

# A

## Audit & Risk Committee

Meeting at 18:00 Thursday 30 November 2023

In the Board Room

### Actions

Item	Action	Responsibility and Date	Action Status
66/23	Incorrect date on previous minutes to be amended from 11 May to 5 October.	S Hartley	Complete
72/23	Date error in section 5.1 – change to '2019'.	VP F&CS	Complete
73/23	<b><u>Final Annual Accounts – paper G</u></b> Page 11 – corrections required regarding the variance from sector average with the academic performance table and colours representing these figures to be updated.	VP F&CS	Complete
	P 25 – clarification required regarding whether Audit Committee also need to be noted as having approved the Financial Regulations (as F&R have)	VP F&CS	Complete
74/23	Add action deadlines to Strategic Risk Register.	VP F&CS	Partially complete
75/23	<b><u>Committee Self-Evaluation Outcome</u></b> Mid-year 'check-in' and more training sessions and contacting members beforehand for suggestions of areas to focus on.	VP F&CS	Complete
	I Earp will consider how best to improve the quality of reports.	Board Secretary	<b>COMPLETE – committee workplan tabled on agenda for next meeting</b>

## Audit & Risk Committee

Meeting at 18:00 Thursday 30 November 2023

In the Board Room

### MINUTES

ITEM	MINUTE
<p><b>Present</b></p> <p><b>In Attendance</b></p>	<p>Carol Gillie (Chair) Ann McKerracher</p> <p>Kirsty Robb (Vice Principal, Finance &amp; Corporate Services) Ray McCowan Ingrid Earp (Board Secretary) Susan Brook (Wylie &amp; Bisset - Internal Auditors) David Eardley (Azets – External Auditors) Suzie Hartley (Minutes)</p>
62/23	<p><b><u>Chair’s Welcome</u></b> The Chair welcomed everyone to the meeting.</p>
63/23	<p><b><u>Declaration of Conflict of Interest</u></b> No conflicts of interest were noted.</p>
64/23	<p><b><u>Register of Members’ Interest</u></b> No changes/additions to the Register of Interest were raised.</p>
65/23	<p><b><u>Apologies for Absence</u></b> Apologies were received from P Macdonald and M Hall. V Key’s absence was noted although she did not submit apologies.</p> <p>Due to the unexpected absence of a member, the meeting was not quorate and it was agreed to proceed on the basis that discussions could take place and reports noted, however no decisions could be made or approvals granted. V Key’s approval will be sought in writing outwith tonight’s meeting and prior to submission of reports to the December Board meeting.</p>
66/23	<p><b><u>Minutes of Previous Meeting held on 5 October 2023 (Paper A)</u></b> The minutes from the last meeting were approved as an accurate record of the meeting, however an error on page 2 was highlighted with regards to the date of the meeting – stated as 11 May when it should be 5 October. S Hartley will amend accordingly.</p> <p style="text-align: right;"><b>ACTION: SH</b></p> <p>All actions were noted as having been completed;</p>

	<p><b>53/23</b> Quotation marks to be added to the copy and pasted script within the Annual Report to Regional Board (Paper D)</p> <p><b>57/23</b> Discuss with Board Chair re detail of Fol requests being shared with them.</p> <p><b>58/23</b> The committee's role is not just to note according to the ToR but to understand the underlying reasons – add note to discuss in Review of Terms of Reference item in the final meeting of the year.</p>
<b>67/23</b>	<p><b><u>Matters Arising</u></b> All were content with the decisions made around the matters arising.</p>
<b>SECTION A – ITEMS FOR APPROVAL</b>	
<b>68/23</b>	<p><b><u>Internal Audit Assignment – Credits (Paper B, K Robb, ToR 2.7)</u></b> S Brook summarised that all three Internal Audit reports (Credits, Student Support Fund and EMA) were positive, clean reports and have since been submitted to SFC.</p> <p>Attention was drawn to a minor decrease in overall credit delivery, resulting in a slight change in credits per student. With regards to the Fee Waiver on page 11, some differences were noted, but after receiving satisfactory explanations, no recommendations or follow-ups were necessary. The team expressed satisfaction with the thoroughness of the audit and a robust process.</p> <p>Members present were content to approve the report and V Key's approval is to be sought in writing, prior to Board's decision.</p>
<b>69/23</b>	<p><b><u>Internal Audit Assignment – Student Support Fund (Paper C, K Robb, ToR 2.7)</u></b> S Brook commented on another clean and positive report which provided satisfaction that systems and controls within the College are robust.</p> <p>Members Questions; The Chair raised queries about the differences in funding across various elements compared to the preceding year and an underspend of £90k and how this is managed. S Wilson, Director of Finance &amp; Procurement clarified that unfortunately, any underspend requires to be returned and while efforts are always made to maximise expenditure, it is not always possible to utilise all funding. Some of the returned funding comprised of a second round of unused cost-of-living payments which they were unable to fully utilise. It was noted that this is not unusual, given the fluctuation of funding requirements from year to year and difficulty in predicting exact funding requirements.</p> <p>A member queried the fairness of the Cost of Living payments and if the eligibility criteria (applicable only to students in receipt of a bursary) is directing funds to where they are needed most. A member asked whether underspent funding could be retained and utilised for students who need financial support but don't meet the eligibility criteria. VP Finance &amp; Corporate Services advised this wouldn't be possible as it doesn't fall within the guidance, however, the Colleges Student Funding</p>

	<p>manager regularly highlights these issues within the appropriate forums. The chair welcomed challenges to areas such as this. Members were advised that the College could, in theory make cost of living payments from their own funds, however they have limited resources and much of their funding is ringfenced.</p> <p>All present were content to approve the report, on the understanding that V Key's approval would also be sought.</p>
70/23	<p><b><u>Internal Audit Assignment – EMA (Paper D, K Robb, ToR 2.7)</u></b> Discussed as above.</p>
71/23	<p><b><u>External Audit Report and Management Letter (Paper E, K Robb, ToR 2.3/2.7)</u></b> D Eardley extended thanks to VP Finance &amp; Corporate Services, Director of Finance &amp; Procurement and the team for a robust audit process, whilst acknowledging the challenges.</p> <p>Changes were noted in fixed assets and the pension asset positions, indicating a lower pension asset ceiling. The College have appropriately accounted for this but it stood out as a key audit risk.</p> <p>This years' audit scope is wider than has been previously. Financial sustainability, impacted by a flat cash environment, has resulted in an 'Amber' rating, reflective of the efforts to balance the books amid challenging circumstances and mirroring the position of the sector across Scotland.</p> <p>The chair inquired about the yellow rating in terms of financial management, having anticipated a rating of green, reflective of the Colleges sound financial management. D Eardley clarified that the judgment wasn't formulaic but is based on the adjusted operating deficit and that it recognises the challenges to achieve the current financial position and the significant challenges that lie ahead - on this basis, a green rating could suggest a more positive outlook, which would be misleading. VP Finance &amp; Corporate Services agreed the need to acknowledge the current challenging financial environment and that a yellow rating is appropriate. The Chair was content to support this, given there were no objections. R McCowan agreed, emphasising the need to acknowledge existing risks aswell as emerging challenges and it was confirmed that this position is mirrored across the sector.</p> <p>The Chair queried whether the valuation of land and buildings had been actioned in the accounts. Members were assured that a full evaluation was conducted last year and revised using this years' figures and is fully reflected in the accounts. D Eardley will double check that reference has been made to this within the audit.</p> <p>The Chair raised a query regarding audit fees and deductions linked to sectoral adjustments which happened last year but not this year. D Eardley explained the discrepancies between Audit Scotland's fee setting and the information required to be disclosed in the report and agreed to update the relevant section with additional comments, for clarity.</p>

	<p>CG highlighted concerns about submission deadlines for papers. DE attributed recent challenges to staffing changes and committed to a more streamlined process and regular meetings with K Robb.</p> <p>Members were content to note the content of the report and for the final version due to be presented to Board for decision, pending the change to the audit fee section and V Key's approval.</p>
<p>72/23</p>	<p><b><u>Committee Annual Report to Regional Board (Paper F, C Gillie/K Robb, ToR 2.15/2.14/2.11)</u></b></p> <p>Members heard that a draft of the report, including contributions from K Robb and C Gillie was submitted to the previous meeting. Since then, the external audit's opinion has been incorporated, and all updates have been finalised.</p> <p>A member highlighted a typographical error in section 5.1, indicating a date correction to be made to reflect '2019'. VP Finance &amp; Corporate Services acknowledged this and will amend accordingly.</p> <p style="text-align: right;"><b>ACTION: VP F&amp;CS</b></p> <p>Members were content to approve the Annual Report and V key's approval will be sought.</p>
<p>73/23</p>	<p><b><u>Final Annual Accounts (Inc. Corporate Governance Statement) (Paper G, K Robb, ToR 2.1/2.2)</u></b></p> <p>The Final Annual Accounts were presented in a new format and all requested changes were noted to have been implemented in accordance with guidelines, encompassing all key elements.</p> <p>Members questions/comments;  Queries were raised in relation to the following sections of the report:  Page 11 – in the table detailing academic performance, potential discrepancies were raised regarding the variance from the sector average and it was queried whether the colours used to represent this are the wrong way around. VP Finance &amp; Corporate Services will review and amend as appropriate.</p> <p><b>ACTION: VP F&amp;CS</b></p> <p>P14 - a discrepancy was noted in the date when 'net zero' was presented to board and it was suggested that this is corrected from 2022 to 2023.</p> <p>P25 –The financial regulations are noted to have been solely approved by the Finance &amp; General Purposes committee, however it was queried whether the Audit &amp; Risk Committee should also be noted as approving this. VP Finance &amp; Corporate Services will confirm.</p> <p><b>ACTION: VP F&amp;CS</b></p> <p>The accuracy of audit fees was also raised but were previously confirmed as being correct.</p> <p>P27-28 – the need for consistency with regards to Risk Register reporting was highlighted and that it should be stated that this is taken to each Board meeting.</p>

	<p>Members were content to recommend the accounts for approval by the Board, pending the outlined amendments and V key's review and approval.</p>
<b>SECTION B – ITEMS FOR DISCUSSION</b>	
<p>74/23</p>	<p><b><u>Strategic Risk Register (Paper H, K Robb, ToR 2.9)</u></b></p> <p>The Strategic Risk Register was presented in a new format. No new risks have been identified for this committee. The current five risks being discussed are assigned to F&amp;R Committee and progress is being actively monitored and managed.</p> <p>The Chair approved the updated format and requested action deadlines are added, which VP Finance &amp; Corporate Services agreed to action. The chair challenged some of the impacts, specifically those noted in figure 1.2, however it was clarified that this was post-mitigation and that the figure would be higher, had the College had no mitigations in place.</p> <p style="text-align: right;"><b>ACTION: F&amp;CS</b></p> <p>Overall, the revised format was acknowledged as a significant step forward, providing reassurance in managing risks.</p> <p>Members were content to note new Risk Register and it was agreed that the requested amendments would be actioned after the Christmas break and brought to the next meeting.</p>
<p>75/23</p>	<p><b><u>Committee Self-Evaluation Outcome (C Gillie/I Earp, ToR 2.16)</u></b></p> <p>I Earp advised that The Committee Self-Evaluation Outcome was carried out some time ago. Some areas have progressed since then and the need for regular and more informal discussions was highlighted, particularly to address areas requiring more understanding. A committee induction and/or FAQs were proposed to ensure members are able to get off to a good start in their Committee role. The chair acknowledged an earlier suggestion made at another Committee to hold a mid-year 'check-in' and for more training sessions and suggested that this practice could be extended across all board committees. VP Finance &amp; Corporate Services agreed and suggested contacting members beforehand for suggestions of areas to focus on.</p> <p style="text-align: right;"><b>ACTION: F&amp;CS</b></p> <p>Suggestions were made to improve the quality of reports, with plans to compare current reports with previous ones. I Earp will look at practices across other committees and seek feedback from members to gauge their satisfaction levels. Members were encouraged to share any thoughts they may have with I Earp.</p> <p style="text-align: right;"><b>ACTION: Board Secretary</b></p> <p>Members noted the results and were content with the agreed plan of action.</p>
<p>76/23</p>	<p><b><u>Audit Recommendations Monitoring (Paper J, K Robb, ToR 2.16)</u></b></p> <p>VP Finance &amp; Corporate Services confirmed the completion of all outstanding audit recommendations, resolving both existing and closed issues dating back to 2018. Internal audits are pending final confirmation.</p>

	<p>Regarding data breaches, there's an ongoing IT issue currently under investigation, but there have been no formal breaches requiring reporting, which is overall, the best position the College have been in for some time.</p> <p>The chair expressed satisfaction with the improved status and emphasised the importance of resolving internal audit matters.</p> <p>Members were content to note the report on audit recommendations.</p>
<b>SECTION C – ITEMS FOR INFORMATION</b>	
<b>77/23</b>	<p><b><u>Register of Corporate Gifts (Paper K, K Robb, ToR 2.13)</u></b>  The new process is now being followed which involves the logging of all requests via online portal, 'Halo.'. Two submissions have been approved, including a lecturer's attendance at an awards ceremony and one offer was declined due to a lack of curriculum or organisational benefit. Policy updates have been reiterated through the principal's address to prompt staff to log any upcoming requests and it is hoped that the new system will allow future gifts and donations to be better recognised and celebrated.</p> <p>The chair raised whether there is a need for this Committee to approve the procedure, given the recent changes. VP Finance &amp; Corporate Services clarified that policy is approved at committee level but the procedure is just for information purposes and does not require committee approval.</p> <p>The committee acknowledged the additions to the Register of Corporate Gifts.</p>
<b>78/23</b>	<p><b><u>Papers for Publication (Standing Item)</u></b>  I Earp is aware of the appropriate documents to be published from this meeting and will publish in due course.</p>
<b>79/23</b>	<p><b><u>Any Other Business</u></b>  No further matters were raised.</p>
<b>80/23</b>	<p><b><u>Date of Next Meeting</u></b>  Thursday 8<sup>th</sup> February 2024 at 17:30 online via Teams.</p>

Signed.....  
Chair

Signed.....  
Board Secretary