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Audit Committee

Meeting at 17:30 on Thursday 1 October 2020
MS Teams

Actions

Item	Action	Responsibility and Date	Action Status
45/20	Risk Management Policy - Impact/Likelihood column on page 13 to be corrected	VP Finance & Corporate Services	Complete
46/20	Annual Efficiencies Report to be submitted to SFC.	VP Finance & Corporate Services	Complete
47/20	Audit Annual Report – final draft to be presented to Committee at November meeting.	VP Finance & Corporate Services	Agenda item for 26/11/20
48/20	Draft Strategic Report & Financial Statements 2019/20 – any further comments to be forwarded to VP Finance & Corporate Services.	Committee Members	Complete
50/20	Cyber Security Update – Head of ISLT to attend future Audit Committee meeting.	VP Finance & Corporate Services	Agenda item for 26/11/20

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MINUTES



ITEM	MINUTES
Present	Paul Scrimger (Chair) David Johnson Jen MacKenzie
In Attendance	Hazel Robertson (Vice Principal – Finance & Corporate Services) Ingrid Earp (Regional Board Secretary) Scott McCready (Wyllie & Bisset) Lorraine Sulo (Minutes)
	Members met with the auditor separately prior to the start of the meeting.
38/20	<u>Chair's Welcome</u> The Chair welcomed everyone to the meeting.
39/20	<u>Declaration of Conflict of Interest</u> No conflicts were raised.
40/20	<u>Register of Members' Interests</u> No items were raised.
41/20	<u>Apologies for Absence</u> Apologies had been received from A Letham, B McGrath and A Cox.
42/20	<u>Minutes of Meeting held on Thursday 21 May 2020 – Paper A</u> The minutes from the previous meetings held on 21 May 2020 were approved.
43/20	<u>Matters Arising</u> All previous actions had been completed with no further items arising.
44/20	<u>Internal Audit Annual Report 2019-20 – Paper B</u> S McCready of Wyllie & Bisset provided an overview of the report. The fieldwork had been carried out between September 2019 and March 2020. The report advised that the College did have adequate and effective risk management, control and governance processes in place at the time of the audit work with correct arrangements to promote and secure value for money.

	<p>Key points from report:</p> <ul style="list-style-type: none"> • A total of 13 recommendations were made throughout the year (1 high, 3 medium and 9 low level); • The College had an overall lower number of recommendations in comparison with other W&B college clients; • KPIs – There had been a slight delay with the receipt of management responses, however, it was acknowledged that reports had been issued during the beginning of the COVID-19 lockdown when staff had required to focus on lockdown priorities. <p>Wylie & Bisset underwent an extensive external assessment by the Chartered Institute of Internal Auditors in October 2019 with no aspects of non-conformance identified. This is a requirement every 5 years, however, W&B choose to complete the assessment every two years as best practice.</p> <p>Members approved the report and congratulated the VP Finance & Corporate Services and team on a very successful audit year.</p>
<p>45/20</p>	<p><u>Risk Management Policy – Paper C</u></p> <p>The VP Finance & Corporate Services advised that the Risk Management Policy had undergone a complete revision as it had been in place for a number of years. The updated policy now included a step-by-step guide to the risk management process along with new matrices for scoring which would simplify and improve the consistency of scoring.</p> <p>The policy was still in draft format and required finalisation on the risk management statement which should be provided by the Board.</p> <p>It was noted that the Impact/Likelihood column within the matrix on page 13 was incorrectly displayed and would be corrected.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>Two workshops with the Regional Board will be held to discuss the strategic risk and inform the strategic register.</p> <p>The Committee approved the report for submission to the Regional Board.</p>
<p>46/20</p>	<p><u>Annual Efficiency Return – Paper D</u></p> <p>The Annual Efficiency Return is an SFC requirement with the 2019 return being delayed from April to September due to COVID-19.</p> <p>The College had been able to achieve the required 3% efficiency with savings being made from a combination of staff changes through turnover and re-design of staff roles and procurement savings.</p> <p>The Committee approved the return for submission to SFC.</p> <p style="text-align: right;">ACTION: VP F&CS</p>

47/20	<p><u>Draft Audit Committee Annual Report 2019-20 – Paper E</u></p> <p>The VP Finance & Corporate Services outlined the draft Audit Committee Annual Report. The report still required the opinions of the external auditors and the internal audit report, with a final draft presented for approval at the November Audit Committee.</p> <p>It was noted that the report should be signed by both the Interim Chair and current Chair. D Johnson’s start date would be corrected to August 2020.</p> <p style="text-align: right;">ACTION: VP F&CS</p>
48/20	<p><u>Draft Strategic Report & Financial Statements 2019/20 – Paper F</u></p> <p>The VP Finance & Corporate Services presented an extract of the first draft of the 2019/20 Annual Report and Financial Statements.</p> <p>The primary element for the Committee to consider was the Corporate Governance Report which contained a new section on the impact of COVID-19. Since the preparation of the report, the full statements had been prepared and meeting attendance section had been completed.</p> <p>A planning meeting with external audit had been held with the field work start date being brought forward a week. Discussions on the accounting treatment of impairment of Melrose Road and staff restructuring had been held with agreement on both costs relating to 2019/20.</p> <p>The following matters were also raised for Committee attention:</p> <ul style="list-style-type: none"> • Going concern statement had been reviewed following guidance from Audit Scotland and discussion with auditors. The Regional Outcome Agreement with SFC provided certainty of credit income. • Significant issues - data event which resulted in a fraud and outstanding recommendation from last year’s internal audit regarding data breaches. <p>The roll out of Office 365 had been progressing at different speeds with MS Teams being quickly implemented and used however, OneDrive was yet to be fully embedded.</p> <p>Members were asked to read over the report and forward any comments to VP Finance & Corporate Services.</p> <p style="text-align: right;">ACTION: All</p>
49/20	<p><u>Audit Scotland – COVID-19 Advice for Audit and Risk Committees – Paper G</u></p> <p>The VP Finance & Corporate Services advised on the recent COVID-19 guidance which had been issued by Audit Scotland for audit and risk committees. In response to this guidance and although this was not a requirement, an internal self assessment had been carried out and was included within the paper.</p>

	<p>External audit had not been asked by Audit Scotland to review the self-assessment but this may be reported as best practice.</p> <p>The Board Secretary highlighted that members had adjusted very quickly to on-line meetings and electronic papers compared to other college areas. Digital connectivity in rural locations had been challenging for some members, however, access to College premises was being considered for future meetings.</p> <p>The Finance & General Purposes Committee had also reviewed the assessment and provided feedback on rural disadvantages with digital connectivity and transport infrastructure.</p> <p>Members noted the contents of the report.</p>
<p>50/20</p>	<p><u>Cyber Security Update – Paper H</u></p> <p>The VP Finance & Corporate Services provided an update on the progress which had been made in relation to cyber security accreditation and technical assessment.</p> <p>The College had renewed its Cyber Essential Plus Accreditation in August 2020. There has been a priority commitment to the improvement of backup systems which will be in place by mid October.</p> <p>A Cyber Resilience Technical Assessment had been commissioned with recommendations received yesterday therefore, more time would be required to review these with the Head of ISLT.</p> <p>Cyber threat awareness raising and training for staff and students continued to be developed with an increase in expertise within the ISLT team following the appointment of a new post.</p> <p>The Committee agreed that it would be of benefit for some discussion time with the Head of ISLT when more detail on risks and costs could be discussed.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>The Committee noted the contents of the report.</p>
<p>51/20</p>	<p><u>Strategic Risk Register – Paper I</u></p> <p>The VP Finance & Corporate Services advised that risks had been reviewed in the context of the College’s Strategic Ambition with a number of risks regarding loss of funding having been consolidated into one.</p> <p>As discussed under item 45/20, workshop sessions with the Regional Board would be arranged when risk appetite would be considered.</p> <p>The Committee noted the contents of the report and looked forward to progressing matters through the workshop sessions.</p>

52/20	<p><u>Procurement Practices & Value for Money Report – Paper J</u></p> <p>The report provided an update on College procurement activities in ensuring best practice and value for money.</p> <p>Key points highlighted included:</p> <ul style="list-style-type: none"> • Contracted spend had increased significantly; • PECOS spend had improved to 70.7%; • New thresholds were being implemented which would devolve more authority to managers; • OPR Assessment Results – Scoring of optimum level on nearly all factors received. <p>Members congratulated the Procurement Officer and Finance Business Partner on the progress which had been made.</p>
53/20	<p><u>Monitoring Internal & External Audit Follow up Report – Paper K</u></p> <p>The report provided an update on progress with outstanding recommendations raised by internal and external audit.</p> <p>The VP Finance & Corporate Services advised that unfortunately due to the impact of COVID-19 progress had been delayed. However, the lockdown of USB ports would be completed tomorrow (25 September 2020) and back-up arrangements would be implemented within the next six weeks.</p> <p>The Committee noted the contents of the report.</p>
54/20	<p><u>COVID-19 Update – Paper L</u></p> <p>The report provided an update in relation to the College response to COVID-19 which was previously supplied to the Regional Board.</p> <p>The VP Finance & Corporate Services reported on an extraordinary team effort in response to the pandemic.</p> <p>KPIs were being met, however, the retention of learners remained a concern. Schools Academy learners had experienced technical difficulties due to different devices being used in schools and a lack of a co-ordinated approach from schools remained challenging. Work was also progressing on staff welfare.</p> <p>The Committee noted the comprehensive report and congratulated everyone involved.</p>
55/20	<p><u>Equality & Diversity (Standing item)</u></p> <p>No items were raised.</p>

56/20	<p><u>Committee Papers for Publication (Standing item)</u></p> <p>Draft or commercially sensitive papers would not be published.</p>
57/20	<p><u>Any Other Business</u></p> <p>No items were raised.</p>
58/20	<p><u>Date of Next Meeting</u></p> <p>The next meeting will be held at 17:30 on Thursday 26 November 2020.</p>

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