

Approved

**South Lanarkshire College
Audit Committee (Board of Management)
Held on 10th May 2021**

Present

L Glen (Chair)
P Hutchinson

In Attendance

Aileen McKechnie
A Kerr
S McManus
Keith McAllister
Lynsey Gifford
Lucy Nutley – Mazars
Suzie Graham – Mazars
Andrew O'Donnell – AZETS

1. **Apologies** – Y Johnston
2. **Declaration of Members' Interests:** A McKechnie, A Kerr RSB Board member; A Kerr, SFC Board member
3. **Minutes of Previous Meeting** – accepted as a true record
4. **Matters Arising:** All actions completed.

The following paragraphs are withheld from publication on the College website under the Freedom of Information (Scotland) Act, 2002, Section 30, Prejudicial to the effective conduct of public affairs.

5. External Audit 2020/21 Planning

The Committee was advised that Mazars would re-issue the Draft Audit Strategy Memorandum given the deferral of proposed Regional dissolution. The requirement for additional audit work in respect of the “small body exemption” which South Lanarkshire College currently enjoys will not be needed this year but will be kept under review. Mazars may ask for an increase in fee to cover the revaluation of assets.

Members discussed a number of points related to this:

- If dissolution goes through in July 2022 this will require extra work in order to give assurances to the Board of Management going forward

- An operational transition plan will need to be in place
- A Lanarkshire Liaison Group, made up of representatives from Scottish Government, Scottish Funding Council and the Chairs of both Colleges, has been set up and has met once. This may be a forum to discuss the work needed for both new and unpicked issues but it is very early in this process
- The use of new technology in the audit process was highlighted e.g. data analytics to pick out risk characteristics; software to analyse accounts picking out particular phrases in invoices.
- An update to be provided to the BOM on the new dissolution timetable.

Decision:

Mazars to email an updated version of the Audit Strategy to members of the Committee to review, comment and formally approve a final version.

Responsibility: Mazars for updated Strategy; Committee members for final approval

Deadline: 4th June 2021

An update to be provided to the BOM on the new dissolution timetable.

Action - APK

6. Risk Management – College Risk Register

Members noted the risks associated with meeting the regional credit target. Members were advised that SLC has taken steps to mitigate the risks of a cyber attack, theft or a major disaster – we take a physical back-up tape of transactions every evening which is then stored offsite for security. Advice to be provided to the Committee on the approach to ransomware attack.

Members discussed risks in the area of Human Resources. It was noted that there are several ongoing initiatives in place to address the risks associated with the employee journey and the return to work as we emerge from the pandemic.

Members reviewed and approved the move to having a strategic risk register for the College and to having operational risks the responsibility of the faculties and support departments.

Decisions:

- Members noted the risks as identified are being appropriately managed and mitigated by College management.
- The Committee reviewed and approved the proposed changes to the risk register.
- Advice to be provided to the Committee on the approach to ransomware.

7. Risk management Arrangements

Members noted the comprehensive review of risk management arrangements, in particular, the move to get faculties/departments involved throughout the year at an operational level. Additional training and development would be provided to support staff to engage in the risk management process. Members were advised that some of the staff development days would be set aside to ensure adequate training.

Members noted and agreed the direction of travel and suggested that the responsibility for setting risk appetite should clearly sit with the Board; and there should be clarity on the relationship between the Risk Management Group (RMG) and the Audit and Risk Committee. It was suggested that the Committee may wish to meet with RMG on an annual basis.

Decisions:

- Members reviewed and approved the draft Risk Policy and Procedures document subject to clarification on the approach to risk appetite.
- Members noted and approved the format and proposed content of the draft working documents as templates for the College to update the formal arrangement for managing and monitoring risk.

8. Contract for Internal Audit Services

Members noted that the current Internal Audit function expires on 31st July, 2021 and therefore a new tender process is required. The existing 3 year contract had been extended by 1 year due to the complexities of progressing audit in the face of the COVID pandemic situation.

Members noted that the tender assessment would be overseen by APUC, with the input of the Head of Finance and the Chair of the Committee. Members discussed the number of years needed for the contract and the number of days required. Members noted informal benchmarking with several other colleges who utilised between 42-49 days in their contracts. SLC needs at least 38 days but some extra days may be required – around 40 was the consensus.

Decisions:

- Members approved the suggestion of four plus one years to for the contract.
 - Members agreed 40 audit days are needed with the potential of additional days.
 - Members noted the current internal audit providers can undertake the 2020/21 activity and student support audits.
 - Members agreed to utilise the APUC Framework and have APUC oversee the tender assessment process.
 - Members agreed to go out to tender via a Mini-Quota system.
 - Members agreed to support the procurement process.
9. **Audit Technical Bulletin** – contents noted.

10. **AOCB** – no other business

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

<p>Note that the July Minutes are not for publication being exempt in terms of the Freedom of Information (Scotland) Act 2002 Sec. 30</p>
