

**BOARD OF MANAGEMENT
[AUDIT COMMITTEE]**

Minute of the Meeting of the Audit Committee held on Thursday 25 September 2008 at 8.30 am in the Principal's Room.

PRESENT: H McMorran (Chairman), N Etherington, W Patterson,
A G Hyslop (ex officio)

IN ATTENDANCE: R W Paterson, S Bruce, J McMahon, C M Thomson
(Secretary to the Board)

ITEM

ACTION

1. **APOLOGIES**

D Watt (KPMG).

2. **DECLARATION OF INTEREST**

None.

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

The minute of the meeting held on 14 May 2008 was approved.
The following matters arising were discussed:

▪ **Minutes**

Mr Thomson reported that the Board had agreed that

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there would be no change to the distribution of Board and Committee minutes;

- **Audit Plan Overview**

Mrs Bruce referred to the discussion on presentational issues and stated that the circa £300,000 gas bill would be included in 2007/08 in its entirety. Mr Etherington raised the matter of how this situation had arisen and was given a satisfactory explanation;

- Mr Walter Patterson referred to the risk statement and Mr Thomson stated that this would be placed on the agenda for the next meeting.

CMT

4. **STRATEGIC IMPLEMENTATION PLAN 2008/09B**

Mr Hyslop outlined the new planning and reporting model in which each Committee Strategic Implementation Plan would be reported on in detail at the quarterly meeting. This meeting saw the lodging of the Strategic Implementation Plan. Mr Hyslop confirmed that the targets were shared by the Finance Committee.

5. **INTERNAL AUDIT**

(i) **Langside College Annual Internal Audit Report 2008b**

Mr Ralston referred to the report and highlighted a number of matters which have already been through the College process. He stated that the statement of assurance was clean. He referred to some areas which had not been achieved. Mrs Bruce responded by saying that the College had or was in process of addressing the matters. Mr Etherington raised concern that the percentage of recommendations was above average and a full discussion took place. Mr Hyslop stated that appropriate members of the SMT would provide him with assurances that all these matters were being addressed and that the aspiration was to overtake all

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recommendations.

Mr Ralston advised that the rolling action plan was the best way of monitoring progress. Mr Hyslop added that occasionally the College does not agree with the recommendations and some of the recommendations are common in the college sector.

6. **EXTERNAL AUDIT**

(i) **KPMG: Education Maintenance Allowance Grant Claim**

Mr McMorran referred to the letter from KPMG and a full discussion took place on the staffing resources in the student funding section and the usefulness of benchmarking with other colleges on resourcing such services. Mr Hyslop stated that any review of this service would be part of a wider set of staffing services and work areas.

Mr Ralston added a note of caution with regard to the appropriateness of benchmarking..

Any review could be part of a wider set of reviews of staff and work areas.

7. **ACCOUNTING TREATMENTS IN YEAR END ACCOUNTS**

Mr McMorran referred to the summary report and supporting documentation relating to the above. A full discussion took place on the presentational issues in the accounts relating to accelerated depreciation for the College new build. Following a full discussion the committee concurred with the presentation of the accelerated depreciation on the existing building as an exceptional item and that an operational surplus of circa £200k was achieved before this charge.

Mr Hyslop intimated that he was anxious that the accounts were as understandable as possible to the lay reader.

Mr Walter Patterson enquired as to whether the retrospective

ITEM**ACTION**

gas bill of £300,000 could also be treated as an exceptional item. Mr Ralston advised that in terms of accounting practice, the charge was not exceptional as it was part of the normal running costs of the College. Mr McMorran advised that reference would be made to the charge in the Board report within the Annual Report and Accounts.

Following the discussion, the Audit Committee agreed to:

- (i) endorse this approach and the precise presentation of the income and expenditure set out in the draft (2) document.

8. **SCOTTISH FUNDING COUNCIL**

- (i) **Circular SFC/19/2008: Review of Colleges' 2006/07 Financial Statements**

Mr Hyslop referred to the letter and stated that the College had prepared a position statement and action plan which would be attached as an appendix to benchmarking documents which would be presented to the Board of Management. A discussion took place regarding KPMG's position on treatment of pensions and Mr Hyslop stated that a meeting of 4 Principals whose accounts were qualified with KPMG would be useful.

AGH

9. **GOVERNANCE**

- (i) **Self evaluation of Audit Committee**

Mr McMorran referred to the self evaluation and stated that he was reasonably happy with the results. The number of 'threes' indicated that there were a number of matters to be addressed. The issue of interpretation of language was recognized. Mr Hyslop stated that it was a comfort for himself that the Committee was relentless in their questioning which he also found helpful.

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Mr McMorran asked the internal auditors if there was any need to meet without the presence of the executive. Mr Ralston stated there was no need for such a meeting; and

(ii) Remit of Audit Committee

Mr McMorran referred to the remit and during the course of discussion, a number of amendments were agreed.

10. DATE OF NEXT MEETING

Wednesday 3 December 2008 at 8.30 am.

Mr McMorran thanked Mr Ralston for the work carried out by BDO as Internal Auditors of the College. Mr Ralston left the meeting at this point.

11. APPOINTMENT OF INTERNAL AUDITORS

Mr McMorran stated that it had been brought to his attention that BDO Stoy Hayward's term of appointment comes to an end on 30 September 2008 as opposed to 2009, the date that he and the Secretary to the Board had been working to.

The immediate issue to be resolved was the 2007/08 SUMs audit which required to be lodged by 31 October 2008. Mr McMorran proposed that BDO Stoy Hayward be appointed to carry out the 2007/08 SUMs audit. This was agreed by the committee.

Discussion took place as to the appointment of internal auditors from 1 October 2008. The options discussed were extending BDO Stoy Hayward's term by one year, or initiating the full tender process for a three year term. The Committee agreed

ITEM**ACTION**

that the best option, at this time, was to extend BDO Stoy Hayward's term to 30 September 2009. This would include the SUMs audit for 2008/09.

Checked	
Dispatched (Chair)	
Draft Approved (Chair)	
Dispatched (Members)	

Copied to Library	
Copied to Assistant Principals	
