

## MINUTES

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Minutes of the pre-meeting with auditors and non-executive Audit and Risk Committee members held on Thursday 9 March 2017 at 3.30pm in the Boardroom, Halbeath Campus, Dunfermline.

**Present:** Beki Thomson (Acting Chair), Tony Martin

**Apologies:** Bob Black (Chair), Derek Birkenfield, Steve Olivier, Bryan Poole

**In Attendance:** Marianne Philp (Secretary to the Board), Claire Robertson (BDO), Andrew O'Donnell (BDO), Stephen Reid (Ernst & Young)

### 1 External / Internal Audit Process

The Chair welcomed those present to the meeting. It was noted that Ernst & Young had only just been appointed as the College's external auditors. The external auditor suggested moving the private pre-meeting to November in future years, to coincide with the approval of the annual accounts. The external auditor confirmed that the transitions process had started and discussions to date had been positive. The external auditor confirmed that a draft external audit plan would be presented to the next Audit and Risk Committee meeting.

The internal auditors advised that they had no concerns about the way in which College management and staff operated during audits, and that generally management controls were strong. They confirmed that relationships were positive, there was open and regular dialogue, and that management and staff were receptive to feedback.

The internal auditors confirmed that they did have concerns in relation to the FES return annual audit, but that these could be discussed as part of the main agenda rather than be a focus of the private pre-meeting. The concern was that some issues raised previously had not been resolved in time for this year. This had been discussed with College management.

The internal auditors considered that the number of days allocated to internal audit per year was appropriate, and allowed the key areas of risk to be adequately reviewed over a 3 year period.

**Decision:** To consider moving the timing of the private pre-meeting to November, to coincide with the approval of the annual accounts.

**Responsibility:** Secretary to the Board

**Deadline:** 29 March 2016

## MINUTES

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Minutes of the Audit and Risk Committee meeting held on Thursday 9 March 2017 at 4.00pm in the Boardroom, Halbeath Campus, Dunfermline.

**Present:** Beki Thomson (Acting Chair), Tony Martin, Bryan Poole

**Apologies:** Bob Black (Chair), Derek Birkenfield, Steve Olivier

**In Attendance:** Hugh Hall (Principal), David Neilson, Marianne Philp (Secretary to the Board), Claire Robertson (BDO), Andrew O'Donnell (BDO), Stephen Reid (Ernst & Young)

### 1 Welcome

The Chair welcomed those present to the meeting. It was noted that a workshop had been held immediately prior to the meeting in order to discuss the risk management internal audit.

The following main points were agreed:

- The risk management policy should be reviewed by the Committee at least annually.
- The Committee should review the risks which have a gross risk score of 10 or more. On occasions, the Senior Management Team may also draw other risks to the attention of the Audit and Risk Committee.
- A table with definitions of gross risk scores should be introduced to make scoring more objective and to ensure consistency with departmental scoring.
- A procedure should be put in place for departmental risks to be escalated where necessary.
- To include the previous year's quarterly arrows on risk score sheets to give trend information and to include a graphical trend analysis.
- To include on the risk sheets the departmental name as well as the strategic plan / regional outcome objective number.
- Split control measures into preventative and remedial actions and to make these "SMARTer"
- Terminology should be consistent and "impact" was preferred to "significance".
- Risks on the overall risk register should be ordered by score (highest to lowest) rather than be numerical.
- Performance and risk should be a quarterly report at Board meetings, with a deeper dive undertaken at least annually at the Strategy or Development Day.

It was agreed that the proposed recommendation to categorise the risks was not required as they were already linked to Strategic and Regional Outcome Objectives.

**Decisions:**

- To update the management responses to the internal audit report and circulate this to Committee members for information.

**Responsibility:** David Neilson

**Deadline:** 31 March 2017

## 2 Remit

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

## 3 Declarations of Interests

The declarations of interests, as detailed within the paper that had been circulated, were noted.

## 4 Minutes of the Previous Meeting

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

## 5 Matters Arising / Actions Outstanding

The contents of the paper that had been circulated were noted. It was noted that action 5 could now be taken forward following on from the workshop held on the risk management internal audit report.

## 6 Update on Internal Audit Actions: exception report

The contents of the paper that had been circulated were noted. It was noted that there was one red recommendation, on page 51 of the Boardpack. It was confirmed that this related to the locally devised units not previously being recorded. This was now being implemented and the action would be completed prior to next year's internal audit being undertaken.

## 7 Internal Audit Reports

### 7.1 FES Return Audit 2015-16

The contents of the report that had been circulated were noted. It was confirmed that this report was to confirm the accuracy of data for Scottish Funding Council purposes, rather than focus on strategy.

It was noted that concerns over this area of activity had been highlighted by the external auditor at the last meeting, and that assurances had been taken by the external auditor from the Scottish Funding Council that no clawback would be made, resulting in the finalisation of the annual accounts with an unqualified opinion given. The internal auditor had also given a verbal update to members of the Committee at the last meeting.

The Chair advised commented that there were a number of high level recommendations that the College required to address quickly as the report was of concern.



priority recommendations in a previous review, and it showed significant improvements. There were some areas of overlap between this and the curriculum planning report.

**Decision:** To arrange for the internal audit reports on Curriculum Planning and Quality Assurance to be given to the Learning, Teaching and Quality Committee for information at its first meeting.

**Responsibility:** Secretary to the Board

**Deadline:** June 2017

## 7.5 External IT Security Testing

The contents of the paper that had been circulated were noted. It was noted that staff within the IT department had read the report and had accepted the recommendations, all of which would be taken forward by April 2017. It was suggested that members of the Committee should focus on the business risk rather than the detail of the report, and take some assurance from the internal auditors that this audit has shown that the review of security was adequate.

## 7.6 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.

## 8 Strategic Risk Register 2016-17

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.

Risk 8 was reviewed by members of the Committee in detail, in particular around the controls that were in place. Members were satisfied that this risk was being adequately controlled.

**Decision:** To ensure that the scores shown on the risk register are consistent with the risk sheets at future meetings.

**Responsibility:** David Neilson

**Deadline:** June 2017

## 9 Update on Arm's Length Foundation

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

## 10 Date of Next Meeting

Thursday 8 June 2017 at 4.00pm in the Boardroom, Halbeath Campus, Dunfermline.