

Audit Committee

Draft Minutes

Meeting reference: Audit2016-17/02

Date and time: Wednesday 30 November 2016 at 5.30pm

Location: Room 033

Members present: Mike Baxter, Brian Crichton, Derek Forgan, Ann Irvine, Lindsey McLeod,

In attendance: Margaret Munckton (Principal)
Jackie Mackenzie (Vice Principal, Finance and Estates)
Susan Bald (Vice Principal, HR & Communications)
Pam Wilson, (Vice Principal, Academic)
Jenny Simmonds (Clerk to the Board of Management)
Stuart Inglis (Henderson Loggie)
Nicola Livingstone (Wylie & Bisset)

Apologies: Ian Jackson, Grant Myles

Chair: Derek Forgan

Minute Taker: Jenny Simmonds

Quorum: 3

The Audit Committee joined the Finance and General Purposes Committee to review the Management Accounts and Financial Statements for 2015-16

Summary of Action Items			
Ref	Action	Responsibility	Time Line
11.1	Date of Nursery Audit to be reviewed with a view to bringing it forward.	JM/SI	14 March 2017
13	Provide more analysis and commentary behind the FoI late response times	Donald Maclean/Margaret Munckton	14 March 2017

Item

1 Joint Welcome and Apologies

David Littlejohn, Chair of the Finance and General Purposes Committee and Derek Forgan, Chair of the Audit Committee, welcomed members to this joint meeting.

Introductions were made and apologies noted.

It was agreed David Littlejohn would Chair the beginning of the Joint meeting.

Action

2 **Perth College Management Accounts Year to 31 July 2016 – Final report and Commentary**

Ian Martin presented the Management Accounts noting that, operationally, for year end 2016 Perth College achieved budget.

David Littlejohn noted the draft Management Accounts had been presented to the F&GP Committee in October and there had been a good discussion of the detail in the accounts at that point.

Approved

The Finance and General Purposes Committee approved the Perth College Management Accounts Year to 31 July 2016 – Final report and Commentary

Noted

The Audit Committee noted the Perth College Management Accounts Year to 31 July 2016 – Final Report and Commentary

David Littlejohn thanked Jackie Mackenzie, Ian Martin and all the finance team for all their hard work in 2015-16.

3 **External Audit Report**

Nicola Livingstone, Wylie and Bisset LLP, took Committee members through the External Audit Annual Report highlighting key points of interest.

In particular, Ms Livingstone noted that for the third year in a row the auditors have no recommendations to be brought to the attention of the Board of Management. No issues have arisen for the Auditors to consider and they are satisfied with what they have found.

Wyllie Bisset reported they were very satisfied with the level and quality of assistance they received from staff during the audit process and throughout the year.

Committee members considered this to be an excellent report for the College once again and formally thanked Jackie Mackenzie, Ian Martin and all the Finance team for their efforts and hard work in achieving this result.

Ian Martin thanked Wylie Bisset for working very well with the College. It was a very thorough and efficient audit.

Committee Members acknowledged this was the last year of service from Wylie Bisset and thanked them for all their hard work and assistance during the last five years.



4 **Draft Perth College Group Report and Financial Statements for the Year ended 31 July 2016**

Ian Martin (IM) introduced the draft Perth College Group Report and Financial Statements for the Year ended 31 July 2016 and drew members' attention to the different format of the Financial Statement this year due to the new requirements of the 2015 FE HE Statement of Recommended Practice (SORP) and the Financial Reporting Standard 102.

IM noted that the deficit in year is attributable to the actuarial representation of the pension scheme being recognised in the balance sheet for the first time.

A note of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows is provided at Note 31 in the Statement.

Members discussed whether the College could meet all its liabilities if they were presented. Jackie Mackenzie reassured members that the College is in a position to honour all its liabilities in the traditional sense. Accounts are now presented in accounting terms which requires Colleges to prepare a single statement of comprehensive income which differs from previous years.

Recommendation

The Finance and General Purposes Committee recommended the draft Perth College Group Report and Financial Statements for the Year ended 31 July 2016 to the Audit Committee for approval.

Approval and Recommendation

The Audit Committee approved the draft Perth College Group Report and Financial Statements for the Year ended 31 July 2016 and recommended them to the Board of Management for approval and signing.

The Finance and General Purposes Committee left the joint meeting at this point and the Audit Committee continued with its Committee business

5 **Additions to the Agenda**

Brian Crichton, Board member, asked to discuss the First Aid Needs Assessment agenda item noted in the Health and Safety Committee minutes at Agenda item 14.1.

The Chair agreed to this request.



6 **Declaration of a Conflict of Interest in any Agenda Item**

There were not declarations of a conflict of interest.

7 **Minutes of Meeting Held on 20 September 2016**

The minutes were approved as a correct record.

8 **Matters Arising from Previous Minutes**

Noted: All the actions have been completed.

9 **Risk Management**

9.1 **Strategic Risk Register**

Jackie Mackenzie (JM) presented the first review of the Strategic Risk Register for the academic year 2016-17 and drew members' attention to the changes made to the Register and the emerging and updated issues.

RAM allocation for HE Delivery

The Committee commented that the methodology and current practice of allocating and managing the HE budget is an example for the academic partners requesting better proportionate representation across the Partnership.

JM commented that the EO Finance Director has agreed to share the RAM allocation methodology with academic partners.

Finance Systems Convergence Project

Jackie Mackenzie noted that she (JM) had flagged up her concerns with this project to the Finance and General Purposes Committee. JM assured the Committee that the College's current finance system can be upgraded if the project is unable to deliver the solution in the agreed timescale.

Noted

9.2 **ICT Risk Register**

Dawne Hodgkinson (DH) updated the Committee on the action plan in relation to the ICT Register. All action arising from the Internal Audit Report have been completed with the exception of the move of the finance system and updating documentation (due to be completed by 31 December 2016). Actions additional to the requirements of the audit have also been undertaken as technology has changed.

The Committee queried how the overall risk of the College providing ICT network delivery across the Partnership was



managed and audited. Stuart Inglis noted this will be covered by the UHI Internal Audit programme.

The Committee thanked Dawne for good progress made and were reassured that all the right things are being done in so far as they can be done.

10 **Procurement Strategy**

Dawne Hodgkinson (DH) presented the Procurement Strategy 1 January 2017- 31 December 2019 for Committee approval.

DH noted this Strategy focuses very much on the project and contract management of the procurement process.

The Committee discussed the aims of the Strategy and its alignment to external legislation, UHI procurement strategy and the College's Strategic Vision.

The Committee agreed the Strategy was a robust document and noted an action plan and short supporting policies and procedural documents support the Strategy.

Approved

The Committee approved the Strategy

11 **Internal Audit**

11.1 **Internal Audit Plan Progress Report 2016-17**

The Committee noted the report subject to:

- i. A review of the date of the College Nursery audit with a view to bringing it forward; and
- ii. Minor revision of the date on the front cover to read **2016-17**.

AP: Date of Nursery Audit to be reviewed with a view to bringing it forward.

JM/SI

Noted

11.2 **Internal Audit Report - Credits Audit**

Stuart Inglis, Henderson Loggie noted, commented that this audit is a requirement of the SFC who requested submission of the FES return for session 2015/16, which includes the Credits data relating to College activity for the academic year 2015/16. The Guidance requests that Colleges obtain from their auditors their independent opinion of the accuracy of the FES form.



The audit opinion noted no reservations in the compilation of the student data returns, the collection and recording of data and the accuracy of the FES return.

Noted

The Committee congratulated the Student Records Team for the standard and quality of their processes and record keeping.

12 Audit Committee Annual Report to the Board of Management

The Committee approved the report subject to some editing revisions. The amended report will be presented to the Board of Management on 14 December 2016.

Approved

13 FOI Report: Trends 2015/16

Margaret Munckton spoke to this paper and commented that she was satisfied with the level and categories of reporting and will continue to fine tune the layout and presentation of the document for ease of use.

The Committee requested more clarification and analysis in relation to the late replies and late responses and the reasons behind these. Members queried for example, "how late was late"?; are there resource issues; or is it a matter of late identification of a request for information being an FOI?

AP: Provided more analysis and commentary behind the late response time

14 Committee Minutes

14.1 Health and Safety Committee Minutes

10 November 2016

First Aid Needs Assessment (Agenda Item 7): Brian Crichton (BC) requested clarification of what was being proposed in relation to the identification of additional first aiders for key high risk areas. BC's understanding of the H&S Legislation is that that staff could not be obligated to be First Aiders. This was a voluntary role and employees had a right to refuse to be First Aiders.

Susan Bald responded that for some key high risk areas the College wishes to enhance the first aid provision to ensure there is extra cover in addition to the normal rota. There will be a requirement for high risk areas to have first aid trained staff as

Donald
McLean/Margar
et Munckton



part of their day to day skills. SB had agreed for this to be put through job evaluation.

15 **Date and Time of next meeting:**

14 March 2017

16 **Review of Meeting**

Members agreed the meeting had been very well chaired and covered its remit.

Jackie Mackenzie thanked Wyllie and Basset for all their hard work and effort over the last 5 years.

17 **The Executive Team left the meeting at this point for an Audit Committee discussion with the internal and external auditors.**

Derek Forgan asked both the internal and external auditors if they had any concerns to raise with the Audit Committee.

Stuart Inglis, Henderson Loggie commented that he had no concerns to raise. In his opinion the internal auditors have an open and transparent relationship with the College and College Board and work well together.

Nicola Livingstone, on behalf of Wylie & Bisset, also noted no concerns. She considered there is a good working relationship between the College and the external auditors and information is always provided when requested.

Derek Forgan took the opportunity to thank Ross McLaughan, Scott Gillon, Nicola Livingstone and everyone at Wylie & Bisset again for their efforts. The Committee were very pleased to see 3 unqualified reports in succession and this reflects the good working relationship between the College and Wylie & Bisset.

Information recorded in College minutes and papers is subject to release under the Freedom of Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information relating to procurement items still under tender, legal advice from College lawyers, items related to national security.

Status of Papers **Open** **Closed**

An **open** item is one over which there would be no issues for the College in releasing the information to the public in response to a freedom of information request.

A **closed** item is one that contains information that could be withheld from release to the public because an exemption under the Freedom of Information (Scotland) Act 2002 applies.

The College may also be asked for information contained in minutes and papers about living individuals, under the terms of the Data Protection Act 1998.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1998? **Yes** **No**