

MINUTES

Minutes of the Audit and Risk Committee meeting held on Thursday 13 September 2018 at 3.30pm in Room ES02, Stenton Campus, Dunfermline.

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

Apologies: Ross Taylor

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

1 Welcome

The Chair welcomed those present to the meeting.

2 Minutes of the Previous Meeting: 7 June 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. Members were reminded that they should complete the Audit and Risk online training offered by CDN by the end of this year, as had been agreed at the last meeting.

4 Update on Internal Audit Actions: exception report

The contents of the paper that had been circulated were noted. Those recommendations (a total of 11) that were in progress beyond the original target date were noted and discussed. Extended deadlines as outlined in the Boardpack were agreed.

Members requested that staff be asked to set realistic and achievable deadlines when setting Agreed Completion Dates. It was suggested that this could be added into emails asking Managers to comment on draft internal audit reports.

It was highlighted that two recommendations under risk management that had been closed off by the College had been reopened during the follow-up audit (pages 73-75 of the Boardpack refer). The first related to risk management training for the senior management team, which would be organized soon. The second was in relation to setting risk tolerance levels and this would be discussed again later in the meeting.

Members expressed a view that the first recommendation under the Data Protection report (page 15 of the Boardpack) was now complete and this was agreed.

Decisions:

- To agree to the extension of deadlines as outlined in the paper that had been circulated.
Responsibility: Susan Dunsmuir **Deadline:** 29 November 2018
- To add in a request to the standard email template that Agreed Completion Dates should be realistic and achievable rather than overly ambitious.
Responsibility: Marianne Philp **Deadline:** 21 September 2018
- To agree that the first recommendation on page 15 of the Boardpack be marked as complete.
Responsibility: Susan Dunsmuir **Deadline:** 29 November 2018

5 Internal Audit Reports

5.1 Employer Links and Work Based Learning

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

It was noted that the College does currently have good employer links and a lot of work is ongoing. However there would be benefit from having a strategy and a framework within which staff were expected to operate. The internal auditor confirmed that he had not seen good practice from other clients within the sector but suggested that the documents referenced within the report (page 24 of the Boardpack) may be useful.

There was a discussion about medium sized employers in Fife and their preference only to be contacted once by the College or an agency. The internal auditor confirmed that the focus of the audit had only been on the College, not multiple organisations.

5.2 Use of Technology

The contents of the report that had been circulated were noted. It was highlighted that a limited level of assurance had been given with regard to design and operational effectiveness, and that three medium priority recommendations had been made. Some good practice had also been identified and was included in the report.

It was confirmed that spend for Digital/ICT was revenue rather than capital, which was a change following on from the reclassification of Colleges.

There was a suggestion that Digital Services should perhaps feature in the internal audit plan for 2018-19 rather than 2019-20 due to its importance. This would be discussed again later in the meeting.

5.3 Workforce Planning

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 three medium priority recommendations had been made. Some good practice had also been identified and was included in the report.

There was a discussion around how criticality of role could be defined and measured.

A query was raised about where the strategic and workforce plans did not align. It was clarified that the comment was about more overtly linking the two documents.

5.4 Follow-Up Review

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

It was agreed that the following recommendations should be removed from the follow-up review report:

- The ISO recommendation (page 69 of Boardpack) had been closed off a previous meeting. Evidence would be forwarded to the Internal Auditor. For the avoidance of doubt, members confirmed their approval of management's recommendation to remove this action from follow-up reviews.
- The first recommendation in the Data Protection audit (page 86 of the Boardpack) was now complete as had been discussed earlier in the meeting.

It was noted that the Procurement and Contract Management recommendation (page 81 of the Boardpack) was also essentially complete as only the Catering Services contract fell into this type of monitoring. Whilst the action had been completed, the contract had not been in place long enough for the monitoring to be evidenced.

Decision: To remove the two recommendations as outlined above from the report.

Responsibility: BDO

Deadline: 21 September 2018

5.5 Internal Audit Annual 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.

On behalf of the Committee, the Chair thanked BDO for their work over the past four years, which had given opportunities for improvements to the College as well as reassurance of compliance to Committee members.

5.6 Internal Audit Plan 2018-19

Scott Moncrieff were welcomed to their first meeting of the Committee, and it was noted that they would take over from BDO as the new internal auditors, following on from a procurement exercise.

The internal auditors confirmed the approach they had taken to compiling the draft internal audit plan for the next three year period. It was confirmed that year one was the current priority for approval. It was noted that the areas that had not been identified as priority for audit in this plan was either because the Committee received assurances from other sources, eg the external auditor or College reports. It was suggested that it

would be useful to map out where these assurances could be found for each of the audit areas.

Some suggestions were made:

- In addition to the Non-SFC income audit, it may be useful to have a specific focus on the SPS contract.
- The curriculum planning audit should include HE articulation.
- Consider reviewing the timing of the student marketing and student enrolment and induction audits to given ample time for changes to embed
- Widen out the scope of the IT strategy audit to cover IT security

Decisions:

- To approve the internal audit plan, subject to the suggestions as outlined above being discussed and agreed.
Responsibility: Scott Moncrieff/Susan Dunsmuir **Deadline:** 30 September 2018
- To undertake a cross-check of where assurances could be found for all the audit areas listed.
Responsibility: Principal/Susan Dunsmuir **Deadline:** 29 November 2018
- To give an update on the updated Audit Committee Handbook and an overview of the concept of assurance mapping.
Responsibility: Scott Moncrieff **Deadline:** 29 November 2018

6 Review of Internal Control and Risk Management

The contents of the paper that had been circulated were noted. The paper had been updated and would form part of the Corporate Governance statement and thereafter part of the 2017-18 annual accounts.

Decision: To approve the paper that had been circulated.

Responsibility: Susan Dunsmuir

Deadline: 29 November 2018

7 Strategic Risk Register 2018-19

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 some of these related to the recent Operational Planning exercise conducted by Directors.

Members confirmed that they had read the updated risk register and were content that the top 14 risks as identified continued to be relevant for 2018-19.

It was suggested that as the internal audits would be linked to the risks in the strategic risk registers, it would be useful if the internal auditors could check that staff understand the risks and the potential impact of these materialising. The internal auditors indicated that they could find a way to capture this.

Decisions:

- To recommend the approval of the Strategic Risk Register to the Board of Governors.
Responsibility: Susan Dunsmuir **Deadline:** 3 October 2018

- To find a way to capture staff understanding of strategic risks and the potential impact of these materialising.

Responsibility: Scott Moncrieff

Deadline: March 2019

8 Annual Update Reports

8.1 Whistleblowing

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

8.2 Fraud Prevention Policy and Response Plan: Register of Losses

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

9 Update on Arm's Length Foundation

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

10 National Fraud Initiative

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

11 Performance and Effectiveness Review: Feedback

An updated paper was tabled, the contents of which were noted. Members noted the main area of concern was to find a new member with finance/audit experience. A recruitment exercise was underway to address this.

There was a discussion about the requirement to undertake Performance and Effectiveness Reviews, and the best way to undertake these.

12 Date of Next Meeting

Thursday 29 November 2018 at 1.30pm within the Carnegie Conference Centre, Dunfermline