

Audit Committee

Minutes

Meeting reference: Audit 2018-19/02

Date and time: Wednesday 28 November 2018 at 5.30pm

Location: Room 019

Members present: Jim Crooks, Andrew Comrie, Ann Irvine, Margaret Cook, Lynn Oswald

In attendance: Lorenz Cairns, Depute Principal (Academic)
Andrea Saunders (standing in for Jackie Mackenzie)
David Archibald, Henderson Loggie
Rob Jones, EY
Maureen Masson, Board Secretary

Apologies: Anna Zvarikova, Jackie Mackenzie, Stuart Inglis, Henderson Loggie, Stephen Reid, EY

Chair: Jim Crooks

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

Quorum: 3

Summary of Action Items			
Ref		Responsibility	Time Line
9	5 Presentation Check the level of basic training that students receive.	H&S Adviser	next meeting
9	6.1 H&S reporting Report back on the sickness absence figures	Principal	next meeting
10.1	Strategic Risk Register Draft an estates risk for consideration Report back on where high level risks related to the protection of children are recorded and how they are mitigated Include the ICT Risk Register on the next Audit Committee meeting agenda	COO COO COO	next meeting next meeting next meeting
11.2	Revised Internal Audit Annual 2018-19 Consider whether the procurement audit should go ahead and possible timing Include a further objective regarding pastoral support provided to students in the	HL/COO HL/VP (External)	ASAP ASAP

	international business audit		
11.3	Internal Audit Report: 2017/18 Student Activity Data Implement recommendations contained in the report	Head of Student Experience	ASAP
12	Audit Committee Annual Report to the Board of Management Forward to the Board for consideration at the December 2018 meeting	Secretary	By 5 December 2018
13.1	Health and Safety Committee Feed back to the Health and Safety Adviser the items the Board would expect to see on the Health and Safety Committee agendas standing items	Secretary	ASAP

Item	Action
<p>1 Joint Meeting - The Committee joined the Finance and General Purposes Committee at 5.30pm</p> <p>The Chair of F&GP welcomed the Audit Committee to the joint meeting to review the 2017-18 Financial Statements. Introductions were made and apologies noted. The Chair of F&GP would continue in the role of chair for the joint meeting.</p>	
<p>2 Perth College Management Accounts Year to 31 July 2018 – Final Report and Commentary</p> <p>The Head of Finance reported a positive overall position in the College management accounts to the year ended 31 July 2018. The Committee noted a positive outturn in relation to SFC income and the Committee noted the final figures. Members of both F&GP and Audit Committees noted that F&GPC had a positive discussion at its last meeting when the draft year-end accounts had been considered in some detail.</p> <p>The F&GP Committee approved the Perth College Management Accounts for the year to 31 July 2018.</p> <p>Audit Committee noted the Perth College Management Accounts for the year to 31 July 2018.</p>	
<p>3 Draft Perth College Group Report and Financial Statements for the</p>	

year Ended 31 July 2018

The Head of Finance introduced the draft College Group Report and Financial Statements for the year ended 31 July 2018. F&GP and Audit Committees discussed the Group Accounts and welcomed the positive outturn position and the detailed explanation of the consequences of the fixed asset revaluation and pension liability.

F&GP Committee approved the draft Perth College Group Report and Management Accounts for the year to 31 July 2018 and recommended their approval to Audit Committee for its recommendation, in turn, to the Board of Management for approval and signature.

4 External Audit Annual Report 2017-18

The External Auditor presented the External Audit Report for 2017-18. The Committee noted that the scope of the Audit was in line with the Annual Audit Plan presented to the Audit Committee on 22 May 2018. As the College's external auditors, EY prepare the annual audit report to summarise key findings and conclusions from its audit work, for the College's Board of Management and the Auditor General.

The Auditor provided a summary of the key findings of the report. In terms of the financial statements audit, an unqualified audit opinion was provided on the College's consolidated financial risks.

The key messages from wider scope audit were discussed and the Committee noted the Red/Amber/Green (RAG) status for two items. Financial sustainability was assessed as 'amber' as the financial environment continued to be challenging for a number of reasons. Members discussed the projected financial status for the College in the Audit work on the Financial Forecast Return and noted that there were some critical aspects of expenditure that were not absolutely within the College's control including national bargaining and the Central Costs of the University. All agreed that it was important for the College to be aware of how savings could be achieved. Members also expressed concern over the extent of the control the College had in generating sufficient levels of commercial and other income. No issues were identified in terms of governance, which was assessed as 'green', but a final governance checklist would be completed before the final report is issued to the Board.

F&GPC and Audit Committee welcomed the report and a number of questions were raised about plans for income growth in a tight financial climate. Income diversification would be discussed with budget holders and a more rigorous approach to business case development would be put in place. Discussions with budget holders would allow income centres to set targets levels for non-core funding that they might reasonably be expected to achieve.

SMT and the Board were aware of the deteriorating financial position but the auditor recognised that the College had a good track record in managing its finances in a tightening financial climate, and this provided some reassurance.

F&GP Committee approved the External Audit report to Audit Committee for onward approval to the Board.

The Chair of F&GPC thanked the auditor and colleagues in the Finance Team for their work in preparing the financial statements and for a successful overall position.

F&GP Committee concluded its business and left the joint meeting at this point.

5 Presentation

The Audit Committee received an informative presentation from Ian Bow, the College's Health and Safety Adviser. Ian reported that the health and safety culture in the College was positive, but that there was scope for improvement in some areas. These included school reports, development of a Health and Safety Manual and additional policies such as Display Screen Equipment and Health Surveillance. Work on these aspects was being taken forward.

In terms of student representation, the Committee noted a student representative was a member of the Health and Safety Committee but there was work to do with class representatives who had some health and safety responsibility. A check on the level of training that students received would be made.

H&S
Adviser

The Audit Committee noted its mandate from the Board in ensuring that Health and Safety business was taken forward appropriately.

6. Additions to the Agenda

There were no additions to the agenda.

7 Declaration of Interest in any Agenda Item

There were no declarations of a conflict of interest.

8 Minutes of the Meetings of the Audit Committee held on 18 September 2018

The minutes were accepted as an accurate record.

9 Actions arising from previous minutes

***6.1 Health and Safety Annual Report**

Action: Number paragraphs in the Health and Safety Annual Report.

Action Update: Complete

Action: Undertake further analysis of the sickness absence figures.

Action Update: The Principal reported that HR was encountering some issues with the HR system that was preventing the availability of accurate data . A full review was underway and a report would be provided to the next meeting.

Principal

***6.2 Revised Health and Safety Policy**

Action: For formal signing at the Board's next meeting

Action Update: complete

***7.1 and 7.3 Risk Appetite Health and Safety Risk Management profile as at August 2018**

Action: Identify and document the highest priority areas where there is no acceptable level of risk

Action Update: In the absence of the COO an update would be provided at the next meeting

***7.2 Strategic Risk Register**

Action: Include the recently emerging AST risk to the Risk Register

Action Update: added risk 25

***8.2 Internal Audit Plan 2018-19**

Action: Finalise projects and timescales in the light of the discussion at the Committee

Action Update: a paper was on the agenda for the meeting

12.1 Health and Safety Committee

Action: Make attendance at the Health and Safety Committee mandatory for members and/or their deputies.

Action Update: Complete - message conveyed to the Health and Safety Adviser and Head of HR and OD. This will be monitored via the attendance record.

The Principal introduced the paper setting out the updated Risk Register for the second quarter.

The Principal raised a matter that had been discussed at the earlier F&GPC meeting regarding whether an estates maintenance/condition risk against a backdrop of declining funding should be added. A number of Academic Partners had included this as a risk and identified mitigating actions. F&GPC had asked the Audit Committee to make a decision.

Audit Committee agreed that it would wish to see a draft first at the next meeting perhaps linking to Risk 5, and a decision would be made once the risk was articulated. COO

An assurance was provided that the risks referenced in the minutes of the last meeting regarding child protection and safeguarding would be considered and reported at the next meeting. COO

A further risk was discussed around cyber security and ICT resilience and business continuity. This would also be considered at the next meeting and the ICT Risk Register would be on the agenda. The new Head of ICT would provide input. COO

11 Internal Audit

***11.1 Draft Internal Audit Annual report 2017-18**

David Archibald introduced the paper and provided background information to the work of the internal Auditors. The Auditors reported no significant issues regarding major internal control weaknesses and, as a result, their opinion was that the College had adequate and effective arrangements for risk management, control and governance. Proper arrangements were also in place to promote and secure Value for Money.

The Board noted the report and the outcomes from the internal audit reviews.

***11.2 Revised Internal Audit Annual 2018-19**

The Committee noted the final Internal Audit Plan for 2018-19 which had been updated following the last meeting of Audit Committee.

The Principal informed the Committee that a decision had recently been made to outsource procurement to APUC. The timing of the procurement audit may alter as a result and if it was no longer appropriate to undertake, the audit the days would be held in reserve for another topic. HL/COO

Following discussion about the scope of the International Business

Audit, it was agreed that an objective should be added to tease out what is done in terms of pastoral support and integrating international students.

HL/VP
(External)

Proceedings note

Jim Crooks, Audit Chair, had to leave the meeting at this point and the independent members present agreed that Ann Irvine should chair the rest of the meeting.

***11.3 Internal Audit Report: 2017-18 Student Activity Data**

The Committee noted that the outcome from this Audit had to be reported back to the SFC to provide assurance that the FES return was completed properly. No issues were reported but a couple of recommendations were made in relation to open/flexible/distance learning and the European Computer Driving Licence.

Head of
Student
Experience

***11.4 Internal Audit Report: Student Support Funds 2017-18 Audit Report The Committee noted the report**

David Archibald reported that this was the first time Henderson Loggie had audited Student Support funds for Perth College. The audit was needed to certify to funding bodies that two fund statements were appropriately managed. The auditors were able to certify both fund statements for the year and submit these without reservation to the funding bodies.

The Audit Committee noted this positive report

12 Audit Committee Annual Report to the Board of Management

The Chair introduced the Annual Report to the Board of Management for consideration at its meeting on 12 December 2018. This is to provide assurance on the adequacy and effectiveness of the College's system of internal control. The Audit Committee approved the report with no changes.

Secretary

13 Committee Minutes

***13.1 Health and Safety Committee Meeting 15 November 2018**

Minutes

The Committee noted that the police were to be contacted regarding sessions for staff on drugs identification and misuse. The Committee noted that the police already attended freshers week and provided information to students regarding drugs.

The Committee further discussed what items it would expect to see on the

Health and Safety Committee agenda as standing items. These included:

- Departmental risk assessments and sharing of lessons learned
- Training completion reports
- Accident reporting
- Support mechanisms for staff who were witness to self-harm incidents

Secretary

It was agreed this would be fed back to the Health and Safety Adviser as possible standing items particularly as the Committee finalised its Terms of Reference.

14 Date and time of next meeting

19 February 2019 at 5.30pm

***15 Review of Meeting**

Members agreed the meeting had covered its Terms of Reference.

16 The Executive Team left the meeting at this point for a discussion between the Audit Committee and internal and external auditors.

David Archibald, Henderson Loggie, commented that he had no concerns to raise. HL staff leading audits always received good co-operation from colleagues throughout the audit process and closure meetings were usually always positive. Teams were always prepared in advance of the auditors starting work and college staff were willing participants in the audit process and receptive to continuous improvement suggestions.

Rob Jones from EY noted that the external auditors had more limited interactions compared to internal audit. No concerns were raised and discussions with College staff were positive. Staff turnover in the Finance Department could have posed a risk to the successful completion of the audit but new staff engaged positively with the processes and the audit was successfully completed. It was also positive that the Senior Management Team had accepted the comments about financial sustainability openly.

The Chair of Audit would take forward the necessary reports and financial statements to the Board of Management for consideration at its meeting on 12 December 2018.

The Chair thanked all participants for their contribution to a positive meeting.

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**