

Audit Committee

Meeting at 17:30 on Monday 16 October 2017

Location: Board Room, Scottish Borders Campus, Galashiels

Actions

Item	Action	Responsibility and Date
40/17	Annual Report of the Audit Committee to the Regional Board 2016/17 – Changes/additions to be completed. An Executive Summary would be drafted and issued to the Committee for feedback.	VP Finance & Resources Chair
41/17	Internal Audit Plan 2017/18 - Wylie & Bisset to consider proposed changes and respond to the Chair. Further details on the proposed Marketing Assignment Plan to be provided.	Wylie & Bisset Wylie & Bisset
42/17	Procurement Practices & Value for Money - Clarification on the detail of Man/Other spend within the report will be forwarded to the Committee.	VP Finance & Resources
43/17	Strategic Risk Register - the responsibilities of the VP of Quality & Innovation had been re-assigned, therefore, the register would be updated accordingly. Specific risks associated with the General Data Protection Regulations and Cyber Security to be discussed further at the forthcoming Regional Board meeting.	VP Finance & Resources VP Finance & Resources
44/17	Monitoring Internal Audit Follow-up Review – a review on the various IT recommendations will take place at the February 2018 Audit Committee with the Head of ISLT. PECOS implementation - closing comment to be added to the monitoring report.	VP Finance & Resources VP Finance & Resources

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MINUTES

ITEM	MINUTES
Present	Steven Ker (Chair) Jen MacKenzie Bryan McGrath Ian Ireland
In Attendance	Peter Smith (Vice Principal – Finance & Resources) James Ayling (Board Secretary) Scott McCready (Internal Auditors, Wylie & Bisset, by telephone) Lorraine Sulo (Minutes)
	Audit Committee members met with the internal auditors prior to the commencement of business.
32/17	<u>Chairman's Welcome</u> The Chair welcomed J MacKenzie to her first Audit Committee meeting and introduced S McCready of Wylie & Bisset who was joining the meeting by telephone.
33/17	<u>Declaration of Conflict of Interest</u> No declarations were received.
34/17	<u>Register of Members Interest</u> The Board Secretary advised that no updates had been received.
35/17	<u>Apologies for Absence</u> Apologies were received from external auditors, Scott-Moncrieff. E Smith, Borders College Students' Association President, was not present.

36/17	<p><u>Minutes of Meeting held on Thursday 11 May 2017 – Paper A</u></p> <p>The minutes of the previous meeting were approved as an accurate record.</p>
<p>37/17</p> <p>22/17</p> <p>25/17</p> <p>26/17</p>	<p><u>Matters Arising</u></p> <p>The VP Finance & Resources provided clarification on the restrictions to suppliers being registered on PECOS, the College's e-purchasing system. Should a supplier only be used on a one-off basis then registration was not seen as a worthwhile process. Finance was also reliant on suppliers providing the necessary details. The Committee noted that the recent procurement report showed an increase in PECOS registrations and were satisfied with the position.</p> <p>The Internal Monitoring Review paper and related actions were discussed under item 44/17.</p> <p>The Board Secretary confirmed that the Register of Interests had been updated and would be reviewed and updated in June and December each year. The date of when an update is completed is now visible on the Register.</p> <p>Following the appointment of Scott-Moncrieff as external auditors, Committee Members had reviewed last year's accounts. No additional significant risks had been raised with the Chair.</p>
38/17	<p><u>Terms of Reference – Audit Committee – Paper B</u></p> <p>The Board Secretary provided an overview of the revised Terms of Reference which had been extended to reflect the terms of the Code of Good Governance for Scotland's Colleges.</p> <p>The Committee approved the proposed changes.</p>
39/17	<p><u>Internal Audit Annual Report 2016-17 - Paper C</u></p> <p>S McCready presented the Internal Audit Report for 2016-17.</p> <p>The Committee was extremely pleased with the benchmark results which showed the College had a much lower number of recommendations compared to other colleges. No high priorities had been identified throughout the year.</p> <p>The Committee approved the report.</p>

40/17	<p><u>Annual Report of the Audit Committee to the Regional Board 2016-17 – Paper D</u></p> <p>The Committee considered the draft report and noted the external audit opinion would be included following the annual audit.</p> <p>The following points were also highlighted:</p> <ul style="list-style-type: none"> • Appendix A – Status column should read Nov 2017; • Paragraph 2.1 – Resignation dates to be inserted, including J Martin; • Appointments of members up until signing off in November to be included; • Additional appendixes were still to be attached; • Paragraph 2.2 – Review date to be updated. <p style="text-align: right;">Action: VP F&R</p> <p>The Committee agreed that an Executive Summary to summarise the key points of the report would enhance it. The Chair agreed to draft and issue to the Committee for feedback.</p> <p style="text-align: right;">Action: Chair</p> <p>A final draft will be presented for signing off at the next Committee meeting which is scheduled for 23 November 2017.</p>
41/17	<p><u>Internal Audit Plan 2017-18 – Paper E</u></p> <p>The Chair updated the Committee on recent discussions he had held with S Pringle of Wylie & Bisset following concerns on the reduction of audit days from 30 to 20. S Pringle had advised that such a reduction in days may not allow sufficient work to be undertaken in order to ensure overall adequacy of the College’s financial controls and therefore Wylie & Bisset would be unable to express an opinion.</p> <p>The Board Secretary raised whether OSCR should be notified given that the level of assurance from Wylie & Bisset may not be made, but all agreed that this was an internal report and not the same as a qualified report from external auditors.</p> <p>The Committee discussed the current proposed assignment plans and following a lengthy discussion agreed that the number of days should be increased from 20 to 22 with the following breakdown suggested:</p> <ul style="list-style-type: none"> • Course Costing days will reduce from 4 to 2 days; • Marketing – 3 days; • Financial Controls – 3 days; • Fixed Asset Management – 1 day • Internal Audit Management – 2 days • Follow-up monitoring – 2 days • Credits, EMA & SSF (required) – 9 days <p>The Chair requested that Wylie & Bisset consider the changes and respond to himself. More detail was also requested on the proposed Marketing Assignment plan.</p> <p style="text-align: right;">Action: W&B</p> <p>The Committee approved the plan subject to the proposed changes.</p>

42/17	<p><u>Procurement Practices & Value for Money - Paper F</u></p> <p>The VP Finance & Resources provided an overview of the paper which updated the Committee on progress with regards activities in ensuring best practice and value for money in the College's Procurement function.</p> <p>Total contracted spend has increased from 63.6% in 2015-16 to 76.6% in 2016-17.</p> <p>The College undertook an Operational Procurement Review with APUC in May 2017 which assessed the College's current operational capabilities and practices with some recommendations for improvement, which will be monitored monthly through the Operational Procurement meetings. Further staff training on sustainable procurement will take place via on-line modules.</p> <p>Clarification on the detail of Man/Other spend within the report will be forwarded to the Committee.</p> <p style="text-align: right;">Action: VP F&R</p>
43/17	<p><u>Strategic Risk Register – Paper G</u></p> <p>The Committee reviewed the current Risk Register and specifically the recent changes which had been made by the Senior Leadership Team on 11 September 2017.</p> <p>The VP of Finance & Resources confirmed that the responsibilities of the VP of Quality & Innovation had been re-assigned, therefore, the register would be updated accordingly.</p> <p style="text-align: right;">Action: VP F&R</p> <p>The Committee highlighted the need for further discussions to take place on specific risks associated with the General Data Protection Regulations and Cyber Security. This would be discussed further at the forthcoming Regional Board meeting.</p> <p style="text-align: right;">Action: VP F&R</p>
44/17	<p><u>Monitoring Internal Audit Follow-up Review – Paper H</u></p> <p>The Committee reviewed the monitoring report which had been updated in-line with the Internal Audit Follow-up Review as discussed at the May Committee meeting.</p> <p>The Chair highlighted the recommendations which had reached a status of completion. These would also be reviewed by Wyllie & Bissett during the next follow-up review, therefore, the Committee were satisfied that these could be removed from the monitoring report.</p> <p>The Committee agreed that a review on the various IT recommendations would take place at the February 2018 Audit Committee with the Head of ISLT. It was also noted that there would be additional requirements to College policies following the recent General Data Protection Regulations.</p> <p style="text-align: right;">Action: VP F&R</p>

	<p>The Committee agreed that the phased implementation of PECOS could be removed from the monitoring plan given that this was an ongoing activity which the Committee would receive an update on through the Procurement Practices & Value for Money report. A closing comment would be added to the monitoring report.</p> <p style="text-align: right;">Action: VP F&R</p>
45/17	<p><u>Any Other Business</u></p> <p>The Committee agreed to a later start time of 5.30pm for future Audit Committee meetings in order to allow a full attendance by members.</p> <p>The Chair advised that following the resignation of J Martin there was a requirement to increase the membership of the Audit Committee. The Board Secretary confirmed that the Regional Board Chair was currently reviewing all committee membership.</p>
46/17	<p><u>Date of Next Meeting</u></p> <p>The date of the next Audit Committee meeting will take place on Thursday 23 November 2017.</p>

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