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Audit Committee

Meeting at 17:30 on Thursday 26 November 2020
MS Teams

Actions

| Item | Action | Responsibility and Date | Action Status |
|-------|--|---------------------------------|----------------------|
| 65/20 | Audit Committee Annual Report to Regional Board – IT Systems Page 8 - revised date to read 2020. | VP Finance & Corporate Services | Updated |
| 72/20 | Strategic Risk Register - Risk 5m to be closed off. | VP Finance & Corporate Services | Recommended to Board |

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Meeting at 17:30 on Thursday 26 November 2020
MS Teams

MINUTES



| ITEM | MINUTES |
|---------------|---|
| Present | Paul Scrimger (Chair) David Johnson Jen MacKenzie Ann Letham Bryan McGrath |
| In Attendance | Angela Cox (Principal) David Eardley (Azets) Stephen Pringle (Wylie & Bisset) Hazel Robertson (Vice Principal – Finance & Corporate Services) Ingrid Earp (Regional Board Secretary) Lorraine Sulo (Minutes) |
| | Members met with the auditor separately prior to the start of the meeting. |
| 59/20 | <u>Chair's Welcome</u> The Chair welcomed everyone to the meeting. Item 71/20 would be discussed earlier in the agenda when the Head of ISLT would join the meeting. |
| 60/20 | <u>Declaration of Conflict of Interest</u> No declarations were received. |
| 61/20 | <u>Register of Members' Interests</u> No updates were provided. |
| 62/20 | <u>Apologies for Absence</u> All members were present. |
| 63/20 | <u>Minutes of Meeting held on Thursday 1 October 2020 – Paper A</u> The minutes from the previous meetings held on 1 October 2020 were approved. |
| 64/20 | <u>Matters Arising</u> All previous actions had been completed with no matters arising. |

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| 71/20 | <p><u>Cyber Security Update</u></p> <p>The Head of ISLT, S Moncrieff, joined the meeting and provided the Committee with an update on the College's cyber security quality assurance and assessments. The College was re-awarded Cyber Essentials Plus and also completed a Cyber Risk Technical Assessment which had recommended a number of improvements. The recommendations and management responses were discussed in detail with members. The recommendations which would require external consultancy would be funded through the ISLT budget.</p> <p>Members were pleased to see a stronger overview on cyber security as this had been an area highlighted for a lengthy period. The proposed improvements and management responses were accepted.</p> <p>Members thanked the Head of ISLT.</p> |
| 65/20 | <p><u>Final Draft Audit Committee Annual Report 2019-20 – Paper B</u></p> <p>The VP Finance & Corporate Services advised that the first draft of the report had been discussed at the 1 October 2020 Committee meeting with minor amendments requested which were highlighted in red. The section in yellow required the opinions of the external auditors which would be added once available.</p> <p>A slight amendment was required on Page 8 under IT Systems. Revised date to read 2020 instead of 2010.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>Members approved the final draft subject to the noted additions.</p> |
| 66/20 | <p><u>Annual Accounts 2019/20 – Paper C</u></p> <p>The Interim Vice Chair, D Peace, joined the meeting to provide feedback from the F&GP Committee on 19 November 2020 following the Committee's discussion on the Annual Accounts and External Audit Report for 2019/20.</p> <p>The F&GP Committee had held a beneficial discussion with D Eardley on a number of points including the effects of COVID-19, clarification on the treatment of risk and the College's plans for operating sustainably. The dual role of Interim Chair of the Regional Board and Chair of the F&GP Committee had also been discussed with D Eardley confirming that this did not cause any governance issues.</p> <p>The F&GP Committee were pleased to approve both the Annual Accounts and External Audit Report to the Audit Committee.</p> <p>D Peace left the meeting.</p> |

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| 67/20 | <p><u>External Audit Report 2019/20 – Paper D</u></p> <p>The VP Finance & Corporate Services highlighted the efforts of the external auditors and Finance Team on this year’s audit which had been an entirely remote process due to COVID-19.</p> <p>D Eardley advised that based on the audit work completed to date, a clean and unqualified audit opinion was being intended, subject to some outstanding matters as highlighted in paragraph 14. Members were reminded that the audit opinion was subject to change up until the date of signing in December 2020.</p> <p>D Eardley highlighted the undertaking of scenario analysis and different levels of options which the College had carried out. A main point of substance was paragraph 36 with one audit adjustment identified which related to the valuation of fixed assets capitalised in 2019/20. The details of the adjustment were set out in Appendix 3 which had been worked through with management.</p> <p>Following a discussion, members agreed that the report and accounts were a positive outcome for the College. Approval for submission to the Regional Board was confirmed.</p> <p>Members thanked D Eardley and congratulated the VP Finance and Corporate Services and the Finance Team on a clean audit report.</p> |
| 68/20 | <p><u>Internal Audit Assignment – Credits Audit 2019/20 Paper E</u></p> <p>S Pringle, Wylie & Bisset, provided an overview of the report with the following points highlighted:</p> <ul style="list-style-type: none"> • No recommendations were highlighted; • The systems used by the College were satisfactory in all areas; • Borders College delivered 26,130 credits against a target of 25,979; • The audit certificate was submitted to SFC on the 2 October 2020; • Audit was completed remotely. <p>This was an excellent outcome for new Head of MIS, J George, and the MIS team through what had been a challenging year due to pandemic and remote working.</p> <p>Members approved the report.</p> |
| 69/20 | <p><u>Internal Audit Assignment – Education Maintenance Allowance 2019/20 – Paper F</u></p> <p>S Pringle, Wylie & Bisset, provided an overview of the report with the following points highlighted:</p> <ul style="list-style-type: none"> • No recommendations were highlighted; • The systems and controls of the admin and disbursement of these funds are adequate; • Audit Certificate was submitted to SFC on 2 October 2020; • Audit was completed remotely. <p>Members approved the report and congratulated all staff involved.</p> |

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| 70/20 | <p><u>Internal Audit Assignment - Student Support Funds 2019/20 – Paper G</u></p> <p>S Pringle, Wylie & Bisset, provided an overview of the report with the following points highlighted:</p> <ul style="list-style-type: none"> • No recommendations for action; • Audit certificate was submitted to SFC by 2 October 2020 and the audited signed return for the HE Discretionary fund was submitted to SAAS; • Audit was completed remotely. <p>S Pringle thanked all of the College staff who had been involved in all three remote audits. All information had been supplied on time which had resulted in a very smooth process.</p> <p>Members approved the report and thanked everyone involved.</p> |
| 72/20 | <p><u>Strategic Risk Register – Paper I</u></p> <p>The VP Finance & Corporate Services advised that the desktop review and redesign of the risk register continued to be worked through. The current register was an interim register until the Board considered the risks associated with delivery of the new Strategic Ambition. Members were encouraged to attend the workshops which had been arranged in January 2021.</p> <p>The current register had been discussed at the recent F&GP Committee when risk 5m had been proposed for closure, however, members had requested this remained on as a managed risk. The Audit Committee discussed this further and agreed that it could be removed from the register given that the pandemic was now part of everyday life and that the necessary controls and procedures were in place. COVID-19 updates would continue to be provided to members.</p> <p style="text-align: right;">ACTION: VP F&CS</p> |
| 73/20 | <p><u>BREXIT Risk Assessment – Paper J</u></p> <p>Members noted the update and the risk impact assessment.</p> |
| 74/20 | <p><u>SFC Analysis of 2018-19 Annual Accounts of Colleges & Universities – Paper K</u></p> <p>The report provided the Committee with SFC's report on the financial health of Scottish institutions based on 2018-19 financial statements. The two key measures reported on were the adjusted operating surplus/deficit and liquidity. The sector position and College position had improved on both measures since 2017-18.</p> <p>Members attention was drawn to the cash holding position for the College which included the Scottish Borders Campus sinking/lifecycle fund which pays for the long-term maintenance of the Galashiels campus. Outwith this, the cash position remained strong for the College.</p> |

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| | Members noted the positive report. |
| 75/60 | <p><u>Register of Corporate Gifts Update – Paper L</u></p> <p>An extract from the Register of Gifts for the period of October 2019 to October 2020 was provided, with only one entry since the previous update in September 2019.</p> <p>Members noted the report.</p> |
| 76/20 | <p><u>Monitoring Internal & External Audit Follow up Report – Paper M</u></p> <p>The VP Finance & Corporate Services provided an overview of progress. The College had recently appointed a new Assistant Principal for Finance who would be starting in early 2021 which would provide capacity to take forward the financial areas outlined.</p> <p>Members noted the good progress which was being made.</p> |
| 77/20 | <p><u>Newtown St Boswells Campus Incident (Confidential Verbal Update)</u></p> <p>VP Finance & Corporate Services provided an update on the break-in which had occurred at the Newtown St Boswells Campus on 26 October 2020. Additional security arrangements had since been put in place.</p> |
| 78/20 | <p><u>Equality & Diversity (Standing item)</u></p> <p>No items were raised.</p> |
| 79/20 | <p><u>Committee Papers for Publication (Standing item)</u></p> <p>The Annual Accounts and External Audit reports along with any draft papers would not be published.</p> |
| 80/20 | <p><u>Any Other Business</u></p> <p>No items were raised.</p> |
| 81/20 | <p><u>Date of Next Meeting</u></p> <p>The next meeting would be held at 17:30 on Thursday 4 February 2021.</p> |

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