

A

Audit Committee

Meeting at 17:30 on Thursday 29 September 2022

MS Teams

Actions



Item	Action	Responsibility and Date	Action Status
23/22	Audit Committee will need to set out timeline and process for tendering for internal auditors. The VP and the Board Secretary are to move this forward in Autumn/late 2022.	VP F&CS / Board Secretary November 2022	Contract was extended to July 2024. Procurement plan in place to undertake procurement early 2024.
25/22	The Board Secretary is to ensure the Board have a discussion re risk register after the new members are in place.	Board Secretary Tbc	This to take place at Board planning day.
30/22	Governance arrangements for cyber security to be reviewed as part of update of Terms of Reference.	Board Secretary Tbc	Terms of Reference still being finalised
22/22	Finance Directors Group to be contacted to see if there are issues of general concern. Biggest risk identified is around levels of grant going forward.	VP F&CS November 2022	Guidance circulated from Finance Directors group and incorporated into annual report
29/22	Query if there is a firewall audit planned. Clarification to be sought.	VP F&CS	The audit recommendation to undertake a quarterly review of the Firewall rules has been implemented.
30/22	The Board Secretary will advise S Hartley which papers are for publishing.	Board Secretary	Completed
31/22	Vice Principal Finance and Corporate Services to remind all staff of responsibility to comply with Register of Corporate Gifts, and Board Secretary to remind Board Members.	Vice Principal F & CS/Board Secretary December 2022	Highlighted at SLT to cascade down staff

22/22	First draft of Annual Accounts to be reviewed to reference changes in Senior Leadership Team, make amendment to L Parkes' board attendances, add in more narrative around the asset position and include Buildings Evaluation.	VP F&CS November 2022	Amendments made
-------	--	-----------------------------	--------------------



Audit Committee

Meeting at 17:30 on Thursday 29 September 2022

MS Teams

MINUTES

ITEM	MINUTES
Present	Carol Gillie (Chair) David Peace Ann McKerracher Vernice Key Paul McGreal F&GP Committee members (Lynn Mirley, Pete Smith, Ray McCowan, Liz Parkes, Bernie Quinn, Ugonna Mbaezue) were present for the first item - First Draft of Annual Accounts.
In Attendance	Kirsty Robb (Vice Principal, Finance & Corporate Services) Andrew Kirkness (Assistant Principal - Finance) Ingrid Earp (Board Secretary) Suzie Hartley (Minutes) Scott McCready (Internal Auditors - Wylie & Bisset)
16/22	<u>Chair's Welcome</u> The Chair welcomed everyone to the meeting.
17/22	<u>Declaration of Conflict of Interest</u> No conflicts were noted.
18/22	<u>Register of Members' Interest</u> Nothing was noted.
19/22	<u>Apologies for Absence</u> Apologies were received from S Moncrieff and S Prentice.

20/22	<p><u>Minutes of Previous Meeting held on 12 May 2022 – Paper A</u></p> <p>Minutes were approved as an accurate representation of the meeting.</p> <p>Update to actions</p> <ul style="list-style-type: none"> • Audit Committee will need to set out timeline and process for tendering for internal auditors. The VP and the Board Secretary are to move this forward in autumn/late 2022. – There is an option to extend the current contract. • The Internal Auditor is to add the one-day cyber security review into the plan – Completed • The Internal Audit Plan was approved by the members, based on the grounds that VP F&CS and Internal Auditor meet to make sure the report links to the Risk Register – Completed • The Board Secretary is to ensure the Board have a discussion re risk register after the new members are in place – To take place at board planning day. • Governance arrangements for cyber security to be reviewed as part of update of Terms of Reference. - Parts of the draft Terms of Ref still require to be finalised. • Board Secretary is to advise R Wilkinson which papers are to be published - Completed
21/22	<p><u>Matters Arising</u> There were no matters arising.</p>
SECTION A – ITEMS FOR APPROVAL	
22/22	<p><u>First Draft of Annual Accounts - Paper B</u></p> <p>The first draft of the Annual Accounts was recently prepared and shared with external auditors. The narrative style and presentation has changed from previous versions. The numbers were confirmed as accurate, however the text/numbers in yellow require updating.</p> <p>L Parkes noted a few observations from the narrative of the report;</p> <ul style="list-style-type: none"> - She suggested making reference to the change in Principal and VP Finance & Corporate Services. - Face to face board meetings resumed from March 2023, rather than June. - Mention of a socially distanced development day held in 2021. Other visits/activities were also held which should be noted. - L Parkes' attendance was 4/5 rather than 5/5 as she missed the June 2022 Board Meeting. - Provide appointment and end of tenure dates for board members. Add in introductory statement from the new Principal. - Request for a more cohesive report. - Re-evaluation of fixed assets is not mentioned in the narrative – request to bring this out. <p>A Kirkness confirmed the draft will be reviewed in terms of referring to the change in Senior Leadership Team members and L Parkes' board attendances. He also agreed with regards to the asset position and will add in more narrative and include the buildings evaluation which has only just been received.</p>

	<p style="text-align: right;">ACTION: VP F&CS</p> <p>Vice Principal, Finance & Corporate Services took on board all comments and recognised this is a good chance for her to carry out a full review of the document through fresh eyes and can add in the plan for the next few years.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>External Audit have intimated they should receive the final accounts presented in their fullness prior to the start of their audit. This has proved difficult this financial year.</p> <p>It was raised the report didn't highlight any areas of concern and overall, presented a positive picture of the college. In terms of giving a true and fair view this will be reviewed</p> <p>The Committee were reminded that ultimately the Annual Accounts will become a public document.</p> <p>The Finance Directors Group is to be contacted to see if there are issues of general concern across Scotland. The biggest risk identified is around the levels of grant going forward.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>It was noted that staff satisfaction has dipped but no indication is given in the paper as to why this has happened. The percentage of students satisfied with the student experience remains high and it was felt more detail/context is needed around this. It was suggested that the employer satisfaction survey could be presented in the Annual Report.</p> <p>The next version of the Annual Accounts will go to the next Audit Committee meeting with F&GP Committee members invited to attend for that item before recommendation for approval to the Board at the meeting in early December.</p> <p>The Chair thanked members for their comments.</p>
<p>23/22</p>	<p><u>Draft Internal Audit Plan 2022-23 - Paper C</u></p> <p>Scott McCready presented the draft plan for 2022-23.</p> <p>He confirmed the overall plan, which covered a number of years, was reflective of the general risks of the organisation</p> <p>Committee agreed to approve the internal audit plan 2022-23.</p>
<p>24/22</p>	<p><u>Internal Audit Assignment – Annual Report - Paper D</u></p> <p>The internal audit annual report outlines the audit standards and the EQA result highlights that requirements are being met and provides reassurance that the College has effective risk management and governance in place.</p> <p>The internal audits undertaken within the annual plan identified ten recommendations to follow up on but in general, all reports were rated strong. The report remains in draft to allow for staff returning from annual</p>

	<p>leave and to follow up on responses following a changeover in Borders College Executive staff.</p> <p>Overall, the report was deemed positive with a few things to finalise.</p> <p>Committee were happy to approve the draft report.</p>
25/22	<p><u>Internal Audit Assignment – Budgetary Financial Reporting Report - Paper E</u></p> <p>The purpose of the review is to provide assurance that the College’s budgetary and financial control arrangements are adequate.</p> <p>The report provided background on budgeting arrangements and budget holder questionnaire results.</p> <p>The overall conclusion was rated substantial, providing assurance that the College’s budgetary and financial reporting arrangements are robust and embedded throughout the College. Two recommendations were made, one medium and one low and eight good practice points were raised. Nine responses to the questionnaire were received. Some points to note;</p> <ul style="list-style-type: none"> • Budget Holders rated the training they received as 5.3 out of 10. • One of the nine Budget Holders said they strongly disagreed that they understood their role as a Budget Holder. • One comment received noted that monthly figures are provided late by the Finance Team. <p>In response to this, recommendations were made for training to be provided and the findings shared with Borders College SLT for open dialogue and the implementation of meetings with Budget Holders.</p> <p>Overall, the majority of Budget Holders are happy with the process.</p> <p>The chair asked if recommendations had been actioned as implementation dates had already passed. It was confirmed these had not been achieved and that in future more realistic dates would be agreed. Details about what improvements are needed to resolve the issues highlighted in the questionnaires and whether training is meeting Budget Holders’ needs. The Committee was informed that following a delay due to changes in the Senior Leadership Team (SLT), the paper will be presented to the next SLT meeting to discuss the specific detail. It was also noted that significant improvements have been made in terms of Budget Holders having access to information and more time can be offered for training if needed.</p> <p>Auditors are confident that the budget process is being followed and Committee were happy to approve the report.</p>
26/22	<p><u>Internal Audit Assignment – Procedures Manual Review - Paper F</u></p> <p>A review of the Procedures Manual was carried out to ensure it is robust enough to meet the College’s needs. Overall, Auditors were happy with the new manual.</p> <p>Key points;</p>

	<ul style="list-style-type: none"> - All areas were tested including income and purchases and a strong level of assurance was provided. - One low grade recommendation made for the College to include a section on responsibilities and reference to specific finance job roles involved. - Two observations made regarding the areas of Capital Investment Approval and Funding and Deferred Capital which are yet to be populated in the manual. <p>The Chair asked when outstanding areas are due to be implemented and if there are any control weaknesses. Auditors confirmed they are happy with the process and with the controls in place. Completion is due within the next couple of months / end of the calendar year. This has undergone a significant review, moving away from being process driven and is now more in line with other colleges and universities.</p> <p>Committee agreed they were happy to approve the report.</p>
27/22	<p><u>National Fraud Initiative (NFI) Exercise - Paper G</u></p> <p>The view from the consultation on the NFI exercise was to carry on as is and to consider added value exercises in future. NFI 22/23 is due to be launched on 7th October. Andrew Kirkness suggested that given the potential emerging fraud risk post Covid, the Finance Team at the College undertake additional training. Approval is being sought from Committee today for the self-appraisal checklist.</p> <p>The Chair indicated her support in terms of the training suggestion and asked why the College would not be using the facilities referred to in Question 9. The Internal Auditors, offered if the Committee considers it worthwhile, to add it into the audit plan. A Kirkness noted that the external Auditors reviewed NFI data matching and they are satisfied with the data currently received. It was felt that, given the College's size and scope, that investing in more time and understanding is needed.</p> <p>It was felt that in terms of forensic accounting work, there may be extra things that could be undertaken for example to check bank accounts. A Kirkness advised this could be picked up in the development of the future finance system.</p> <p>Committee approved the NFI Exercise paper.</p>
SECTION B – ITEMS FOR DISCUSSION	
28/22	<p><u>Strategic Risk Register - Paper H</u></p> <p>This paper was presented to F&GP last week. The Risk Register for 1c and 3c have reduced. Pro-solution has led to more confidence in the data available for student support in the curriculum and there is now a fully staffed mental health team with student support. Disaster recovery work has been successful and the College's ability to defend against a cyber-attack has strengthened. Ratings for 1c are anticipated to rise back up to twelve however as the result of the financial pressures on students due to the cost of living crisis and the College's future financial position and impact of this on the service.</p>

	Committee had nothing to add and the paper was reviewed and noted.
SECTION C – ITEMS FOR INFORMATION	
29/22	<p><u>Cyber Security Update (Standing Item) - Paper I</u></p> <p>The report describes a successful cyber-attack exercise held at a recent Board meeting and notes that testing has been completed on the College's Disaster Recovery Service provided by DataVita. Testing went well and the plan is to perform this twice per year. Overall, the College understands what is required of them in terms of cyber security. Lincoln College recently sustained a cyber-attack and observations on how they addressed this challenge have been noted. The attack took place in the evening which highlighted that Borders College may not be in a position to respond during every hour of the day. There is confidence however that there is strong support in place to help address this.</p> <p>The Chair asked if there is a firewall audit planned. A Kirkness was unsure and suggested bringing this point back as an action.</p> <p style="text-align: right;">ACTION: AK</p> <p>A member queried the last line in the paper in relation to Decommission of ASA Firewall and agreed it should read, 'cannot' access devices data rather than 'can'.</p> <p>Committee were happy to review and note the update to the paper.</p>
30/22	<p><u>Committee Papers for Publication (Standing Item)</u></p> <p>The Board Secretary will advise S Hartley which papers are for publishing.</p> <p style="text-align: right;">ACTION: BS</p>
31/22	<p><u>Register of Corporate Gifts - Paper J</u></p> <p>Committee approved the update to the Gift Register and asked that all staff and Board Members be reminded of their compliance responsibilities with respect to this.</p> <p style="text-align: right;">ACTION: BS/VP F&CS</p>
32/22	<p><u>Any Other Business</u></p> <p>S McCready clarified for the minutes that he does not work directly with Lincoln College although they are one of their clients.</p>
33/22	<p><u>Date of Next Meeting</u></p> <p>Thursday 24 November in the Board Room, Galashiels Campus.</p>
Board members met with the auditors separately after the meeting concluded.	

Signed.....
Chairman

Signed.....
Board Secretary