

# Board of Management-Audit Committee

Minute of the Meeting of the Audit Committee of the Board of Management of Dumfries and Galloway College held on 08 December 2020 at 2pm remotely via MS Teams.

<b>Present:</b>	Naomi Johnson (Chair) Ros Francis	John Henderson
<b>In attendance:</b>	Hugh Carr (Interim Regional Chair) Joanna Campbell (Principal) Steve Uphill (VP, Finance and Commercial Services) Karen Hunter (Head of Finance)	Lorraine Grierson (Board Secretary) Philip Church (RSM) David Eardley (Azets)
<b>Minute Taker:</b>	Alex Elkins (Executive Assistant)	
<b>Apologies:</b>	Robbie Thomas, Pat Kirby	

## 1 Welcome and Apologies

The Chair welcomed all to the meeting, apologies of absence had been received from Pat Kirby and Robbie Thomas.

The Board Secretary confirmed the meeting was quorate.

## 2 Declaration of Interest

Members agreed to indicate declarations of interest as appropriate throughout the meeting.

## 3 Minute of Meeting of 6 October 2020

The Minute of the meeting of 6 October 2020 was approved with no further changes, the minute was proposed by Ros Francis and seconded by John Henderson.

## 4 Matter Arising not on the Agenda

Item 5.2 – Due to time restraints and focus on the annual accounts, it was agreed to discuss the KPIs in relation to the Audit Committee at the next Audit Committee meeting.

**ACTION: - The Secretary to the Board will add the Strategy KPIs to the next committee meeting agenda.**

## 5 Internal Audit - Governance Report

Members noted the report.

## 6 Internal Audit - Staff Development Update

Members discussed the report which had been issued. P. Church, Internal Auditor informed the committee that completion of the report had been delayed due to COVID-19. The report had offered a partial assurance and recommended one high, five medium and one low priority actions.

A discussion regarding the findings of the report took place and the committee concluded that policies and procedures were evidenced however a cultural change amongst staff was required whereby compliance was considered an issue.

The Principal highlighted some of the legacy challenges that had been previously reported within the Human Resources (HR) area and stated that it was disappointing that no one from the HR team had been invited to attend, to respond to the auditor's report. The following comments were noted outlining action taken since the internal audit report findings: -

- The new People and Culture strategy would address the actions of the audit report.

- A new Head of HR was in post.
- A new procedure was being developed including a compulsory training package for staff.
- Employment law training would be implemented for managers.
- Improvements to the tracking and monitoring of staff training was required.
- All policies and procedure documents were available for staff to access on the College LearnNet site.

It was agreed that the committee would be provided with an update from the internal auditors to ensure that recommendations had been fully implemented and an update from the Head of HR would be provided at the next meeting.

The committee acknowledged the challenges presented with COVID-19, Transformation and other staff related issues ...

In addition, the committee were advised that it was imperative for staff in management roles to understand the process, responsibilities and wider impact of staff development. The committee also requested that any issues relating to staff working from home would be addressed and it was recommended that the report be tabled for the next HR committee.

**ACTION: - Head of HR to provide Audit Committee with an update at the next meeting.**

**ACTION: - The secretary to the Board will refer to HR Committee Chair/Terms of Reference re inclusion in HR Committee Agenda to ensure there is no overlap.**

Members noted the report.

## **7 Internal Audit - Progress Report**

Members discussed the Progress Report which had been issued that provided a summary update on progress against the 2020/2021 Internal Audit Plan. The committee were informed that the audit reports relating to Business Continuity and Cyber Security were progressing and that two student reviews had been finalised. It was agreed that schedule of reports would be discussed at the next meeting.

**ACTION: - The Secretary to the Board will include the schedule in the agenda for the next meeting.**

Members noted the report.

## **8 Strategic Risk Register**

The Secretary to the Board spoke to the Strategic Risk Register, reporting on the risk pertinent to the Audit Committee: **Item 2.2** – Financial Fraud had been reduced to a minor risk as a result of work undertaken by the finance team. Members noted the report.

## **9 Audit Action Tracker**

The Head of Finance spoke to the report and explained the purpose of the tracker, it was reported that the Senior Leadership Team had received regular information regarding progress of the tracker and five actions were reported as 'in progress'. Actions identified from the Staff Development and Governance reports would be included in the tracker.

The Principal advised the committee that the governance of the risk register was the responsibility of the Senior Leadership Team and a new procedure in relation to the risk register was in development for completion early in 2021. The committee were offered further assurance that the new procedure would support the implementation of robust controls and monitoring of risks. Members noted the report.

## **10 Evaluation Process Update**

This item was not discussed.

## **11 Annual Internal Report**

P Church spoke to the Draft Internal Audit Annual Report for 2019/2020 which had been issued...

The committee were advised that the Executive Leadership Team would further inspect the College management role in relation to the work undertaken with the internal auditors.

A discussion took place regarding the audit plan and the focus of the committee moving forward. It was agreed that the next meeting would discuss whether to retain the commercial income audit or replace with a review of the Transformation plan.

**ACTION: - P. Church will amend the date of the report to show 8 December 2020.**

**ACTION: - P. Church will table 'Transformation and Commercial Income' for inclusion in the Internal Audit Plan at the next meeting.**

Members noted the report.

## **12 Draft Annual External Audit Report**

David Eardley, External Auditor, spoke to the Draft External Audit Annual Report for 2019/20 which had been issued. He advised that further adjustments to the narrative had been made since the publication of the report which had been prepared for the meeting on the 24 November 2020 (rescheduled to 8.12.2020). The committee were advised that a clean audit opinion had been reported and no items had been raised by exception. Furthermore, following approval by the Board of Management and the approval of the Financial Accounts by the Scottish Government, the report would be published on the Audit Scotland Website. It was noted that the final 'digital sign off' of the report would be completed prior to the Christmas break using DocuSign software with no further significant changes expected. The External Auditor commended staff for adhering to the original timetable under challenging circumstances due to COVID-19. The Chair thanked David Eardley for the report.

A point of clarification was raised by R. Francis on page 26 regarding the narrative of the Governance statement, D Eardley confirmed that the narrative would be revised to reflect the conclusions raised from the Internal Audit report. The committee agreed that the revised narrative would be provided for final approval via circulation to members by email.

**ACTION: - The Secretary to the Board will circulate the report to the committee for approval via email.**

## **13 2019 – 2020 Draft Financial Statements**

The VP Finance and Commercial Services introduced the report informing the committee of the amendments that had been made following feedback from the committee. ...The revised report would be circulated to the committee, allowing members additional time to review the changes and approve the final report.

**ACTION: - The Head of Finance would amend the narrative reflecting their suggested phraseology and the wording would be circulated to members for discussion and approval.**

**ACTION: Agreement was made to recommend that the Draft Financial Statement go to the Board subject to the revision of the statement on p26. Chair of Audit to report this to the Board.**

## **14 Terms of Reference**

The Chair informed the committee that the Audit Committee Annual report was in development and it was agreed to table this item for the next Audit Committee meeting.

## **15 Any other business**

No items were discussed.

## **13 Date and time of Next Meeting**

The next meeting of the Audit committee will take place on Tuesday 09 February 2021 at 2pm.