

A

Audit Committee

Meeting at 17:30 on Thursday 12 May 2022

MS Teams

Actions



Item	Action	Responsibility and Date	Action Status
22/22	SLT to consider how Borders College is addressing the criteria and principles of Fair Work. This will be included as part of reporting to the F&GP Committee by the Head of HR.	Head of HR September 2022 committee	
23/22	Audit Committee will need to set out timeline and process for tendering for internal auditors. The VP and the Board Secretary are to move this forward in autumn/late 2022.	VP F&CS / Board Secretary November 2022	
	The Internal Auditor is to add the one-day cyber security review into the plan.	Internal Auditor May 2022	
	The Internal Audit Plan was approved by the members, based on the grounds that VP F&CS and Internal Auditor meet to make sure the report links to the Risk Register.	VP F&CS/Internal Auditor June 2022	
25/22	The Board Secretary is to ensure the Board have a discussion re risk register after the new members are in place.	Board Secretary tbc	
30/22	Governance arrangements for cyber security to be reviewed as part of update of Terms of Reference.	Board Secretary tbc	
32/22	Board Secretary is to advice R Wilkinson which papers are to be published.	Board Secretary May 2022	

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MINUTES



ITEM	MINUTES
Present	Bryan McGrath (Chair) Carol Gillie David Johnson Ann McKerracher
In Attendance	Hazel Robertson (Vice Principal, Finance & Corporate Services) Ingrid Earp (Board Secretary) Ryan Wilkinson (Minutes) David Eardley (External Auditors - Azets) Scott McCready (Internal Auditors - Wylie & Bisset) Sally Prentice was not present.
Board members met with the auditors separately before the start of the meeting.	
16/22	Chair's Welcome The Chair welcomed everyone to the meeting.
17/22	Declaration of Conflict of Interest No items were raised.
18/22	Register of Members' Interest No items were raised.
19/22	Apologies for Absence Apologies were received from Angela Cox.
20/22	Minutes of Previous Meeting held on 3 February 2022 Minutes were approved as an accurate representation of the meeting. The changes to the Terms of Reference will be reviewed when the new Chairs of the Committees are in place. All other actions were completed.
21/22	Matters Arising

	No items were raised.
SECTION A – ITEMS FOR APPROVAL	
22/22	<p>Draft External Audit Plan 2021-22</p> <p>The External Auditor provided Committee members with a brief overview of the contents of the Plan.</p> <p>Key Points from the Paper:</p> <ul style="list-style-type: none"> • This is, at present, the final year of Azets being External Auditor. • The Respective Responsibilities remain the same as previous years. • The document is based on the previous audit, and will not change unless something major happens. <ul style="list-style-type: none"> ○ The Revenue Recognition in the same situation as other public bodies. ○ The Estates and Pension are in the same situation as other FE bodies. ○ The Provision for Netherdale is a unique scenario to the Borders. ○ There is a significant audit risk in public funding but this is across the FE sector. • The Audit Outputs is the same as last year, updated to 2022 dates and times. <p>VP F&CS noted that, with the risks in mind, the College at this time is forecasting at least a break-even position at the year end.</p> <p>A member asked the VP F&CS if she was happy with how the audit had been carried out and the resulting plan. VP F&CS noted that she was happy and although sometimes it has been challenging, the College and Azets work well together.</p> <p>A member questioned the section that related to fairness and equality. The External Auditor noted that all local auditors have been asked to look at fairness and equality and the approach bodies are taking in relation to the equality agenda. External Auditors are still developing how they are going to approach this but it is not something that will be audited every year. The member noted that this will be good for the College and great to get feedback on where the College is at.</p> <p>The Chair noted that the audit should look at how the College meets the criteria and principles of Fair Work. Action on SLT to take this forward.</p> <p style="text-align: right;">ACTION: SLT</p> <p>There has not been a dramatic change in the fees this year, however within the next couple of years the audit fees will likely start to increase.</p> <p>The External Audit Plan was approved by members.</p>
23/22	<p>Draft Internal Audit Plan 2022-23</p> <p>The Internal Auditor and VP F&CS had met to discuss the Internal Audit Plan and this report is the result.</p>

	<p>The Plan outlines the proposed areas that the internal audit covered – payroll, estates and equalities. The report provides a summary of internal audit output over the last five years.</p> <p>A member questioned whether the audit should look at commercial income in the strategy in the near future. VP F&CS noted that the internal auditors have recently reviewed commercial income and there are some recommendations which have been progressed. The College assessed the profitability of courses before they are started, this applies to all areas of delivery. We also review courses giving cause for concern, financial viability is one of the criteria and could result in courses being changed or stopped.</p> <p>A member asked how the plan reflects the College’s risk profile as they could not see a direct link from the report. VP F&CS noted that the Internal Auditor looked through the risk register and consulted it throughout the audit process.</p> <p>A member suggested that the Board should be involved with what is selected for the internal audit plan. This can be reviewed as part of finalising the terms of reference for committees. The Audit Committee will need to commence a process for determining requirements for internal audit and to select the new internal auditors. The VPF&CS and Board Secretary will move this forward later in this calendar year.</p> <p style="text-align: right;">ACTION: VPF&CS/ BS</p> <p>The Chair noted that a review of cyber security is not on the list. The Internal Auditor noted that the College could have a small one-day audit of cyber security to review disaster recovery testing and arrangements for staff awareness and training. The Internal Auditor is to add the one-day cyber security review into the plan.</p> <p style="text-align: right;">ACTION: IA</p> <p>The Internal Audit Plan was approved by the members, based on the grounds that VP F&CS and Internal Auditor meet to make sure the report links to the Risk Register.</p> <p style="text-align: right;">ACTION: VP F&CS</p>
<p>24/22</p>	<p>Internal Audit Assignment – Follow-Up Review</p> <p>This report is a follow up on last year’s recommendations from the Internal Audit.</p> <p>Key Points from Report:</p> <ul style="list-style-type: none"> • Six recommendations have been fully implemented. • One recommendation has been partially implemented. • One low grade recommendation has been superseded. • Three low grade recommendations are not yet due. <p>The three recommendations that were not due by the time of the audit have been started by the College. The College was on track to complete these in May and June.</p> <p>The budget control spreadsheet has been established and VP F&CS is in the process of discussing the potential budget changes which will then be put to F&GP once complete.</p>

	<p>The disaster recovery test is still to be scheduled but the College is in the process of negotiating a date in early June.</p> <p>A member noted that this progress on closing audit recommendations has been a great improvement in the last 12 months and congratulated the team for their work.</p> <p>The Internal Audit Assignment was approved by the members.</p>
25/22	<p>Internal Audit Assignment – Risk Management Part 2</p> <p>This provides the College with a strong level of assurance with nine areas of good practice.</p> <p>A member noted that it is great to see how far the risk register has come, but with five new members joining the board it will be good for a risk management/register discussion with the Board. The Board Secretary is to set this up.</p> <p style="text-align: right;">ACTION: BS</p> <p>The Internal Audit Assignment was approved by the members.</p>
26/22	<p>Internal Audit Assignment – Health & Safety Review</p> <p>The internal audit assignment for health and safety was a strong report. It ensures that the College's policies and procedures are in place and being followed. The report provides the College with a strong level of assurance with 15 areas of good practice.</p> <p>A member noted that this was a good report and asked where the H&S Committee reports to in the College. VP F&CS noted that the H&S Committee is chaired by the VPF&CS and reports to the Board once a year through the annual H&S report. There is a standing H&S item in all Committees. VP F&CS also noted that a Board member sits on the H&S Committee so there is a board presence and members of SLT and staff sit on the H&S Committee.</p> <p>The Internal Audit Assignment was approved by the members.</p>
SECTION B – ITEMS FOR DISCUSSION	
27/22	<p>Strategic Risk Register</p> <p>One new risk has been added, due to the separation of cyber security from information management. This is because of the necessity to recognise the potential impact of a ransomware attack, with this risk being rated at 15.</p> <p>One other high risk is the Financial Plan and Year Targets which is rated at 16. This is a big risk for the future with one of the factors being pay awards. EIS members are currently on strike with a potential UNISON strike coming. The pay award is bigger than what Colleges can afford and had planned for therefore causing financial pressures across the sector. Utilities increases are also a significant concern. Significant savings have been identified by SLT. There will be a budget proposal to the F&GP and onwards to the Board within the next few weeks.</p>

	<p>A member noted a potential risk, which was the changes in the Executive Team with the resignation of the Principal and VP F&CS and the VP Student Experience being very new in post. VP F&CS noted that this risk is ready to be added, but there needs to be a conversation with the Principal and the Executive Team before it is finalised.</p>
SECTION C – ITEMS FOR INFORMATION	
28/22	<p>National Fraud Initiative Exercise</p> <p>VP F&CS noted that due to staff turnover the College has not responded to the NFI as timeously as it should have done. However, no concerns were identified for reporting to the Audit Committee.</p> <p>The College will work on doing this better so it is not delayed again. There will be a clear handover in tasks for the new team.</p> <p>The Chair reiterated that it is important not to be delayed in the future.</p>
29/22	<p>Monitoring Internal & External Audit Follow Up Report</p> <p>Any items have already been covered in the meeting.</p>
30/22	<p>Cyber Security Update (Standing Item)</p> <p>This is a follow up from the Board seminar and the paper highlights the 12 questions that should be asked by Board members. There are two areas where the College needs to pay more attention to and they will be covered in the cyber security programme.</p> <p>The Chair noted that this looks like a helpful framework but consideration should be given to if it could be presented differently. The questions could be answered on the same page with a page for each question and answer.</p> <p>A member questioned what is going to be put into place around cyber security and governance. Current governance is through the regular report to the Audit Committee. This is to be reviewed as part of the update of Committee Terms of Reference by the Board Secretary.</p> <p style="text-align: right;">ACTION: Board Secretary</p> <p>The External Auditor noted that there will be a non-exec forum at the end of June, with one of the sessions being cyber security and resilience. External Auditor will share the information with the College and anyone who wants to can get involved.</p>
31/22	<p>Equality, Diversity & Inclusion (Standing Item)</p> <p>Nothing to report.</p>
32/22	<p>Committee Papers for Publication (Standing Item)</p> <p>Board Secretary is to review the papers and let R Wilkinson know which papers are for publishing.</p> <p style="text-align: right;">ACTION: BS</p>

33/22	Any Other Business No other business
34/22	Date of Next Meeting The date of the next meeting is Thursday 29 September 2022 at 17:30.

Signed.....
Chairman

Signed.....
Board Secretary