

Audit Committee

Meeting at 17:30 on Thursday 7 February 2019

Location: Board Room, Scottish Borders Campus, Galashiels

Actions

Item	Action	Responsibility and Date
03/19	A required update to D Jardine's remuneration interests was highlighted.	Board Secretary
05/19	Item 60/18 point 3 on previous minute to be updated.	Minute Secretary
07/19	Additions to the Anti-Fraud & Corruption Policy to be made. Discussions with HR will be held in order to formalise how the policy will be communicated and embedded with staff.	VP Finance & Corporate Services
09/19	BCP Lessons Learned Log will be shared with the Committee.	VP Finance & Corporate Services
10/19	BREXIT risk register will be shared with the Committee once completed. Internal Audit contract to be re-tendered through framework process.	VP Finance & Corporate Services
11/19	Once completed an update on the Cyber Essentials Plus accreditation will be provided to the Committee. Additions to be made to Internal and External Audit Follow up Action Plan.	VP Finance & Corporate Services

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MINUTES

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Present In Attendance	Steven Ker (Chair) Ian Ireland Bryan McGrath Jane Gaddie Jen MacKenzie Paul Scrimger Hazel Robertson (Vice Principal – Finance & Corporate Services) James Ayling (Board Secretary) Lorraine Sulo (Minutes)
01/19	<u>Chairman's Welcome</u> The Chair welcomed new Board Member, Paul Scrimger, to the meeting. Introductions by everyone followed.
02/19	<u>Declaration of Conflict of Interest</u> No conflicts of interest were raised.
03/19	<u>Register of Members' Interests – Paper A</u> The Board Secretary outlined the purpose of the paper which was to address the observation raised by the external auditors regarding a lack of formal process being in place for ensuring that the register was kept up-to-date. Members will be asked to update their written register of interest details on an annual basis. This would provide an additional control to the standing meeting agenda item which would still continue. P Scrimger declared that he was a Finance Business Partner with Jardine Lloyd Thompson and a member of Peebles Football Club. The Board Secretary provided an update on some undeclared interests that had been addressed by individuals. J Gaddie noted an interest regarding a supply lecturer's post which she was currently undertaking for the College over an eight week period. The Regional Chair had discussed this with the Board Secretary and given the short timescale of the post, it was not considered that this would have a significant impact. However, J Gaddie would require to declare an interest should staffing matters be raised and should a Remuneration Committee meeting be required, she has offered to step-down. These interests had been recorded within the register.

	<p>A required update to D Jardine’s remuneration interests was highlighted given his paid post as Student President.</p> <p style="text-align: right;">ACTION: Board Secretary</p>
04/19	<p><u>Apologies for Absence</u></p> <p>Apologies had been received from D Jardine, Wylie & Bisset & Scott-Moncrieff.</p> <p>The VP Finance & Corporate Services advised that it had not been necessary for the internal and external auditors to attend given that neither had agenda items for discussion.</p>
05/19	<p><u>Minutes of Meeting held on 22 November 2018 – Paper B</u></p> <p>The minutes from the previous meeting on 22 November 2018 were approved as an accurate record subject to the following change:</p> <p>Item 60/18 point 3 – Revised sentence to read, “The Board Secretary advised that updates to the register were requested at every Board and Committee meeting”.</p> <p style="text-align: right;">ACTION: Minute Secretary</p>
06/19 60/18	<p><u>Matters Arising</u></p> <p>External Audit Report - VP Finance & Corporate Services had held discussions with Scott-Moncrieff which had resulted in a more balanced view being reported.</p> <p>All other actions had been completed.</p>
07/19	<p><u>Anti-Fraud & Corruption Policy – Paper C</u></p> <p>The VP Finance & Corporate Services provided an overview of the policy which had been updated to incorporate references to the Scottish Public Finance Manual and to the SFC Financial Memorandum.</p> <p>A discussion took place on how the policy would be communicated and embedded with staff. VP Finance & Corporate Services advised that this would be discussed further with HR given the different levels of staff responsibilities. On a more general point, in order to ensure College staff understand and are aware of College policies there are mandatory e-learning modules which must be completed within a certain timescale.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>The following additions were requested:</p> <p>3.2.6 Danger signs – additional text to clarify that the list is not all inclusive;</p> <p>3.3.1 Concerns can be reported to line management or the Head of Human Resources or Internal Audit. Further contact details for Internal Audit to be included;</p>

	<p>3.3.4 Cases of fraud with a value of £5k or above – clarification on who would report such cases to be included.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>The Committee approved the policy, subject to the above additions.</p>
08/19	<p><u>Anti-Bribery Policy – Paper D</u></p> <p>The VP Finance & Corporate Services provided an overview of the paper which had required minor terminology changes.</p> <p>The Committee approved the policy.</p>
09/19	<p><u>Business Continuity Plan - Paper E</u></p> <p>An action for the Audit Committee following the Board's Operational Plan approval in Oct 2018 was for the Committee to have increased scrutiny and for the College's Business Continuity Plan (BCP) to be reviewed.</p> <p>The VP Finance and Corporate Services advised that a comprehensive plan is in place for events which may interrupt College service, such as the recent strike action, however, it was important that the plan was tested against other potential scenarios. An SLT development session with expertise from the College Development Network was being planned and following this session an update would be provided to the Committee. A Lessons Learned Log was in place to record events such as a loss of IT systems, which would feed into the BCP and be shared with the Committee.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>It was noted that the Council's Emergency Planning Department would be a helpful source for scenarios.</p> <p>The Committee approved the proposed reporting approach.</p>
10/19	<p><u>Strategic Risk Register & Risk Appetite Management – Paper F</u></p> <p>VP Finance & Corporate Services updated the Committee on the redesign of the Risk Register and advised that the next and final stage will be a review of all the risks currently above target.</p> <p>A discussion took place on risk appetite with information having been extracted from the College's Risk Register Policy. The Regional Board had agreed an acceptable level or risk for each of the College's Strategic Goals which were outlined in the paper.</p> <p>The risk register had been considered by the Exec Team in January 2019 with two new risks being added, one being on the Centre of Excellence of Textiles. B McGrath declared an interest as this was a project led by Scottish Borders Council (SBC). VP Finance & Corporate Services advised that the project was progressing rapidly but there was still uncertainty regarding the College's contribution. Dialogue was continuing with SBC.</p>

	<p>It was agreed that a Regional Board development day would be a suitable format for an annual review of the risk register.</p> <p>VP Finance & Corporate Services confirmed that the College had been considering the potential implications of Brexit with a separate risk register nearing completion. This would be forwarded to the Committee once available.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>The Chair highlighted the need for a tighter correlation between the risk register and internal auditing.</p> <p>VP Finance & Corporate Services advised that the Internal Audit contract would be ending in July 2019. A framework contract for the College sector was in place with a number of firms listed, including the College's current contractor. The Committee discussed the options of either extending the current contract or retendering, with agreement to retender through the framework process confirmed.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>The Committee noted the contents of the risk register.</p>
11/19	<p><u>Internal & External Audit Follow-up Report – Paper G</u></p> <p>The VP Finance & Corporate Services provided an overview on the report which had been refreshed to include follow-up on both internal and external audit recommendations.</p> <p>The outstanding internal audit recommendations from the 2016 IT Security Review had been superseded by activities in relation to securing the Cyber Essentials Plus accreditation which will be completed by April 2019. The Committee will receive an update once available.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>Alternative arrangements are in place to address the financial procedure recommendations which have been delayed due to the absence of the Head of Finance & Procurement. Processes are being streamlined with delegation being maximised whilst maintaining adequate controls. Recommendations will be submitted to the F&GP Committee.</p> <p>The following points were highlighted:</p> <ul style="list-style-type: none"> - Internal Audit to sign-off prior to recommendations being closed; - Internal/External audit to be included in due date column; - External Audit Action Plan – meanings of graded number system to be included; - An email response will be sought from Heriot-Watt University to enable the outstanding recommendation regarding the Campus Lifecycle Trust Fund to be closed off. <p style="text-align: right;">ACTION: VP F&CS</p> <p>The Committee noted the contents of the report and thanked the VP Financial & Corporate Services for the excellent report.</p>

12/19	<p><u>Committee Papers for Publication (Standing item)</u></p> <p>All papers would be published on the website.</p>
13/19	<p><u>Any Other Business</u></p> <p>The Board Secretary advised that at the next Regional Board meeting the appointment of new Board Member, Paul Scrimger, to the Audit Committee would be proposed.</p> <p>The Board Secretary confirmed that this was the official resignation date of S Ker.</p>
14/19	<p><u>Date of Next Meeting</u></p> <p>The next Audit Committee meeting will take place on Thursday 16 May 2019 at 17:30 in the Board Room, Scottish Borders Campus.</p>

Signed..... Signed.....
Chairman **Board Secretary**