Board of Management

DATE:	7 June 2022
AGENDA REF:	30-22
TITLE OF REPORT:	Auditor General for Scotland The 2020-21 Audit of South Lanarkshire College
AUTHOR AND CONTACT DETAILS	Alan Sherry, Acting Principal, Alan.Sherry@slc.ac.uk Peter Scott, Acting Clerk to the Board, Peter.Scott@slc.ac.uk
PURPOSE:	To provide members with an overview of the Section 22 report, (a copy of which is available at www.audit-scotland.gov.uk), prepared by the Auditor General for Scotland (AGS) on governance matters at the College as it impacts on the academic/financial year 2021-22 audited financial statements. In addition to provide members with an update of the evidence session held by the Public Audit Committee of the Scottish Parliament on 12th May 2022. Members should note that Section 22 Report has been considered at both the Audit & Risk Committee and the Finance & Resource Committee.
KEY RECOMMENDATIONS/ DECISIONS:	Members are recommended to i. Note the content of this report and its appendix; ii. Note that the Public Audit Committee took evidence on the Section 22 Report on 12th May 2022 and will take further evidence in due course; iii. Note that it is anticipated that there will be a further Section 22 Report following the external audit of the 2021-22 annual financial statements; and iv. Require the Acting Principal and Acting Clerk to bring forward an update report to an appropriate future meeting of the Board.
RISK	Potential reputational damage for the College which may impact adversely on student and staff recruitment. Potentially delay progress towards the dissolution of the Lanarkshire Regional Board by Scottish Ministers.
RELEVANT STRATEGIC AIM:	To develop an enhanced approach to partnership working, collaboration and regional coherence with New College Lanarkshire and the Lanarkshire Regional Board.
SUMMARY OF REPORT:	i. AGS: Section 22 Report • Mazar LLP the External Auditor appointed by Audit Scotland concluded that governance arrangements for the College were unsatisfactory during academic/financial year 2021-22;

	• The Scottish Funding Council commissioned, in July 2021, an independent external review of governance. The College is in receipt of a redacted copy of that report;
	• The South Lanarkshire College Board has commissioned two independent investigations into complaints and grievances against the Chair, Principal and Interim Clerk;
	• The External Audit report highlights the following areas of non-compliance with the Code of Good Governance for Scotland's Colleges
	- The operation of the Board of Management;
	- The operation of the Audit and Risk Committee;
	- Transparency with regards to the publication of Board and Standing Committee papers;
	- Board member induction; and
	- Engagement with the internal audit service with particular emphasis on the failure to agree an Internal Audit Plan timeously.
	  • The Report acknowledges that the Board has put in place a Governance Improvement Plan which it is monitoring routinely as is the Lanarkshire Regional Board.
	  • That progress against the actions set out in the Governance Improvement Plan will be monitored by the External Auditor and the Auditor General for Scotland.
	  • The Auditor General indicated that it is anticipated that there will be a need for further public reporting on this matter.
	ii. Public Audit Committee
	At the Public Audit Committee held on 12 May 2022, evidence was taken from the following:
	- Stephen Boyle, Auditor General for Scotland;
	- Rebecca Seidel, Audit Scotland;
	- Lucy Nutley, Mazars LLP.
	Members should note that the College was not asked to give evidence at this meeting.
	Following consideration of the evidence presented members of the Public Audit Committee concluded that they would hold a further meeting at some point in the autumn of 2022.

FURTHER INFORMATION	Members can view the Public Audit Committee evidence session at www.scottishparliament.tv Further information is available under Statutory Reporting: Sec. 22 reports at www.audit-scotland.gov.uk In addition, the Clerk produced a paper for ARC in which he submitted that some aspects of the Report were inaccurate

	and others lacked reference to mitigating circumstances. This is available on the ARC section of the Board Portal