

MINUTES

Minutes of the Audit and Risk Committee meeting held on Thursday 7 June 2018 at 4.00pm in the Boardroom, Halbeath Campus, Dunfermline.

Present: Beki Thomson (Chair), Bob Black, Tony Martin, Ross Taylor

Apologies: Bryan Poole

In Attendance: Susan Dunsmuir, Hugh Hall, Marianne Philp (Director: Governance and Compliance), Andrew O'Donnell (BDO), Stephen Reid (Ernst & Young), Sarah Croft (Ernst & Young)

1 Welcome

The Chair welcomed those present to the meeting.

2 Minutes of the Previous Meeting: 8 March 2018

The minutes of the previous meeting were approved as an accurate record.

3 Matters Arising / Actions Outstanding

The contents of the paper that had been circulated were noted.

4 Update on Internal Audit Actions: exception report

The contents of the paper that had been circulated were noted. Those recommendations (a total of 16) that were in progress beyond the original target date were noted and discussed. Extended deadlines as outlined in the Boardpack were agreed for these.

Decisions: To agree to the extension of deadlines as outlined in the paper that had been circulated.

Responsibility: Susan Dunsmuir

Deadline: 13 September 2018

5 Internal Audit Reports

5.1 Data Protection (GDPR)

The contents of the report that had been circulated were noted. It was highlighted that a moderate level of assurance had been given with regard to design and operational effectiveness, and that four medium priority recommendations had been made. Some good practice had also been identified and was included in the report. Management and the internal auditors confirmed that they were content with the recommendations and management responses made.

5.2 Health and Safety: Staff Recruitment

The contents of the report that had been circulated were noted. It was highlighted that a substantial level of assurance had been given with regard to design and operational effectiveness, and that one low priority recommendation. Some good practice had also been identified and was included in the report.

5.3 Internal Audit Progress Report

The contents of the report that had been circulated were noted and it was confirmed that all work had been carried out on target and in accordance with the internal audit plan. It was noted that the internal audit on employer links and workbased learning had been undertaken but there was ongoing dialogue between management and the internal auditors about the recommendations, so this report would be presented at the next meeting.

6 External Audit Plan and Fee

The contents of the paper that had been circulated were noted. The external auditors outlined their annual audit plan, and confirmed that the proposed fee was in line with Audit Scotland recommendations. Carnegie Enterprise Ltd would also be audited separately.

There was a discussion about the additional fees incurred during the 2016-17 audit. It was confirmed that the additional work had been specific and it was not anticipated that anything similar would arise during 2017-18 audit.

Members noted the fee was set by Audit Scotland and indicated they were content with the annual audit plan.

7 Response to Letter from External Auditor

The contents of the letter that had been received from the external auditor and the draft response were noted. It was clarified that auditing standards and the Auditor General's Code of Audit Practice require external auditors to consider processes that management has in place, and is good practice as a reminder of the responsibilities and level of assurance the Committee gives to the Board of Governors.

Decision: To approve the draft response to the letter to the external auditor.

Responsibility: Marianne Philp

Deadline: 11 June 2018

8 Strategic Risk Register 2017-18

The contents of the paper that had been circulated were noted. Changes had been made in red, and these were outlined and discussed by Committee members. It was noted that risks 9 and 12 had increased slightly since the last meeting, and these were discussed. Members noted that comments had been added in to reflect discussions at the Board Development Day with regard to the new campus discussions. A brief update on the latest position was given by the Principal including discussions regarding the hub model, no further spend would be made by the College on preparing business cases, and the option to purchase the land in October

2018. Committee members suggested a post balance sheet event regarding the land purchase may be required and it was confirmed that discussions were already ongoing in that regard.

9 Accounting Policies

The contents of the paper that had been circulated were noted. It was confirmed there were no significant changes proposed.

Decision: To approve the accounting policies for 2017-18.

Responsibility: Susan Dunsmuir

Deadline: 31 July 2018

10 Institutional Efficiency Return

The contents of the paper that had been circulated were noted. It was confirmed that this was a new exercise required by the Scottish Funding Council.

It was suggested that an addition be made to note that, as a result of not receiving funding for the new campus, there was a significant negative impact on the College due to a backlog of maintenance. It was noted that the return had already been made, but this comment could be made when feedback is being discussed.

Decision: To highlight to the Scottish Funding Council that, as a result of not receiving funding for the new campus, there was a significant negative impact on the College due to a backlog of maintenance.

Responsibility: Susan Dunsmuir

Deadline: 13 September 2018

11 Update on Arm's Length Foundation

The contents of the paper that had been circulated were noted. It was highlighted that the Trustees had now also approved the request for £800k for Digital Services. In addition, the Executive Team had approved the application from Engineering, Energy and Mathematics and this would also now be forwarded to the Trustees for consideration.

12 Internal Auditor: Update on Appointment

The contents of the paper that had been circulated were noted and the decisions since the last meeting were homologated. The Chair thanked the internal auditors for their contribution to the work of Fife College. She also thanked those Committee members involved in the procurement process for the appointment of new internal auditors for their time and involvement.

13 Review of Remit and Self Evaluation

The contents of the paper that had been circulated were noted. Members confirmed that they were happy with the timing and format of meetings and that no changes were required to papers or to the remit.

There was a discussion about training for new members to aid understanding and it was noted that the Chair, Principal or Director: Governance and Compliance were happy to arrange any additional briefings that was required.

Decision: All Audit and Risk Committee members to undertake the Audit Committee online training modules offered by the College Development Network and advise the Director: Governance and Compliance once complete.

Responsibility: All Committee members

Deadline: 31 December 2018

13.1 Performance and Effectiveness Review

The contents of the paper that had been circulated were noted. The template had been taken from the Scottish Government Audit Committee Handbook. Members agreed that the template was appropriate.

Decision: To circulate the template to Committee members for completion, and to collate the results for discussion at the next meeting.

Responsibility: Marianne Philp / All members

Deadline: 13 September 2018

14 Date of Next Meeting

Thursday 13 September 2018 at 3.30pm in Room ES02, Stenton Campus, Glenrothes

Members were advised that the current Chair's term of office was due to end on 31 July 2018. Whilst she had decided not to be re-appointed due to other commitments, she had agreed to attend Committee meetings as a co-opted member until the end of the calendar year to enable an additional member to be recruited to the Board who had the appropriate finance / audit background and skills. Members thanked the Chair for her support and aiding understanding of Committee members on technical issues during her time as Chair. It was noted that Bob Black had agreed to resume the role of Chair until a new member was recruited and inducted.