



# AUDIT COMMITTEE

MINUTE OF MEETING HELD ON 5 SEPTEMBER 2022 AT 16:00

REMOTELY VIA MS TEAMS

Present	
Gillian Brydson, Chair	William Dowson
Sue Irving	Jamie Ross
In Attendance	
Joanna Campbell Principal	Douglas Dickson Vice Principal Learning, Skills and Student Experience
Caroline Stuart, Chair of BoM	Steve Uphill VP Finance, Strategy and Sustainability
Jill Galloway, VP People and Transformation	Michael Gibson, RSMUK
Lorraine Grierson Secretary of BoM	Richie Nicoll
Alison Donnelly (note-taker)	
Apologies for absence	
Ann Hill	

Item 1	Welcome and Apologies for Absence		
Paper No: Verbal	Lead: G. Brydson	Action Requested	Note
Discussion	<p>The Chair welcomed everyone to the meeting and participants were invited to introduced themselves. Apologies for absence were received from AH.</p> <p>The Chair confirmed the meeting was quorate.</p>		

Item 2	Declaration of Interest		
Paper No: Verbal	Lead: G. Brydson	Action Requested	Note
Discussion	<p>Members agreed to indicate declarations of interest as appropriate throughout the meeting. No interests were declared.</p>		

Item 3	Action Log		
Paper No: AUD09.22-A	Lead: L. Grierson	Action Requested	Note
Discussion	<p>It was noted that item 6 (financial fraud risk) was changed to 'averse' and will be taken to the Board of Management for their meeting of 15 September.</p> <p>Item 7 is pending information from Scottish Funding Council.</p> <p>Risks for Health and Safety and IT have been created and presented to Audit.</p>		
Decision	<p>The committee noted the content of the Action Log.</p>		

# AUDIT COMMITTEE

## MINUTE OF MEETING HELD ON 05 SEPTEMBER 2022 AT 16:00

<b>Item 4</b>	<b>Minute of the last meeting 15 June 2022</b>		
Paper No: AUD09.22-B	Lead: G. Brydson	Action Requested	Note
Discussion	The Minute of the Meeting held on 15 June 2022 was approved.		
Decision	Minute approved.		

<b>Item 5</b>	<b>Matters Arising</b>		
Paper No: Verbal	Lead: G. Brydson	Action Requested	Note
Discussion	Discussion ensued regarding the recommendation for an Assurance Framework. LG suggested to members that as there is a Risk Appetite paper, Risk Register together with supporting documentation for each risk already in place, that the 3 lines of defence should be incorporated into the existing documentation. This would ensure that the information is captured for review quarterly and prevent a duplication of information within an additional framework. DD supported this move as he had spoken with other Colleges who use their risk documentation successfully to support overall assurance and an additional framework would likely not be referred to until an annual review.		
Decision	The new proposed framework was accepted.		
Action	The new proposal would be presented at the Board of Management Meeting of 15 September		

<b>Item 6</b>	<b>Annual Summary Report</b>		
Paper No: AUD0922-C	Lead: M. Gibson	Action Requested	Discussion
Discussion	<p>It was noted that this report provides background summary information. The overall opinion for 2021/22 appears on page 9. It is based on the overall assessment, a number of caveats notwithstanding. The 7 reports all have positive opinions as noted below, providing the board with an amber/green level of assurance.</p> <p>Page 11 relates to governance, risk, control, and value for money. Appendix B on page 17 provides a visual depiction.</p> <p>The Chair asked a question pertaining to the use of 'Covid context'. It was explained that this relates to practical differences e.g. online working, email authorisation being used, lack of hard copy documentation and members accepted this response.</p> <p>It was noted that the broader relationship with the college and key contacts was very good and working well, and actions being accepted by college management.</p> <p>With 19 management actions, 11 of which are closed or superseded, MG was asked for a view on how this compares to previous years in terms of response. MG advised that there can be a mixture of responses, but no set pattern as it would depend on the types and numbers of audits, but that in his view, this was an acceptable position.</p>		
Decision	The Committee noted the Report.		

<b>Item 6.1</b>	<b>Follow Up Report</b>		
Paper No: AUD0922-D	Lead: M. Gibson	Action Requested	Discussion

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**Discussion** This report determines if actions have been delivered by college management. It was noted that 11 have been implemented, 6 are ongoing, 2 are not implemented, and 1 has been superseded. All were pointed to the action table on page 24.

A question was raised regarding the capacity of the college to meet the actions in the given time frames. The committee was assured that actions are reasonable, deliverable, and mutually agreed with the Executive Team. The Committee were advised by JC that the IT actions are either resolved, or about to be resolved.

**Decision** The committee noted the Report.

### Item 6.2 Financial Planning

Paper No: AUD0921-E	Lead: M. Gibson	Action Requested	Discussion
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**Discussion** This report pertains to the financial sustainability of the college through robust budgeting and financial planning. The conclusion is that **reasonable assurance has been provided**. Actions set can be seen in section 2 of the report.

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Discussion ensued pertaining to curriculum planning and if/how it was integrated into the budget process. It was explained that curriculum planning occurs during September-January. Traditionally, the budget was done separately. It is newly integrated and an improvement on the previous method. The Curriculum is planned around the strategy. It was noted that the curriculum process is well defined and linked into finance. It reflects the USP of the college and ties into Ambition 2025.

A discussion took place regarding the size of the college and the impact of this into lack of flexibility in terms of curriculum planning compared to larger colleges. The Principal will soon address the Scottish Parliament Regionalisation Panel addressing this issue.

It was noted that this year's submission to the SFC has been submitted in draft form.

**Decision** The Committee noted the Report

### Item 6.3 Curriculum Timetabling

Paper No: AUD09.22-F	Lead: M. Gibson	Action Requested	Discussion
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**Discussion** This report was positive and showed a consistent process being followed for timetabling driven by Curriculum Managers and Student Records. A **substantial assurance was provided**. One medium action was noted as different from the one shown on the Executive Summary. The table on page 59 shows the accurate action.

It was noted that systems are being used to everyone's advantage, with a clear procedure for timetabling, and clear processes being utilised. The information will in the future feed into the financial system.

**Decision** The Committee noted the Report

### Item 6.4 Human Resources/Payroll Report

Paper No: AUD09.22-G	Lead: M. Gibson	Action Requested	Discussion
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**Discussion** This report showed appropriate controls are in place to accurately pay staff. The systems being used are iTrent and Armstrong Watson payroll in coordination with HR and the Head of Finance. A **substantial assurance was provided**. One medium action and one low action noted have both been resolved.

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**Decision** The Committee noted the Report

### Item 7 Internal Audit Tracker

Paper No: AUD09.22-H	Lead: L. Grierson	Action Requested	Discussion
Discussion	The actions were largely covered in the committee papers. No further questions were asked.		
Decision	The Committee noted the Tracker		

### Item 8 Strategic Risk Register

Paper No: AUD09.22-I	Lead: L. Grierson	Action Requested	Approval
Discussion	<p>The paperwork for Risk 11 was attached for review. The paperwork for Risk 12 was attached for information. The evolution of the risk process can now be seen as a record box has been added for each risk to show the history of changes throughout the academic year.</p> <p>A member queried Risk 4 and the deletion of the mitigation 'adherence to procurement'. A discussion took place regarding the rigorous processes in place given the general risk of financial fraud increasing. SU explained that there are rigorous procurement processes in place and therefore it would be difficult to commit fraud and the wording shows compliance with public procurement policies.</p>		
Action	<b>The Committee approved the Risk Register.</b>		

### Item 8.1 Deep Dive Discussion – Risk 9 and 10

Paper No: AUD09.22-J	Lead: D. Dickson	Action Requested	Approval
Discussion	<p>Risks 9 and 10 were presented for discussion. It was noted that Risk 9 is important in terms of compliance. Work is ongoing with 13 awarding bodies. A well-tried process is in place, as well as an internal process which is independently examined. Work is then sampled by Awarding Bodies. Considerable energies go into this rigorous process. Education Scotland have both a compliance and an enhancement role. The outlook is broad and has remit beyond the classroom. Risk 9 is a wrap-around risk. It was noted that the college has added their own direct observation process and has worked with the Trade Unions through this to identify staff development needs.</p> <p>Risk 10 is due to go back to the Learning &amp; Teaching committee for further discussion and pertains to the achievement of an effective student experience. It was noted that last year's student satisfaction rate was 90% and that the student experience was front and centre during Covid. A self-evaluation process is in place for teaching and support teams in conjunction with representatives from the student body and this feeds into the Action Plan. A separate process exists where the students and student executive meet to discuss key issues within the wider college environment. This approach was commended by the committee. There was a short discussion regarding redefining the risk appetite here.</p>		
Decision	The committee approved the risk appetite.		

### Item 9 Terms of Reference and Committee Self Evaluation

# AUDIT COMMITTEE

## MINUTE OF MEETING HELD ON 05 SEPTEMBER 2022 AT 16:00

Paper No: AUD09.22-K	Lead: L. Grierson	Action Requested	Approval
Discussion	Returns are awaited and will be collated and circulated in due course. It was noted that the layout of the Terms of Reference had changed with the Scheme of Business being added as well as the committee mapping. These changes will help new board members orientate themselves. It was noted that these changes made the document easier to access and that the mapping is very useful.		
Decision	The terms of reference were accepted by the committee.		
Action	LG to send out reminder for remaining responses for the self evaluation and forward the completed document to members.		

Item 10	Any Other Business		
Paper No: VERBAL	Lead: G. Brydson	Action Requested	Approval
Discussion	A question was asked pertaining to the Risk Registers and if they would be a standing agenda item and how they would be addressed. It was noted that this is part of audit's remit and the deep dive discussions were implemented last year. There is no priority in terms of which risks will be discussed when, but they will be discussed regularly. Risks 3 and 7 will be brought to the next Audit Committee for deeper discussion.		

### Additional comments

*The date of the next Audit Committee Meeting is scheduled for 29 November 2022 at 16:00 hours. The meeting was closed at 1740 hrs.*



## AUDIT COMMITTEE 05.09.22

### AUDIT COMMITTEE

Date of Meeting	<u>05 September 2022</u>
Subject of Paper	Strategic Risk Register
Paper No.	AUD09-22-1
Agenda Item	8
FOISA Status	Disclosable
Primary Lead	L Grierson
Date of production	29 August 2022
<b>Intended Outcome</b>	<b>Approval</b>

Financial Implications:	YES
Equality and Diversity Implications:	N/A
Learner and Learning Implications:	N/A
Risks Assessed:	YES
Publicly Available:	YES

# AUDIT COMMITTEE 05.09.22

## Strategic Risk Register

### 1 Introduction

1.1 The purpose of this paper is to provide the Committee with the opportunity to review the Strategic Risk Register and Risks associated with Audit Committee.

### 2 The Report

The Principal and Executive Leadership Team routinely review the Strategic Risk Register to reflect the risks the College is facing and the mitigations that will be applied to each risk. Currently Audit Committee has 2 risks assigned to it for review – Risk 4 and Risk 11.

Risks 11 and 12 have recently been added to the Register at the request of the Board of Management. These elements were incorporated in Risk 5 - Business Continuity, however these are major risks in their own right and have been separated to reflect this. The paperwork is attached for member scrutiny.

- Risk 4 - Financial Fraud – Grading has not been amended but mitigations and monitoring information has been updated (see supporting documentation below for more details).
- Risk 11 - Failure to achieve and maintain systems and operable and secure ICT – new risk added to the Register
- Risk 12 – Health and Safety – new risk added to the Register

### 3 Recommendation

3.1 It is recommended that the Committee consider and, if so minded, approve the Strategic Risk Register and risk appetite after discussion.

**Lorraine Grierson**  
Secretary to the Board  
29 August 2022

## RISK REGISTER

RISK DEFINITION		ORIGINAL TASK				RESIDUAL RISK				Risk Appetite	Trend
No	Risk	Likelihood	Impact	Total	Risk Level	Likelihood	Impact	Total	Risk Level		
<b>Responsible Person – Principal</b>											
1	Failure of College strategy to meet the needs of Dumfries and Galloway Region and/or national priorities (BoM)	4	4	16	3	3	3	9	3		^
2	Legal actions; serious accident; incident or civil/criminal breach (BoM)	5	3	15	3	2	2	6	2		=
<b>Responsible Person - VP Finance, Strategy and Sustainability</b>											
3	Failure to achieve institutional sustainability (FGP)	4	5	20	3	5	5	15	3		=
4	Financial Fraud (AUD)	4	3	12	3	2	2	6	2		=
5	Business Continuity Incident – Fire, Systems, Emergency Procedures, Health (BoM)	4	4	16	4	3	3	12	3		=
6	Failure to meet regulatory obligations (BoM)	3	5	15	1	5	5	5	2		=
12	Health and Safety (BoM)	4	5	20	3	4	4	12	3		NEW
<b>Responsible Person – Vice Principal People and Transformation</b>											
7	Failure to achieve effective Industrial Relations (FGP)	5	3	15	4	2	2	8	2		v
11	Failure to achieve and maintain systems and operable and secure ICT (AUD)	4	5	20	3	4	4	12	3		NEW
<b>Responsible Person - VP Learning, Skills and Student Experience</b>											
8	Failure to achieve highest academic performance levels (LT)	4	4	16	3	4	4	12	3		v
9	Failure to adhere to academic compliance arrangements (LT)	4	3	12	2	2	2	4	2		=
10	Failure to achieve an effective student experience (LT)	3	4	12	2	4	4	8	2		v

## 05.09.22

### KEY: ASSESSMENT OF RISKS

Risks which should be monitored by the Risk Management Group:	Scores: 1 – 8	Minor Risk
Risks to be brought to the attention of SMT and the Board of Management:	Scores: 9 - 15	Significant Risk
Risks to be reported to, and monitored by, Board of Management:	Scores: 16 – 20	Major Risk
Risks to be reported to, and monitored by, Board of Management:	Scores: 21 – 25	Fundamental Risk

Impact	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
	Likelihood				

Classification	Description
Avoid	No appetite for risk. The organisation is not prepared to accept any risks.
Averse	Prepared to accept only the very lowest levels of risk, with the preference being for very safe decision-making and strategy implementation, while recognising there may be little opportunity for innovation or the exploitation of new opportunities.
Cautious	Willing to accept some low risks, while maintaining an overall preference for safe decision-making and strategy implementation, despite the probability that there is restricted potential for innovation and increased outcomes and benefits.
Moderate	Tending predominantly towards exposure to only modest levels of risk in order to achieve acceptable, but possibly unambitious outcomes or benefits.
Open	Prepared to consider innovative decisions and strategic implementation and selecting those with the highest probability of productive outcomes and benefits, even where there are elevated levels of associated risk.
Hungry	Proactively taking innovative/creative/pioneering decisions and adopting forms of strategic implementation, while accepting the associated substantial risk levels in order to secure highly successful outcomes and benefits.

**Strategic Objective: Risk No: 4**

<b>Reference to Departmental Risk Registers:</b>	Financial
<b>Owner:</b>	VP Finance, Strategy and Sustainability
<b>Description of the Risk:</b>	Financial Fraud
<b>What are the possible consequences if the risk was to emerge?</b>	Financial Loss, Loss of reputation, impact to financial sustainability

Numerical Scoring of Gross Risk (i.e., without controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 4/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 3/5	What is the total risk score? (A x B)	12/25
The <b>GROSS</b> risk is therefore: (low/medium/high)	<b>Significant Risk</b>				

Control Measures	
What controls/procedures are in place to reduce the likelihood and impact of the risk to a more acceptable level?	<b>Mitigation</b> <ul style="list-style-type: none"> <li>Strong financial controls: segregation of duties and review of transactions</li> <li>Review of impact of any changes in structure or duties</li> <li>Public Interest Disclosure (Whistleblowing) Policy</li> </ul>
	<b>Monitoring</b> <ul style="list-style-type: none"> <li>Continuous review of financial controls</li> <li>Implementation of Internal Audit recommendations</li> </ul>

Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont.)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 3/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 2/5	What is the total risk score? (A x B)	6/25

<b>Risk Status</b>	<b>Meeting 1 MIN</b>	<b>Meeting 2 MIN</b>	<b>Meeting 3 MIN</b>	<b>Meeting 4 MIN</b>
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MEETING	AMENDMENTS TO RECORD
1	Mitigation deleted: Adherence to procurement processes and internal approval processes Monitoring deleted: <ul style="list-style-type: none"> <li>Regular review of costs and budgets /Transactional data sample testing Monthly review of payroll</li> </ul>
2	
3	
4	

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
4	Financial Fraud						

**Strategic Objective: Risk No: 11**

<b>Reference to Departmental Risk Registers:</b>	Organisational
<b>Owner:</b>	VP People and Transformation
<b>Description of the Risk:</b>	Failure to achieve and maintain systems and operable and secure ICT
<b>What are the possible consequences if the risk was to emerge?</b>	Serious impact to the college's ability to operate and deliver education to students, financial loss, loss of data and reputation

Numerical Scoring of Gross Risk (i.e., without controls in place)					
What is the predicted LIKELIHOOD of the risk occurring?	(A) 4/5	What is the predicted IMPACT of the risk?	(B) 5/5	What is the total risk score? (A x B)	20/25
The GROSS risk is therefore: Min/Sig/Maj/Fun	Major				

Control Measures	
What controls/procedures are in place to reduce the likelihood and impact of the risk to a more acceptable level?	<b>Mitigations</b> <ul style="list-style-type: none"> <li>Documented disaster recovery procedures</li> <li>Cyber Incident disaster recovery plan</li> <li>Staff CPD on business continuity areas including Cyber security</li> <li>Firewalls and antivirus software in place</li> </ul>
	<b>Monitoring</b> <ul style="list-style-type: none"> <li>Penetration Testing to identify system vulnerabilities</li> <li>Rolling programme of routine updates to systems and equipment</li> <li>Regular security monitoring/testing</li> <li>Active ICT/data security monitoring and cyber security policy</li> <li>"Exercise in a box" programme in planning stages</li> </ul>

Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont)					
What is the predicted LIKELIHOOD of the risk occurring?	(A) 3/5	What is the predicted IMPACT of the risk?	(B) 4/5	What is the total risk score? (A x B)	12/25

<b>Risk Status</b>	<b>Meeting 1 SIG</b>	<b>Meeting 2</b>	<b>Meeting 3</b>	<b>Meeting 4</b>
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MEETING	AMENDMENTS TO RECORD
1	New - additional monitoring in place
2	
3	
4	

<b>No.</b>	<b>Risk and Risk Appetite</b>	<b>Avoid</b>	<b>Averse</b>	<b>Cautious</b>	<b>Moderate</b>	<b>Open</b>	<b>Hungry</b>
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# AUDIT COMMITTEE 05.09.22

Item 8  
AUD09-22-I

11	Failure to achieve and maintain systems and operable and secure ICT						
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**Strategic Objective: Risk No: 12**

<b>Reference to Departmental Risk Registers:</b>	Organisational
<b>Owner:</b>	VP Finance, Strategy and Sustainability
<b>Description of the Risk:</b>	Failure to meet regulatory health & safety obligations
<b>What are the possible consequences if the risk was to emerge?</b>	Loss of reputation, financial penalties, criminal liability (corporate and individual)

Numerical Scoring of Gross Risk (i.e., without controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 4/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 5/5	What is the total risk score? (A x B)	20/25
The <b>GROSS</b> risk is therefore: (low/medium/high)	Major Risk				

Control Measures	
What controls/procedures are in place to reduce the likelihood and impact of the risk to a more acceptable level?	<p><b>Mitigation:</b> Reporting and review procedure including “near miss” Health and Safety IOSH training for staff Regular communication on responsibilities Specific communication at time of increased risk e.g.Covid, building works, adverse weather</p> <p><b>Monitoring:</b> Regular, formal Health &amp; Safety Committee</p>

Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 3/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 4/5	What is the total risk score? (A x B)	12/25

Risk Status	Meeting 1 SIG	Meeting 2	Meeting 3	Meeting 4
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MEETING	AMENDMENTS TO RECORD
1	New Risk
2	
3	
4	

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
12	Health & Safety compliance						



**Dumfries and  
Galloway College**

One step ahead

## AUDIT COMMITTEE 05.09.22

### Audit Committee

Date of Meeting	05 September 2022
Subject of Paper	Self Evaluation and Terms of Reference
Paper No.	AUD09-22-K
Agenda Item	Item 9
FOISA Status	Disclosable
Primary Lead	L Grierson
Date of production	25 August 2022
<b>Intended Outcome</b>	<b>Approval</b>

Financial Implications:	N/A
Equality and Diversity Implications:	N/A
Learning and Teaching Implications	N/A
Risks Assessed:	N/A
Publicly Available:	YES

## Introduction

To comply with the Code of Good Governance for Scotland's Colleges, the Board is required to:

*“Keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three to five years.”* An externally facilitated effectiveness review was undertaken in 2020.

*The evaluation of the board chair should normally be led by the vice-chair/senior independent member.*

*The board must ensure all board members are subject to appraisal of their performance, conducted at least annually, normally by the Chair of the Board.*

1 In line with this and the Board Development Framework, the Board Evaluation for 2021-22 should consist of:

- Individual 1:1 meetings with individual Members of the Board and Chair of the Board
- Evaluation of the External Review and Board Development Plan
- Board Self Evaluation 2021-22
- Identifying Board Developments for the 2022-23 Board Development Plan

Members will be contacted to arrange a suitable 1-1 appointment and evaluation forms will be sent to members for completion. Your performance will be appraised against (a) the role of board members set out in Guide for Board Members in the College Sector (b) any individual objectives applying to your office, as agreed with you, and (c) the extent to which you contribute to ensuring that the Board as a whole delivers its functions effectively and efficiently, in accordance with its vision, strategic direction, educational character, values and ethos.

1.1 In respect of the self-evaluation process, the Committee is asked to consider and complete the Committee Self-Evaluation form to reflect business over the last academic year and responses will be collated into one document.

1.2 The Board development plan will be populated from actions taken from the self-evaluation documentation and 1-1 meetings.

2 The Committee terms of reference have recently been reviewed and reformatted with a view to incorporating important information into one document which will be particularly helpful to new members of the Committee. This is attached for your information and review for approval at the full Board.

The terms of reference now include the Committee Schedule of Business for each meeting, and the Board Map providing an overview of Board business and governance.

## Recommendations

The Committee is asked to:

- note the self-evaluation details
- review and agree the Terms of Reference for Board approval

**Lorraine Grierson**  
Secretary to the Board

<b>Terms of Reference</b>	Audit Committee
<b>Date Approved by Committee</b>	Nov 2021
<b>Date Approved by Board</b>	Nov 2021
<b>Date of Next Review</b>	Sept 2022
<b>Chair</b>	Gillian Brydson

## 1. Membership

- 1.1. 5-6 non-executive board members (one of whom shall be appointed as Committee Chair).
- 1.2. Members of the Audit Committee (AC) are precluded from serving on the Finance & General Purposes Committee (F&GP).
- 1.3. The Chair and Principal should not be a member of the AC.
- 1.4. The internal audit service provider and representatives of the external auditor will be expected to attend meetings of the AC and to be provided with agenda and papers for meetings.
- 1.5. The AC can sit privately without any non-members present for all or part of the meeting if they wish.
- 1.6. In attendance:
  - 1.6.1.1. Principal;
  - 1.6.1.2. Vice Principals;
  - 1.6.1.3. Secretary to the Board

## 2. Quorum

- 2.1. 3 members, 2 of whom to be non-executive Board members (quorum 50% or higher of membership, with the majority for decision-making to be non-executives).

## 3. Reporting

- 3.1. The AC shall make its recommendations to the Board of Management as appropriate.
- 3.2. The AC shall observe the Standing Orders in all its business.
- 3.3. Minutes of the meetings should be circulated to the Board for information.
- 3.4. Prepare an annual report to the Board on Internal Financial Control prior to the signing of the Financial Statements focussing particularly on any changes in accounting policy, major judgemental areas, significant audit adjustments, the going concern assumption and compliance with accounting standards and the Scottish Funding Council's Financial Memorandum

## 4. Responsibilities

- 4.1. Advise the Board on the strategic processes for risk, control and governance, and the Governance Statement.

- 4.2. Agree the letter of engagement of the external auditor and review the reports to management, making recommendations if required.
  - 4.3. Review and make recommendations to the external auditor's Management Letter and management's response and have direct access to the external auditor including an annual closed meeting.
  - 4.4. Agree the scope for the external auditor's work. A progress report from the external auditor will be presented bi-annually.
  - 4.5. Agree the scope for the internal audit plan (including value for money audits), review all audit reports and monitor the implementation of internal audit recommendations and advise the Board accordingly. A progress report will be presented at each meeting.
  - 4.6. Monitor the processes for ensuring the effectiveness of the financial and other internal controls and management systems, making recommendations to the Board accordingly.
  - 4.7. Ensure compliance with corporate governance requirements.
  - 4.8. Maintain oversight of the Anti-fraud and Corruption Policy and the Whistleblowing Policy ensuring their effectiveness. A report to be provided annually.
  - 4.9. Monitor, review and advise the Board on the Risk Management Policy and the effectiveness of the risk management systems, including the College's Risk Appetite to ensure the College's approach to managing risk is appropriate and adequate. The AC will review and discuss the Risk Register at each meeting and make recommendations to the Board as required.
  - 4.10. Monitor the systems in place which promote efficiency, effectiveness and economy including where appropriate the identification of specific value for money studies. Ensure the activities are managed in accordance with legislation and regulations.
  - 4.11. Ensure all significant losses, including those in excess of the delegated limits set out in the Financial Memorandum have been properly investigated and the internal and external auditors and Scottish Funding Council have been fully informed of all such losses.
  - 4.12. Following consideration by F&GP, the AC will provide a recommendation to the Board that the annual financial statements may be approved, or report concerns to the Board.
  - 4.13. Undertake a self-evaluation exercise annually to ensure that the AC complies with best practice in relation to governance and the internal and external audit services are satisfactory.
- 5. Meetings**
- 5.1. The AC will normally meet at least four times per year.
  - 5.2. Once a year, subsequent to a meeting of the AC, non-executive members of the AC will meet with the internal auditor and representatives of the external auditor. The Chair of the Board of Management may elect to attend this meeting.

- 5.3.** The AC will report to the Board of Management on a regular basis, and the Chair of the AC will produce an Annual Report for submission to the Board following the end of the financial year.

## AUDIT COMMITTEE EVALUATION

(to be completed by Committee Members and VP collectively)

Date:

Good Practice	Yes	No	N/A	Comments/Action
<b>Composition, Establishment and Duties of the Committee</b>				
Does the Committee meet regularly in accordance with the Board Standing Orders?				
Does the Committee consistently have a quorum?				
Do all Committee members attend meetings regularly?				
Does the Committee have enough members?				
Does at least one of the Committee members have a background relevant to the remit of the Committee?				
Have new Committee members received all necessary training?				
Does the Committee report regularly to the Board?				

Good Practice	Yes	No	N/A	Comments/Action
<b>Terms of reference</b>				
Does the Committee have written terms of reference?				
Do the terms of reference include all aspects of the Committee's role?				
Does the membership of the Committee need to be changed?				

Are the terms of reference adopted by the full Board and reviewed annually?				
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Good Practice	Yes	No	NA	Comments/Action
<b>Compliance with the Law and Regulations</b>				
Does the Committee have a mechanism to keep it aware of topical legal and regulatory issues?				

Good Practice	Yes	No	NA	Comments/Action
<b>Internal Control</b>				
Does the Committee monitor to ensure that risk is controlled?				
Does the Committee regularly review relevant strategic plans?				
Does the Committee consider the level of detail and information it receives appropriate?				
Are appropriate internal performance measures monitored by the Committee?				
Is the Committee addressing all matters delegated to it by the Board and under its terms of reference?				

Good Practice	Yes	No	NA	Comments/Action
<b>Administrative arrangements</b>				
Does the Committee have an independent secretary?				

Are Committee papers distributed in sufficient time for members to give them due consideration?				
Are Committee meetings scheduled prior to important decisions on specific matters being made?				
Is the timing of Committee meetings discussed with all involved?				