

AUDIT COMMITTEE MEETING

Monday 13th May 2019

HEAD OF FINANCE REPORT

1. Purpose & Introduction

To inform the members of the Audit Committee of developments in the area of audit, risk and finance.

2. Executive Summary

2.1. External Audit of the Financial Statements for the 12 months to 31 July 2019

Attached as **Appendix 1** is the external audit strategy plan from Messrs Mazars; a representative of the firm will present this document. Members are asked to consider the report.

Committee to note the report and, in particular, the supplementary monitoring work to be undertaken by the external audit providers on instruction of the Scottish Funding Council. Committee to recommend the audit fee to the Board for approval.
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2.2. Risk Management

Attached as **Appendices 2A, 2B and 2C** are the commentary, summary and detailed Risk Registers as at 27th April 2019. Members should note the work being undertaken in the areas of business continuity and the situation re financial stability

Attached as **Appendix 2D** is the Strategic Risk Report of the Regional Board (RSB). This document was presented to the RSB in February 2019 and includes South Lanarkshire College's Risk Register as an appendix.

Committee to review and note the College's Risk Register and to recommend to the Board of Management. The Committee should also note the Register of The Lanarkshire Board.
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2.3. Internal Audit 2018/19 – Progress Report

Attached as **Appendix 3** is the Progress Report submitted by Messrs Scott-Moncrieff on work undertaken to date and planned for the year.

Committee to note the report and the work taking place in the year.
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2.4. Internal Audit 2019/20 – Draft Plan

Attached as **Appendix 4** is the draft plan of audit work proposed by Messrs Scott-Moncrieff for 2019/20, the third year of the current 3-year agreement. This is based on the initial audit needs assessment. Members are invited to consider this draft plan in the context of current risks identified by the College in its Risk Register.

Committee to consider the draft plan and to agree on the areas of audit work that it deems appropriate for the year ahead.

2.5. College Quality Audits

Attached as **Appendices 5 and 6** are audits undertaken by the College's Quality Audit Group. The spot check on the Education Maintenance Allowances (EMAs) is one of two required each year required by SFC. Intrinsic to the audits are that they highlight and suggest best practice.

Committee to note the work being undertaken by the Group in the current academic session.
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2.6. Audit Scotland Technical Bulletin 2019 / 1

Attached as **Appendix 7** is the most recent Bulletin from Audit Scotland. Normally the Committee only receive the sectors specific to Further Education and the more general Audit section. This Bulletin, however, has issues in the other sections which may be of general interest to members of the Committee. These are attached for note only.

Members should note the General section re pensions (page 5). Mention is made in the Central Government section (page 18) of a change to the Financial Reporting Manual (FReM), but this will not affect the College sector at this time. The Professional Matters section makes mention of the review of the Financial Reporting Council (page 24) and (potential changes to reporting post-Brexit (page 29). Members should also note the section of fraud and Irregularities on page 31.

Committee to note, the implications of current issues as they affect, or may affect, the college sector in Scotland.

SOUTH LANARKSHIRE COLLEGE

For Publishing

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2.7. Audit Quality Feedback Survey

Audit Scotland ask Colleges for feedback on the external audit process on an intermittent basis. They asked for this to be done on the 2017/18 audit and the College's response is attached as **Appendix 8**. It should be noted that some of the survey covered a wider area than the audit of the College, covering other audits undertaken and published by Audit Scotland.

Committee to note the report and that the College officers feel that the report was a positive one in terms of the assessment of the performance of the external audit providers.
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2.8. Cyber Essentials Plus Reaccreditation

Attached as **Appendix 9** is the certificate received by the College following the reassessment of the College's arrangements re the Cyber Essentials Plus scheme. This is required as part of the Scottish Government's **Cyber resilience: public sector action plan 2017-2018**.

Committee to note that the College is making the appropriate arrangements re its requirements on cyber resilience as laid down by the Scottish Government.

2.9. Statement of Assurance

The Principal, as Chief Executive Officer of South Lanarkshire College, is required to give an annual Certificate of Assurance to the Accountable Officer of the Lanarkshire Region, which will be forwarded to the Scottish Funding Council (SFC). The Certificate, and the letter explaining its purpose from SFC, is attached as **Appendix 10**.

Committee to note the assurance statement remitted by the College Executive Officer.
