



A meeting of  
**Argyll College Audit Committee**  
to be held at 11.45 am on Friday 13 March 2020  
at CERC, Lochgilphead PA31 8RR  
Tel 01631 559830 VC Code - 53943

## A G E N D A

Item no		Status For:	Papers
20.1.1	<b>Welcome</b>		
20.1.2	<b>Declarations of interest &amp; to identify any items deemed confidential</b> 20.1.8 is a confidential item		
20.1.3	<b>Minutes of the joint meeting with F&amp;GP Committee</b> held on 29 November 2019	For information	Attached
20.1.4	<b>Matters arising</b> (a) Update on draw down of funding for Helensburgh (b) Update on Nursery	For information For information	Oral Oral
20.1.5	<b>Risk Register</b>	To consider	Attached
20.1.6	<b>Internal auditors discussion with Committee on 2019/20 Audit Plan – by VC</b>		
20.1.7	<b>Update on appointment of external auditor</b>	For information	Attached
20.1.8	<b>Confidential item</b>	For information	Attached
20.1.9	<b>AOCB</b>		
20.1.10	<b>Date of next meeting: Friday 22 May 2020 – location TBC.</b>	To note	

**Minutes of the joint meeting of the  
Audit and Finance & General Purpose committees  
held at 1.00 pm on Friday, 29<sup>th</sup> November 2019  
at the Oban Centre, Glenshellach Business Park**

**Present:** John Colston (JC), Chair of Finance & General Purpose committee, Scott Matheson (SM)(by VC) Chair of Audit Committee, Ken Jones (KJ), Amber Crowley (AC), Gillian McCready (GMcC), Jim Findlay (JF)(by VC), Tony Dalgaty (TD), Martin Jones (MJ).

**Apologies:** Andrew Campbell (AC), Elaine Munro (EM)

**In Attendance:** Jamie Davidson and Christina Pirolli, Henderson Loggie (by VC for 19.4.4) Gill Callaghan, TIAA (by VC for item 19.4.7), Ailsa Close (AEC)

No	Item	Action
19.4.1	<p><b>Welcome, Apologies &amp; declarations of interest.</b> Apologies were received from Andrew Campbell.</p> <p>JF declared his position as a local authority councillor.</p>	
19.4.2	<p><b>Minutes of previous meetings.</b></p> <ul style="list-style-type: none"> <li>• Audit Committee minute of 24<sup>th</sup> May 2019. Minutes approved, to be signed by Chair.</li> <li>• Finance &amp; General Purpose committee on 29<sup>th</sup> August 2019. Minutes approved and signed by Chair.</li> </ul>	
19.4.3	<p><b>Matters arising.</b></p> <p><b>i) Update on Nursery</b> MJ updated the committee that a potential purchaser has re-emerged and discussions have restarted. An interim manager is currently in place - a childcare tutor with the relevant qualifications to manage the nursery. MJ is hoping to have an update for the board meeting.</p> <p><b>ii) Oban</b> MJ reported that a room in the Oban centre has been repurposed as a classroom, which has freed up a room to use as an office to accommodate the staff moving from WHHA. There is other work planned to allow the Oban centre to be used more efficiently. JC said this was a positive move and asked if there is any financial penalty to moving. AEC confirmed that there is no penalty and there will be a cost saving going forward of over £20k per annum</p> <p><b>iii) Riverside</b> AEC was assured that the sale would go through 2 weeks ago but there has been a hold up on the purchaser's side. The sale was put through last year's accounts. AEC expects the sale to go through before the board meeting.</p> <p><b>iv) Islay</b> AEC has been getting quotes from 3 companies to carry out the work. The quotes are coming in much higher than the quantity surveyor expected.</p>	

	<p>Awaiting a visit and quote from another firm but the difficulty of the island location was acknowledged</p> <p><b>v) Helensburgh</b> AEC confirmed that an invoice has been issued to UHI but no payment received as yet. This is being pursued and an update will be provided at the next Board.</p> <p><b>vi) NRPA</b> MJ confirmed that Argyll College has not signed up yet although a number of other colleges have in the interim. A dialogue has been maintained with SFC although not all communications via the region had been forwarded. A route map towards signing has been put in place. MJ stated that there are hidden costs involved in the professionalisation of college lecturers, there is a 2 year window for staff to gain qualifications and receive funding towards course fees and time to study. TD expressed concern that this might take away the flexibility that Argyll College needs. JF stated that it should be embraced as a good opportunity to raise the quality of teaching staff. AC said there is some confusion amongst staff as to different pay rates. MJ agreed that an internal communication would be sent to tutors to clarify the pay rates. MJ reported on the national processes relating to job evaluations for support staff. <b>ACTION:</b> MJ to provide internal communication to tutors regarding pay rates for clarity.</p>	MJ
19.4.4	<p><b>Audit report from Henderson Loggie.</b> (At this point, the meeting was joined by Jamie Davidson (JD) and Christina Pirolli (CP) Henderson Loggie by VC)</p> <p>SM asked Henderson Loggie to summarise the key points of the report, JD reported these as follows:-</p> <ul style="list-style-type: none"> <li>• Income has increased and expenditure has increased - mainly due to national pay bargaining, teachers pensions and Strathclyde Pension Fund</li> <li>• Additional income covers the increased costs</li> <li>• The loss on the sale of Riverside has been accounted for in this year.</li> <li>• The college now has full assigned status therefore the accounts are published under the Accounting for Further and Higher Education Statement of Recommended Practice rather than the Charities SORP. The main impact being that deferred grants were carried forward but are now shown at the top half of the balance sheet</li> <li>• The audit findings reported two cases where payroll was authorised after it had been paid. A further finding was that pre 1 Jan 2019, not all documentation is in place to ensure that employees have the right to work in the UK</li> </ul> <p>JD asked if there were any questions.</p> <p>SM thanked Henderson Loggie for the work they had done and asked how Argyll College compares to the sector in general. JD stated that Argyll College mirrors the sector, all have the same pressures on income and rising costs and that the balance sheet shows a reasonably healthy position.</p> <p>SM asked Henderson Loggie if they need anything further from the college. JD said that they need approval of the numbers in general and there are some items on the report to be checked with AEC.</p>	<p>AEC</p> <p>AEC/MJ</p>

	<p>JC stated that the report is a good reflection on the performance of the college and SM agreed. SM asked for clarification of the process in place for payroll. AEC stated that the payroll is completed in Oban but she is in Dunoon so not always available for signature. It has been discussed that MJ or EM are able to authorise payroll too so there is always a signatory available.</p> <p><b>ACTION:</b> AEC and MJ to follow up for next meeting.</p> <p>JC asked if payroll management could be outsourced but AEC stated that the majority of the work is in pulling together timesheets and hourly rates and another trained member of staff would be preferable.</p> <p>Audit Report approved and recommended to the Board.</p>	
19.4.5	<p><b>Draft Annual Report and financial statements for year ended 31 July 201</b></p> <p>AEC indicated the accounts are easier to read than charity accounts and the current position is quite positive due to having reasonable level of unrestricted reserves.</p> <p>SM requested that Board members provide any additional comments or questions to AEC before Wed 4<sup>th</sup> December.</p>	
19.4.6	<p><b>Management accounts to 31 October 2019</b></p> <p>AEC stated that the actual figures are not wholly accurate due to staff absence and therefore not all invoices having been processed by the quarter end. Noted that confirmed funding for FE is lower than budgeted.</p> <p>JC asked about the increase in salaries costs budgeted, AEC confirmed this is due to the nursery sale not likely to be early in the year as was expected when the budget was prepared.</p>	
19.4.7	<p><b>Internal Audit annual report 2018/19</b> (At this point, the meeting was joined by Gill Callaghan (GC) of TIAA by VC)</p> <p>SM asked GC for a summary of the report.</p> <p>GC reported that:-</p> <ul style="list-style-type: none"> <li>• The report concluded reasonable assurance over all</li> <li>• 8 x priority 2 recommendations and 5 x routine housekeeping</li> <li>• No limited assurance</li> <li>• Value for money – arrangements are in place</li> </ul> <p>SM asked for any questions or comments from the committee.</p> <p>AEC thanked TIAA for producing the reports in time for the meeting.</p> <p>Internal Audit Reports approved and recommended to the Board.</p>	
19.4.8	<p><b>Internal Audit Plan 2019/20</b></p> <p>AEC stated that Henderson Loggie cannot present the Internal Audit plan for 2019/20 as they are currently still external auditors. Once the accounts have been signed off, they will be in a position to present and discuss the internal audit. SM asked if this will affect the timeline of them completing their work. AEC felt that it will not.</p>	

19.4.9	<p><b>Final Internal Audit Reports:</b></p> <p>i) <b>Management &amp; Board reporting</b> - JF pointed to the report's mention of the strategic plan and the need for the SMT and Principal to focus on a 6 month timetable in which to implement it. MJ reported that work has been going on in the background (including a staff away day) and there will be a presentation to the next board meeting.</p> <p>i) <b>ICT review of GDPR – This was noted</b></p> <p>ii) <b>Budgetary Control</b> - SM suggested that SMT meetings should include the management accounts on the agenda. JC suggested that all staff should be encouraged to take ownership of the financial health of the college. SM asked that MJ and AC think about how this could be best achieved.</p> <p>iii) <b>Follow up on previous reports</b> – SM asked whether a process had been implemented for the checking of passports and visas. AEC confirmed that it has been in place since January 2019.</p>	MJ/AEC
19.4.10	<p><b>Review of risk register.</b></p> <p>MJ explained to the committee how the risk register works and how to read it. AC asked how Argyll College compare to the rest of UHI. MJ responded that all partners have the same issues but it can be difficult to compare as it depends on how much information is input by individuals. TD noted that there is no mention of injury to staff or students.</p> <p><b>ACTION:</b> MJ to look at 'injury' for the next audit meeting. SM agreed that the risk register be kept under review by the committee.</p>	MJ
19.4.11	<p><b>AOCB</b></p> <p>There was no other business.</p>	
19.4.12	<p><b>Date of next meeting</b> – To be agreed at Board meeting on 13 Dec 2019</p>	
19.4.13	<p><b>Signed by</b></p> <p>..... <b>Date</b> .....</p> <p><b>Chair of Finance &amp; General Purpose Committee</b></p> <p>..... <b>Date</b> .....</p> <p><b>Chair of Audit Committee</b></p>	



## Agenda Item 20.1.7

### External Audit

The tender for the External Audit service is being put out as a mini-comp through APUC (Advanced Procurement for Universities and Colleges). We are doing this as a collaborative tender along with West Highland College and SMO, but there has been a delay in this whilst our partners completed their procurement of internal audit services.

The proposed timetable is

Tender Issued	24 <sup>th</sup> February 2020
Deadline for Supplier Questions	12:30 2 <sup>nd</sup> March 2020
Deadline for Publication of Question Responses	12:30 4 <sup>th</sup> March 2020
Tender Return	12:30 16 <sup>th</sup> March
Evaluations	18 <sup>th</sup> – 25 <sup>th</sup> March
Contract Award Date	30 <sup>th</sup> March 2020
Contract Start Date	1 <sup>st</sup> May 2020.

The proposal is that the scores for evaluating the tenders will be:

- Technical Score 40%
- Commercial Score 60%

The technical questions and scorings proposed are:

<p><b>1. Service Delivery Management</b></p> <p>Please provide a brief of the methodology and management approach that you will apply in order to meet the statement of requirements as stated above.</p> <p>Answers should include as a minimum:</p> <ul style="list-style-type: none"> <li>• Confirmation that requirements detailed within the Statement of Requirements will be met in full and detail how deadlines will be met</li> <li>• The overall methodology will be used to enable delivery of this service to all Institutions addressing the geographical constraints</li> <li>• Detail your approach to transition the service provision from the incumbent service provider.</li> <li>• Please outline a detailed implementation plan which would ensure a high standard service delivery from the commencement of the contract.</li> <li>• Details of how work will be appropriately managed, allocated, and supervised.</li> </ul>	<b>10%</b>
<p><b>Q2. Key Personnel</b></p> <p>Please provide details of the Key Personnel who will deliver this contract</p> <p>Your response should include:</p> <ul style="list-style-type: none"> <li>• A summary of the proposed team structure for this contract clearly detailing individuals' roles and responsibilities and the use of subcontractors if applicable.</li> <li>• Details on any area of the requirement that will be sub-contracted out, and the controls that are in place to monitor and manage any sub-Contractor (details should also be provided on the process and checks carried out when appointing any sub-Contractor).</li> <li>• Details of each senior core member detailing relevant qualifications, security checks (if applicable), skills and technical expertise; (providing business information only)</li> <li>• A description of the methodology detailing how the proposed team will be organised and deployed to ensure high service delivery.</li> <li>• A brief summary of how all key personnel will be appropriately trained and developed.</li> <li>• A methodology for continuity of key personnel to ensure that an equivalent level of service is maintained.</li> <li>• Details of any specialist audit resource available as appropriate.</li> <li>• How effective liaison will be developed and maintained with the Institution throughout the duration of the Contract.</li> <li>• Details of how you will address capacity to ensure all three institutions' needs are addressed</li> </ul>	<b>10%</b>
<p><b>Q3. Value Added Services</b></p>	<b>5%</b>

<p>Please outline any added value services that your organisation would provide to the Institution as part of this Contract, which should be at no extra cost to the Institution.</p> <p>Answers should include as a minimum:</p> <ul style="list-style-type: none"> <li>• The added value service(s) being offered</li> <li>• An overview of the benefits of the proposed added value services to the College, including how this can be quantified (e.g. costs savings, quality/other benefit)</li> <li>• How long any added value services offered would be open for acceptance by the Institution</li> </ul> <p>Any conditions/exclusions attached to any of the added value services proposed</p>	
<p><b>Q4. Quality Assurance &amp; Continuous Improvement</b></p> <p>Please detail how your organisation would ensure expected quality standards are maintained throughout the duration of this Contract, and how your organisation will seek to continually improve the services delivered under this Contract.</p> <p>Answers should include as a minimum:</p> <ul style="list-style-type: none"> <li>• Any quality control measures, systems or processes that you would implement to ensure services are delivered to expected standards at all times</li> <li>• Any review or continuous improvement measures that you would implement to ensure continuing quality and value for money throughout the contract</li> </ul> <p>Where a sub-contractor (s) is used, you must demonstrate your answer in line with use of sub-contractor (s)</p>	<b>10%</b>
<p><b>Q5. Fair Work Practices</b></p> <p>Please describe how you will commit to fair work practices for workers engaged in the delivery of this contract.</p> <p>Examples are provided in the Statement of Requirements section, answers need not be constrained to, or be reflective of any of examples given alongside this question.</p>	<b>5%</b>