

Audit Committee

Meeting at 17:00 on Thursday 22 September, 2016

Location: Board Room, Scottish Borders Campus, Galashiels

Actions

| Item | Action | Responsibility and Date |
|-------|---|--------------------------------------|
| 11/16 | Closure of IT user accounts for leavers: – A copy of the final procedure will be forwarded to the Committee for information. | P Smith |
| 40/16 | Annual Report of the Audit Committee to the Regional Board: – Appointment and leaving dates to be checked and updated accordingly. – The years stated in Paragraph 1.3 to read 2015-2016. – Appendix A to include those internal audit areas which are currently still open. | B Hood P Smith P Smith |
| 42/16 | Risk Register: – New areas of risk will be an agenda item for the next Committee meeting. | L Sulo/P Smith |
| 43/16 | Monitoring Internal Audit Follow-Up Review: – It was agreed that a new column showing when an area had been revised would be incorporated into the current report format. | L Sulo/P Smith |
| 44/16 | Recruitment of new College Principal – Risk Register: – The Committee agreed that this would be discussed at the next Regional Board meeting. | S Ker |

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MINUTES

| ITEM | MINUTES |
|---------------|---|
| Present | Steven Ker (Chair) Jane Martin Kevin Armstrong |
| In Attendance | Peter Smith (Vice Principal – Finance & Resources) Stephen Pringle (Wylie & Bisset) Angela Pieri (Grant Thornton) Brian Hood (Clerk to the Board) Lorraine Sulo (Secretary) |
| | Audit Committee members met with the internal and external auditors prior to the commencement of business, no members of the College Executive were present. |
| 31/16 | <u>Chairman's Welcome</u> S Ker welcomed K Armstrong, new BC Student President and S Pringle from Wylie & Bisset to their first meeting. |
| 32/16 | <u>Declaration of Conflict of Interest</u> No declarations received. |
| 33/16 | <u>Register of Members Interest</u> No declarations received. |
| 34/16 | <u>Apologies for Absence</u> Apologies were received from I Ireland, B McGrath and A Fourie. |
| 35/16 | <u>Minutes of Meeting held on Thursday 19 May, 2016 – Paper A</u> The minutes of the previous meeting were approved as a true and accurate record. |
| 36/16 | <u>Matters Arising</u> |
| 11/16 | Closure of IT user accounts for leavers P Smith advised that following the implementation of an additional check between ISLT and HR a number of anomalies had been raised which were due to the timings between individuals being removed from payroll to when their actual contract ceased. |

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| | <p>HR will be advising ISLT when employment contracts cease and therefore the date from which they should be removed. P Smith confirmed that no-one had received a payroll payment which was not due to them.</p> <p>A copy of the final procedure will be forwarded to the Committee for information. Action: PS</p> |
| 24/16 | The Risk Register required action was confirmed as completed. |
| 25/16 | P Smith advised that due to the delays with the Tweedbank project an Estates Management post-project review would not be possible this year but would be included in next year's internal audit plan. The Committee approved this change. J Martin suggested that it would also be of benefit to see the full procurement audit. |
| 28/16 | The actions to the Internal Audit Follow-up review were completed. |
| 29/16 | S Ker confirmed that he had discussed with T Jakimciw the possibility of reviewing the College's internal activities regarding compliance reporting. T Jakimciw agreed to discuss this further with the College's Senior Management Team. |
| 37/16 | <p><u>Internal Audit Assignment – Student Funding Application System – Paper B</u></p> <p>S Pringle presented the findings of the Internal Audit on the College's Student Funding Application System, which concluded strong systems of control in place with one medium and two low-grade recommendations. Seven areas of good practice were also identified.</p> <p>The Committee approved the report and management responses.</p> |
| 38/16 | <p><u>Internal Audit Annual Report 2015-2016 – Paper C</u></p> <p>S Pringle presented Wylie & Bisset's Annual Report on its activities of internal audit service between September 2015 and June 2016. The report concluded that the College did have adequate and effective risk management, control and governance processes to manage its achievements. The report also highlighted two high priority recommendations which related to the Review of PCI compliance, which P Smith confirmed had been completed.</p> <p>S Ker thanked S Pringle for the internal audit work which had been completed by Wylie & Bisset and the excellent recommendations provided to the College.</p> |
| 39/16 | <p><u>Internal Audit Plan 2016-17 – Paper D</u></p> <p>S Pringle presented the proposed internal audit operational plan for 2016/17, which follows on from the Audit Needs Assessment presented to the Committee in September 2012 and further recent discussions with P Smith.</p> <p>The following areas were proposed for inclusion:</p> |

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| | <ul style="list-style-type: none"> • Purchasing & Procurement • Payroll • Learning Support • Risk Management • Commercial Income Structure • Curriculum Planning • EMA & SSF • Credits Audit • Follow-up Review <p>The Committee approved the proposed plan for 2016/17.</p> |
| 40/16 | <p><u>Annual Report of the Audit Committee to the Regional Board – Paper E</u></p> <p>P Smith presented the draft annual report for 2015-2016 of the Audit Committee to the Regional Board. The report still required the opinions of the external auditors which A Pieri noted. The following points were also made:</p> <ul style="list-style-type: none"> • Appointment and leaving dates to be checked and updated accordingly. Action: BH • The years stated in Paragraph 1.3 to read 2015-2016. Action: PS • Appendix A will also include those internal audit areas which are currently still open. Action: PS <p>The Committee approved the draft report subject to the above changes. P Smith confirmed that a final draft would be presented for approval at the meeting scheduled for 24 November 2016.</p> |
| 41/16 | <p><u>Procurement Policy – Paper F</u></p> <p>P Smith outlined the revised Procurement Policy paper which was updated to ensure compliance following the implementation of the Procurement Reform (Scotland) Act 2014. Also included was a new appendix detailing the procurement routes for the College and the thresholds for accessing those routes. P Smith advised that following consultation with colleagues from other colleges the new internal thresholds would provide better consistency with the rest of the sector.</p> <p>The Committee approved the updated Procurement Policy.</p> |
| 42/16 | <p><u>Risk Register – Paper G</u></p> <p>P Smith reported that SMT considered the Risk Register at their meeting of 09 August 2016 and agreed to recommend the following changes:-</p> <ul style="list-style-type: none"> • Risk 9d. Residual Risk Likelihood and Impact reduced as we now have certainty around SFC income for 2015-16. • Risk 9g. Residual Risk Impact reduced as we agreed Outcome Agreement for 2015-16. |

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| | <ul style="list-style-type: none"> • Risk 11b. Residual Risk Likelihood and Impact reduced as we have now secured Unit 4.2 at Tweedbank. <p>There was a typing error within the paper's Executive Summary and Risk 9d should have referred to 2016-17 and not 2015-16.</p> <p>P Smith advised that the current format of risk register will be reviewed at the next Regional Board Strategy Day. The Committee agreed that time was also required to re-evaluate new areas of risk. This will be an agenda item for the next Committee meeting. Action: PS/LS</p> |
| 43/16 | <p><u>Monitoring Internal Audit Follow-Up Review – Paper H</u></p> <p>P Smith presented the internal audit review monitoring paper which provided an update to the Committee on progress. Key points highlighted included:</p> <ul style="list-style-type: none"> • The College's new Estates Strategy will be submitted to F&GP Committee on 25 October 2016 • A phased implementation continues with the roll-out of PECOS. The College is currently recruiting a new Procurement Officer who will assist with the process. <p>It was agreed that a new column showing when an area had been revised would be incorporated into the current report format. Action: LS/PS</p> |
| 44/16 | <p><u>Any Other Business</u></p> <ul style="list-style-type: none"> • Recruitment of new College Principal – Risk Register <p>J Martin raised that there may be a potential risk to the College during the period from when the current principal departs until a successor is in place. The Committee agreed that this would be discussed at the next Regional Board meeting. Action: SK</p> |
| 45/16 | <p><u>Date of Next Meeting</u></p> <p>The next Audit Committee meeting will take place on Thursday 24 November 2016 at 5pm.</p> |

Signed..... Signed.....
Chairman Clerk to the Board