

Meeting: Audit Committee		Venue: College Board Room	Date: 14 November 2019	Time: 11am - 1pm	
Minute Taken By: Jackie Kane		Sederunt: Gill Hogg (Chair), Marian Docherty, Joyce Clark, Pete Smith, Richard Butt, Ben Wood (University of Edinburgh), Jamie Davidson (Henderson Loggie)	Apologies: Jean Urquhart	Absences: George Archibald	
FOR DECISION					
No.	Agenda Item	Action	When	By Whom	Status
1.	Apologies	Apologies were received from Jean Urquhart.	14.11.19	JK	Complete
2.	Minute of Meeting held on 16 May 2019 (Paper 1)	Approved as an accurate record.	14.11.19	Audit Committee	Complete
3.	Matters Arising				
	Update on Trustees	A conclusion has not yet been reached with regard to the proposed development of the Business Park. The Trustees are aware that the Board would like to discuss the respective roles of both parties. This has been arranged for 21 November 2019 with the Chairs' Committee.	14.11.19 21.11.19	MD MD	Information Ongoing
FOR DISCUSSION					
4.	Risk Register (Paper 2)	The committee considered the Risk Register and the following was noted: <ul style="list-style-type: none"> It would be helpful if an extra column was added to the Risk Register indicating a decrease or increase in risk. The committee spoke in depth with regard to the college's IT relationship with Edinburgh College. It was suggested that a business continuity scenario be carried out should the IT systems go down at college and involve Gordon Hope from Edinburgh College. The Business & Resource Manager is exploring other Language Schools due to no off-season bookings being made by International 	14.11.19 14.11.19	Audit Committee JC	Information Ongoing

		<p>House to date. Commercial activity will be a theme during the January 2020 Board Meeting.</p> <p>Concern was expressed that some of the mitigating factors for loss of income were themselves red/amber risks and that all mitigations referred to income growth/replacement with no actions relating to cost reduction.</p>			
5.	2018-2019 Internal Audit Report on Procurement (Paper 3)	<p>Ben Wood spoke to the Internal Audit Report. The committee noted the following:</p> <p>Internal Audit aims to focus on key areas of risk facing the college. The internal audit service has typically involved undertaking one internal audit each year. For 2018-2019, this involved a review of procurement arrangements. The audit highlighted six recommendations (two graded as high risk, three moderate risk and one low risk). The high risk recommendations related to:</p> <ul style="list-style-type: none"> • Ensuring compliance with public procurement legislation for spend with suppliers in excess of £50k over 4 years. • Ensuring improved compliance with the college's policy for quotes and tenders. <p>It was noted that this report was both timely and helpful and the committee thanked Ben for his work.</p> <p>The committee endorsed the report which will be presented to the Board on 27 November 2019 for their approval.</p>	14.11.19	Audit Committee	Information
FOR INFORMATION					
6.	External Audit 2018-2019				
	Financial Statements for the year ended 31 July 2019 (Paper 4)	<p>Jamie Davidson, MHA Henderson Loggie spoke to the Financial Statements for the year ended 31 July 2019 and the Annual Report to the Board of Directors. The committee considered the following:</p> <ul style="list-style-type: none"> • The results for the year indicate a net deficit of £357K and reserves of £556K, and a deficit before other gains and losses of £253K. 	14.11.19	Audit Committee	Information

		<ul style="list-style-type: none"> • Whilst the impact of the pension costs impacted upon the final outcome, concern was expressed regarding the financial position of the college and the need to replace international income. • The budget for the year ahead forecasts a breakeven position. Management accounts for August 2019 show an adverse variance against budget of £63K on net income. However, this is due to phasing of income and this deficit is projected to recover as the year progresses. On this basis, the external auditors are satisfied that it is appropriate to prepare the financial statements on a going concern basis. • The Business & Resource Manager commended Henderson Loggie on the professional and thorough approach to the audit and the committee thanked Jamie for his team's work. <p>The Financial Statements for the year ended 31 July 2019 and the Annual Report will be presented to the Board on 27 November 2019 for their approval.</p>	27.11.19	Audit Committee	Information
	Credits Audit Report 2018-2019 (Paper 5)	The committee considered the Credits Audit Report 2018-2019. This report will be presented to the Board on 27 November 2019 for their approval.	27.11.19	Audit Committee	Information
	Education Maintenance Allowance Audit Report and Student Support Funds Audit Report 2018-2019 (Paper 6)	The committee considered the Education Maintenance Allowance Audit Report and Student Support Funds Audit Report 2018-2019. These reports will be presented to the Board on 27 November 2019 for their approval.	27.11.19	Audit Committee	Information
7.	Audit Committee Report 2018-2019	The Business & Resource Manager will circulate to the committee the Audit Committee Report 2018-2019.	14.11.19	JC	Ongoing
8.	AOCB	There was no other competent business.	14.11.19	Audit Committee	Information

9.	Date of Next Meeting	Thursday, 6 February 2019 from 11.00am - 1.00pm.	6.2.20	Audit Committee	Information
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