

Audit Committee

Meeting at 17:45 on Thursday 13 September 2018

Location: Board Room, Scottish Borders Campus, Galashiels

Actions

Item	Action	Responsibility and Date
36/18	Internal Audit Annual Report 2017-18 – Correction to the number of Marketing audit recommendations on page 6.	Wylie & Bisset
38/18	Changes to be made to the Draft Annual Report of the Audit Committee to the Regional Board 2017-18.	VP Finance & Corporate Services / Board Secretary
39/18	Procurement Practices & Value for Money - Clarification would be sought regarding the amounts shown within the paragraph on savings and benefits. Requirements of The Procurement Reform (Scotland) Act 2014 and spend increase due to SOSEP funding for 18/19. Further guidance and discussion required at November Committee meeting.	VP Finance & Corporate Services VP Finance & Corporate Services
44/18	Further discussions with SFC regarding donations to BFET to be led by Chair/Principal.	Chair/Principal

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MINUTES

ITEM	MINUTES
Present	Steven Ker (Chair) Ian Ireland Bryan McGrath Jane Gaddie Jen MacKenzie
In Attendance	Stephen Pringle (Internal Auditors, Wylie & Bisset) James Ayling (Board Secretary) Peter Smith (Vice Principal – Finance & Corporate Services) Lorraine Sulo (Minutes)
	Audit Committee members met with the internal auditors prior to the commencement of business.
30/18	<u>Chairman's Welcome</u> The Chair welcomed everyone to the meeting.
31/18	<u>Declaration of Conflict of Interest</u> No conflicts of interest were raised.
32/18	<u>Register of Members' Interests</u> The Board Secretary advised on the following updates for Board Members' interests: <ul style="list-style-type: none">• David Johnson – Lecturer in Entrepreneurship at Edinburgh Napier University. Founder and Director of SPEK3 (Life Science Consulting Company).• David Peace – Commercial Manager of Melrose Rugby Club.• Douglas Jardine – Committee Member of Tweeddale Archers.• E Acaster – no longer a member of the Royal College of Veterinary Surgeons Council.
33/18	<u>Apologies for Absence</u> No apologies were received.
34/18	<u>Minutes of Meeting held on 16 May 2018 – Paper A</u> The minutes from the previous meeting on 16 May 2018 were approved as a true and accurate record.

<p>35/18</p> <p>61/17</p>	<p><u>Matters Arising</u></p> <p>VP Finance & Corporate Services advised that Heriot Watt University had confirmed its satisfaction through the Campus Management Committee for the College to be the only signatory for the Campus Lifecycle Trust Fund account. All expenditure would continue to be approved by the Campus Management Committee. Auditors, Scott-Moncrieff, had been advised of the outcome.</p> <p>All other actions had been completed or discussed further in the agenda.</p>
<p>36/18</p>	<p><u>Internal Audit Annual Report 2017-18 – Paper B</u></p> <p>S Pringle, Wylie & Bisset, provided an overview of the report on the activities of the internal audit for 2017-18 which confirmed reasonable assurance that there were no major weaknesses in the College’s risk management, control and governance processes.</p> <p>An anomaly between pages 6 and 7 regarding the number of recommendations for the Marketing audit was raised and confirmed at two medium levels (page 6 to be corrected).</p> <p style="text-align: right;">Action: W&B</p> <p>The Committee approved the report.</p>
<p>37/18</p>	<p><u>Internal Audit Plan 2018-19 – Paper C</u></p> <p>S Pringle, Wylie & Bisset, provided an overview of the audit plan for 2018-19 which had been updated following further discussions with the VP Finance & Corporate Services and feedback from the Committee in May 2018.</p> <p>The following areas were agreed for 2018/19:</p> <ul style="list-style-type: none"> • Student Activity – Enrolments & Withdrawals • IT Systems • Payroll • EMA & SSF • Credits Audit • Follow-up Review <p>A total of 22 days had been allocated as in 2017/18.</p> <p>The Committee approved the plan.</p>
<p>38/18</p>	<p><u>Annual Report of the Audit Committee to the Regional Board 2017-18 Draft - Paper D</u></p> <p>A first draft of the 2017-18 report was prepared by VP Finance & Corporate Services for consideration by the Committee.</p> <p>The following points were noted:</p> <ul style="list-style-type: none"> • Paragraph 2.2 - date should read 2017 instead of 2018. • Paragraph 3.6 – recommendations of internal audit will require to be updated to current status.

	<ul style="list-style-type: none"> Paragraph 4.1 – opinions of external audit would require to be updated once available. <p>The Committee approved the draft report subject to the above changes. The report would be reviewed again prior to submission to the Regional Board.</p> <p style="text-align: right;">Action: VP F&CS /Board Secretary</p>
39/18	<p><u>Procurement Practices & Value for Money - Paper E</u></p> <p>VP Finance & Corporate Services provided an overview of the paper which updated the Committee on activities in ensuring best practice and value for money in the College’s Procurement function.</p> <p>The current spend level for the year had been well maintained with a total contracted spend at 76.8%. The previous year’s contracted spend had been higher due to capital maintenance. Over the next year there would be a focus on active supplier management and sustainability in the supply chain.</p> <p>Clarification would be sought regarding the amounts shown within the paragraph on savings and benefits. (For information - VP Finance & Corporate Services confirmed post-meeting that “The most recent analysis of savings and benefits carried out by APUC was for the year 2016-17. This showed that total savings for the College generated by the use of collaborative agreements was £72k, with £107k generated through lower contract prices and £18k saved by not undertaking our own tendering exercise.” i.e. a total of £197k.</p> <p style="text-align: right;">Action: VP F&CS</p> <p>VP Finance & Corporate Services highlighted the extra funding from the South of Scotland projects which would increase the College’s spend to over £5m for 18/19. The Procurement Reform (Scotland) Act 2014 states that an annual procurement report must be published by public organisations with a spend of £5 million or more in a financial year. It was noted that this spend increase would only be for the one financial year. Further guidance would be sought from APUC. The Chair requested that this be an agenda item for the next Committee meeting.</p> <p style="text-align: right;">Action: VP F&CS</p>
40/18	<p><u>Strategic Risk Register – Paper F</u></p> <p>The Committee considered the changes made by The Executive Team on 29 August 2018. VP Finance & Corporate Services confirmed that all CLM posts had now been appointed.</p> <p>The Committee had no further changes and approval was confirmed.</p>
41/18	<p><u>National Fraud Initiative – Paper G</u></p> <p>VP Finance & Corporate Services updated the Committee on the National Fraud Initiative which is a UK wide data matching exercise to assist public sector bodies with the prevention and detection of fraud and error in their financial systems. Audit Scotland has confirmed that the College will require to participate from 2018-19.</p>

	<p>A number of roles have been identified and agreed as follows:</p> <ul style="list-style-type: none"> • Senior Responsible Officer – Vice Principal – Finance and Corporate Services • Key Contact – Head of Finance and Procurement • Match Investigators – Finance Assistant (Sales Ledger) and Payroll Officer <p>Resource requirements were yet to be defined.</p> <p>The Committee noted the contents of the paper.</p>
<p>42/18</p>	<p><u>Monitoring Internal Audit Follow up Review - H</u></p> <p>The Committee reviewed the paper which highlighted the progress which had been made on the outstanding recommendations from previous internal audit reports.</p> <p>The Committee was pleased with the progress which had been made specifically on IT systems. VP Finance & Corporate Services advised that he had reminded staff on the necessity for a business impact analysis for all key business systems, which he expected to be completed by the next Committee meeting in November.</p> <p>The Committee noted the contents of the paper.</p>
<p>43/18</p>	<p><u>Committee Papers for Publication (Standing item)</u></p> <p>All papers would be published on the website with the exception of the Draft Annual Report of the Audit Committee to the Regional Board 2017-18 (Paper D).</p>
<p>44/18</p>	<p><u>Any Other Business</u></p> <p>VP Finance & Resources updated the Committee on discussions he had held with the Scottish Funding Council (SFC) regarding past and future donations from the College to Borders Further Education Trust (BFET). A conflict of interest was then declared by I Ireland as Secretary of the Trust.</p> <p>The Board Secretary noted that I Ireland should leave the meeting for the rest of the discussion particularly as he confirmed that he was also a Trustee of BFET. After consideration, the Chairman advised that he was content for I Ireland to remain in the room.</p> <p>The Committee agreed that further discussions with SFC should be led by the Chair/Principal in the first instance. The opinion of external auditors, Scott-Moncrieff, would be sought at the next Committee meeting in November.</p> <p style="text-align: right;">Action: Chair/Principal</p> <p>The Committee thanked VP Finance & Corporate Services for all the work he had done for the College and wished him all the very best with his new post at NE Scotland College.</p>

45/18	<u>Date of Next Meeting</u> The next Audit Committee meeting will take place on Thursday 22 November 2018 at 17:30 in the Board Room, Scottish Borders Campus.
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Signed..... Signed.....
Chairman Board Secretary