**NOTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON 25 MAY 2022 at 4.30PM.**

The meeting was held remotely.

PRESENT:

David Watt	Committee Chair
Michael Payne	Committee Member
Margaret Swiderska	Committee Member
Aimee Logan	Committee Member

IN ATTENDANCE:

Jon Vincent	Principal
Janet Thomson	Vice Principal, Resources & College Development
Tracy Elliott	Assistant Principal – Finance & Infrastructure
Stuart Inglis	Henderson Loggie, Internal Auditor
Gary Devlin	Azets Accounting Services, External Auditor
Scott Renton	Head of ICT (for Item 22.28)
John Rafferty	Vice Principal, Curriculum and Quality Improvement (for Item 22.20)
Duncan McDougall	Vice Principal, International and Business Development (for Item 22.20)
Kirsty Mavor	Clerk to the Board (Minute Taker)

ACTION

22.15   WELCOME AND APOLOGIES
D Watt welcomed everyone to the meeting. Apologies were noted from C Walker.

22.16   DECLARATIONS OF INTEREST
There were no declarations of interest.

22.17   MINUTES OF MEETING HELD ON 2 MARCH 2022
Subject to further detail being added to the Action Grid, the Minutes were agreed to be an accurate record of the meeting.

22.18   MATTERS ARISING – ACTION GRID
The Committee noted the update on the Action Grid with all actions either complete or on the agenda.

Items for Discussion/ Decision
Systems of Internal Control

22.20   INTERNAL AUDIT REPORTS

This item was discussed earlier in the Agenda to allow for J Rafferty and D McDougall to contribute to discussions.

S Inglis spoke to the three reports relating to Business Development, Teaching Staff Utilisation and Space Management/Room Utilisation. The latter two reports were business process reviews rather than internal audit reports.

BUSINESS DEVELOPMENT

The internal audit report concluded that there is a good level of assurance in this area with seven strengths identified and no control weaknesses.

J Vincent and D McDougall confirmed to the Committee that they were pleased with this report as it has been a challenging and uncertain period for Business Development as a result of the pandemic. D McDougall advised that Business Development is in a recovery phase with the outlook for the next 6 months and beyond looking positive. It was agreed that this internal audit report should be shared with the F&R Committee.

KM

TEACHING STAFF UTILISATION

S Inglis advised that this report should be read together with the Space Management/Room Utilisation Report. The purpose of business process reviews is to identify areas for improvement. With regard to teaching staff utilisation, five areas of improvement were identified with two high priority items relating to (i) standardised approach to reporting on teaching utilisation and (ii) consistent process for completing and reviewing timesheets.

J Rafferty advised the Committee that he was content with this review and accepted that there should be more standardised reporting and monitoring. Given the financial challenges facing the College sector, it was becoming increasingly important for the College to effectively monitor staff utilisation levels and improvements could be made in this area. J Rafferty confirmed that a business improvement task group will be looking at the recommendations made in both of the business process reviews and will be taking steps to improve the current approach with a view to moving towards a digital solution in the longer term.

TEACHING SPACE MANAGEMENT/ROOM UTILISATION

This business process review identified seven areas of improvement with four high priority areas relating to (i) policies and procedures for teaching space allocation (ii) consistent use of the master room spreadsheet by curriculum managers (iii) consistent process for timetabling and (iv) consistent approach to communicating timetables.

J Rafferty confirmed to the Committee that room utilisation was becoming increasingly important with the move to blended learning. As a priority, the task group will be looking at developing a process which is consistently applied and understood with the longer term towards a digitalised approach.

It was agreed that there should be a further 'offline' discussion about how progress in respect of the proposed areas of improvement from these two business process reviews is tracked and how the Committee is kept informed.   **DW/JT**

J Rafferty will also explore alternative digital solutions which may exist in the College sector.

The Committee thanked S Inglis for presenting the reports and J Rafferty and D McDougall for attending this part of the meeting.

22.19   INTERNAL AUDIT PLAN 2021/22 PROGRESS REPORT
S Inglis presented the progress report against the internal audit plan, and confirmed that all six of the reports for the year have been completed. There remains only the annual Follow Up Report to be completed and the fieldwork for that report is due to commence on 6 June.

22.21   INTERNAL AUDIT PLAN FOR 2022/23
S Inglis presented the 2022/23 draft Internal Audit plan. The Committee noted the table setting out the planned allocation of audit days and requested further detail in the last column detailing the last internal audit review dates. The Committee asked for a review of the new risk management process (currently being developed) to be scheduled for 2023/24 and suggested the environmental sustainability audit should be shifted to 2023/24 to allow time for progress in this area.

The Committee broadly accepted the draft Internal Audit plan but suggested that J Thomson continue discussions to ensure that the level of time allocated to follow up actions is the best use of audit time.

22.22   COLLEGE ASSURANCE FRAMEWORK/CERTIFICATE OF ASSURANCE

J Thomson presented this item, provided an overview of how the assurance framework operates and the role of annual reporting and assurance mapping within this framework.

The Committee was content that the assurance process was operating well and noted the Certificate of Assurance which covered the period April 2021-March 2022.

22.28 **CYBER ESSENTIALS CERTIFICATION**

S Renton was invited to present his paper earlier in the Agenda. He confirmed that the College has now achieved Cyber Essentials accreditation and this was achieved through a self-assessment questionnaire. Cyber Essentials Plus involves a security company examining and testing the College's network infrastructure. The onsite testing for this will take place during the week commencing 8 June 2022.

S Renton advised that achieving accreditation is a resource intensive exercise. The proposed upcoming changes to the accreditation process will make it more difficult for the education sector to achieve accreditation and there are ongoing discussions about this.

The Committee asked if there was a high risk to the College of a cyber-attack. S Renton confirmed that the risk to the Education sector remains high and advised that penetration testing was taking place shortly. A decision was made to appoint a different company to carry this out and it was agreed that it was good practice to change the approach regularly.

The Committee thanked S Renton for the update and asked that a further paper be provided to the September Committee providing an update on the penetration testing exercise and on Cyber Essentials Plus accreditation.   **SR**

22.23 **APPROVAL OF ACCOUNTING POLICIES**

T Elliott presented the College Statement of Accounting Policies for approval and subsequent inclusion in the College Financial Statements for the period ending 31 July 2022. Some minor changes in relation to the approach to land and building valuations were proposed.

At the Committee's request, G Devlin confirmed that the external auditor was comfortable with this minor change in approach. The Committee approved the updated policy.

22.24 **EXTERNAL AUDIT PLANNING MEMORANDUM FOR 2021/22**

G Devlin presented this item. He confirmed that Azets was appointed as the external auditor until the audit for the period ending 31 July 2021 but Audit Scotland had previously

extended this for a further year. The future appointment had now been announced and Audit Scotland will then be the College's external auditor. G Devlin assured the Committee that Azets had a developed handover process.

G Devlin presented the External Audit Planning Memorandum for 2021/22 and provided details of the nature and scope of the audit work for the year. The Committee noted the level of materiality and was content with the approach described.

The key audit risks areas were identified as (i) management override (ii) revenue recognition (iii) risk of fraud in the recognition of expenditure (iv) pensions assumptions and (v)estates valuation. It was noted that the risks to the College's financial sustainability in the medium to long term will be reviewed as part of the auditor's wider scope responsibilities.

G Devlin confirmed that a similar timetable will be followed to previous years and that there was a fee increase within the range set out in Audit Scotland guidance.

The Committee questioned whether this work would continue to be carried out remotely. It was agreed that some face-to-face meetings are likely to take place and a hybrid approach will be adopted by Azets. G Devlin also confirmed to the Committee that there has been no change to the Code of Audit Practice or the responsibilities under it.

The Audit Committee endorsed the approach for the 2021/22 year.

Governance and Risk Management
22.25   REVIEW OF POLICY 1.9 – INFORMATION SECURITY
T Elliott spoke to this item and advised that, as agreed at the last meeting, this policy had been reviewed before its review date so that it was aligned with other policies under this Committee's remit.

The proposed changes are minor in nature and have been put forward by the Head of ICT and the Data Protection Officer. Subject to clarifying the reference to EU legislation and **TE** whether GDPR should be specifically referred to in the introduction paragraph, the Committee was happy to approve the proposed changes. It was noted that this policy was now required to go to the Board for ratification. **KM**

22.26   COLLEGE STRATEGIC RISK REGISTER

J Thomson presented this report and advised that there are .
four areas where the risk scores have decreased due to there
being increasing certainty of the position near the end of the
College year. It was agreed that risk F3 should be revisited
to assess the impact of inflation and the pay award on the **JT**
College's cost base.

J Thomson confirmed that the new risk framework which was
discussed at a risk workshop continues to be developed. It
will be brought to this Committee in September.

The Committee noted the updates to the current risk register
and the progress towards developing the new framework.

22.27 SUSTAINABILITY REPORT/CLIMATE ACTION PLAN UPDATE

J Thomson presented this item including a climate action plan
setting out the steps the College intends to take in line with its
commitment to sustainability. J Thomson provided details to
the Committee on the steps already taken, the further planned
actions and the relevant timescales. The Committee was
asked to provide its views on the Climate Action Plan before
it is shared with the Board of Management. A Utilities, Waste
and Emissions Report was also provided.

Subject to comments received on refining the action plan and
the way it was presented, the Committee was content with the
approach taken. The Committee agreed that the key focus of
the action plan was setting out realistic goals, what is being
done to achieve these and what the output is. It was agreed
that this should be an area where there should be
collaboration and best practice sharing across the College
network.

22.28 CYBER SECURITY UPDATE

This item was considered earlier in the Agenda.

22.29 FRAUD RESPONSE PLAN

J Thomson confirmed that the Fraud Response Plan was
reviewed annually and the previous recommended change of
adding a section about notifying the insurer has been made.
There were no other changes to the plan. The Committee
approved the plan on the basis that the arrangements in place
remained suitable.

Items for Information/Noting

22.30　**INTERNAL AND EXTERNAL AUDIT ROLLING ACTION PLAN**

The Committee noted the report and that, as at 16 May 2022, five out of the seven recommended actions are shown as partially implemented and two are fully implemented. The Committee discussed the position with regard to developing standardised HR procedures and noted that those related to the national bargaining list form part of the ongoing national negotiating process.

22.31　**SFC UPDATE**

The Committee noted the recent SFC publication on Financial Sustainability of Colleges and Universities in Scotland.

22.32　**AUDIT COMMITTEE SCHEDULE OF WORK**

The Committee noted the schedule of work and agreed that it should be updated for the forthcoming College year.

22.33　**ANY OTHER BUSINESS**

G Devlin advised of an upcoming event on 30 June which was aimed at Non-Executive Directors. Details will be shared with the Board via the Clerk.

GD/KM

DATE OF NEXT MEETING

4.30pm on Wednesday 28 September 2022.
By Zoom.