



AUDIT COMMITTEE 18.05.21

MINUTE OF MEETING HELD ON 18 MAY 2021 AT 16:30hrs REMOTELY VIA MS TEAMS

Present	
Naomi Johnson (Chair)	John Henderson
Ian White	Sue Irving
Ann Hill	William Dowson
In Attendance	
Douglas Dickson	Lorraine Grierson
Joanna Campbell	Hugh Carr
Scott Proctor	Philip Church (Rsmuk)
David Eardley (Azets)	
Apologies for absence	
A. Glen	

Item 1	Welcome and Apologies for Absence		
Paper No: Verbal	Lead: Naomi Johnson	Action Requested	Note
Discussion	<p>The Chair welcomed everyone to the meeting, including William Dowson, Sue Irving, Ann Hill and Ian White - all new members to the Audit Committee.</p> <p>The Committee noted that due to increased work and personal commitments, Robbie Thomas had informed the Chair of his intention to step down from the Committee with immediate effect.</p> <p>It was requested that where possible questions from members would be submitted to the Secretary of the Board in advance of future committee meetings. This would enable data and information to be provided if required.</p> <p>The Board Secretary confirmed that the meeting was quorate.</p>		
Decision / Action	<p>ACTION: - Where possible questions from members would be submitted to the Secretary of the Board in advance of future committee meetings.</p>		

Item 2	Declaration of Interest		
Paper No: Verbal	Lead: Naomi Johnson	Action Requested	Note
Discussion	<p>Members agreed to indicate declarations of interest as appropriate throughout the meeting. No declarations of interests were received.</p>		
Decision / Action	<p>None required.</p>		

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Item 3	Action Log		
Paper No: AUD0521-A	Lead: Naomi Johnson	Action Requested	Note
Discussion	<p>The Committee noted the content of the Action Log and a number of updates on actions which had been provided.</p> <p>Lorraine Grierson gave a verbal update on progress towards GDPR Action Plan. It was noted that a vacancy for a secondment post had been advertised to support the actions of the College's GDPR requirements. All mandatory GDPR training has been completed by staff and we are liaising with HR to ensure Breach Awareness training is rolled out to staff particularly as home-working is continuing. The GDPR web page has now been completed with Policy, privacy notices, and Your Rights information. The intranet page is up to date for staff guidance, support and policy materials – the page will continue to be updated as we work through the action report. Privacy notices are reviewed annually and this is taking place now to ensure the information is up to date.</p>		
Decision / Action	The Committee noted the Action Log.		

Item 4	Minute of the last meeting 9 February 2021		
Paper No: AUD0521-B	Lead: Naomi Johnson	Action Requested	Note
Discussion	The Committee approved the Minute and sub note from 9 February 2021 as an accurate record of the meeting.		
Decision / Action	The Committee noted the minute.		

Item 5	Matters Arising		
Paper No: Verbal	Lead: Naomi Johnson	Action Requested	Note
Discussion	None were discussed.		
Decision / Action	N/A		

Item 6	Calendar and Annual Agenda Cycle		
Paper No: AUD0521-C	Lead: Scott Proctor	Action Requested	Approval
Discussion	<p>The Committee were asked to review the proposed draft internal audit plan.</p> <p>The Committee discussed a proposal to include GDPR processes in the audit plan, and it was noted that GDPR had last been reviewed by the Committee in May 2018. Further, it was considered that any GDPR actions input to the GDPR action plan would require time to embed. Lorraine Grierson suggested she give a verbal update on progress towards the Action Plan at each Committee, moving forward.</p> <p>Sue Irving suggested research be undertaken into the remit and scope of the committee as adopted by other organisations in the sector.</p> <p>The Committee discussed a proposal to extend the audit planning cycle beyond 12 months, with assurance that the audit plan provided sufficient flexibility for inclusion of additional items as required and the introduction of an additional review at 6 months. It was suggested that the plan be developed in alignment with the Terms of Reference for the committee with links to the risk register including detailed timelines. It was noted that the updated Terms of Reference had not been available at the time of the meeting.</p>		

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	<p>It was confirmed that any changes to the internal audit plan would be subject to Committee approval. Philip Church agreed to provide an update at the next meeting.</p> <p>It was confirmed that self-evaluation would be undertaken for each Committee in the next academic session.</p> <p>It was noted that consideration of the impact of COVID-19 on financial sustainability would be required and it was recommended that the financial audit of commercial income should not be delayed.</p> <p>The Committee welcomed the broader remit of the audit plan especially the inclusion of financial reporting.</p>
Decision / Action	<p>ACTION: - The Committee Terms of Reference would be included in the next agenda. Lorraine Grierson.</p> <p>ACTION: - The planning calendar period would include items over a 2 – 3 year period and align with the terms of reference, Philip Church/Scott Proctor.</p> <p>ACTION: - Updates on GDPR actions would be reported through the Action Log.</p> <p>ACTION: - Philip Church would provide a report on past activity at the next meeting.</p> <p>ACTION: - Scott Proctor would circulate a list of items to be included in the plan in advance of the next meeting.</p>

Item 7	Internal Audit Progress Update		
Item 7.1	Progress Report		
Paper No: AUD0521-D	Lead: Philip Church	Action Requested	Discussion
Discussion	<p>It was noted that the 2020/21 Audit plan had been approved by the Audit Committee on 6 October 2020 and consisted of seven reviews, six final reports had been completed, all of which had resulted in positive assurance opinions. It was noted that 86% of the overall plan had been completed and the final report was expected to be completed by the end of June 2021.</p>		
Decision / Action	<p>The Committee noted the report.</p>		
Item 7.2	Key Financial Controls: Asset Management		
Paper No: AUD0521-E	Lead: Philip Church	Action Requested	Discussion
Discussion	<p>It was noted that the report had been commissioned to ensure that a framework was in place to record the distribution, management and monitoring of IT devices to staff and students. The report had provided a reasonable assurance with four medium and two low priority management actions agreed.</p> <p>The Committee discussed the content of the report and in particular highlighted the limitations of Excel software in relation to asset tracking activity. It was agreed that the Committee supported a move away from the use of spreadsheets with the adoption of a digital solution and would welcome swift action in relation to the action.</p> <p>It was stated that a Business Systems Transformation Programme had been implemented, led by Eamonn Long, Business Transformation Manager, who would also act as Head of IT Systems in the interim. The process would include a review of architecture, analysis and review of current systems with the ambition to move away from paper-based systems which would also support the College's GDPR responsibilities.</p>		

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Decision / Action	<p>The committee highlighted the need to address the recommendations from the report as a matter of urgency.</p> <p>The Principal stated that adoption of an electronic system for capturing assets was currently in development. It was also noted that..... a variety of solutions had been adopted by the senior leadership team and several senior management roles had been given interim, additional duties.</p> <p>The Chair recommended that research be undertaken to identify best practice in relation to Asset Management within the sector with the adoption of an agreed date for actions on this item.</p>		
Decision / Action	<p>ACTION: - A review of the actions from the report was agreed for August 2021 and these would be incorporated in the Audit Tracker report provided by Lorraine Grierson</p> <p>The Committee noted the report.</p>		
Item 7.3	Follow up		
Paper No: AUD0521-I	Lead: P. Church	Action Requested	Discussion
Discussion	<p>The Committee was informed that a review had taken place to follow up on progress made to the following audits: -</p> <ul style="list-style-type: none"> ➤ Credit Guidance / Curriculum Planning; and ➤ Key Financial Controls: Petty Cash and Expenses. <p>It was noted that the College had demonstrated good progress in implementing agreed management actions with all high level actions having been partially implemented.</p>		
Decision / Action	<p>The Committee noted the report.</p>		
Item 8	External Audit update		
Paper No: AUD0521-J	Lead: David Early	Action Requested	Discussion
Discussion	<p>David Early outlined the content of the report, which contained a summary of the work plan for the 2020/21 external audit of the College. It was noted that the appointment period for the External Auditors had been extended from 5 to 6 years (appointed by Audit Scotland), due to the pandemic. The overall framework had remained unchanged, with the intention to undertake the work remotely at the time of the meeting.</p> <p>In response to a question relating to increased risks due to remote working, David Early stated that working processes had been impacted on the self-serve style of working in evidence gathering, however, the use of data analytics had increased and, in some instances, additional stages had been implemented prior to testing.</p> <p>Ian White commented on Exhibit 4/Significant Risks Financial Sustainability and the impact of COVID-19 on core funding and what sources would contribute to the report. It was noted that the audit process would take cognisance of the internal audit reports, outputs from a range of systems and controls and financial projections. Financial sustainability continued to impact the sector as a whole and it was confirmed that opinions would be based on 12 months from the sign off of accounts but would also provide an opinion of the College's financial health over the medium term.</p>		

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The Committee noted that the Governance Statement would be reviewed including findings from Professor Ron Hill following the outcomes of the Governance Audit.

The Chair highlighted the Committee's recognition of the reporting timeline and the requirement to give due consideration for the time needed to sign reports.

The Chair thanked David Early for the additional information provided.

Decision / Action

The Committee noted the report.

Hugh Carr – Left the meeting at 17.51hrs.

Item 9 Internal Audit Action Tracker			
Paper No: AUD0521-F	Lead: Lorraine Grierson	Action Requested	Discussion
Discussion	<p>The Committee noted the content of the Audit Action Tracker which included 22 actions, some of which had been completed. Actions from the Asset Management Audit and Progress Reports had also been included. It was reported that item 4,5 and 6, Governance and Terms of Reference had been delayed due to the College restructure with completion of both items expected in August 2021.</p> <p>A discussion on the inclusion of the items relating to GDPR took place and the Chair requested that actions relating to GDPR be monitored through the Action Log.</p> <p>A number of queries in relation to the action tracker and the risk register were raised. The Chair commented that the Action Tracker would continue to allow the committee to monitor progress on actions. Queries relating to the Risk Register are detailed at Item 11.</p> <p>For the benefit of new committee members, the Chair further clarified that the full risk register was tabled for approval at Board of Management meetings.</p>		
Decision / Action	The Committee noted the report.		

Item 10 Code of Good Governance (Governance Review and Audit Committee)			
Paper No: AUD0521-G	Lead: Naomi Johnson	Action Requested	Note
Discussion	<p>The Committee noted the report as provided by the Chair, including information in relation to the recommendations from the External Review Process in respect of areas for improvement for Audit Committee. Following the review internal auditors have been asked to consider the CoGG, which will replace the planned review of Commercial Services.</p> <p>Attendees were informed that the draft Code of Good Governance (CoGG) document was available in AdminControl under 'key documents'. The Chair highlighted that the item would remain a high priority to the Committee to ensure that duties are carried out in compliance with the CoGG. A further report on the recommendations would be provided to the Committee by the internal auditor.</p>		
Decision / Action	<p>ACTION: - The Secretary to the Board would circulate the draft CoGG to all attendees.</p> <p>The Committee noted the report.</p>		

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Item 11	Strategic Risk Register		
Paper No: AUD0521-H	Lead: Lorraine Grierson	Action Requested	Approval
Discussion	<p>The Secretary to the Board spoke to the Strategic Risk Register report, highlighting that there had been no change to the risks pertinent to the Audit Committee.</p> <p>The Committee discussed a query in relation to providing evidence of monitoring risks and the following points were noted: -</p> <ul style="list-style-type: none"> ➤ Assurance was provided through a variety of audit reports. ➤ An overlap existed between the membership of the Audit and Finance Committees. ➤ The audit calendar played a role in ensuring that monitoring took place throughout the year. ➤ A combination of internal, external and monthly reports and papers were available for scrutiny. ➤ The Committee would be at liberty to request additional reports as necessary. ➤ Committee members were at liberty to ask questions around particular items during meetings, with assurances provided from members of the SLT. ➤ The Committee were reminded that the risk register was subject to external scrutiny from organisations such as Education Scotland and where necessary additional scrutiny would be sought. ➤ It was suggested that an ‘evidence map’ document be developed. <p>It was clarified that at present the report provided information on risks which were pertinent to the Audit Committee only with the complete register discussed at the full board. The risk register was being reviewed and a new format anticipated for August 2021.</p> <p>It was noted that the Committee required oversight of the full risk register. The Chair acknowledged the risk of a loss of scrutiny of the risk register at Board level, however, noted caution in creating duplication of discussions.</p> <p>It was suggested that dual assurance would be provided through the process of Board links with the curriculum. The Committee agreed that the matter would be raised by the Chair with the Chair of the Board of Management.</p>		
Decision / Action	<p>ACTION: - Naomi Johnson would raise the matter of ‘Board links’ with Hugh Carr.</p> <p>ACTION: - Naomi Johnson would request a meeting for the development of the Risk Register with Hugh Carr, to also include Will Dowson.</p> <p>ACTION: - Lorraine Grierson would develop an evidence map with input from the Committee Chairs.</p> <p>The Committee approved the Risk Register.</p>		
Item 12	Any Other Business		
Paper No: Verbal	Lead: Naomi Johnson	Action Requested	Note
Discussion	<p>The Committee thanked the staff on the work undertaken to date to keep the college safe and the student progress.</p> <p>It was noted that the focus for Senior Leadership was supporting students to complete by the end of the current academic session, ensuring that budgeting work</p>		

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was completed prior to the end of the session and progressing a Scottish Funding Council review due for completion at the end of June 2021.

Decision / Action

N/A

Additional comments

The date of the next Audit Committee Meeting is scheduled for 2 September 2021 at 16:00 hours. (tbc)