

**South Lanarkshire College  
Audit Committee (Board of Management)  
Tuesday 15<sup>th</sup> September 2015**

<b>Present</b>	J Evans R Ralston
<b>In Attendance</b>	S McKillop K McAllister A Allan Colin Woods, Scott-Moncrieff (Internal Audit)
<b>Apologies</b>	I Todd A Martin

**1. Declarations of Members' Interests**

No declarations were received.

**2. Minutes of the Previous Meeting**

The minute of the meeting held on 8th June 2015 had previously been agreed by the Board of Management

**3. Matters Arising**

Mrs Evans noted that an updated copy of the External Audit Plan had been circulated to members.

**4. Internal Audit**

Mr Woods took members through the three internal audit reports undertaken in June 2015.

Overview and format of the reports

He explained the changes to format introduced following discussion at the previous Audit Committee meeting. In his absence, Mr Todd had e-mailed comments that he was pleased with the new format, and this was echoed by Mrs Evans. Mr Todd had also intimated that he was particularly pleased to see that the reports were cross referenced to the College's Risk Register.

Income and Debtors

The Report made mention of the College's Financial Regulations and the situation re the Financial Memorandum (FM). Mr McKillop explained that as the College was still a fundable body and would be for another year at least, the Financial Memorandum with the Funding Council was thus still the one in place. The College had prepared a draft financial memorandum between it and the Regional Strategic Body, and this was with that body for their comment. He agreed to keep members apprised of any developments.

Mr McAllister stated that it had been the College's intention to incorporate the effects of the new FM into the College's Financial Regulations, as recommended by the Scott-Moncrieff Report. However, he said that the Regulations would now only be refreshed rather than be subject to a full review, which would be carried out once the new FM was in place. This was noted and agreed by members.

Mrs Evans welcomed that the numbers of items sampled had been included in the Report, but asked that the context of sampling in financial terms also be given, as well as the quantum of the area, numerically and / or financially, of sampling. Mr Woods said that this would be done wherever possible. He did add that this was not always practicable where the nature of the testing was on controls rather re substantive testing, which was accepted by the meeting.

Mrs Evans asked whether the points being made re the compliance with the Scottish Public Finance Manual (SPFM) were a common theme across the colleges that Scott-Moncrieff were internal auditors for, and Mr Woods replied that they were. He also agreed to ensure that, where appropriate, the reports would include benchmarking information, particularly where there were instances of better practice. The latter, in particular, was welcomed by members.

#### Strategic and Operational Planning

Mr McAllister had distributed Mr Todd's comments on the inclusion of SMART targets in College operational plans. Discussion ensued on the matter, with Mr Allan accepting the point, but stating that it was not always appropriate to set targets with, for example, a specific percentage of increase. In some cases it was more appropriate to pursue progression (which he described as an outcome) rather than an output. This was accepted by the meeting. He also informed members that the forms for the completion of operational plans had been amended to incorporate a sign off section. This was welcomed by members.

Mrs Evans asked what progress had been made on implementing proposed changes to the management of alternative funding. Mr McKillop and Mr McAllister commented that a meeting had actually taken place that day with the Head of Alternative Funding, who had presented a draft action plan. This document would be developed and presented to the Funding strategy Group at the end of September. Members would be kept informed of progress.

### **5. Risk Management Policy and Procedures**

Mr McAllister referred to the updated draft document that had been circulated. Mr Todd had commented that he was happy to approve it and, after discussion, the other members were happy to do so too. Mrs Evans suggested that the addition of definitions for some of the terms used would be useful and Mr McAllister agreed to incorporate these into the final document. Mr McKillop commented that the College wished for a period of stability re risk management, other than changes in the risks themselves, and this was agreed by members.

Mrs Evans asked how the area of Risk was disseminated to College staff. Mr McAllister commented that risk was included in every department's operational

plan, which all staff should have an input to. He added that it was the intention to have a section on Risk on the College's website. Mr McKillop stated that he would incorporate a report on Risk in his next Principal's Address to all staff.

Mrs Evans also raised the question of having staff development for appropriate staff on Risk; Mr McAllister agreed to investigate this.

## **6. College Quality Audits**

Six reports from the College's Quality Audit Group (QAG) had been circulated, and Mr McKillop made specific mention of the report on Brickwork, where the QAG had found issues to be addressed re the Personal Learning Plans that students had. Following comment by Mr Ralston, he outlined the move towards having these online which would allow easier review and monitoring. He also referred members to the external reviews of the same academic area by SQA later in the year and the positive outcome.

Mr McKillop agreed with comments from members that the College was setting itself high standards to comply with, but he stated that work by the QAG allowed senior management to keep abreast of quality issues in the College and take appropriate action where necessary. The situation in the Brickwork area was a perfect example of this.

Members were happy to approve the actions being taken as a result of the reports as appropriate.

## **7. Audit Scotland Technical Bulletin 2015 / 2**

Mr McAllister stated that he had distributed the document for members' information.

Mr Ralston questioned the terminology used in the Bulletin re the section on colleges being allowed to carry a "deficit". His understanding of the term was that this was cash. Mr McAllister commented that the term "deficit" was now used widely by the Funding Council in its communications to cover what he would refer to as a "loss" in the Profit and Loss Account. He added that the matter had been discussed fully at the Finance Committee where there was a measure of discomfort at the situation being put in place by the Funding Council where a deficit, or loss, could be posted by Scottish FE colleges and classed as a "technical deficit", to be explained by a note contained within the Financial Statements. Mr McAllister stated that he had sent the appropriate Guidance Notes on the preparation of Financial Statements to members and referred to Section 11 of Mandatory Disclosures section of the Notes which dealt with reporting on any deficit.

There being no further competent business the Chair closed the meeting by thanking everyone for their attendance.