

Audit Committee

You are invited to attend a meeting of the **Audit Committee** to be held on
Tuesday 17 June 2014 in room **S1.18, Stirling Campus** at **5.30pm**.

Agenda

1. Apologies for Absence
2. Declarations of Interest

FOR APPROVAL

3. Minute of Audit Committee of 1 May 2014
4. Matters arising
 - a) A/13/041 Internal Audit: Presentation of Reports
 - b) A/13/042 Risk Management
5. Annual Report and Financial Statements 2013/14
(Joint item with Finance Committee) Alison Stewart
6. Draft External Audit Annual Report to the Board of
Management Henderson Loggie
(Joint item with Finance Committee)
7. Internal Audit Annual Report Baker Tilly
8. Chairs Annual Report to the Board of Management Bob Gil
9. Appointment Process for Internal Auditors Alison Stewart

FOR DISCUSSION

10. Progress Report on Audit Recommendations Stephen Jarvie
11. IT Service Desk Project Advisory Report Baker Tilly
12. Risk Management Alison Stewart
13. Review of Risk
14. Any other competent business

FOR INFORMATION

Programme of Committee Business
Response to consultation on Code of Good Governance

Audit Committee

Meeting:	Audit Committee
Location	Principal's Office, Falkirk Campus
Date:	1 May 2014 (commencing at 4.30pm)

Present: Mr Bob Gil (Chair)
Mr Colin Alexander
Mrs Beth Hamilton
Mr Nigel Scott
Mrs Shona Struthers

Apologies: None

In Attendance: Mr Stephen Jarvie, Corporate Governance and Planning Officer
Mrs Alison Stewart, Director of Finance and Corporate Services
Ms Claire Monaghan, Baker Tilly
Ms Colette Filippi, Associate Principal Business and Innovation
Mr Stuart Inglis, Henderson Loggie

A/13/034 Declarations of Interest

None

A/13/035 Minute of Audit Committee of 6 February 2014

The Minutes of meeting of 6 February 2014 were approved as a correct record.

A/13/036 Matters Arising

a) A/13/027 Committee Meetings and Programme of Business

The Chair noted that the College had emailed members with an updated schedule of meetings.

b) A/13/030 Internal Audit: Presentation of Reports

The Director of Finance and Corporate Services reported that member's suggestions had been fed back to the team overseeing the development of the next version of the Student Finance application system, and these would be included when this is rolled out.

A/13/037 External Audit Planning Memorandum

Stuart Inglis, Henderson Loggie, presented the proposed audit plan, noting that this was prepared in line with the code of audit practice and that there were no unusual aspects to highlight.

Mr Inglis noted that the proposed fee was at the top of the Audit Scotland fee range. He indicated that this was a reflection of both the audit activity to be undertaken and the recent advice provided to the College in relation to the foundation.

Members queried whether there had been guidance provided in how to treat the disparity between the financial and academic years. Mr Inglis confirmed that Audit Scotland were not issuing guidance at this time.

- a) Members approved the External Audit Planning Memorandum

A/13/038 Internal Audit Project Plan 2014/15

Claire Monaghan presented the proposed three year plan, noting that this had been created through discussion with the SMT, a review of the College risk register, and of past audit activity.

- a) Members approved the Internal Audit Plan
- b) Members requested that Business Continuity be added to the schedule for 2015/16
- c) Members recommended that a 3 year plan should be resubmitted annually to allow for any future changes to be included

A/13/039 Business Continuity Policy

The Corporate Governance and Planning Officer presented the draft Business Continuity Policy for approval.

He highlighted the remaining actions resulting from the recent internal audit and progress to date, along with proposed timelines for completion of this activity.

- a) Members approved the Business Continuity Policy

A/13/040 Progress Report on Audit Recommendations

The Corporate Governance and Planning Officer presented members with an update on progress. He noted that it was proposed that a number of recommendations, primarily related to Business Continuity, have their implementation dates amended and outlined the rationale for each change.

He also demonstrated the new tracking methodology which has been implemented using the SharePoint system to ensure the collection and retention of evidence for completed recommendations

- a) Members noted the content of the report
- b) Members approved the revised implementation dates as outline in the report

A/13/041 Internal Audit: Presentation of Reports

Claire Monaghan presented two internal audit reports.

For Business Development, she noted that this audit was conducted on an area which had undergone significant change and had implemented a number of improvements in processes. The audit made 4 medium recommendations.

For the Follow Up Review, Ms Monaghan highlighted that there had not been follow up activity for a few years and that the audit had been conducted on a sample basis. Of the 27 recommendations sampled, 25 had been found to be complete.

The Corporate Governance and Planning Officer noted that, owing to the historic nature of one of the outstanding recommendations, the College was unable to provide the evidence required. He noted that the new audit tracking methodology demonstrated earlier will ensure that all necessary evidence is held in a central location.

- a) Members noted the content of both audit reports
- b) Members recommended that the other historic follow-up recommendations be reviewed by the College to ensure the required evidence is in place.

A/13/042 Risk Management

The Director of Finance and Corporate Services presented the College Strategic Risk register and outlined changes since the last meeting. She highlighted that the risk related to "inadequate facilities for learners due to lack of capital investment" had been amended to reflect that the recent refurbishment work to the Weir blocks in Falkirk had only been able to secure a 3 year occupancy certificate from the Council.

- a) Members noted the content of the report
- b) Members recommended that the risk pertaining to ONS be replaced with one relating to potential lack of control over assets passed to the Foundation, and self-insurance to be added as a risk

A/13/043 Review of Risk

Risks were identified in each covering paper.

A/13/044 Any Other Competent Business

The Director of Finance and Corporate Services noted that a draft Code of Governance for the sector has been issued to Colleges. As this relates to the remit of the Committee, this draft was included with the papers for member's information.

The Director of Finance and Corporate Services requested that members review to draft code and email any comments to her.

Shona Struthers updated members on the issue of insurance, noting that under the Scottish Public Finance Manual Colleges should self-insure. She reported that concerns had been raised regarding this regulation and that the Scottish Government has agreed that the College sector can maintain current insurance practices for the next year whilst they make their case.

Mrs Struthers advised that a survey will be issued to College's to obtain feedback on this issue.

Members noted the update and expressed an initial view that self-insurance would not be a preferred methodology for the College and also recommended that insurance be added to the risk register.

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