

AUDIT COMMITTEE MEETING Tuesday 27 August 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 an update on the external audit strategy plan from Messrs Mazars; a representative of the firm will present this document. Members are asked to consider the report.

Audit Scotland issued a Good Practice Note on improving the quality of the sector's published financial statements to highlight potential improvements. Our Financial Accountant has produced a commentary (a precis is attached as **Appendix 2**) to highlight how the College will approach the recommendations in the Note.

Committee to note the report and the paper on improving our published financial statements.

2.2. Risk Management

Attached as **Appendices 3A, 3B and 3C** are the commentary, summary and detailed Risk Registers as at 23 May 2019. Members should note the work being undertaken in the areas of business continuity and the situation re financial stability

Attached as **Appendix 3D** is the Strategic Risk Report of the Regional Board (RSB). This document was presented to the RSB in May 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 - Reports 2018/19

Attached as **Appendices 4, 5 and 6** are the internal audit reports on Procurement & Tendering, Cyber Risk and Follow Up. Attached as **Appendix 7** is the Progress Report as at August 2019 and, as **Appendix 8**, the draft Annual Report for 2018/19.

Committee to note the reports and the management responses to the recommendations made. The Committee should approve the Annual Report prior to it being forwarded to the Board.

2.4. Internal Audit – Draft Plan for 2019/20

Attached as **Appendix 9** 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 draft submitted to the Committee in May. 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 the areas of audit work proposed for the year ahead.

2.5. Audit Scotland Technical Bulletin 2019 / 2

Attached as **Appendix 10** is an extract from the most recent Bulletin from Audit Scotland, including the sector-specific section and the more general sections on Fraud & Irregularities and Professional Matters. The last-named contains notes on proposals to, inter alia, establish a new audit regulator.

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

2.6. College Quality Audits

Attached as **Appendix 11** is the second audit undertaken by the College's Quality Audit Group on Education Maintenance Allowances (EMAs), this being the second of the two required each year required by SFC. Intrinsic to the audits are that they highlight and suggest best practice.

Committee to note the report and the results therein.