

**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>	