

Audit Committee

Draft Minutes

Meeting reference: Audit 2017-18/04

Date and time: Tuesday 22 May 2018 at 5.30pm

Location: Room 019

Members present: Brian Crichton (Chair), Ann Irvine (by tele conference), Margaret Cook, Anna Zvarikova

In attendance: Jackie Mackenzie, Chief Operating Officer (COO)
Steve McNaught, Henderson Loggie
Keith Macpherson, Ernst and Young
Rob Jones, Ernst and Young
Maureen Masson, Board Secretary

Apologies: Lynn Oswald
Lindsey McLeod

Chair: Brian Crichton

Minute Taker: Maureen Masson, Secretary to the Board of Management

Quorum: 3

Summary of Action Items			
Ref		Responsibility	Time Line
5	Procurement Strategy and Annual Action Plan 2017-18 Check the date of the first Annual Procurement Report and ensure it was updated to the 2017 academic year end, as opposed to calendar year end.	Board Secretary	Next meeting
6	Policies Anti Bribery and Fraud Prevention Policies to be approved by the Board at its next meeting Review approach to policy development	Secretary Principal	13 June 2018 meeting Next meeting
*9.1	Annual Audit Plan Discuss at the next AST Board meeting, the implications of amendments to FRS102 effective next year.	Chief Operating Officer	Next AST meeting
*10	GDPR Provide a further update to the Board of Management	Board Secretary	For next Board meeting
*12.1	Health and Safety Committee Meeting Flag though the Chair of the H&S Committee that deputies attend on behalf of any	Board Secretary	For next H&S Committee

	member submitting apologies.		meeting
15 &16	Complete evaluation for the provision of internal and external audit services and the circulation	Secretary	ASAP

Item	Action
<p>1 Welcome and Apologies</p> <p>The Chair welcomed everyone to the meeting. Apologies were received from Lindsey McLeod and Lynn Oswald. Steve McNaught was attending in place of Stuart Inglis of Henderson Loggie. Keith Macpherson and Rob Jones from Ernst and Young were also in attendance.</p>	
<p>2 Additions to the Agenda</p> <p>There were no additions to the agenda.</p>	
<p>3 Declaration of Interest in any Agenda Item</p> <p>There were no declarations of a conflict of interest.</p>	
<p>4 Minutes of the meeting of Audit Committee held on 27 February 2018</p> <p>The minutes were approved as a correct record.</p>	
<p>5 Actions arising from previous minutes</p> <p>Procurement Strategy and Annual Action Plan 2017-18</p> <p>Check the date of the first Annual Procurement Report and ensure it was updated to the 2017 year end.</p> <p>Action</p> <p>Ongoing – Board Secretary to check to ensure reports are prepared on the basis of academic year, not calendar year, and report back at the next meeting.</p> <p>Space Management</p> <p>Reference the review in the Henderson Loggie Annual Report</p> <p>Noted – this would be included in the Annual Report at the appropriate point in the year.</p>	<p>Board Secretary</p>

6	Policies	
*6.1	Anti-Bribery Policy	Secretary
	The Committee approved the updated policy and recommended it to the Board of Management meeting for approval.	
*6.2	Fraud Prevention Policy and Response Plan	Secretary
	The Committee approved the updated policy and recommended it to the Board of Management meeting for approval.	
	The Audit Committee noted no significant changes to either policy and queried why it should come to the Committee. The Principal commented that the approach to policy development was to be reviewed with the Quality team. That should include the date for substantive review of policies and the approach to dealing with updates when no material changes have been made. Reviews of policy should also be verified for GDPR regulations.	Principal
7	Risk Management	
*7.1	Strategic Risk Register	
	The COO introduced the paper which set out the updated Risk Register for the fourth quarter review together with any emerging/topical risks. The Committee noted the Risk Register and the emerging and updated risks and the mitigating actions.	
	The College was monitoring the funding position particularly with regard to international students.	
	In terms of the Finance Systems Convergence Project, the Committee noted that the Chief Operating Officer was on the Project Board and had an opportunity to voice concerns directly.	
	In terms of ongoing integration discussions, there was some concern that these discussions were diverting resource away from business as usual activity. The Committee noted that the next Board Development Day would focus on scenario planning and the possible implications for integration.	
8	Internal Audit	
*8.1	Internal Audit Annual Plan Progress 2017-18	
	The Committee noted the internal audit annual plan and progress. All audits had been completed and the internal auditors would now begin to finalise their Annual Report.	
	The Committee discussed the benefits of 'reserving' a small number of	

contingency days that could be used to address issues as they arise.

***8.2 Equalities Mainstreaming**

The Committee noted the Equalities Mainstreaming Report. A new Equality and Diversity Officer would start in early June and would take forward the recommendations in the report, mainstreaming equality and diversity business into the College's day-to-day operations.

***8.3 Follow up reviews**

The Committee noted that 11 out of 17 outstanding recommendations were now fully implemented. Little had moved in terms of one recommendation relating to International Activity, but it was acknowledged that this was largely out with College control. The approach to international activity was becoming clearer with the appointment of a new Vice Principal External and development of a UHI strategy for international. These two developments should provide a more focussed approach to taking forward international priorities.

9 External Audit

***9.1 Annual Audit Plan**

The Committee noted the Ernst and Young External Audit Plan for 2017-18 which had been discussed with the Senior Management Team. No changes had been made to the regulatory framework and that the same accounting requirements applied. The Committee noted the four risks that had been identified one of which was the pensions liability. Discussions about this were ongoing with the Chief Operating Officer. An update would be provided at the next meeting. The Committee noted that there were some amendments to FRS102 effective next year which would impact the wider Group audit, and this would be raised at the next AST Board meeting.

COO

There was discussion about the wider scope audit and the fact that the College was classified as a "smaller body", and the implications of this.

***9.2 EY Letter – Perth College Response**

The Committee noted a draft response prepared on behalf of the Committee for the External Auditors. It was agreed that Ernst and Young representation would feed back their comments on the response and that reference to the whistleblowing policy would be included alongside other relevant College policies. A final response would then be prepared.

***10 Readiness for GDPR**

A paper was tabled on the College's readiness for GDPR. This had

been considered by the Chairs Committee which met on 21 May. Chairs were reassured that all practicable measures were being put in place to ensure full compliance and mitigate risk. A further update would be prepared for the Board meeting on 13 June 2018.

Board
Secretary

11 Chairs of Academic Partner Audit Committees and UHI – draft minutes of a meeting held on 3 May 2018

The Chair introduced the minutes of the last Academic Partners Audit Committee Chairs meeting which met once or twice a year. Ongoing integration discussions had dominated the agenda and Perth College suggested topic of BREXIT did not make it to the agenda. There was also a discussion about timing issues related to preparation of final accounts within Partner Colleges and UHI and claimed misalignment with “UHI” needs although it was recognised that this could not be easily resolved.

12 Committee Minutes

***12.1 Health and Safety Committee Meeting 3 May 2018**

The Audit Committee noted the minutes and reiterated its concern about the number of apologies and the need for deputies to be attend on behalf of any member submitting apologies. This matter would be brought to the attention of the Chair of the H&S Committee

Board
Secretary

13 Date and time of next meeting

18 September 2018 at 5.30pm

***14 Review of Meeting**

Members agreed the meeting had covered its Terms of Reference.

Part 2

15 Evaluation of Internal Audit Service

Audit Committee completed the evaluation of the internal audit service

Board
Secretary
for both
evaluations

16 Evaluation of External Audit Service

Audit Committee completed the evaluation of the external audit service

The Board Secretary was to check on the source of each document and its final circulation when completed.

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**