

Audit Committee

You are invited to attend a meeting of the **Audit Committee** to be held on
Thursday 27 November 2014 in the **Principal's Office, Falkirk Campus at 5.00pm.**

Agenda

1. Apologies for Absence
2. Declarations of Interest

FOR APPROVAL

3. Minute of Audit Committee of 17 June 2014
4. Matters arising
 - a) A/13/052 Appointment Process for Internal Auditors
5. Extension of Internal Audit Appointment to 31 July 2015 Alison Stewart

FOR DISCUSSION

6. Presentation of Internal Audit Reports Baker Tilly
 - a) FES Facilities Management Contract – Value for Money
 - b) HR Effectiveness
 - c) SUMs
7. Presentation of SDS Audit Report Colette Filippi
8. Progress Report on Audit Recommendations Stephen Jarvie
9. Risk Management Alison Stewart
10. Review of Risk
11. Any other competent business

FOR INFORMATION

Programme of Committee Business

Audit Committee

Meeting:	Audit Committee
Location	S1.18, Stirling Campus
Date:	17 June 2014 (commencing at 5.30pm)

Present: Mr Bob Gil (Chair)
Mrs Beth Hamilton
Mr Nigel Scott
Mrs Shona Struthers

Apologies: Mr Colin Alexander

In Attendance: Mr Stephen Jarvie, Corporate Governance and Planning Officer
Mrs Alison Stewart, Director of Finance
Mr Billy McIntosh, Baker Tilly (except item A/13/052)
Mrs Cathie Wylie, Henderson Loggie (except item A/13/052)

A/13/045 Annual Report and Financial Statements 2013/14

The Director of Finance presented the Annual Report and Financial Statements which cover an 8 month period as the College transitions from a July to a March year end. She highlighted the work of the Finance team in delivering these accounts in such a short period of time.

The Director of Finance highlighted to members that neither Audit Scotland nor the Scottish Funding Council had provided guidance in terms of recognising income in a financial year which does not align with the Academic Year to which the funding relates to. She noted that this presented a risk to the College as the treatment as adopted and agreed with Henderson Loggie could possibly be challenged by a future External Auditor.

Members queried the Local Government Pension Scheme figure included in the accounts. The Director of Finance reported that this was a historical issue which has been raised with the Actuaries previously. Now that the College had the same year end as Falkirk Council, a further comparison of the level of pension provision would be undertaken.

The Director of Finance highlighted that, as a result of the reclassification of the College by ONS and the new financial regulations that the College must abide by, the College was in breach of our banking covenants with Barclays. She outlined the activities undertaken to ensure Barclays were fully informed of the changes being implemented to the College and that the risk would remain until such time as a final response from Barclays was received.

- a) Members approved the Annual Report and Financial Statements 2013/14.

A/13/046 Draft External Audit Annual Report to the Board of Management

Cathie Wylie from Henderson Loggie presented the draft External Auditor annual report. She expressed her thanks to the College Finance Team for their assistance in reaching this point and the smooth audit process.

Mrs Wylie covered the key points in the report and noted that Henderson Loggie were anticipating an unqualified opinion in relation to the Financial Statements.

Members queried the grade A recommendation provided in relation to the Forth Valley College Foundation, noting that as this was an independent entity, the College has no control over any risk associated with this.

Mrs Wylie explained the reason behind its inclusion in the report and agreed that the current rating system for the recommendation may not accurately reflect this item. She informed members that this would be re-examined before the final version of the report is issued.

- a) Members approved the report subject to the requested amendment.

A/13/047 Declarations of Interest

Mr McIntosh and Mrs Wylie declared an interest in relation to A/13/052.

A/13/048 Minute of Audit Committee of 1 May 2014

The Minutes of meeting of 1 May 2014 were approved as a correct record.

A/13/049 Matters Arising

a) A/13/041 Internal Audit: Presentation of Reports

Members had recommended that the College examine those previous audit recommendations not covered by Baker Tilly. The Corporate Governance and Planning Officer confirmed that this would occur over the summer period.

b) A/13/042 Risk Management

At the May meeting, members had made some recommendations for amendment to the Risk Register. The Corporate Governance and Planning Officer confirmed that these had occurred and would be covered under A/13/055.

A/13/050 Internal Audit Annual Report

Mr McIntosh presented the annual report from Baker Tilly. He highlighted the activity which had occurred over the previous 8 month period and noted that no high recommendations had been made.

a) Members approved the report.

A/13/051 Chairs Annual Report to the Board of Management

The Chair presented members with the annual report for the Board of Management. He outlined the key positions and noted that, following approval of the previous item, the report would be updated to include the opinion of the Internal Auditors before being issued to the Board of Management.

a) Members approved the report.

A/13/052 Appointment Process for Internal Auditors

The Director of Finance outlined the proposed methodology for identifying and appointing a new firm of Internal Auditors to take over when Baker Tilly's tenure expired. She highlighted the intention to utilise the Internal Audit framework from APUC to support the appointment activity.

The Director of Finance also requested that a member of the Committee volunteer to participate in the appointment process.

- a) Members approved the content of the report and the use of APUC framework
- b) Nigel Scott volunteered to participate in the appointment process.

A/13/053 Progress Report on Audit Recommendations

The Corporate Governance and Planning Officer presented members with an update on progress against audit recommendations.

He noted that there were two recommendations where extensions were being proposed and outlined the reason for these.

- a) Members noted the content of the report and approved the extensions as outlined in the report.

A/13/054 IT Service Desk Project Advisory Report

Mr McIntosh presented the recent phase 1 audit activity on the College IT helpdesk function. He noted that, unlike normal audits which are used to ascertain how an existing function is performing and make specific recommendations, this audit had been designed to establish how an ideal helpdesk function could potentially be created.

Members queried whether non-IT department staff could further enhance the proposed help desk function, with local champions identified whom staff could approach about low level issues.

- a) Members noted the content of the report
- b) Members agreed that, as the report was different from the usual approach, the recommendations in the report would not form part of the Audit Progress tracking report.

A/13/055 Risk Management

The Director of Finance presented the latest College Strategic Risk register to members. She noted the changes that had occurred since the last meeting of the Committee and highlighted how the general risk associated with ONS reclassification had been broken down into a number of specific risks.

Members discussed the risk identified by Cathie Wylie whereby interaction between the College and the Forth Valley College Foundation with no other parties involved could challenge the Foundation's independent status. The Director of Finance confirmed that this risk would be added to the register as a high impact, low likelihood risk.

- a) Members noted the content of the report.

A/13/056 Review of Risk

Risks were identified in each covering paper.

A/13/057 Any Other Competent Business

The Director of Finance discussed the proposed meeting dates for the Committee in the next financial year.

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