

**BOARD OF MANAGEMENT
[AUDIT COMMITTEE]**

Minute of the Meeting of the Audit Committee held on Thursday 27 September 2007 at 08.30 am in the Boardroom.

PRESENT: H McMorran (Chairman), A G Hyslop, K Finn

IN ATTENDANCE: S Bruce, R W Paterson, C M Thomson (Secretary to the Board), A Hewiston (BDO Stoy Hayward), A Cowan (BDO Stoy Hayward), H Biddlecombe (Minute taker)

ITEM

ACTION

1. **APOLOGIES**

W Patterson, N Etherington, D J Watt (KPMG LLP)

2. **DECLARATION OF INTEREST**

None

3. **MINUTE OF PREVIOUS MEETING AND MATTERS ARISING**

The minute of the meeting of 18 April 2007 was approved subject to amendment.

The following matters arising were discussed:

- **Report 1 Follow up Review - External audit**

ITEM**ACTION**

Mrs Bruce stated that with regard to impairment and the new build, there would be no impact on the annual accounts 2007.

INTERNAL AUDIT

4.

Mr McMorran apologised to members that unfortunately it had not been practical to get some of the reports out to everybody. He stated that traditionally the committee should be finalising all these reports, including the Annual Report, at this time and asked that the College Executive and the Internal Auditors look at the work scheduling for next year to eliminate this problem.

SB
BOD Stoy
Hayward

(i) Report 3 - Learning Development Unit

Mr Hewitson referred to the above report and highlighted points in the Executive Summary and the Appendix.

(ii) Report 4 - Cash and Treasury Management/ Budgetary Control and Management Accounting/ Contracts and Tendering/ Corporate Governance and Risk Management

Mr Hewitson referred to the above reports. During discussion Mrs Bruce informed members that due to a system breakdown this caused a temporary backlog in bank reconciliations but advised that the finance section had caught up with this. Mrs Bruce also advised that the College was awaiting the next version of DREAM to assess the recommendation regarding processing of management accounts.

Mr McMorran highlighted issues on the circulation and signing off of committee minutes. He also raised a corporate governance matter on whether Chairs should approve and sign off the agendas before they are issued and it was agreed that Mr Hyslop would address this issue with the Committee of Chairs.

AGH

ITEM**ACTION**(iii) Report 6 - Community Learning and Development Unit

There were no issues relating to this report.

(iv) Annual Report including proposed plan of work for 2007/08

Mr McMorran reported on the draft annual report and stated that the operational plan started in November and some work followed on in December. Following discussion it was agreed that once these reports had been completed the final reports would be circulated to audit members and if they had any concerns at that time to notify Mr McMorran and following this they would be approved by written procedure.

CMT

It was agreed that the Value for Money and unit review for 2007-08 should be identified and included in the final report.

SCOTTISH FUNDING COUNCIL

5.

(i) Review of Colleges' 2005/06 Financial Statements: Issues Arising from Audit Reports

The above letter was noted. Mr Thomson apologised to members that the position statement had not been completed. During a discussion on the fraud policy members were reassured that there was a procedure to follow upon discovery of an alleged fraud. It was stressed that the definition of the word 'fraud' would require clarification. It was agreed that a Fraud Policy would be produced by December 2007 for the year end accounts.

SB**AUDIT SCOTLAND**

ITEM**ACTION**

6.

(i) Audit Service Quality Survey - 2005/06 FEC Audits

The above survey was noted. Mr Hyslop stated that the requirement to use Audit Scotland to appoint auditors was generally regarded as satisfactory.

(ii) Pensions Accounting Treatment

Mr McMorran reported on the correspondence received from Mr R Frith (Director of Audit Strategy) of Audit Scotland regarding matters on FRS17.

Mr Hyslop referred to the summary report and supporting documentation relating to the above. A full discussion followed on the issues with the FRS17 report in relationship to the accounting treatment of the Strathclyde Pension Fund set out by Audit Scotland and the auditable standard teachers pension fund. Following discussion it was agreed that Mr Hyslop could circulate the letter from Audit Scotland to other colleges. It was also agreed to raise issues on contribution levels and issues on deficits with SFC.

AGH

Mr McMorran stated that the correspondence from Mr R Black gave the College the option to continue to treat this issue in the accounts in the same way as for previous years.

Following discussion the Audit Committee agreed to:

- (i) continue with the current treatment of pensions in the annual accounts.

SB**AUDIT COMMITTEE SELF EVALUATION**

7.

Mr Thomson referred to the above paper. He reported that he wished to amend the form to expand on the Yes/No columns and this would take the form of a 2 part document with a questionnaire and a section on the effectiveness of the

ITEM**ACTION**

Committee with scope for comment. It was agreed he would issue this when completed and report back to next meeting. It was also noted that all committee evaluations would come back to the Audit Committee to deal with.

DATE OF NEXT MEETING

8.

Thursday 6 December 2007 at 8.30 am.

Checked	
Dispatched	
Draft Approved (Chair)	
Dispatched (Members)	

CMT/HB/AUDIT2709M

1 October 2007

Amended 10 October 2007 (HB)

Amended 11 October 2007 (HB)

Amended 12 October 2007 (HB)

Copied to Library	
Copied to Assistant Principals	