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Audit & Risk Committee

Meeting at 17:00 Thursday 22 May 2025

On Teams

ACTIONS



Item	Action	Responsibility and Date	Action Status
36/24	Revised committee review questions to be emailed round.	Board Secretary	Ongoing
30/25	Update Business Continuity Plan and circulate to board members for comment	VP F&CS	Complete
31/25	ToR's to be amended to include A&R's responsibility to oversee/ensure value for money. Work with VP F&CS to draft wording to this effect.	Board Secretary VP F&CS	Complete
33/25	Discuss timing of Strategic Risk Register presentation with Board Chair	Board Secretary	Complete

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MINUTES

ITEM	MINUTE
Present In Attendance	Dave Roberts (Chair) Phil Macdonald Gordon Donald Lindsey Hastie Cherene Thomson Mark Cockburn Kirsty Robb (Vice Principal, Finance & Corporate Services) Sara Wilson (Director for Finance & Procurement) Ingrid Earp (Board Secretary) Graham Gillespie (Wylie Bisset Group [WBG] - Internal Auditors) Siobhan Archibald (Wylie Bisset Group [WBG] - Internal Auditors) Chris Brown (Azets – external Auditors) Amy Hughes (Azets – external Auditors) Suzie Hartley (Minutes)
18/25	<u>Chair's Welcome</u> D Roberts welcomed everyone to the meeting, including co-opted member, Mark Cockburn, who was attending for the first time.
19/25	<u>Declaration of Conflict of Interest</u> No conflicts of interest were noted.
20/25	<u>Register of Members' Interest</u> No changes/additions to the Register of Interest were raised.
21/25	<u>Apologies for Absence</u> Apologies were received from Principal, Pete Smith and Ray McCowan, Board Chair. Jessica Elder was not present.
22/25	<u>Minutes of Previous Meeting held on 13 February 2025 (Paper A)</u> The Committee received assurance regarding the previously reported cash discrepancy. Vice Principal for Finance & Corporate Services reported that all recommended actions have been fully implemented, and relevant staff have received appropriate training in handling cash. The College is progressing towards a cashless campus, with improved card reader systems now in place. A cashless plant sale is scheduled to take place at the Newtown campus tomorrow. In addition, staff based in Hawick are being relocated to Galashiels, and petty cash there is being phased out as part of this transition.
23/25	<u>Matters Arising</u> The following updates to actions were provided. 36/24

	<p>Revised committee review questions to be emailed round (Board Secretary) – ONGOING – this is being treated as a cross-committee exercise. The Board Secretary is meeting with the Board Chair tomorrow to finalise and send to Committee Chairs.</p>
SECTION A – ITEMS FOR DECISION	
24/25	<p><u>Internal Audit Assignment – Follow up (K Robb, ToR 2.8, Paper B)</u> All four recommendations have been completed, pending final verification by the auditors, including actions relating to student retention, income collection, credit control and purchasing and procurement. Training on the PECOS procurement system has been delivered, with all content signed off as complete. The overall conclusion of the audit was strong. Siobhan Archibald, WBG, confirmed she is available to respond to any questions from the Committee. There being no questions from the Committee the Follow Up Internal Audit Assignment was approved.</p>
25/25	<p><u>Internal Audit Assignment – HR Policies (K Robb, ToR 2.8, Paper C)</u> As part of the audit plan agreed this time last year, the review focused on ensuring the College has robust staffing policies in place. The audit outcome was strong, with two areas identified for further development.</p> <p>S Archibald noted a few minor points, including the need to update the Whistleblowing Policy and to establish a standalone Staff Conduct Policy, which would allow for greater detail. She also highlighted several examples of good practice within the current policy framework.</p> <p>A member welcomed the assurance that policies are being kept up to date and emphasised the importance of staff being aware of them. He asked what steps the College is taking to ensure staff understand and adhere to these policies. VP for Finance and Corporate Services explained that all new staff are required to read the relevant policies as part of their six-month probation period and are reminded of them during the annual Staff Performance and Development Review (SPDR) process. Any significant changes are communicated throughout the year, including during staff training days. A detailed training plan is in place with HR. S Archibald added that communication of policies is carefully managed to ensure they are always accessible to staff. A review was undertaken to consider whether any policies could be amalgamated, but it was concluded that each policy remains appropriate as a standalone document. Combining them would risk overwhelming staff with excessive information. She noted that some organisations have over 90 policies, which was considered excessive.</p> <p>The Committee approved the HR policies internal audit.</p>
26/25	<p><u>Internal Audit Assignment – Business Continuity and Disaster Recovery (K Robb, ToR 2.8, Paper D)</u> The audit, which covered both IT and Estates, resulted in a substantial level of assurance. A scheduled desktop exercise has been completed, and the resulting recommendations are currently being implemented. The second recommendation will be addressed through a planned course of action, agreed in collaboration with WBG. The Committee approved the Business Continuity and Disaster Recovery Internal Audit.</p>

<p>27/25</p>	<p><u>Internal Audit Annual Report (K Robb, ToR 2.5, Paper E)</u> This report is brought to the Committee as it informs the College’s Annual Report and reflects the completed work of WBG. VP for Finance and Corporate Services confirmed that all requirements have been met and the findings will now be incorporated into the Annual Report.</p> <p>S Archibald explained that the Annual Report provides a summary of the year’s audit activity and demonstrates how the College is achieving its objectives and securing value for money. Over the year, seven audit areas were reviewed—comprising three mandatory funding reviews and four internal areas. Across the four internal audits, only five recommendations were raised: one medium priority and the remainder low. Most areas received strong assurance, with one rated as substantial. Overall, the College’s performance sits above average when benchmarked against the sector, and all key performance indicators were met.</p> <p>There being no questions from the Committee the Internal Audit Annual Report was approved.</p>
<p>28/25</p>	<p><u>Internal Audit Plan (G Gillespie, ToR 2.5, Paper F)</u> VP for Finance and Corporate Services confirmed that she had met with WBG to review and refine the plan, which has been slightly adjusted from the previous year. The cyber security audit has been brought forward to 2025–26, recognising it as a key risk area, and a draft example of the audit plan was included for reference.</p> <p>S Archibald noted that the estates review has been moved to 2026–27, with a proposed areas for internal audit noted for 2027–28. The current Internal Audit Plan currently allows for 32 audit days. This may be reviewed if the audit contract is extended over a two-year period. The plan includes scopes for safeguarding, cyber security, governance, and follow-up audits. The cyber audit will test the College’s arrangements and confirm that appropriate systems and controls are in place. Governance arrangements were described as embedded, appropriately reported, and reflective of good practice.</p> <p>A member queried the rationale behind the three-year audit cycle and asked about how areas for internal audit are determined. The VP for Finance and Corporate Services explained that the audit plan is driven by the College’s risk profile, with high-risk areas identified in collaboration with WBG and informed by previous audit outcomes. While more audits would be desirable, they must be balanced against financial constraints. Wellbeing, for example, is recognised as a priority area, but the number of audit days is limited. S Archibald added that resourcing constraints are also considered, and the plan avoids reviewing the same department in consecutive years. She confirmed that the plan is a fair reflection of the College’s risk profile.</p> <p>A member asked whether there is capacity for additional audit work should new risks emerge. VP for Finance and Corporate Services responded that additional audit days can be purchased, subject to budget availability. The Chair suggested the possibility of a “light audit” review for areas which may not warrant a full audit but could help identify emerging issues. S Archibald explained that such work could be scoped with fewer objectives or conducted internally by the College as</p>

	<p>a short one- or two-day review. The Chair suggested Cyber Security could be reviewed this way however it was confirmed that a full audit is planned for the upcoming year. The Chair acknowledged this and asked about future years, highlighting that the College is also engaging an external company to test its cyber security arrangements, offering an alternative to a formal audit. VP for Finance and Corporate Services advised that the resulting report will be presented to the Finance & Resources Committee and can be shared with other Board members. It will also be reflected in the risk register, ensuring visibility across the Board.</p> <p>The Committee approved the Internal Audit Plan, subject to the flexibility to request additional audits if required. The plan was agreed as a living document, with scope for adjustments as needed.</p>
<p>29/25</p>	<p><u>External Audit Plan (C Brown, ToR 2.10, Paper G)</u></p> <p>The plan outlines the review of the annual accounts, with work already underway in several areas. The audit remains on track to meet the December 2025 deadline for Board approval and subsequent sign-off by the Scottish Funding Council (SFC) by the end of December.</p> <p>A Hughes, Azets, summarised the key areas of the plan, including the financial statements and wider scope considerations. The significant risks identified in relation to the financial statements are consistent with those highlighted in the previous year’s audit. Financial sustainability remains a key challenge, particularly in light of Heriot-Watt University’s exit from the campus. Materiality has been set at £311,000, with a trivial threshold of £16,000. The auditors’ independence is outlined on page 24 of the report. A historic agreement remains in place for the provision of VAT services. The audit fee reflects an inflationary increase. The audit is progressing well and remains on schedule to meet the December 2025 deadline.</p> <p>A member raised concerns about the timing of receipt of the account’s direction, noting that last year it was not received until September, whereas organisations in England and Wales received theirs in March. This delay created difficulties in the production of the accounts and the audit process. He asked whether Azets could raise this issue with SFC. VP Finance & Corporate Services acknowledged the disruption caused last year, particularly due to delays related to guidance on the treatment of job evaluation funds and confirmed that feedback has already been provided and will be reiterated again. A Hughes added that while Audit Scotland may be best placed to respond to such queries, both she and C Brown would also raise the issue. The Director for Finance and Procurement noted that the College has never received the accounts direction before July, despite earlier receipt elsewhere in the UK.</p> <p>The Committee noted the External Audit Plan, acknowledging that formal approval is not required as the plan is mandated.</p>
<p>30/25</p>	<p><u>Business Continuity Plan Review (K Robb, ToR 2.9, Paper H)</u></p> <p>An annual review of the Plan was agreed by the previous Committee Chair and primarily reflects updates to job titles and organisational structure. The Plan has recently undergone an internal audit, which confirmed that it continues to meet all necessary requirements. The College is aware of the forthcoming introduction of Martyn’s Law, which</p>

	<p>is expected to impact emergency planning, however, as the specific requirements remain unclear, the College is maintaining an active and ongoing watch on developments. It may be several years before the full implications are known and can be incorporated into the Business Continuity and Emergency Plans.</p> <p>The Chair asked about staff awareness and how well briefed they are. VP Finance & Corporate Services reported that a tabletop exercise had been conducted, led by the Health and Safety Manager. The scenario involved a lorry crashing into the campus electrical substation, and staff were required to work through the incident response. The College plans to carry out such exercises more regularly and with broader staff participation. Training is also provided to ensure staff understand their responsibilities under the Business Continuity Plan. There is mandatory training required to be undertaken biannually. The Plan is now reviewed and will be published on the College website, and any significant changes are highlighted. The Chair suggested that section 5.1 of the Plan should include a reference to the Board Chair being made aware of incidents. VP Finance & Corporate Services assured that all Board members are kept informed, and that she will circulate drafts for comment.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>A member asked whether the Emergency Plan is reviewed alongside the Business Continuity Plan and VP Finance & Corporate Services confirmed that both are reviewed together to ensure consistency and alignment.</p> <p>The Committee was content with the Review.</p>
31/25	<p><u>Review of Financial Regulations (K Robb, ToR 2.11, Paper I)</u></p> <p>The review incorporated input from a number of related documents, procedures and policies, with the key findings outlined in the main body of the report. Amendments were made to banking approval processes to ensure appropriate staff availability, particularly in light of the reduced size of the Senior Leadership Team. The revised process now includes both the Business Partner and the Director of Finance as authorised signatories for bank transfers.</p> <p>In response to previous cash discrepancies, the regulations have been strengthened to reflect the recommendations made in the relevant report. A minor change was also made to reflect the updated title of the IT and Digital Learning department. All changes were considered minor in nature.</p> <p>VP Finance & Corporate Services highlighted a discrepancy between the Financial Regulations and the Committee’s Terms of Reference (ToR), noting that the Financial Regulations require the Audit & Risk Committee to have responsibility for value for money, which is not currently reflected in the ToR. The Board Secretary advised that, based on a review of other institutions’ ToRs, this responsibility typically sits with the Audit function. It was therefore agreed that the ToR should be amended to include this responsibility, rather than altering the Financial Regulations. VP Finance & Corporate Services agreed with this approach, noting that it also aligns with the Committee’s role in overseeing internal controls. The Chair confirmed his support for the</p>

	<p>amendment. With no objections raised, the Board Secretary agreed to work with VP Finance & Corporate Services to draft appropriate wording for the revised ToR.</p> <p style="text-align: right;">ACTION: Board Secretary / VP F&CS</p>
32/25	<p><u>Terms of Reference (I Earp, Paper J)</u></p> <p>It was noted that a major revision had been undertaken two years ago, with further updates made in 2024. Members were invited to submit any suggestions or proposed amendments, which would be taken to the Board in June for implementation in the following year.</p> <p>VP Finance & Corporate Services confirmed that she had reviewed the Terms of Reference and that they align with the Finance & Resources Committee. The Chair had no comments or amendments.</p> <p>The only amendment is that discussed in the previous item (31/25) to include reference to value for money.</p>
SECTION B – ITEMS FOR DISCUSSION	
33/25	<p><u>Strategic Risk Register (K Robb, ToR 2.9, Paper K)</u></p> <p>VP Finance & Corporate Services reminded Members that the remit of this Committee includes oversight of the risk management process, which continues to be followed appropriately. Financial sustainability remains the key strategic risk and work is ongoing across all risk areas, with the register reviewed monthly by the Senior Leadership Team (SLT). It is due to be presented at CQSE next week, followed by a full review, which is considered good practice.</p> <p>There was discussion regarding the appropriate timing for reviewing the Strategic Risk Register in its entirety at Board as well as reviewing the Board's risk appetite. Rather than do this at a Board Development Session the Committee Chair asked if it could be considered at a specific Board meeting during the year. It was suggested that the start of the academic year would be an appropriate time to consider any necessary changes with SLT having reviewed the Register in August. Board Secretary to discuss with the Chair of the Board.</p> <p style="text-align: right;">ACTION: Board Secretary</p>
34/25	<p><u>Audit Recommendations Monitoring (K Robb, ToR 2.8, Paper L)</u></p> <p>This quarterly report provides an update on progress against audit recommendations. Since the last report, four recommendations have been closed, while four new ones were added. All actions are currently on track, and monitoring continues.</p> <p>Recommendations from the external audit have been picked up and are being followed through, the majority of which relate to email etiquette and data breach prevention.</p> <p>There were no questions and Committee noted the report.</p>
SECTION C – ITEMS FOR INFORMATION	
35/25	<p><u>National Fraud Initiative (NFI) Update (K Robb, ToR 2.13, Paper M)</u></p> <p>A total of 27 matches were reviewed, all of which have now been investigated and resolved. The College liaised with relevant public sector partners to complete the necessary checks, and all items have been fully addressed. The College remains on track to meet all NFI</p>

	<p>targets and this work will form part of the external audit opinion at year end.</p>
36/25	<p><u>Register of Corporate Gifts (K Robb, ToR 2.12, Paper N)</u> VP for Finance & Corporate Services reported that one gift had been accepted since the last meeting of this Committee – tickets to a golf event were donated by a flooring company. It was considered a valuable networking opportunity.</p> <p>The Chair questioned whether the Register needs to be presented at every meeting and suggested reducing the frequency of reporting to once per year and if all are content, to implement this from the next academic year. No objections were raised by the Committee.</p>
37/25	<p><u>Information Update (Paper I, K Robb / I Earp, Paper O)</u> The Audit Scotland bulletin is issued quarterly and continues to be reviewed by the College. Key changes are identified that have an immediate impact or require future planning. There was nothing new to report for this quarter.</p>
38/25	<p><u>Papers for Publication</u> The Board Secretary will determine which papers are suitable for publication.</p>
39/25	<p><u>Any Other Business</u> The Chair recognised that these meetings tend to be concluded within an hour and whilst he is not inclined to extend meetings unnecessarily, he asked members whether they felt sufficient time was being allowed for discussion.</p> <p>C Brown noted that, based on his experience attending numerous audit committees, it can be helpful to provide additional input outside of meetings. He emphasised that the primary role of the Audit Committee is to receive assurance. If the external audit plan contains no findings, and there are no concerns around risk areas, then it is reasonable for meetings to proceed efficiently. However, if any assurance received does not align or make sense, it is important for the Committee to challenge it. While the meeting had concluded within an hour, C Brown commented that this is fairly typical for Audit Committees under such circumstances.</p>
40/24	<p><u>Date of Next Meeting</u> The next meeting is due to take place on Thursday 9 October 2025 on Teams at 5pm.</p> <p>Previous issues with quorum/attendance were acknowledged and members were thanked for a full attendance at this evening’s meeting.</p> <p>Member, P Macdonald submitted apologies for the next Audit & Risk Committee meeting.</p>

Signed.....
Chair

Signed.....
Board Secretary