

**NOTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 30
SEPTEMBER 2020 at 16.00HRS
Meeting held remotely due to COVID-19 Meeting Restrictions**

PRESENT:

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|---------------|-----------------|
| David Watt | Committee Chair |
| Kacper Kacica | Board Member |
| Michael Payne | Board Member |
| Keith Rosser | Board Member |
| Clare Walker | Board Member |

IN ATTENDANCE:

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|---------------------|---|
| Jon Vincent | Principal |
| Tracy Elliott | Assistant Principal, Finance and Infrastructure |
| Janet Thomson | Vice Principal, Resources and College Development |
| Gary Devlin | Azets UK (External Auditors) |
| Stuart Inglis | Henderson Loggie (Internal Auditors) |
| Christine McConnell | Clerk, Minute taker |

- 20.28 WELCOME AND APOLOGIES** **ACTIONS**
The Committee Chair welcomed everyone to the meeting. G Devlin attended on behalf of the College's external auditors (Azets UK, formerly Scott Moncrieff) and S Inglis attended on behalf of the College's internal auditors (Henderson Loggie).
- 20.29 DECLARATIONS OF INTEREST**
There were no declarations of interest.
- 20.30 MINUTES OF MEETING HELD ON 20 MAY 2020**
The Minutes were accepted as a true and accurate record of the meeting.
- 20.31 MATTERS ARISING – ACTION GRID** **GD/CMcC**
Updates were given on all of the matters arising. The Committee noted that discussions with management over the 2019-20 external audit plan remained ongoing and the plan therefore remained to be finalised. G Devlin will provide the updated plan to the Clerk for sharing with the Committee.
- 20.32 SCHEDULE OF WORK**
The Schedule of Work was approved.
- 20.33 AUDIT SCOTLAND-GUIDE FOR AUDIT AND RISK COMMITTEES**
The Committee was joined by David Newall and Sandra Heidinger, respectively Chair and Vice-Chair of the Board of Management and by Rebecca Siedel, Audit Scotland.

The Chair invited R Seidel to speak to the Covid-19 Guide for Audit and Risk committees issued by Audit Scotland.

The Committee noted that the guide covered four key areas: -

- Internal Controls and Assurance
- Financial Management and Reporting
- Governance
- Risk Management

The Committee commented that the guide was a useful, easy read which provides a very helpful source for checking for assurance and also some challenges.

The Committee considered each of the headings in turn.

The Committee sought assurance from Management as regards the impact of the pandemic on the control environment, including financial controls and delegated authorities.

The Committee reflected on the questions posed in the guide in relation to the performance of IT services during the pandemic, noting that there is greater reliance on technology because of remote teaching and home working.

The Committee asked for more information in relation to assurances against cyber-attacks in light of the risks attached to the new working environment.

JT

With reference to the heading "Risk Management", the Committee noted that the College's Risk Register has been updated to reflect the risks arising from Covid-19. The Committee considered whether the College's risk appetite should be reviewed in light of the new level of risks and agreed that this should be considered at the next cycle of meetings. The Committee asked that an action plan be produced to identify areas that may require closer investigation and that this is presented to the next Board with the Risk Register. The College's risk appetite should be considered and an update provided to the next Board at its meeting on 28th October 2020.

JV/
JT

At the conclusion of this item D Newall, S Heidinger and R Seidel left the meeting.

20.34 INTERNAL AUDIT REPORTS

Equalities

S Inglis was invited to speak to the Equalities internal audit report. The Committee noted that the overall rating was Good and that there was only 1 recommendation.

The Committee noted the report

Follow Up Reviews

The Committee noted the report and was content with the actions being taken in relation to the previously agreed internal audit recommendations.

20.35 INTERNAL AUDIT 2019/20 PLAN PROGRESS AND PLAN FOR 2020/21

J Thomson spoke to the report.

The Committee noted that the 2019/20 Internal Audit Plan has been progressed with all audits completed except the student support funds, credits and EMA audit which are due to report to the November Committee. The Committee noted the challenging deadlines given the reliance upon information from the Scottish Funding Council in relation to the credits audit.

The Committee considered the Internal Audit Plan 20/21 and specifically welcomed the addition of audits of Payroll and Business Continuity.

The Committee agreed that the plan in relation to digital exclusion within the Student Support Audit, should include the words “where reasonable and practicable” to reflect the reality of what is achievable and potential resource demands.

The Committee approved the Internal Audit Plan for 2020/21.

20.36 COLLEGE ASSURANCE FRAMEWORK INTERIM UPDATE

J Thomson was invited to provide the Committee with an update on the College Assurance Framework. JT

The Committee commented that it was happy with the direction of travel and agreed that the next steps are for management to populate the framework and bring back to Committee when complete.

20.37 COLLEGE STRATEGIC RISK REGISTER

J Thomson was invited to speak to the report issued with the agenda.

J Thomson explained that the Register has been updated to link the risks to the new Strategic Plan. Covid-19 risks have been layered on top of all the relevant risks.

The Committee noted that risk management processes are included in the draft Internal Audit plan for 20/21.

The Committee expressed concerns at the number of risks which are ranked as “Red” after mitigating actions have been taken and discussed the implications for the College’s risk

appetite. The Committee agreed that an assessment of the College's risk appetite should be provided to the next Board at its meeting on 28th October 2020.

JT

The Committee asked that management consider the following specific risks in more detail: -

- GCEF funding- are the risks around this sufficiently captured?
- Homeworking- are the risks described adequate and should IT risks and data management risks be separated?
- Student experience- does this adequately reflect the risks arising from online teaching, particularly for students who have difficulties in accessing or using technology?
- Long term estates planning- should capture the long term risks to estates arising from a move to more online delivery.

The Committee asked that the Risk Register be reviewed in light of the above comments and that some inconsistent wording be amended before submission to the Board of Management.

JT

The Risk Register was noted.

20.38 FRAUD RESPONSE PLAN

J Thomson spoke to the paper, asking the Committee to review the College's Fraud Response Plan.

The Committee noted that the plan had been extensively reviewed in 2019.

The Committee asked that the numbering in relation to Section 13 be clarified.

JT

After discussion, the Committee gave its approval to the Fraud Response Plan.

20.39 APPROVAL OF ACCOUNTING POLICIES

T Elliott was invited to speak to the report issued with the agenda. She advised that there has been no significant changes to accounting policies for the 2019/20 reporting period.

The Committee discussed the Accounting Policies and asked questions in particular in relation to the method of valuation of College buildings. T Elliott explained the steps which had been taken and the Committee asked that further discussion takes place to validate the valuations in light of uncertainties in the market place.

TE

The Committee approved the Accounting Policies as appended to the report.

Items for Information/Noting

20.40 INTERNAL AND EXTERNAL AUDIT ROLLING ACTION PLAN

T Elliott was invited to speak to the report issued with the agenda.

The Committee noted the update on actions detailed on the rolling action plan. The Committee recognised the challenges attached to the standardisation of HR procedures.

20.41 AUDIT SCOTLAND BRIEFING NOTES

J Thomson was invited to speak to the report issued with the agenda.

The Committee noted the report.

20.42 EQUALITIES IMPACT ASSESSMENT ON DECISIONS MADE

There were no equality impact matters related to the Committee items.

20.43 REVIEW OF PAPERS (INCLUDING DISCLOSABLE STATUS)

The Committee agreed papers could be disclosed as stated on each paper.

20.44 ANY OTHER BUSINESS

G Devlin advised the Committee that Scott Moncrieff had changed its name to Azets UK.

The Committee agreed that the date of the next meeting was earlier than in previous years and timings for completion of reports are challenging. The Committee agreed that a later date should be sought for the meeting having regard to Finance and Resources Committee and Board of Management meeting dates.

CMcC

DATE OF NEXT MEETING

4.30 pm on 18 November 2020 – subject to change (see Item 20.44)