

# A

## Audit Committee

Meeting at 17:30 on Thursday 3 February 2022  
MS Teams



### Actions

Item	Action	Responsibility and Date	Action Status
03/22	Update to Register of Member's Interest to be completed.	Principal	Completed
75/21	Discussion regarding governance process for next year's Annual Accounts to be held (carried forward).	VP Finance & Corporate Services & Board Secretary	Completed
07/22	Changes to the Terms of Reference to be completed and brought back to May meeting, prior to Board approval.	Board Secretary	Agenda item for 12/05/22
08/22	IT Systems Audit - strengthening of passwords to be implemented quicker along with a programme of regular reminders regarding password complexity.	VP Finance & Corporate Services	Completed
09/22	Strategic Risk Register  Risk 1b - target to be updated Risk 4a – greater detail on actions to be added to register  A review of the new register format would be completed.	VP Finance & Corporate Services  VP Finance & Corporate Services	Completed  Agenda item for 12/05/22
10/22	External Audit Impairment Review - sector consistency would be raised at Finance Directors' Network meeting.	VP Finance & Corporate Services	Valuation exercise will be completed
11/22	Cyber Security Awareness – a Regional Board event with input from institutions who had been affected would be progressed.	Board Secretary	Date to be advised

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### MINUTES



ITEM	MINUTES
Present	Bryan McGrath (Chair) Carol Gillie David Johnson Sally Prentice
In Attendance	Ray McCowan (Regional Chair) Angela Cox (Principal) Hazel Robertson (VP – Finance & Corporate Services) Ingrid Earp (Regional Board Secretary) Scott McCready (Wylie & Bisset) Lorraine Sulo (Minutes)
	Members met with the auditors separately prior to the start of the meeting.
01/22	<b><u>Chair's Welcome</u></b>  The Chair welcomed everyone to the meeting and extended a warm welcome to the College's newly appointed Chair, Ray McCowan. Introductions then followed.
02/22	<b><u>Declaration of Conflict of Interest</u></b>  No items were raised.
03/22	<b><u>Register of Members' Interests</u></b>  A Cox advised on her recent appointment to the Board of Interface, therefore an update to the Register of Interests would be completed. <b>ACTION: AC</b>
04/22	<b><u>Apologies for Absence</u></b>  A McKerracher was absent.
05/22	<b><u>Minutes of previous meeting on 25 November 2021 – Paper A</u></b>
75/21	The discussion between the VP Finance & Corporate Services and Board Secretary regarding the governance process for next year's Annual Accounts was yet to be held. This action would be carried forward. <b>ACTION: VP F&amp;CS &amp; BS</b>  All other actions had been completed.

06/22	<p><b><u>Matters Arising</u></b></p> <p>No items were raised.</p>
07/22	<p><b><u>Review of Audit Committee Terms of Reference – Paper B</u></b></p> <p>The Board Secretary advised that the Terms of Reference had been updated to include new items which had been added over the year to the remit of the Committee. These areas were Cyber Security, Data Protection and Business Continuity, with proposed changes highlighted in yellow for feedback from Members.</p> <p>Members were updated on a recent discussion with E Acaster regarding the allocation of a Committee to oversee the College’s Sustainability Strategy. Members discussed this in detail and agreed that given the strategic objectives of the strategy it would be more appropriate for reporting to be allocated directly to the Regional Board.</p> <p>The following points were also discussed and agreed:</p> <ul style="list-style-type: none"> <li>• Reference to the monitoring of the effectiveness of external audit would be removed as this was not seen as appropriate; and</li> <li>• Reference to accounting policies would be included.</li> </ul> <p>Following questions from a member, the VP Finance &amp; Corporate Services confirmed that the Register of Gifts was brought to the Committee only when a gift was received, therefore, this was not a regular occurrence. Members were in agreement of the Business Continuity Plan being a new area of remit for the Committee.</p> <p>The Board Secretary agreed to make the necessary changes for approval at the next Committee meeting, prior to Board approval being sought.</p> <p style="text-align: right;"><b>ACTION: BS</b></p>
08/22	<p><b><u>Internal Audit Assignment – IT Systems – Paper C</u></b></p> <p>S McCready reported on the IT Systems audit which was completed in November 2021. The report confirmed a strong overall conclusion with two low level recommendations raised for improvement with management.</p> <p>Members discussed the findings and agreed that the results were very positive, given the ongoing challenges there had been in this area. On reviewing the management responses, the VP Finance &amp; Corporate Services advised that the action in relation to passwords would be implemented significantly quicker than the recorded May deadline. A programme of regular reminders regarding password security would also be incorporated.</p> <p style="text-align: right;"><b>ACTION: VP F&amp;CS</b></p> <p>Members congratulated the ISLT Team on the positive report and achievements.</p>

09/22

**Strategic Risk Register – Paper D**

The VP Finance & Corporate Services provided an overview of the progress and changes to the register. Following the first round of committee and Board meetings, the need for a new risk in relation to governance processes had been identified and following discussion with the Board Secretary, added to the register for consideration.

Risk 1b, Increase in COVID impact, had increased in rating from 4 to 6 due to the impact of the pandemic on people's ability to succeed. The target would also require to be updated. A change in delivery modes had been necessary when curriculum departments had experienced staff absences, with a much improved staff agility to undertake online delivery.

**ACTION: VP F&CS**

Members discussed Risk 2, Finance, which had a high rating of 16 mainly due to the uncertainty of the planning assumptions which were expected around the middle of March. The College had received an indication to anticipate flat cash based on 21/22 allocations. There was still some initial work to be completed in terms of scenario planning, however, currently the optimistic scenario was a £400k-500k gap with a pessimistic scenario of £1.2 million. The Assistant Principal for Finance was currently meeting with budget managers to understand their position for next year and discussions regarding further commercial income growth was also underway. A high level financial projection would be discussed with the Financial and General Purposes Committee at the end of February.

A member also requested further information on the actions for Risk 4a, staff motivation, which would be added to the register:

- Governance admin review is planned;
- Great Places to Work survey actions – feedback had been received with facilitated sessions for those teams who had performed less well;
- Staff Development Programme – further actions had been agreed;
- STAR Awards – these were in person events across College sites with positive feedback received from staff;
- Coffee Vouchers in place for staff recognition; and
- Open Staff Forums continue with seven workshops having recently been held by VP Finance & Corporate Services to inform future infrastructure strategy.

**ACTION: VP F&CS**

Other points noted:

- Risk 1c - Early withdrawal was currently higher than predicted by 3% compared to the same time last year, but similar to 19/20 with the majority from full time HE students. This was a concern due to the impact on fees, however, courses attracting the wider UK had been positive. Main three reasons for withdrawal had been for employment, financial and course disengagement. Withdrawal due to mental health reasons had been lower, however, funding would be removed next year which would require further debate;
- Attendance remained at 83% which was satisfactory with two week absence report at a low level; and
- New format of Strategic Risk Register – some members suggested that a 6-9 month review of the current format would be of benefit.

	<b>ACTION: VP F&amp;CS</b>
<b>10/22</b>	<p><b><u>Monitoring Internal &amp; External Audit Follow Up Report – Paper E</u></b></p> <p>The VP Finance &amp; Corporate Services provided an overview of the report which had been redesigned following feedback. Members welcomed the new format and the progress which had been made. The following point was raised:</p> <ul style="list-style-type: none"> <li>• External Audit – Impairment Review</li> </ul> <p>There had been no further progress with this. With no consistent approach across the sector, guidance from Audit Scotland and SFC was being sought and would be raised at Finance Directors’ Network Meeting.</p> <p style="text-align: right;"><b>ACTION: VP F&amp;CS</b></p>
<b>11/22</b>	<p><b><u>Cyber Security Update – Paper F</u></b></p> <p>The report prepared by the Head of ISLT provided an update on the College’s cyber security enhancements with the following points noted:</p> <ul style="list-style-type: none"> <li>• Highest level of cyber accreditation renewed;</li> <li>• Office 365 back-up solution implemented;</li> <li>• Disaster recovery testing has revised date;</li> <li>• Cyber Security insurance policy in place;</li> <li>• Audit Scotland report on SEPA cyber-attack would be reviewed; and</li> <li>• Cyber awareness event with Regional Board with a focus on communication planning would be progressed, along with input from institutions who had been affected.</li> </ul> <p style="text-align: right;"><b>ACTION: VP F&amp;CS</b></p>
<b>12/22</b>	<p><b><u>Equality, Diversity &amp; Inclusion (Standing item)</u></b></p> <p>No items were raised.</p>
<b>13/22</b>	<p><b><u>Committee Papers for Publication (Standing item)</u></b></p> <p>Commercially sensitive and draft papers were not for publication which applied to papers B, C &amp; F.</p>
<b>14/22</b>	<p><b><u>Any Other Business</u></b></p> <ul style="list-style-type: none"> <li>• Internal Audit Plan – Change in Schedule</li> </ul> <p>The VP Finance &amp; Corporate Services sought a change in the forthcoming internal audit plan. This was following a review of Finance Team priorities, given that there remained a substantial amount of technical work to be completed along with a fundamental review of fixed assets. S McCready advised that there was no fundamental timing issues or additional costs with the proposed changes.</p>

	Members confirmed their approval to the Finance Procedures Manual Review being moved to May 2022 with the Health and Safety audit being brought forward to March 2022.
<b>15/22</b>	<p><b><u>Date of Next Meeting</u></b></p> <p>The next meeting will be held on Thursday 12 May 2022 at 17:30 via Teams.</p>

Signed..... Signed.....  
**Chairman** **Board Secretary**

DRAFT