



MINUTES OF THE AUDIT COMMITTEE HELD ON 28 FEBRUARY 2013

Present: Mr N Coffin
Mr B McNicoll
Mr L Currie

In attendance: Mr M Lumsdon-Taylor-Director of Finance
Mr L Newman -MacIntyre Hudson
Mr J Allen - Clerk

The meeting commenced at 09.30.

WELCOMES, APOLOGIES & DECLARATIONS OF INTEREST

52. Apologies were received from Ms S Hart. There were no declared interests against any of the agenda items. The Clerk confirmed that the meeting was quorate.

MINUTES

53. **RESOLVED** - that the minutes of the meeting of the Audit Committee held 08 November 2012 be approved as a correct record and signed by the Chair.

SUMMARY ACTION LIST & MATTERS ARISING

54. The College report '*Summary Action List*' was received (copy attached to the signed minutes). The following updates were made available:

MIN REF & DATE	DETAILS OF RESOLUTION/ACTION POINT	ACTION UPDATE PROVIDED AT MEETING ON 28/2/13
10	The wider remit of the Audit Committee in terms of compliance, risk and oversight to be considered at the spring meeting.	Agenda item
18	The audit to focus on human resources with regard compliance with Border Agency Requirements and to use any "spare capacity" staff to undertake a review of capital projects. It was confirmed, after the current round of business planning has been completed, that the area to be subject to a department review would be decided upon.	The Audit Strategy to be amended accordingly.
32	Finance Directorate Report – to include Balance Sheet Ratios and Covenants	Agenda item
35	To record two risks in the Risk Register – one dealing with HE recruitment and the	Agenda item

	other with HE retention.	
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55. It was **RESOLVED** to note the Summary Action List.

AUDIT ROLL FORWARD ACTION PLAN

56. The Audit Committee received the ‘*Audit Roll-Forward Action Plan*’ listing progress against all outstanding audit recommendations (copy attached to the signed minutes).

57. Of the eight audit recommendations as at February 2013, College management confirm that four have been completed with four outstanding. The two high risks remain related to Commercial Floristry and Fisheries & Hatchery. Detailed reports on both these risks were attached to the roll-forward action plan. Each report confirmed the continuing improvements being made in both areas and it was agreed that, if the targets set for 2012/13 are achieved, then these risks can be removed from the roll forward action plan.

58. It was **RESOLVED** to note the Audit Roll Forward Action Plan and the Supplementary Reports on Commercial Floristry and Fisheries.

INTERNAL AUDIT REPORT

59. The ‘*Internal Audit 1st Visit Report*’ was received (copy attached to the signed minutes). The report was presented by Mr L Newman (MacIntyre Hudson). The visit summary confirmed the following outcomes:

Area Reviewed	Audit Opinion	High	Medium	Low	Total
Key Financial Controls	Substantial Assurance	0	0	3	3
Corporate Governance	Substantial Assurance	0	0	0	0
Risk Management	Substantial Assurance	0	0	0	0
Viability of educational programmes	Substantial Assurance	0	0	0	0
Capital Projects	Substantial Assurance	0	0	1	1
Total		0	0	4	4

60. The three low recommendations in key financial controls related to elements of good practice with no significant risks identified. Management agreed the recommendations proposed by the IAS and the Committee, following a review of management responses, deemed them to be appropriate and timely.

61. It was **RESOLVED** to note the report. In discussions, it was agreed for the work of the Personal Assistants who support the Executive to be subject to review at the second audit visit.

FINANCE DIRECTORATE INTERNAL CONTROL SYSTEMS FRAMEWORK

62. The report from the Finance Directorate on '*Internal Control Systems Framework*' was received (copy attached to the signed minutes). To support the monitoring of College performance at an audit review level, an internal control and systems framework is used for monitoring purposes. It also allows for the Committee to be kept informed with regard underlying control adherence in line with the Financial Regulations and audit best practice. The report is presented quarterly and reports on headline fiscal data covering the College's financial position and cashflow, with operational monitoring in the three areas of income, expenditure and global.
63. Amber assessments were brought to the attention of the Committee and it was **RESOLVED** to note the report and the actions being taken to address amber assessments.

TERMLY REPORT ON RISK MANAGEMENT

64. The Committee received the College's 'Global Risk Register' which incorporates the risk management scoring system, use of a traffic light system for each identified risk and an executive summary with a headline summary provided of all high risks identified. Any risk with a score over 10 is confirmed as a high risk and the risk, along with the actions proposed to mitigate the risk, are summarised in the headline summary table identifying all high risks (Copy attached to the signed minutes).
65. The Headline Summary of Key Risks confirmed the following high risks:
- HE Recruitment
 - HE retention
 - Changes to funding policy on income streams – HEFCE, SFA/EFA
 - Failure of hardware/network/remotes
 - Inclusion and management of out-centres
 - Damaging Industrial Tribunal
 - WBL
 - Functional Skills
66. The Committee reviewed in detail each of the identified high risks and the actions being taken to mitigate the risks.
67. It was **RESOLVED** to note the termly report on Risk Management.

WIDER REMIT OF THE AUDIT COMMITTEE

68. The College report '*Wider Remit of the Audit Committee*' was received (copy attached to the signed minutes). The report outlined current thinking on making changes to the remit of the role of the Audit Committee.

- 69. The Clerk outlined to the committee developments that are currently being announced in terms of future audit requirements for Colleges and that a new Joint Code of Audit Practice will soon be published.
- 70. It was **AGREED** for the Executive and Clerk to produce a wider paper for discussion following the publication of the new Joint Code of Practice, and for the paper to consider the remit and mandate of the Audit Committee moving forward and the development of its role. As agreed at the meeting, the remit will need to include risk, assurance, Corporate Social Responsibility (CSR) and compliance.
- 71. It was **RESOLVED** to note the report.

CONFIDENTIAL SESSION

- 72. It was agreed by all in attendance that there was no need to go into a confidential meeting with the auditor without college management being present.

MONITORING OF COLLEGE PERFORMANCE & ASSESSMENT OF RISK

- 73. The College report '*Monitoring of College Performance & Assessment of Risk*' was received (copy attached to the signed minutes). The Audit Committee is responsible for making assessments in the area of audit. Assessments are to be carried out at each meeting of the Committee through a standing agenda item '*Monitoring of College Performance & Assessment of Risk*' with an overall assessment for audit being made available to the Board.
- 74. The Committee noted and welcomed the assessment of 'No concern/No risk' made against each of the nine audit performance indicators.
- 75. It was **RESOLVED** to inform the Board of the following overall assessments:

Audit	No Risk/No Concerns
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DATE OF NEXT MEETING

- 76. Thursday 20 June 2013 at 09.30

The meeting closed at 11.20.

Signed: _____ Date: _____
(Chair)

CURRENT AUDIT COMMITTEE SUMMARY ACTION LIST

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	Who
10	The wider remit of the Audit Committee in terms of compliance, risk and oversight to be considered at the summer meeting.	DoF & Clerk
61	The work of the Personal Assistants who support the Executive to be subject to review at the second audit visit.	DoF