

MINUTES

Minutes of the Audit and Risk Committee meeting held on Thursday 7 September 2017 at 4.00pm in Room ES02, Stenton Campus, Glenrothes.

Present: Bob Black (Chair), Tony Martin, Bryan Poole, Beki Thomson

In Attendance: Hugh Hall (Principal), David Neilson, Marianne Philp (Secretary to the Board), Chris Milborrow (BDO), Stephen Reid (Ernst & Young), Claire Robertson (BDO) (by conference call)

1 Welcome

The Chair welcomed those present to the meeting. The Chair thanked the Depute Chair for covering for him during his period of absence, and also for agreeing to take over the role of Chair of the Committee from the next meeting.

2 Minutes of the Previous Meeting: 13 June 2017

It was agreed to change the deadline of the action against item 5.1 of the minutes to 30 November 2017. Subject to this change, 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.

Action 1: It was noted that the FES audit for 2016-17 was due and this action would be closed off as part of that. Error reports had been regularly run to ensure that the issues identified last year would not happen again this year.

4 Update on Internal Audit Actions: exception report

The contents of the paper that had been circulated were noted and the following updates were noted:

- **Curriculum Planning** (page 15 of Boardpack). It was noted that Risk 3 had now been completed, which would mean that other recommendations could now be taken forward.

Decision: Where deadlines have passed, to insert a recommended new target date in red font for the Committee's consideration.

Responsibility: David Neilson

Deadline: 30 November 2017

5 Internal Audit Reports

5.1 Follow-Up Review

The contents of the report that had been circulated were noted. It was noted that a total of 42 recommendations had been made in internal audits undertaken, and progress was as follows:

Progress	No of Recommendations
Fully Implemented	27
Partially Implemented	5
Not Implemented	5
Not due for Implementation	2
Superseded	3

Both the internal and external auditors confirmed that, whilst 100% implementation should always be the target, progress was reasonable. The internal auditor also confirmed that the 5 recommendations not implemented were linked to annual cycles so would take time to implement and measure.

5.2 Project Management

The contents of the report that had been circulated were noted. A limited level of assurance had been given in relation to design and operational effectiveness, with 6 medium priority recommendations made.

Members of the Committee stressed the importance of freeing up individuals expected to manage projects so that they had the capacity to deliver. Also they suggested that adequate time had to be given to the planning stage, and that it was important not to jump straight to solutions. It was noted that staff also had to have the right level of training in order to undertake projects effectively.

5.3 Business Performance Management

The contents of the report that had been circulated were noted. A moderate level of assurance had been given in relation to design and operational effectiveness, with 3 medium priority recommendations made. Members of the Committee and the Internal Auditors commended management for progress made since the last internal audit was undertaken.

5.4 Procurement and Contract Management

The contents of the report that had been circulated were noted. A substantial level of assurance had been given in relation to design and operational effectiveness, with 2 low priority recommendations made.

5.5 Internal Audit Annual Report

Members of the Committee requested that papers were given to management in time to be circulated with Boardpacks as deadlines were known and this paper was a standard one. The contents of the paper that had been circulated were noted.

Decision: To add in a more explicit statement regarding value for money in the effectiveness section of the report.

Responsibility: Internal Auditor

Deadline: 30 November 2017

5.6 Internal Audit Plan 2017-18

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

Decisions:

- To swap the timings of the internal audits on Data Protection and Financial Planning.
- To draw links between the plans and the controls on the strategic risk register to ensure that terms of reference cover the controls.

Responsibility: Internal Auditor

Deadline: 30 November 2017

6 Review of Internal Control and Risk Management

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

Two changes were suggested:

- On page 93 of the Boardpack, second item, third bullet point, add “and contingency planning in the event of risk occurrence” to reflect the current position.
- On page 98 of the Boardpack, second bullet point, change “which is a concern for the College as a charity” to “which is unsustainable for the College as a charity”.

Decision: To approve the report, subject to the two changes outlined above being made.

Responsibility: David Neilson

Deadline: 30 November 2017

7 Strategic Risk Register 2017-18

The contents of the paper that had been circulated were noted. There was a discussion around the risk relating to curriculum and commercial but, after discussion, it was agreed no changes were required.

Members asked the Principal what he saw as the biggest areas of risk. He confirmed that completion of the estates new build project within a reasonable timescale was the biggest risk, and the second was leadership capacity and capability.

Decisions:

- To consider whether GDPR and/or Cybersecurity should be added to the Strategic Risk Register.
- To bring the next highest 5-6 gross risks to the next meeting (as well as the top 12) for information.

Responsibility: David Neilson**Deadline:** 30 November 2017**8 Update on Arm's Length Foundation**

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

9 Annual Update Reports**9.1 Fees and Expenses Claimed by the Chair**

The contents of the paper that had been circulated were noted. It was suggested that as the fees claimed by the Chair were published in the annual accounts and expenses claimed for all Board members was on the College website, this paper was not required.

Decision: To check with the Chair of the Board his thoughts on removing this paper in future years as the information is already publicly available.

Responsibility: Marianne Philp**Deadline:** 30 November 2017**9.2 Whistleblowing**

The contents of the paper that had been circulated were noted. The external auditor queried whether College management was happy with the promotion of whistleblowing within the College as a nil return may suggest no-one is aware of the policy.

Decision: To promote whistleblowing as part of the overall College culture / communication policy at the appropriate time.

Responsibility: Principal**Deadline:** June 2018**9.3 Fraud Prevention Policy and Response Plan: Register of Losses**

The contents of the paper that had been circulated were noted. No entries had been made in the register of losses for 2016-17.

10 Self-Evaluation 2016-17

The contents of the paper that had been circulated were noted. It was suggested that four themes emerged from the self-evaluation exercise:

- Uncertainty about some responsibilities / requirements – clarification to be issued
- An issue with quorum / attendance during the year as a result of absence due to ill health, which was now resolved
- Skills of members – requirement to strengthen financial, audit, risk management expertise if possible

- Communications / public relations – after discussion it was noted that this fell outwith the remit of this Committee, but that the Principal was also taking steps to address the issues identified.

Decisions:

- To issue clarification the responsibilities / requirements to all members
Responsibility: Marianne Philp **Deadline:** 30 November 2017
- To consider co-opting additional expertise onto the Committee depending on the outcome of the Board recruitment exercise due to commence.
Responsibility: Chair's Committee **Deadline:** 31 December 2017
- To share an updated template with the Board Secretary.
Responsibility: External Auditor **Deadline:** 30 November 2017

11 Date of Next Meeting

Thursday 30 November 2017 at 1.30pm in the Boardroom, Halbeath Campus, Dunfermline.