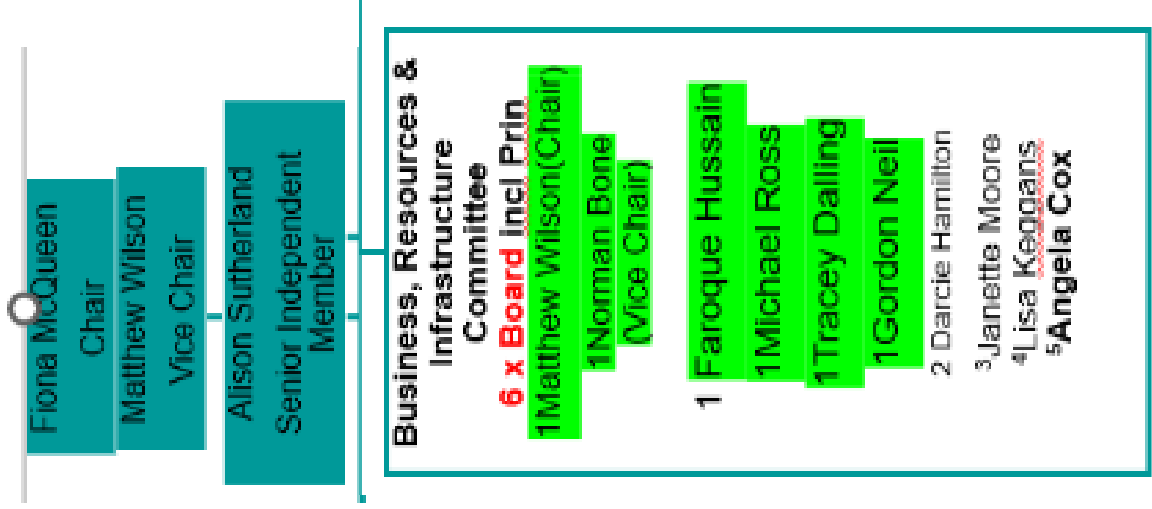
The Chair of the Committee shall report on the work and recommendations of the Committee to the next scheduled Board meeting for information/approval and submit confirmed Committee minutes to the first meeting of the Board immediately following their approval.

Business, Resources, and Infrastructure Committee Work Plan 2024-25

Remit	17 September 24	03 December 24	11 March 25	03 June 25
Duties	Reports to this meeting	Reports to this meeting	Reports to this meeting	Reports to this meeting
	2024-25 Terms of Reference & Work Plan (1)			
		Draft People Strategy (2/6/9)		
	Draft Infrastructure Strategy (2/14)	Infrastructure Strategy (2/14)	Sustainability Framework Annual Review (16)	
		Draft Stakeholder Engagement Strategy (2 /14)	Stakeholder Engagement Strategy (2 /14)	
	ICT Update Report (3)	Procurement Annual Report (3)	ICT Update Report (3)	
Human Resources	HR & HSW Update Report (May to July 2024) (4/5/7/8/10)	HR & HSW Update Report (August to October 2024)	HR & HSW Update Report (November 24 to Jan 25)	HR & HSW Update Report (Feb to April 2025)
		Health, Safety and Wellbeing Annual Report (4/5/7/8/10)		
			Mainstreaming Equality and Diversity - Annual Report (7)	
Estates and Infrastructure	Property Update Report (1/11/12/14)		Property Update Report (11/12/14)	
	Transformational Projects Update (12/13)	Transformational Projects Update (12/13)	Transformational Projects Update (12/13)	Transformational Projects Update (12/13)
				2024-25 Financial Governance Compliance Report (15/18)

Remit	17 September 24	03 December 24	11 March 25	03 June 25
	Reports to this meeting	Reports to this meeting	Reports to this meeting	Reports to this meeting
Finance	SFC Financial Forecast Return (FFR) (17)		2024-25 SFC Indicative Funding (17)	2024-25 Budget (17)
	Management Accounts as at 31 July 2024 (18/20)	Management Accounts as at 31 October 2024 (18/20)	Management Accounts as at 31 January 2025 (18/20)	Management Accounts as at 30 April 2025 (18/20)
		Financial Matters Update Report (21)		Financial Matters Update Report (21)
				Financial Regulations Annual Review (23)
		2023-24 BOM Report & Financial Statements (24)		
Risk Management	Strategic Risk Register (25)	Strategic Risk Register (25)	Strategic Risk Register (25)	Strategic Risk Register (25)

BRIC Committee Structure AY 2024-25



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- 1 Non-Executive Board Member**
- ² Elected Member, Student President/Vice President
- ³ Elected Member, Curriculum Staff
- ⁴ Elected Member, Service Staff
- ⁵ Principal/CEO – Ex-officio Board Member
- ⁶ Co-optee Committee Member

Title of Meeting: Business, Resources and Infrastructure Committee

Date: 17 September 2024

Subject: Internal Audit Report – Overall Financial Controls

Purpose: The paper provides an overview of the recently conducted internal audit review into the Overall Financial Controls in operation at the College.

Recommendation: The Business, Resources and Infrastructure Committee is requested to note the contents of the report.

1 Executive Summary

This review formed part of the 2023-24 Annual Internal Audit Plan. The purpose of this assignment was to perform a high-level review of the key financial controls in place at the College, to provide assurance that key financial controls were suitably designed and operated effectively. The review sought to assess processes relating to purchasing, income, cash and banking, payroll, and fixed assets.

Overall Assurance: Strong

The overall conclusion is as follows:

‘Following our review, we can provide the College with a strong level of assurance surrounding the financial controls in place to manage the College data, systems, and processes. We were able to identify several good practice points and 3 low grade recommendations for improvement. Please refer to Section 3: Detailed Recommendations for further information.’

The report has identified several areas of good practice on page 9.

2 Detailed Report

The College has accepted the three low grade recommendations and these will be added to the Rolling Audit Action Plan.

3 Associated Risks

There are no further risk to note as a consequence of this paper.

4 Equality and Diversity Impact Assessment

Given the content of the paper there is no requirement to undertake an EDIA.

4 Publication

This paper will be published on the College's website.

Alan Ritchie
Vice Principal, Finance and Infrastructure
17 September 2024

Ayrshire College Internal Audit 2023-24

Overall Financial Controls
May 2024

Overall Conclusion

Strong

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The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Ayrshire College's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

1 EXECUTIVE SUMMARY

Background

Financial Regulations

The College has a robust set of Financial Regulations in place. The Regulations were previously reviewed in December 2022. The purpose of these Financial Regulations is to provide control over the College's resources and provide management with assurances that the resources are being properly applied for the achievement of their strategic objectives. These assurances include:

- Achieving financial sustainability;
- Achieving value for money;
- Fulfilling the College's responsibility for the provision of effective financial controls over the use of public funds;
- Ensuring that the College complies with all relevant legislation including but not limited to OSCR obligations; and
- Safeguarding the assets of the College.

Financial Procedures Manual

The College has a robust Financial Procedures Manual that supports the College's Financial Regulations. The Manual was previously reviewed in March 2024. The Manual is intended to be used by the Finance Team and others who are responsible for initiating, recording, and controlling various accounting transactions.

College Finance Systems

The College utilise Open Accounts as their main accounting system which is supported by the purchases and payments system- EBIS. The College utilises iTrent as their payroll system. From discussions with the staff members who we met during our walkthrough testing, we found that the systems are being utilised effectively by the College, allowing for key finance activities to be processed in an efficient manner even when staff are working remotely.

1 EXECUTIVE SUMMARY

Key Financial Processes

Bank Reconciliations

Bank reconciliations are prepared monthly. Once prepared the reconciliations are reviewed and approved by the Finance Team Leader and if there are any inaccuracies these are corrected to match the nominal ledger.

Credit Cards

Any staff member who wants to make a purchase on the College credit cards must send an internal requisition to one of the Finance Assistants who will initiate a Purchase Order through the College's EBIS system. Once approved, the staff member may complete the purchase with a corresponding receipt being required for every purchase.

There are 2 credit card holders, the Head of Financial Services has a limit of £11,000 and the Finance Team Leader has a limit of £20,000

Purchases

When a Purchase Order has been placed using the electronic purchase ordering system EBIS, the process incorporates authorisation of the payment prior to an order being placed. Authorisers are required to satisfy themselves that the cost displayed is reasonable and represents value for money before they electronically sign the order.

When the goods or services have been received the originator records the receipt through a GRN (Goods Received Note) the EBIS system.

On receipt of the invoice, Finance will check whether the goods or services have been marked as received. The invoiced amount charged will be checked against the Purchase Order submitted and if the amount is within the parameters agreed by the Authoriser, the invoice will be accepted and paid.

Petty Cash

All petty cash transactions require a Payment Request Form to be completed as part of the process. The form is authorised by the Line Manager and approved by a Budget Holder before sending the Payment Request Form and corresponding receipts to the Finance Team. A reconciliation is completed on a monthly basis for petty cash balances.

1 EXECUTIVE SUMMARY

Payroll

The College utilises iTrent as its system for managing payroll. Payroll is processed once during the month. Payroll reports are run from the system and subsequently sorted by cost centre. From the reports the appropriate cost centres are debited and the creditor accounts credited.

Fixed Assets

The College maintains two fixed asset registers, one for land & buildings and the other for all other equipment. The College outlines within the Financial Procedures Manual criteria for assets to be considered for capitalisation. If the asset meets the criteria, a capital expenditure request form can be submitted. Once authorised this is added to the appropriate register and assigned a unique capital expenditure number.

SFC Income

The main source of income for the College is from the SFC. The receipt of these payments is monitored directly by the Financial Accountants who monitor and record the income from the SFC to ensure that it matches the amount detailed in the funding agreement.

Other Income

The College also receive income through the provision of commercial courses. We analysed Commercial Evening Courses as one of the College's other income streams. A recommendation has been raised as the process for other income is not outlined in the Financial Regulations or the Financial Procedures Manual. Please see **Section 3: Detail Recommendations** for further information.

Management Reporting

Management Accounts are presented monthly to Budget Holders, and quarterly to the Business, Resources, and Infrastructure Committee. The Management Accounts include:

- Income and Expenditure for month and year to date;
- Balance Sheet; and
- Actual v Budget variances

1 EXECUTIVE SUMMARY

Work Undertaken

We completed the following work per objective of the review:

Objective 1: Efficient and effective procedures and controls are in place for key finance processes.

- We reviewed the College's Financial Regulations and Financial Procedures Manual to ensure these were robust.
- We reviewed the IT Systems utilised by the College for the processing of financial data and completion of monthly controls. We undertook testing as to how the systems were utilised in practice through our walkthrough testing.
- We conducted walkthrough testing of the College's key financial processes to ensure that the documented controls are being adhered to in practice. We reviewed the following areas:
 - Bank reconciliations;
 - Petty cash;
 - Purchase BACs;
 - Purchases;
 - Fixed Assets;
 - Payroll;
 - Other Income;
 - SFC Income; and
 - Credit cards.
- We undertook transaction testing of the key controls in place to verify the effectiveness of each control. Our samples included:
 - Bank reconciliations (RBS Main Account, SL Account CB 14, and RBS Sundry Income CB13, 3 Months, January 2024 – March 2024).
 - Other Income (Commercial Evening Courses, 2 Months, January – February 2024).
 - Purchases (10 transactions from the period January 2024 – March 2024).
 - Fixed Assets (10 additions from the period August 2023 – March 2024).
 - Payroll (3 Months, January 2024 – March 2024).
 - SFC Income (3 Months, January 2024 – March 2024).
 - Credit Cards (10 transactions from the period September 2023 – February 2024).
 - Petty Cash (10 transactions, 3 Months, January 2024 – March 2024).

1 EXECUTIVE SUMMARY

Objective 2: Adequate segregation of duties are in place.

- We reviewed and evaluated the segregation of duties in place and confirmed that these cover all financial processes. This included reviewing the Finance Team Structure and confirming the segregation of duties operated effectively in practice through our walkthrough and transaction testing.
- As part of the walkthrough testing, we met with the following staff members for the following areas:
 - Other Income and Bank Reconciliations: Finance Assistant;
 - Fixed Assets and SFC Income: Financial Accountant;
 - Purchases and Credit Cards: Finance Assistant – Expenditure; and
 - Payroll and Petty Cash: Finance Assistant – Payroll.

Objective 3: There is adequate management oversight of finance processes.

- We reviewed the monthly Management Accounts to ensure that they provide detailed information to Budget Holders, Management and to the Business Resource and Infrastructure Committee.

1 EXECUTIVE SUMMARY

Conclusion

Overall conclusion

Overall Conclusion: Strong

Following our review, we can provide the College with a strong level of assurance surrounding the financial controls in place to manage the College data, systems, and processes. We were able to identify several good practice points and 3 low grade recommendations for improvement. Please refer to **Section 3: Detailed Recommendations** for further information.

Summary of recommendations

Grading of recommendations

	High	Medium	Low	Total
Overall Financial Controls	0	0	3	3

As can be seen from the above table there were no recommendations made which we have given a grading of high.

1 EXECUTIVE SUMMARY

Areas of good practice

The following is a list of areas where the College is operating effectively and following good practice.

1.	<p>The College have robust management reporting arrangements in place. Monthly Management Accounts are presented to the Budget Holders, and quarterly to the Business Resources and Infrastructure Committee where a comprehensive summary is provided alongside the Accounts.</p>
2.	<p>We can confirm that the College has adequate segregation of duties in place where these are effectively outlined in the Financial Services Team Organisation Structure. We were able to confirm through our testing that segregation of duties was operating effectively in practice.</p>
3.	<p>The College has a robust set of Financial Regulations which provides guidance on the overarching principles of the financial processes in place within the College as well as outlining the responsibilities of staff.</p> <p>The College also has a robust Financial Procedures Manual, the Manual provides guidance to finance staff who are responsible for initiating, recording, and controlling various accounting transactions.</p>
4.	<p>We were able to confirm that arrangements were effective for the following areas based off our walkthrough testing:</p> <ul style="list-style-type: none">➤ Payroll Processes.➤ Petty Cash.➤ Purchases.➤ Fixed Assets.➤ Credit Cards.➤ SFC Income.➤ Other Income.

1 EXECUTIVE SUMMARY

The following is a list of areas where the College is operating effectively and following good practice.

- | | |
|----|--|
| 5. | Through our sample testing we were able to confirm that the College's finance systems are appropriate and fit for purpose. |
| 6. | We completed transaction testing across the following areas and found no issues: <ul style="list-style-type: none">➤ Processing of purchases.➤ Capitalisation of fixed assets.➤ Monthly payroll processing.➤ Processing of other income.➤ Credit card transactions.➤ Petty cash transactions.➤ Processing of SFC income.➤ Processing of bank reconciliations. |

2 BENCHMARKING

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Overall Financial Controls

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	2	1	3
Number of recommendations at Ayrshire College	0	0	3	3

From the table above it can be seen that the College has a similar number of recommendations compared to those colleges it has been benchmarked against.

3 DETAILED RECOMMENDATIONS

Management Account Deadline Checklist			
Ref.	Finding and Risk	Grade	Recommendation
1.	<p>On a monthly basis, the College's Finance Team will complete a Management Account Deadline Checklist. This outlines all the steps involved in the completion of the monthly Management Accounts. Completion of the Checklist ensures that the College's Management Accounts are completed in a timely manner in line with the agreed timeframes.</p> <p>During our review, we found that completed and ticked off versions of the Checklist are currently not being held centrally by the College.</p> <p>There is a risk that the College are not maintaining the appropriate audit trail when generating their monthly Management Accounts. This may result in the College being unable to evidence whether the appropriate procedures were followed by the relevant staff in line with the agreed timeframes.</p>	Low	We recommend that the College ensure the monthly Management Account Deadline Checklist is ticked off, dated, and saved centrally to maintain the appropriate audit trail.
Management response			Responsibility and implementation date

3 DETAILED RECOMMENDATIONS

<p>The College will store the Management Accounts Deadline Checklist in a central file store accessible to all relevant staff. It will continue to be completed as indicated above.</p>	<p><i>Responsible Officer:</i> Head of Financial Services</p> <p><i>Implementation Date:</i> 30 June 2024</p>
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3 DETAILED RECOMMENDATIONS

EBIs System			
Ref.	Finding and Risk	Grade	Recommendation
2.	<p>The College utilise the EBIS system for the processing of purchases where staff can raise Purchase Orders through the system for the appropriate budget holder authorisation.</p> <p>During our review, we found that on some occasions, staff in the Finance Team will copy historic Purchase Orders for recurring purchases with the same provider. This allows the appropriate information to be copied instantly rather than manually inputting the data. It should be noted that issues were identified surrounding this process where the date of the PO cannot be altered. As a result, this remains as the historic PO's origination date.</p> <p>There is a risk that the EBIS system is not functioning appropriately, and issues being identified due to the PO date being unable to be altered.</p>	Low	We recommend that the College contacts the provider at EBIS to see if a solution can be provided, if not we recommend for the College to introduce a process where purchases orders cannot be copied from historical orders.
Management response			Responsibility and implementation date

3 DETAILED RECOMMENDATIONS

<p>The College will contact the system provider to establish if purchase orders can be copied and the current date utilised. Should this not be possible then the purchase ordering process will be updated to ensure old purchase orders cannot be copied over. The College also checked the dates of the POs when automatically transferred over to Open Accounts and these were found to be correct.</p>	<p><i>Responsible Officer:</i> Head of Financial Services</p> <p><i>Implementation Date:</i> 31 July 2024</p>
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3 DETAILED RECOMMENDATIONS

Other Income Process in the Financial Procedures Manual			
Ref.	Finding and Risk	Grade	Recommendation
3.	<p>The College have outlined their procedures in place for following in their Financial Procedures Manual:</p> <ul style="list-style-type: none"> ➤ Bank Reconciliations; ➤ Purchases; ➤ Credit Cards; ➤ Grant Income; ➤ Payroll; ➤ Petty Cash; and ➤ Fixed Assets <p>During our review, we conducted a walkthrough testing for the arrangements in place for processing income from their commercial courses. We identified that the process is not outlined in the College’s Financial Procedures Manual.</p> <p>There is a risk that an inconsistent approach may be adopted for the processing of commercial income without this being formally documented.</p>	Low	We recommend the College update their Financial Procedures Manual to include processes followed in relation to the processing of other income.
Management response			Responsibility and implementation date

3 DETAILED RECOMMENDATIONS

<p>The Financial Procedures Manual will be updated to include a section on the processing of other income sources.</p>	<p><i>Responsible Officer:</i> Head of Financial Services</p> <p><i>Implementation Date:</i> 31 July 2024</p>
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4 AUDIT ARRANGEMENTS

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit and Risk Committee meeting.

Audit stage	Date
Fieldwork start	22 April 2024
Closing meeting	29 April 2024
Draft report issued	7 May 2024
Receipt of management responses	8 May 2024
Final report issued	10 May 2024
Audit and Risk Committee	4 June 2024
Number of audit days	4

5 KEY PERSONNEL

We detail below our staff who undertook the review together with the College staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Director	Stephen Pringle	Director of Internal Audit	stephen.pringle@wyliebisset.com
Assistant Manager	Siobhan Archibald	Internal Audit Assistant Manager	siobhan.archibald@wyliebisset.com
Auditor	Megan Clarke	Internal Auditor	megan.clarke@wyliebisset.com

Ayrshire College			
Key Contacts:	Liz Walker	Head of Financial Services	liz.walker@ayrshire.ac.uk
	Deana Milloy	Financial Accountant	deana.milloy@ayrshire.ac.uk
Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

APPENDICES

A GRADING STRUCTURE

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

A GRADING STRUCTURE

For each recommendation, we assign a grading either as High, Medium, or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit and Risk Committee and addressed by Senior Management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Purpose of review

The purpose of this assignment is to perform a high-level review of the key financial controls in place at the College, to provide assurance that key financial controls are suitably designed and operating effectively. This review will include a review of processes relating to purchasing, income, cash and banking, payroll, and fixed assets.

This review forms part of our 2023/24 Internal Audit Annual Plan for the College.

Scope of review

Our objectives for this review are to ensure:

- Efficient and effective procedures and controls are in place for key finance processes.
- Adequate segregation of duties are in place.
- There is adequate management oversight of finance processes.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

- Review the Financial Regulations in place within the College to confirm that these are complete, appropriately reviewed, and comply with regulatory requirements.
- Review the financial procedures to ensure that they are appropriate and in line with good practice.
- Conduct walk-through testing of key financial areas, these being: cash and bank; purchasing and payments; income; fixed assets; financial reporting.
- Sample testing key controls in place for the financial areas above to verify the effectiveness of each control.
- Review the level of integration of key systems to assess for level of efficiency.
- Review the segregation of duties in place and confirm that these cover all finance processes.
- Review the level of financial reporting in place and consider whether the reporting arrangements are robust.
- Review the month end process to confirm that there is a clear process in place which is being adhered to.
- Sample test month end reconciliations to ensure completeness and that these are appropriately reviewed.

Potential key risks

The potential key risks associated with the area under review are:

- Ineffective or inefficient procedures and controls may be in place for key finance processes.
- Inadequate segregation of duties may compromise the control environment in relation to key finance processes.
- Inadequate management oversight of financial processes compromises control effectiveness.