

# A

## Audit Committee

Meeting at 17:30 on Thursday 23 November 2017

Location: Board Room, Scottish Borders Campus, Galashiels

### Actions

Item	Action	Responsibility and Date
59/17	Outstanding IT recommendations will be discussed further with the Head of ISLT at the February 2018 Audit Committee.	VP Finance & Resources
62/17	Annual Accounts 2016/17 – slight amendments to be incorporated as detailed within minute.	VP Finance & Resources

## Audit Committee

**Meeting at 17:30 on Thursday 23 November 2017**

**Location: Board Room, Scottish Borders Campus, Galashiels**

### MINUTES

ITEM	MINUTES
Present	Steven Ker (Chair) Jane Gaddie Ian Ireland Jen MacKenzie Bryan McGrath
In Attendance	Members of the F&GP Committee who joined for items 61/17 and 62/17:  Elaine Acaster Tony Jakimciw Liz Parkes (by telephone) Angela Cox David Peace Nicola McIlwraith  David Eardley (External Auditors, Scott-Moncrieff) Scott McCready (Internal Auditors, Wylie & Bisset) James Ayling (Board Secretary) Peter Smith (Vice Principal – Finance & Resources) Lorraine Sulo (Minutes)
	Audit Committee members met with the internal auditors prior to the commencement of business.
<b>47/17</b>	<p><b><u>Chairman’s Welcome</u></b></p> <p>The Chair welcomed everyone to the meeting and advised that members of the Finance &amp; General Purposes Committee would be joining the meeting for a joint discussion on the External Audit Report and Annual Accounts 2016/17 (Items 61/17 and 62/17)</p>
<b>48/17</b>	<p><b><u>Declaration of Conflict of Interest</u></b></p> <p>No declarations were raised.</p>
<b>49/17</b>	<p><b><u>Register of Members Interest</u></b></p> <p>The Board Secretary advised that V Grant had provided notification of a trustee interest. The register had been updated accordingly.</p>
<b>50/17</b>	<p><b><u>Apologies for Absence</u></b></p> <p>Apologies had been received from E Smith.</p>

51/17	<p><b><u>Minutes of Meeting held on 16 October 2017 – Paper A</u></b></p> <p>The minutes of the previous meeting were approved as an accurate record.</p>
52/17	<p><b><u>Matters Arising</u></b></p> <p>All matters arising from the previous meeting had been actioned accordingly.</p>
53/17	<p><b><u>Internal Audit Assignment – Credits Audit 2016/17 – Paper B</u></b></p> <p>S McCready, Wylie &amp; Bisset, presented the findings of the Credits Audit internal audit which concluded that the College has reasonable procedures and controls over the collection of data for the Credits return.</p> <p>Three low priority recommendations were made and all of these had been actioned. The error in Spanning Courses meant that twelve credits were not being claimed, however, these errors were corrected in the FES return and a further check process had been put in place.</p> <p>The report confirmed that the return was free from material mis-statement.</p> <p>The Committee agreed that they were satisfied that the Follow-up Audit assignment would provide assurances that the actions were in place.</p> <p>The Committee approved the report.</p>
54/17	<p><b><u>Internal Audit Assignment – Education Maintenance Allowance - Paper C</u></b></p> <p>S McCready presented the findings of the Education Maintenance Allowance audit which confirmed that the audit certificate was submitted to the Scottish Funding Council by 29 September 2017. No recommendations for action were made.</p> <p>The Committee approved the report.</p>
55/17	<p><b><u>Internal Audit Assignment – Student Support Funds 2016/17 – Paper D</u></b></p> <p>S McCready presented the findings of the Student Support Funds which confirmed that the audit certificate was submitted to the Scottish Funding Council by 29 September 2017. No recommendations for action were made.</p> <p>The Committee approved the report.</p>
56/17	<p><b><u>Internal Audit Plan 2017-18 – Paper E</u></b></p> <p>Following feedback from the Committee at its meeting on 16 October 2017, the Internal Audit Plan had been revised to include a further two days of audit time with assignments to include fixed asset management and budgetary and financial controls.</p> <p>S McCready noted that the Payroll audit area within Appendix A should form part of the Financial Systems Audit.</p>

	<p>The Committee noted that IT systems were last audited during the 2013/14 plan with follow-up actions and recommendations still outstanding. These areas will also be discussed further at the February Committee meeting with the Head of ISLT.</p> <p>The Committee approved the 2017/18 plan and agreed that the 2018/19 plan which would be discussed further in May 2018 should include IT systems with particular focus on IT policies.</p>
<b>57/17</b>	<p><b><u>Annual Report of the Audit Committee to the Regional Board 2016/17 - Paper F</u></b></p> <p>An updated version which included the new Executive Summary was circulated to the Committee for approval.</p> <p>The Committee approved the report for submission to the Regional Board.</p>
<b>58/17</b>	<p><b><u>Strategic Risk Register – Paper G</u></b></p> <p>The Committee reviewed the current Risk Register which included two new risks from the recent Regional Board Meeting in relation to the General Data Protection Regulation and Cyber Resilience. No further changes were required.</p>
<b>59/17</b>	<p><b><u>Monitoring Internal Audit Follow-up Review – Paper H</u></b></p> <p>The Committee reviewed the monitoring report which provided an update on progress since the previous Committee meeting on 16 October 2017.</p> <p>The Board Secretary provided a further update regarding the Self-evaluation Corporate Governance and advised that a meeting of the Chairs Committee would be held after the December Board meeting to progress the process for completion of the evaluation. Progress would be reported to the next Board meeting.</p> <p>Progress with the various IT recommendations will be discussed in further detail with the Head of ISLT on 8 February 2018. New revised dates are required for the four IT outstanding recommendations.</p> <p style="text-align: right;"><b>Action: VP F&amp;R</b></p> <p>The Committee noted the contents of the report.</p>
<b>60/17</b>	<p><b><u>Date of Next Meeting</u></b></p> <p>The date of the next Audit Committee meeting will take place on Thursday 8 February 2018.</p> <p>Members of the Finance &amp; General Purposes Committee joined the meeting.</p>

61/17	<p><b><u>External Audit Report – Paper I</u></b></p> <p>D Eardley, Scott-Moncrieff, presented the Committees with a summary from the audit of the College’s financial statements for 2016/17. He advised that Scott-Moncrieff intend to report within their independent auditor’s report an unqualified opinion on the financial statements. The audit confirmed satisfaction that there were no matters which were required to be reported by exception.</p> <p>The Audit Differences on page 10, item 34, were highlighted to the Committee with actions contained within the Management Action Plan (Appendix 1). An explanation on the re-classification of funds regarding the campus lifecycle trust fund was also provided.</p> <p>Other points raised included:</p> <ul style="list-style-type: none"> <li>• Second paragraph of Page 1 – Missing word to be added in line three.</li> <li>• Campus Lifecycle Trust Fund – Contract with Heriot-Watt states that the trust fund would be lodged in a joint name bank deposit. In 2009 the Campus Management Committee agreed that all expenditure would be approved by the Committee but the College was the only signatory on the account which was not consistent with the contract terms. The VP Finance &amp; Resources confirmed that formal confirmation from Heriot-Watt was being sought.</li> <li>• Estimation basis for the Netherdale provision – The Committee confirmed its satisfaction with the due date of 31 July 2019 which was set within the Management Action Plan.</li> </ul> <p>The Committee Members approved the submission of the External Audit Report to the Regional Board.</p>
62/17	<p><b><u>Borders College Annual Accounts 2016/17 – Paper J</u></b></p> <p>The Committee reviewed the financial statements for the College for the year ended 31 July 2017. The following points were highlighted:</p> <ul style="list-style-type: none"> <li>• Page 5 final paragraph – ‘financially’ to be removed from final paragraph.</li> <li>• Page 10 - key on terminology to be included and KP2 figures to be included.</li> <li>• Page 15 - Teaching funding total to be corrected.</li> <li>• Page 22 - Board appointments are subject to the approval of Scottish Ministers.</li> <li>• Page 29 – Executive Team was true at the time of approval of the Remuneration and Staff Report.</li> <li>• Page 36 – Revaluation column width to be adjusted.</li> <li>• Page 46 – Interest column to be adjusted.</li> <li>• Page 56 – Clarity on appointment of T Jakimciw to Scholarship Committee of the Robertson Trust will be included.</li> </ul> <p style="text-align: right;"><b>Action: VP F&amp;R</b></p> <p>The Committee Members approved the Annual Accounts to the Regional Board for approval, subject to the points made above.</p>

63/17	<p><b><u>Date of Next Meeting</u></b></p> <p>The date of the next Audit Committee meeting will take place on Thursday 8 February 2018.</p>
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Signed..... Signed.....  
Chairman Board Secretary