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BORDERS COLLEGE REGIONAL BOARD

Audit & Risk Committee

Meeting at 16:00 Thursday 3 October 2024

on Teams

Actions

Item	Action	Responsibility and Date	Action Status
74/23	Add action deadlines to Strategic Risk Register.	VP F&CS	**Complete**
36/24	Revised committee review questions to be emailed round.	Board Secretary	**Ongoing**
48/24	Consider what training and development areas are required for members and bring proposals back to the Committee meeting in February.	Board Secretary	**Complete**
51/24	Further discussion to identify potential training topics to take forward offered as part of WBG service.	Committee Chair Board Chair VP F&CS	**Complete**
	Dates for audit reports coming to Committee to be added to the plan and update plan re-circulated.	G Gillespie -WBG (Internal Auditors)	**Complete**
	Keep board informed of developments in relation to Job Evaluation funding.	VP F&CS	**Update contained in papers**
53/24	**Draft Annual Accounts (Paper E)** – 1. Reword Overview paragraph to give more of a general summary. 2. Principals Statement – comments suggesting amendment to be passed to principal. 3. Verify credit payment improvements and add comment to report. 4. Verify Lindsey Hastie's meeting attendance 5. P30-re-word sentence regarding annual review of key areas by officers to provide further explanation.	VP F&CS	**Complete**
54/24	Discussion around identifying more specific mitigations around financial sustainability to take place.	Board Chair	**Complete – Board Chair has submitted comments and further discussion to take place at 03/12/24 meeting.**
57/24	Further clarity to be provided to member J Elder around the Gift policy and approval process.	VP F&CS	**Complete**

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MINUTES

ITEM	MINUTE
Present	Carol Gillie (Chair) Dave Roberts Jessica-Ann Elder
In Attendance	Kirsty Robb (Vice Principal, Finance & Corporate Services) Sara Wilson (Director for Finance & Procurement) Ingrid Earp (Board Secretary) Ray McCowan (Board Chair) Graham Gillespie (Wylie Bisset Group [WBG] - Internal Auditors) Suzie Hartley (Minutes)
44/24	**Chair's Welcome** The Chair welcomed everyone to the meeting, extending a special welcome to Graham Gillespie, WBG (Internal Auditors) taking over from Susan Brook. Susan was thanked for her contribution over the years and wished well in her future career. Additionally, it was noted that Siobhan Archibald has taken over as Engagement Manager for WBG and will attend this meeting periodically throughout the year. G Gillespie explained that in February 2023, Wylie Bisset merged with other companies and rebranded as WBG.
45/24	**Declaration of Conflict of Interest** P Macdonald highlighted an area of conflict in terms of his role as managing partner of Oberlander's Architects and their recent work with the College.
46/24	**Register of Members' Interest** No changes/additions to the Register of Interest were raised.
47/24	**Apologies for Absence** Apologies were received from Lindsey Hastie, Phillip Macdonald and Gordon Donald.
48/24	**Minutes of Previous Meeting held on 29 May 2024 (Paper A)** There were no comments on the minutes from the last meeting. Updates to actions were provided as follows; **74/23** Add action deadlines to Strategic Risk Register (VP F&CS) - this remains partially complete. Most actions now have dates and this is expected to be fully complete by the upcoming Board meeting in October. **PARTIALLY COMPLETE/ONGOING**

	27/24 Update on write-offs to be provided (S Brook) – **COMPLETE.** S Brook provided the following comment; We tested a sample of 5 aged debtors and did not find any issues with debtors not being chased in line with their procedures. Furthermore, I reviewed the aged debtors 30 days and over, this being: • More than 30 days - £67,282.75 (3.95%) • More than 60 days - £625.00 (0.03%) • More than 90 days -£1,919.53 (0.11%) • More than 120 days- £39,582.36 (2.33%) VP Finance & Corporate Services added that write off's are recommended to her for approval by the Director of Finance & Procurement and that further details are within the financial regulations. Additionally, she noted that since being in post (from September 2022) there have been no amounts of larger value. **30/24** Update Financial regulations to include which reports go to which committee's (VP F&CS) – **COMPLETE**, all finalised since last meeting. **30/24** Confirm which committee the approval process for severance payments was approved (Board Secretary) - **COMPLETE** **30/24** Update Financial Regulations to specify who the authorising individuals are (VP F&CS) – **COMPLETE.** The annual review will be undertaken May 2025, **36/24** Bring revised committee review questions to the next A&R Committee in October 2024 (Board Secretary) – **ONGOING**. The Board Secretary will email this round. In light of the new committee members, it was felt pertinent to discuss training and development areas of need and proposals to be brought to Committee in February 2025. Committee were content to approve the minute, pending updates to actions.
49/24	**Matters Arising** No matters were raised.
SECTION A – ITEMS FOR DECISION	
50/24	**Internal Audit Annual Report (Paper B, G Gillespie, ToR 2.2/2.7)** G Gillespie, WBG (Internal Auditors) presented the Internal Audit Annual Report, which summarises the year's work and, once approved, will be submitted to the SFC alongside the external audit report. The report complies with all required internal audit standards, and the Committee is kept informed regularly. The last audit, conducted in November of the previous year, showed full compliance with the standards framework. Overall, the College's risk management, control, and governance was deemed satisfactory. The audit work undertaken during the year provided strong assurance, with no high or medium-grade recommendations and six low-grade recommendations and two follow-up items. The report includes benchmarking, showing that the College had fewer audit recommendations compared to others. Regarding KPIs (P11), full

	compliance was not achieved in all areas due to delayed reports. When asked if the lower number of recommendations was due to the College's smaller size, G Gillespie clarified that it reflects the work volume and is a fair comparison with similarly sized institutions. In response to a question about missed performance indicators, G Gillespie explained that while reports were delayed, extra time was requested to ensure the quality of the outcomes. VP Finance & Corporate Services agreed, noting that communication was maintained throughout, and the time extension was approved to prioritise quality. The Committee approved the report.
51/24	**<u>Internal Audit Plan (Paper C, G Gillespie, ToR 2.5)</u>** G Gillespie, W&B Group presented the draft Internal Audit Plan for 2024-25. The plan outlines the key points, confirms the term of appointment, compliance with standards, and sets out the schedule. A risk-based audit approach is used and the plan, developed with VP Finance & Corporate Services and the Director for Finance & Procurement, is flexible and will be adjusted by the Committee, as required. The "Audit Universe" was created to identify appropriate resources for each audit area. A high-level summary of each audit's scope is detailed on Page 8. Once the plan is approved, an assignment plan, identifying key risk areas will be issued. Key audit areas include; financial sustainability (cost management, contingency plans), business continuity (documentation, staff roles), HR policies (review and compliance), and funding (EMA, SSF, credits). A timetable splits the work into three blocks, with visits in November, February, and May and appendices show a three-year plan, which will be updated as required. Training topics are also offered as part of added value, including potential topics like cyber security. Suggestions for other training areas were welcomed. Committee Chair, Board Chair and VP Finance & Corporate Services will take forward discussions to identify potential additional training topics. **ACTION: Committee Chair / Board Chair / VP F&CS** It was queried how audit areas are decided and if it is usual for staff to be made aware of audit visit dates. G Gillespie explained that dates are shared in advance to ensure staff availability and avoid overlap with key processes, such as month-end procedures, and that a detailed audit plan is issued four weeks prior to ensure efficient planning. VP Finance & Corporate Services reiterated the importance of coordinating workloads to meet audit timelines and reassured that no further details are shared with staff, other than the timeline. Regarding financial sustainability, it was questioned whether both policy development and compliance are covered within the scope. G Gillespie confirmed they are.

	Concern was raised around the two-year gap for the next cyber security audit. G Gillespie reassured that Cyber Security is partly covered elsewhere under Disaster Recovery audits, but they could adjust the timetable if needed. Another member echoed this concern and suggested more frequent, bi-annual reviews in light of rapidly changing risks and the potential for significant harm. VP Finance & Corporate services highlighted that cyber security is also audited externally each year, with quarterly updates provided to the Finance & Resources Committee, and additionally, the College plan to undertake a desktop exercise next year. It was requested that the dates for audit reports coming to Committee are included in the plan. G Gillespie will update and circulate this information to the Committee. **ACTION: GG** All were content to approve audit plan and 3-year outline as presented.
52/24	**<u>Draft Annual Report to Regional Board (Paper D, K Robb, ToR 2.15 / 2.14 / 2.11)</u>** VP Finance & Corporate Services presented the draft Annual Report. The report is due for submission to the Board for final approval, providing assurance that the Audit Committee has fulfilled its function as part of the annual accounts process. The year's activities are outlined, including audit work and matters related to fraud and impropriety. It remains a draft, with final approval due in November alongside the Annual Accounts. Some information is still pending, highlighted in yellow, and will be available by the next meeting. An inconsistency was highlighted regarding Lindsey Hastie and Chris Alder's attendance –). VP Finance & Corporate Services will verify attendance details in section 5.1 and make the necessary amendments. **ACTION: VP F&CS** The report was noted.
53/24	**<u>Draft Annual Accounts (Paper E, K Robb, ToR 2.2 / 2.15)</u>** The draft Annual Accounts were presented, noting that the audit by Azets (External Auditors) has begun. An ongoing issue related to job evaluation is currently being discussed with Audit Scotland. It was also noted that the accounts direction from SFC arrived several weeks late this year, unusually resulting in accounts being prepared before the account's direction was issued. A meeting scheduled for tomorrow to assess the current position is expected to provide more clarity. The Chair acknowledged the team's significant input into the report and asked members for their comments. The change in the accounts direction regarding job evaluation was questioned. VP Finance & Corporate Services explained that funds had previously been held by SFC but are now with the Scottish Government, leading to uncertainty over how to account for them. The issue has been debated with auditors, and while changes may be required for 2024-25, the current accounting position should remain as is. This long-standing issue however creates uncertainty in the accrued

	amounts. A quick resolution is needed, with all colleges facing the same issue and the importance of a unified sector position was emphasised. Committee were assured that this is a technical accounting issue, with minimal impact on the bottom line, however, concern was raised around whether the lack of assurance on funding poses a risk, particularly regarding the impact on the accounts. VP Finance & Corporate Services agreed to keep the Board informed of developments. The chair felt the report would benefit from proofreading and a general tidy up and suggested the following section by section changes; 1. P3 – Overview – requires rewording to give more of a general summary 2. P3-P4 - The principal's statement ends on a negative note A member noted their support around the tone, reasoning that the use of more realistic language is more conducive to progress. Comments will be passed to the Principal for a decision on the wording. 3. the student success table (P8/73) needs commentary 4. the going concern section (P9/74) requires more explanation to provide clarity. 5. P12-17 – difficult to determine at a glance, areas of improvement and suggested to reintroduce RAG ratings for clarity 6. Creditor payment improvements are worthy of comment and verification of the 3 days figure was requested and a comment explaining the improvement. 7. Lindsey Hastie's attendance (Section 3, P24) requires verification and also if there was a Chair's Committee held in 2023/24. **ACTION: Board Secretary** It was later confirmed by the Board Chair that there was no Chairs' Committee scheduled in this calendar year. 8. P30, first paragraph – clarification was sought around reference made to an annual review of key controls by officers. VP Finance & Corporate Services confirmed that this refers to their review of the College's key areas, ensuring governance, financial, and cyber responsibilities are met and will re-word the section to reflect this. **ACTION: VP F&CS** 9. P35/100 notes an average salary increase of 60% and verification was requested on this figure. VP Finance & Corporate Services confirmed that further detail/verification can be found in Section 5 – Financial Statements, The Committee noted the draft report and comments, and will recommend the Board's approval once the external audit is complete.
SECTION B – ITEMS FOR DISCUSSION	
54/24	**<u>Strategic Risk Register (Paper F, K Robb, ToR 2.9)</u>** VP Finance & Corporate Services presented the updated Strategic Risk Register, noting it's recent review by SLT. There have been no fundamental changes to the risks, completed actions have been updated and new mitigations identified with risks classified as either 'treat' or 'tolerate'. Updated actions have been reviewed by CQSE and

	more recently by the F&R Committee. The risk score in relation to financial sustainability has increased from 16 to 20. The likelihood was adjusted from 4 to 5, while the impact remains at 4, given the assumption that SFC/Scottish Government would step in to support if needed. Dates have been clarified for most actions, with two awaiting Board approval. Concern was expressed regarding the red rated score of 20 in relation to financial sustainability and what actions the Board could take to help address this. VP Finance & Corporate Services outlined the current measures and it was suggested to make mitigations more specific, especially given the lack of guidance from SFC/Scottish Government. Board Chair will pick this up with and VP Finance & Corporate Services and the Principal beyond this meeting. **ACTION: RM** The Committee noted the updates to the Risk Register.
55/24	**<u>Audit Recommendations Monitoring (Paper G, K Robb, ToR 2.8)</u>** An update on the key areas of internal and external audit recommendations was provided; - One recommendation in relation to student retention resulted in updates to student guidance and the development of a new policy, with an extension granted to complete this. - All other recommendations are on track, with two nearly completed and three expected by December. - IT security and password actions are progressing, with only three minor sub-actions remaining. - Two data breaches were investigated, and recommendations have been implemented. - Staff training on SharePoint will be provided as part of the migration from the 'U' drive. The Chair commented that things appear to have improved significantly compared to 12 months ago. Committee were content to note the report.
56/24	**<u>Data Protection & Freedom of Information Update (Paper H, K Robb, ToR 2.10)</u>** VP Finance & Corporate Services reported that the College has fulfilled its legal responsibilities, with 34 FOI requests having been responded to within timescales. A significant increase in requests for 2023-24 was noted, reaching pre-COVID levels, many of which submitted from union representatives. Strong processes are in place, ensuring deadlines are met. The report also covers data protection, with no incidents requiring to be officially reported and recommended mitigations have been implemented to prevent future issues. The report was noted.
SECTION C – ITEMS FOR INFORMATION	

57/24	**<u>Register of Corporate Gifts (Paper I, K Robb, ToR 2.13)</u>** One corporate gift was received during the last reporting period - a golf outing for the Director of Estates and Facilities, provided by a lift maintenance company. The Chair recognised that this has been an area of concern for the Committee of late and asked for a breakdown of the approval process. VP Finance & Corporate Services explained that the individual in receipt logs the request in the HALO system, followed by a hierarchical approval process which included discussion with the individual to ensure there was no conflict of interest. The golf outing occurred during the first year of a three-year contract and was viewed as an opportunity for informal discussion and relationship building with the company. Future reports from HALO will identify any patterns of concern. A member queried whether the register is confidential or public and sought clarification on the difference between minor gifts and more expensive items that tend to be received by senior members of staff. It was confirmed that the register is publicly available on the College website. A plan to create a "gift wall" was mentioned, to publicly recognise any items over £20 that are gifted to the curriculum. It was highlighted that gifts valued at under £20 do not need to be declared. VP Finance & Corporate Services agreed to pick this up further with the member, outwith today's meeting to further clarify if required. **ACTION: VP F&CS** The report was noted.
58/24	**<u>Information Update (Paper J, K Robb)</u>** The most recent technical bulletin from Audit Scotland was issued on 30 June 2024. The paper highlights the key areas within the bulletin, relevant to the College sector and also provides the timetable and actions required of the College in relation to the National Fraud Initiative exercise. VP Finance & Corporate Services confirmed that the College are on track to meet their action deadlines and are ready to submit their data.
59/24	**<u>Papers for Publication (Standing Item)</u>** The Board Secretary and the Chair will decide on which papers can be published in due course.
60/24	**<u>Any Other Business</u>** Nothing further was raised for discussion.
61/24	**<u>Date of Next Meeting</u>** Tuesday 3 December 2024

Signed…………………………………… **Signed…………………………………….**
Chair **Board Secretary**