

AGENDA

Papers highlighted in purple font have not been published with the agenda as they are either due for future publication or are not in the public domain.

PRIVATE PRE-MEETING WITH INTERNAL AUDITORS (NON EXECUTIVE BOARD MEMBERS AND INTERNAL AUDITORS ONLY)

A private pre-meeting with internal auditors and non-executive Board members will be held on Thursday 6 June 2019 at 3pm within the Boardroom, Fife College, Dunfermline.

No	Item	Action	Lead	Pages
1	Internal Audit Process	Discuss	SM	N/A

AUDIT AND RISK COMMITTEE

A meeting of the Audit and Risk Committee will be held on Thursday 6 June 2019 at 3.30pm within the Boardroom, Fife College, Dunfermline.

No	Item	Action	Lead	Pages
1	Welcome, Apologies and Declarations of Interests	Note	SM	N/A
2	Minutes of the Previous Meeting: 14 March 2019	Approve	SM	
3	Matters Arising / Actions Outstanding	Note	SM	3-3
4	Internal Audit:			
	4.1 Update on Internal Audit Actions: Exception Report	Note	IA	
	4.2 Strategy for School Course Provision	Note	IA	
	4.3 Performance Management – Curriculum	Note	IA	
	4.4 Enrolment and Induction	Note	IA	
	4.5 Student Marketing	Note	IA	
	4.6 Internal Audit Plan 2019-20	Approve	IA	
5	External Audit Plan and Fee	Approve	EA	
6	Accounting Policies	Approve	SD	
7	Strategic Risk Register 2018-19	Note	SD	
8	Update on Assurance Mapping Proposal	Note	SD	N/A
9	National Fraud Initiative Update	Note	SD	
10	Update on Arm's Length Foundation	Note	SD	
11	Self-Evaluation 2018-19	Discuss	SM	4-14

12 Date of Next Meeting
Thursday 12 September 2019 at 3.30pm
Boardroom, Dunfermline

Note

SM

N/A



Board of Governors: Audit and Risk Committee

Actions Outstanding / Progress Made

Key:

	Outstanding and deadline passed
	Progressing and on target
	Complete

	Date of Meeting	Action	Responsibility	Deadline	Status	Comments
1	07.06.18	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.	All Committee Members	31.12.18		As the deadline for this has passed, updates should be provided to the Board Secretary on progress / when completion is expected
2	14.03.19	To recommend changes to the risk register to the Board of Governors for approval and to approve the new format of reporting.	S Dunsmuir	31.03.19		Complete
3	14.03.19	To consider adding pension implications to risk 3 or a new risk.	S Dunsmuir	06.06.19		Complete. Update on today's agenda
4	14.03.19	To add Mental Health risk to the Board Development day agenda.	M Philp	01.05.19		Development Day moved to September 2019
5	14.03.19	To approve the College's approach to developing an assurance mapping framework and the content of the assurance map templates, which would be updated to reflect the changes to the risk register.	S Dunsmuir	06.06.19		Complete. Update on today's agenda



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Review of Remit and Self-Evaluation	
Date of Meeting:	6 June 2019
Purpose:	To undertake a review of the remit and self-evaluation of the Audit and Risk Committee for academic year 2018-19
Intended Outcome:	To agree any changes to the remit that may be required, and any improvements that can be made to the work of the Committee, and to undertake an assessment of the performance and effectiveness of the work of the Committee
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Financial Implications:	None
Equality and Diversity Implications:	None
Risks Assessed:	None
Publicly Available:	Yes
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BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Evaluation of Committee Structure

1 Introduction

The Board of Governors and each of its Committees is required to undertake a self-evaluation on an annual basis. It is also good practice to review the remit of each Committee annually.

2 Feedback

Feedback is requested on all aspects of the Committee structure and the work of the Audit and Risk Committee in particular. Members may wish to consider some or all of the following points:

- Timing of meetings
- Frequency of meetings
- The remit of this Committee – eg is it correct and it is too narrow / too wide, have all aspects been covered during this academic year?
- Are there any gaps (in terms of this Committee or in reporting on key areas to the Board)?
- Information contained within papers – is it easy to understand or is more/less information needed?
- Are papers issued sufficiently in advance of meetings to allow adequate preparation?
- Do Board members have sufficient skills / knowledge to contribute to meetings or are there any gaps?

These points are indicative and you should feel free to add any other points that you think are relevant.

3 Remit

The current remit is attached. Members are invited to consider whether or not this remains relevant or if any changes are required.

4 Effectiveness of the Audit and Risk Committee

A checklist to assess the performance and effectiveness of the Audit and Risk Committee is also attached. This is based on the template provided as part of the Scottish Government Audit Committee Handbook. Members are invited to comment on the appropriateness of the checklist. Thereafter a final checklist will be emailed to all Committee members for completion over the summer, with collated results presented at the next meeting for discussion.



BOARD OF GOVERNORS

Remit of Audit and Risk Committee

1.0 Composition

The Audit and Risk Committee will have a minimum of four members of the Board.

For a meeting to be quorate, at least three members must be present.

The Committee should have a range of skills and experience and at least one member must have recent relevant financial or audit experience.

The Principal and other members of staff may be invited to attend all or part of a meeting where items of relevance are on the agenda, with the prior agreement of the Committee Chair and the Principal. The Chair of the Board may attend or be invited to attend meetings as an ex officio member of the Committee. The College's appointed internal and external auditors will be invited to send representatives to each meeting.

Members of the Finance, Commercial and Estates Committee, the staff nominees or anyone with executive authority in the college may not be members of the Audit and Risk Committee.

The Committee should normally meet four times per year, one of which must be to consider the annual financial statements and accompanying external audit report. The Committee will annually hold a private meeting (without College executives present) with internal and external auditors to discuss audit issues. Audit and Risk Committee Members or the internal or external auditors may request an additional private meeting at any time should there be issues that require to be discussed.

2.0 Overall Purpose

The purpose of the Audit and Risk Committee is to assure the Board of Governors that Fife College has in place a system of governance, internal control and risk management which is being maintained and developed to meet legislation and regulations applying to the sector. The Committee must support the Board and the Principal by reviewing the comprehensiveness, reliability and integrity of assurances: the College's governance, risk management and internal control framework.



3.0 Remit and Duties

3.1 Probity

- Advise on the selection, appointment and remuneration of the internal audit service
- Agree an internal audit work programme annually based on an audit needs assessment
- Receive the internal audit reports as per the agreed work programme and ensure that recommendations are adequately responded to by the college
- Receive an annual report from the internal auditor which should include an opinion on the degree of assurance that can be placed on the systems of internal control and any follow-up actions still outstanding which should be closed off by the College
- Review the annual financial statements with a view to recommending them to the Board for approval
- Receive the external auditor annual report and management letters and to ensure that any recommendations are adequately responded to by the College
- Monitor the effectiveness of internal and external audit service and promote co-ordination between the two
- Review the effectiveness of financial and other control systems ensuring value for money
- Oversee the policies on fraud and irregularity and receive reports on any fraud or irregularity, potential or real, ensuring that action is taken by the College to address these
- Receive an annual report on any matters of whistleblowing or disclosure and ensure that any recommendations from these are adequately responded to by the College

3.2 Risk Management

- Monitor and ensure the effectiveness of the College's approach to risk assessment and management through regular review of the Risk Register and other reports
- Review the prioritisation of risk management taking into account financial, reputational, commercial and other risks
- Request reviews by the College of areas of high or escalating risk ensuring that recommendations from these are adequately responded to
- Receive ad-hoc reports on matters of potential reputational, commercial and/or financial risk and ensure that the College's approach to managing the risks is appropriate and adequate
- Undertake an annual review of the risk management policy



3.3 Performance

- Scrutinise the organisational performance management, business continuity and governance processes to ensure their appropriateness and effectiveness
- Undertake a self-evaluation exercise annually to ensure that the Audit and Risk Committee complies with best practice in relation to governance and that the internal and external audit service is satisfactory
- In accordance with the Scottish Funding Council Code of Audit Practice, provide an annual report to the Board on the adequacy and effectiveness of the College's internal control systems and on the effectiveness of the work of the internal and external auditors

3.4 Other Matters

- Receive and review reports related to the work of the Committee prepared by external bodies

3.5 Reports from the Committee

- Report to each Board meeting relevant matters discussed within the Committee
- Prepare an annual report to the Board that gives an opinion on the system of governance, internal control and risk management within the College
- Report to the relevant Committee of the Board matters that impact on their remit

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Performance and Effectiveness Review

Role and remit	Yes/No/NA	Comments/Action
Does the committee have written terms of reference?		
Do the terms of reference cover the core functions of an audit committee as identified in the <i>SG Audit Committee</i> ?		
Are the terms of reference approved by the committee and reviewed periodically?		
Has the committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?		
Does the body's statement on internal control mention the audit committee's establishment and its broad purpose?		
Does the audit committee periodically assess its own effectiveness?		
Membership, induction and training	Yes/No/NA	Comments/Action
Has the membership of the committee been formally agreed by the board of governors and has a quorum been set?		
Are members appointed for a fixed term?		
Does at least one of the committee members have a financial background?		
Are all members, including the chair, independent of the executive function?		
Are new committee members provided with an appropriate induction?		
Has each member formally declared his or her business interests?		

Are members sufficiently independent of the other key committees of the Board?		
Has the committee considered the arrangements for assessing the attendance and performance of each member?		
Meetings	Yes/No/NA	Comments/Action
Does the committee meet regularly, at least four times a year?		
Do the terms of reference set out the frequency and broad timing of meetings?		
Does the committee calendar meet the body's business and governance needs, as well as the requirements of the financial reporting calendar?		
Are members attending meetings on a regular basis and if not, is appropriate action taken?		
Does the Accountable Officer attend all meetings and, if not, is he/she provided with a record of discussions?		
Does the committee have the benefit of attendance of appropriate officials at its meetings, including representatives from internal audit, external audit and finance?		
Internal control	Yes/No/NA	Comments/Action
Does the committee consider the findings of annual reviews by internal audit and others, on the effectiveness of the arrangements for risk management, control and governance?		
Does the committee consider the findings of reviews on the effectiveness of the system of internal control?		
Does the committee have responsibility for review of the draft Statement on Internal Control (SIC) and does it consider it separately from the accounts?		
Does the committee consider how accurate and meaningful the SIC is?		

Does the committee satisfy itself that the arrangements for risk management, control and governance have operated effectively throughout the reporting period?		
Has the committee considered how it should coordinate with other committees that may have responsibility for risk management and corporate governance?		
Has the committee satisfied itself that the body has adopted appropriate arrangements to counter and deal with fraud?		
Has the committee been made aware of the role of risk management in the preparation of the internal audit plan?		
Does the committee's terms of reference include oversight of the risk management process?		
Does the committee consider assurances provided by senior staff?		
Does the committee receive/ consider stewardship reports from senior staff in key business areas such as Finance, HR and ICT?		
Financial reporting and regulatory matters	Yes/No/NA	Comments/Action
Is the committee's role in the consideration of the annual accounts clearly defined?		
Does the committee consider, as appropriate:		
· the suitability of accounting policies and treatments		
· major judgements made		
· large write-offs		
· changes in accounting treatment		
· the reasonableness of accounting estimates		
· the narrative aspects of reporting?		

Is a committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?		
Does the committee review management's letter of representation?		
Does the committee gain an understanding of management's procedures for preparing the body's annual accounts?		
Does the committee have a mechanism to keep it aware of topical legal and regulatory issues?		
Internal audit	Yes/No/NA	Comments/Action
Does the Internal Auditor representative attend meetings of the committee?		
Does the committee approve, annually and in detail, the internal audit plans including consideration of whether the scope of internal audit work addresses the body's significant risks?		
Does internal audit have a direct reporting line, if required, to the committee?		
As well as an annual report from the Internal Audit representatives, does the committee receive progress reports from the internal audit service?		
Are outputs from follow-up audits by internal audit monitored by the committee and does the committee consider the adequacy of implementation of recommendations?		
If considered necessary, is the committee chair able to hold private discussions with the Internal Audit representative?		
Is there appropriate co-operation between the internal and external auditors?		

Does the committee review the adequacy of internal audit staffing and other resources?		
Are internal audit performance measures monitored by the committee?		
Has the committee considered the information it wishes to receive from internal audit?		
Do formal terms of reference exist defining internal audit's objectives, responsibilities, authority and reporting lines?		
External audit	Yes/No/NA	Comments/Action
Does the external audit representative attend meetings of the committee?		
Do the external auditors present and discuss their audit plans and strategy with the committee (recognising the statutory duties of external audit)?		
Does the committee chair hold periodic private discussions with the external auditor?		
Does the committee review the external auditor's annual report to those charged with governance?		
Does the committee ensure that officials are monitoring action taken to implement external audit recommendations?		
Are reports on the work of external audit presented to the committee?		
Does the committee assess the performance of external audit?		
Does the committee consider the external audit fee?		
Administration	Yes/No/NA	Comments/Action
Does the committee have a designated secretariat?		
Are agenda papers circulated in advance of meetings to allow adequate preparation by committee members?		

Do reports to the committee communicate relevant information at the right frequency, time, and in a format that is effective?		
Does the committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?		
Are minutes prepared and circulated promptly to the appropriate people, including all members of the Board?		
Is a report on matters arising presented or does the chair raise them at the committee's next meeting?		
Do action points indicate who is to perform what and by when?		
Does the committee provide an effective annual report on its own activities?		
Overall	Yes/No/NA	Comments/Action
Does the committee effectively contribute to the overall control environment of the organisation?		
Are there any areas where the committee could improve upon its current level of effectiveness?		
Does the committee seek feedback on its performance from the Board and Accountable Officer?		