

**NOTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON 31 MAY 2023 AT 4.30PM.**

The meeting was held via teams.

PRESENT:

David Watt	Committee Chair
Fiona Godsman	Committee Member
Clare Walker	Committee Member
James Olatoke	Co-opted Committee Member

IN ATTENDANCE:

Jon Vincent	Principal
Janet Thomson	Vice Principal, Resources & College Development
Tracy Elliott	Assistant Principal, Finance and Infrastructure
David Archibald	Henderson Loggie, Internal Auditor
Stuart Nugent	Audit Scotland, External Auditor
Kirsty Mavor	Clerk to the Board (Minute Taker)

ACTION

23.16 WELCOME AND APOLOGIES

D Watt welcomed everyone to the meeting. Apologies were noted from M Payne.

23.17 DECLARATIONS OF INTEREST

There were no declarations of interest.

23.18 MINUTES OF MEETING HELD 8 MARCH 2023

The Minutes were agreed to be an accurate record of the meeting.

23.19 MATTERS ARISING – ACTION GRID

The Committee noted the Action Grid with most of the actions either complete or on the agenda. J Vincent advised the Committee that the substantial increase in external audit fees had been discussed at the Principals' Group and with Audit Scotland. There was no movement on this with the increase being attributed to market conditions and the increased level of scrutiny.

Items for Discussion/ Decision

Systems of Internal Control

23.20 INTERNAL AUDIT PLAN 2022/23 PROGRESS REPORT

D Archibald of Henderson Loggie spoke to this item and confirmed that the internal audit plan is on track. The fieldwork for the follow up reviews will commence in June 2023.

**23.21 INTERNAL AUDIT REPORTS
CURRICULUM VLE PLATFORM**

D Archibald spoke to this report which concludes there is a good level of assurance with two low priority recommendations. The recommendations relate to (i) ensuring canvas is being used consistently across all courses and (ii) exploring whether student support can be provided during peak times such as the start of the College year.

The Committee discussed the report and it agreed it was important to look at the students' experience of digital learning to understand the whole picture. It was noted that 90.5% of students provided a positive response when asked about the usefulness of online learning materials.

The Committee welcomed the positive internal audit report and agreed that it would be helpful if the auditors clarified the reference to other VLEs in the report and amend the wording as appropriate. The management team were also asked to consider providing a more specific response to the first recommendation.

HL/SLT

PERFORMANCE REPORTING/KPIs

This report concluded that there is a good level of assurance in this area meaning that the system meets control objectives. Three low level priority recommendations were made (i) ensure there is a consistent approach across all Committees to reporting on KPIs (ii) focus on key strategic performance indicators rather than reporting on all performance indicators and (iii) improve documentation to ensure transparency regarding how KPIs are defined and measured.

The Committee agreed that the approach to reporting KPIs should be reviewed to make it more streamlined and focused on the strategic performance indicators.

JT

Bring Your Own Device (BYOD)

The BYOD report concludes that there is a satisfactory level of assurance in this area meaning that the system meets control objectives with some weaknesses present. There is one medium and one low priority recommendation in the report relating to (i) guidance being provided to students on what is expected in relation to bringing their own device and (ii) recognising that this is dependent on funding, providing student support to ensure that the student experience is not negatively impacted by device issues.

The Committee noted that guidelines are currently being worked on in relation to BYOD. It is important that these guidelines are shared with students in a way that is meaningful, clearly sets out what is expected of students and manages expectations in relation to the level of support available from the College.

TE

23.22 INTERNAL AUDIT PLAN 2023/24

D Archibald presented the 2023/24 draft Internal Audit plan. The Committee noted the table setting out the planned allocation of audit days and the various areas to be covered over this period.

The Committee discussed whether the right areas were covered in the plan and also the impact on resources of the proposed audit activity. Given the current challenging circumstances facing the College, it was agreed that the audit of staff recruitment and retention would be delayed one year to 2024/25.

The Committee broadly accepted the draft Internal Audit plan on the basis it is refocused to ensure it is relevant to the current environment with a particular emphasis on efficiency and smarter working. There should be further engagement with management in relation to the appropriate timings for each audit.

23.23 COLLEGE ASSURANCE FRAMEWORK

J Thomson presented this paper providing details of the College Assurance Framework, the College Assurance Mapping and the annual Certificate of Assurance process.

The Committee was content that the assurance process was operating well and noted the Principal's comments on financial challenges in the response and noted the Certificate of Assurance which covered the period April 2022 - March 2023.

23.24 LESSONS LEARNED

T Elliott spoke to this report setting out the key findings/recommendations from a recent lessons learned review relating to fraud at another College. Each of the recommendations has been considered by the College and details of the controls in place were provided to the Committee.

The Committee was satisfied with the approach being taken by the College and asked that management consider whether 'sample checks' should be carried out of major purchases. Also, dates should be added recording when policies and processes were last reviewed. **TE**

It was agreed by the Committee that neither the College's fraud response plan or this paper should be published.

Financial Reporting

23.25 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 2023. The Committee approved the Statement of Accounting Policies.

23.26 EXTERNAL AUDIT PLANNING MEMORANDUM FOR 2022/23

S Nugent confirmed that he will be the main contact at Audit Scotland, the external auditors of the College for the five-year period from 1 August 2022 until 31 July 2027.

He presented the External Audit Planning Memorandum for 2022/23 and provided details of the nature and scope of the audit work for the year. The Committee noted the level of materiality and the significant risks identified. With regard to the valuation of land and buildings, the Memorandum needs to be updated to reflect the fact that the valuation will be desk based as a full valuation was carried out last year.

The Committee noted the wider scope in the Memorandum with the inclusion of sustainability and cyber security and approved it on the basis that the one change identified would be made. It was noted that the Memorandum would be published by Audit Scotland.

Governance and Risk Management

23.27 COLLEGE STRATEGIC RISK REGISTER

J Thomson presented this report and advised that of the thirteen risks identified, there are three areas with a high residual risk score after mitigating actions, five have a medium residual risk score and five have a low residual risk score. This remains unchanged since the last report to Committee.

The areas with a high residual score are (i) failure to manage financial sustainability through the period of the financial plan followed by (ii) implications of national bargaining and possible negative impact on employee relations and (iii) failure to achieve SFC credits target and clawback of funding.

The Committee thanked J Thomson for the update and noted that papers will be presented to the Board in relation to the credit targets for 2023/24 and the College's financial sustainability.

23.28 CLIMATE CHANGE ACTION PLAN

J Thomson presented this item and updated the Committee on progress up until 22 May 2023. The action plan has been arranged into three areas (i) actions completed (ii) currently being acted on and (iii) future items. It **JT** was agreed that specific timeframes should be given in the plan to increase accountability and assist with the Committee's monitoring.

23.29 FRAUD RESPONSE PLAN

J Thomson confirmed that the Fraud Response Plan was reviewed annually and no changes were proposed. The Committee approved the plan and agreed that it should not be disclosed.

23.30 CYBER SECURITY UPDATE

This item was taken as read with the Committee noting the content.

23.31 INTERNAL AND EXTERNAL AUDIT ROLLING ACTION PLAN

The Committee noted the report which provided an update on the implementation status of previous internal and external audit recommendations. As at 22 May 2023, there are five previous recommendation items of which four are shown as partially implemented and one is fully implemented.

23.32 AUDIT COMMITTEE SCHEDULE OF WORK 2023/24

The Committee noted the schedule of work for the upcoming year.

23.33 ANY OTHER BUSINESS

The Chair acknowledged that it was both F Godsman and C Walker's last Audit Committee meeting, thanked them for their contribution to the Committee's work including their helpful and insightful comments.

DATE OF NEXT MEETING

4.30pm on Wednesday 27 September 2023.
via teams.
