

**NOTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON 24 NOVEMBER 2021 at 4.30PM.**

The meeting was held remotely to comply with COVID-19 meeting restrictions.

PRESENT:

David Watt	Committee Chair
Michael Payne	Committee Member
Margaret Swiderska	Committee Member
Amie Logan	Committee Member

IN ATTENDANCE:

Jon Vincent	Principal
Janet Thomson	Vice Principal Resources & College Development
Tracy Elliott	Assistant Principal – Finance & Infrastructure
David Archibald	Henderson Loggie, Internal Auditor
Gary Devlin	Azets Accounting Services, External Auditor
Adrian Kolodziej	Azets Accounting Services, External Auditor
Scott Renton	Head of ICT (for Item 21.57)
Christine McConnell	Clerk to the Board (Minute Taker)

ACTION

21.44 WELCOME AND APOLOGIES

D Watt welcomed everyone to the meeting. Apologies were noted from C Walker.

21.45 DECLARATIONS OF INTEREST

There were no declarations of interest.

21.46 MINUTES OF MEETING HELD ON 29th SEPTEMBER 2021

The Minutes were agreed to be an accurate record of the meeting.

21.47 MATTERS ARISING – ACTION GRID

The Committee noted the update on the actions in the grid. .

Items for Discussion/ Decision

Systems of Internal Control

21.48 FINAL INTERNAL AUDIT ANNUAL REPORT 2020/21

D Archibald of Henderson Loggie spoke to the report.
The Committee was pleased to note that all reviews in the internal audit plan for the year had been delivered. The Committee welcomed the internal audit opinion that the College has adequate and effective arrangements for risk management, control and governance and proper arrangements are in place to secure value for money.

D Archibald advised the Committee that it had been another extremely positive year for the College with all work conducted in 2020/21 assessed systems as either “Good” or “Satisfactory” in very challenging circumstances with no significant issues identified.

The Committee supported the auditors’ appreciation of the Finance team and staff across the College who had been involved in the process.

The Committee noted the report.

21.49 INTERNAL AUDIT PLAN 2021/22 AND BEYOND

The Committee discussed the draft internal audit plan for 2021/22 to 2023/24 as presented by D Archibald of Henderson Loggie. The Committee was pleased to note that some changes had been made to timings following discussion at the last meeting. The Committee agreed that the student association review should be brought forward to 2022/23 with the review of student support moving back to 2023/24.

After some further discussion, the Committee approved the draft plan subject to the abovementioned change.

21.50 DRAFT ANNUAL REPORT FROM AUDIT COMMITTEE TO BOARD OF MANAGEMENT

J Thomson spoke to the report.

The Committee considered the terms of the draft report from the Audit Committee to the Board of Management.

The Committee confirmed that it was satisfied as to the adequacy and effectiveness of the College’s internal financial and management systems as reviewed by internal audit and external audit for the financial period 2020/21 and therefore approved the report for submission to the Board of Management.

Financial Reporting

21.51 DRAFT ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDING 31 JULY 2021.

T Elliott took the Committee through the various elements of the draft financial annual statements for the year to 31 July 2021.

The Committee noted that, for the twelve-month period from August 2020 to July 2021, the College is reporting a deficit of £4,068k with the Total Comprehensive Income for the period reported as £9,220k. After adjusting for non-cash items that are outwith the control of the College, such as pensions and net depreciation, the adjusted operating position for 2020/21 is a surplus of £571k, the equivalent of 1% of total income.

A Logan confirmed that, from the student perspective, she was content with the section of the report relating to the Student Association which gave a good reflection of the work of the Association over the year.

The Committee discussed the detail of some of the wording in the report and asked that management review before submission to the Board to identify any inconsistencies of language.

The Committee agreed that for future years the report should be restructured and condensed as much as possible.

The Committee expressed its thanks to the College Finance team in achieving the positive outcomes and agreed that, subject to review as above, the report should be submitted to the next meeting of the Board of Management for approval.

21.52 KEY ACCOUNTING JUDGEMENTS

T Elliott took the Committee through the report which provided information in relation to the key accounting judgements in respect of the 2020/21 Financial Statements.

The Committee agreed with the assessment of the going concern basis in the statements. The Committee noted the recommendation that a formal valuation of College land and building should take place in July 2022 and that the pension fund actuarial valuation was based on the default accounting assumptions of a typical LGPS employer.

After discussion, the Committee endorsed the College's judgements as described in the report and agreed that the judgements were appropriate for the purposes of the 2020/21 Financial Statements.

21.53 DRAFT EXTERNAL AUDIT ANNUAL REPORT FOR YEAR ENDING 31 JULY 2020

G Devlin presented the report which had been prepared by Azets Audit Services as the College's External Auditors. The Committee noted that the report contains an unqualified audit opinion on the 2020/21 financial statements, an unqualified opinion on regularity and an unqualified opinion on other prescribed matters.

The G Devlin informed the Committee that the College's Finance Team continue to provide high quality accounts and working papers in a timely manner and expressed thanks to the Finance team for its help and support throughout the year. The external auditor confirmed that there were no matters to draw to the College's attention and that the College was well governed and well managed.

A Kolodziej highlighted the financial elements of the report for the Committee and confirmed that no issues had been identified.

The Committee discussed the report commenting that some of the colouring in the report could be misleading as it did not accord with the Red/Amber/ Green rating.

The Committee agreed that it was content with the report and the judgements expressed and thanked the external auditors for their work. The Committee recommended that the report

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and accounts as drafted are presented to the Board for approval.

The Committee endorsed the signing of the related letter of representation by the Chair of the Board of Management and the Principal.

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21.54 2020/2021 STUDENT ACTIVITY DATA AUDIT REPORT

D Archibald spoke to the 2020/21 Student Activity Data Audit Report. The Committee was pleased to note that the report contained no recommendations.

The Committee noted the report.

21.55 2020/2021 STUDENT SUPPORT FUNDS AUDIT REPORT(S)

D Archibald spoke to the report on the 2020/21 Student Support Funds Audit. The Committee noted that Henderson Loggie were able to certify all fund statements for the year and submit them to the appropriate bodies without reservation or qualification.

The Committee discussed the detail of the report and noted the letters to Scottish Funding Council and the Student Awards Agency for Scotland.

The Committee noted the report.

Governance and Risk Management

21.56 COLLEGE STRATEGIC RISK REGISTER

J Thomson presented the report.

She advised the Committee that a workshop has been arranged with Committee Chairs and key members of management for 14th January to assess risks attached to delivery of the Strategic Plan and to consider the College's risk appetite.

The Committee heard that appropriate actions were always being considered to mitigate areas of high risk.

The Committee noted the report.

21.57 CYBER SECURITY RISKS

(Note:- this item was heard after Item 21.50 to accommodate staff availability)

Scott Renton, Head of ICT joined the meeting for this item.

S Renton spoke to the report emphasising the high risk of a cyber-attack on the College IT network.

He assured the Committee that the College have taken all reasonable steps to minimise the risk of attack and to reduce the impact of any attack. These include strengthening of back up services and the introduction of multi-factor authentication for all staff.

The Committee welcomed the ongoing discussions in relation to cyber insurance, recognising the difficulties and costs which can be involved.

The Committee heard of the ongoing process to renew Cyber Essentials Plus accreditation and asked that a report on the outcome is provided to the next Committee meeting. JT
The Committee commended the work being done against a background of funding challenges and increasing sophistication of criminal activity.

Items for Information/Noting

21.58 INTERNAL AND EXTERNAL AUDIT ROLLING ACTION PLAN

The Committee noted the report.

21.59 NATIONAL FRAUD INITIATIVE 2020/21 EXERCISE

The Committee noted the report.

21.60 JULY 2021 STRATHCLYDE PENSION FUND ACTUARIAL VALUATION REPORT – ACCOUNTING ASSUMPTIONS

The Committee noted the report.

21.61 AUDIT COMMITTEE SCHEDULE OF WORK

The Committee noted the schedule of work.

21.62 PRIVATE MEETING WITH INTERNAL AND EXTERNAL AUDITORS

J Vincent, J Thomson and T Elliott left the meeting whilst the Committee met with the Internal and External Auditors.
D Watt undertook to discuss suggestions made with the Principal.

20.63 ANY OTHER BUSINESS

There was no other business.

DATE OF NEXT MEETING

4.30pm on Wednesday 2nd March 2021.
Location to be confirmed.