

MINUTES

Minutes of the pre-meeting with auditors and non-executive Audit and Risk Committee members held on Thursday 29 November 2018 at 1.30pm in the Carnegie Conference Centre, Dunfermline.

Present: Bob Black (Chair), Susan Mitchell, Bryan Poole, Ross Taylor, Beki Thomson

Apologies: Tony Martin

In Attendance: Marianne Philp, Stephen Reid (Ernst & Young), Claire Stevenson (Scott Moncrieff)

1 External / Internal Audit Process

The Chair welcomed those present to the meeting.

It was noted that Scott Moncrieff had recently been appointed as the College's internal auditors. Scott Moncrieff confirmed that there were no issues that they wished to raise. Since appointment, a collaborative approach had been developed between the College and internal auditors, which had worked well to date. The Chair suggested that, due to the newness of the appointment, a further private meeting could be arranged for 6 months' time to review the relationship again, and this was agreed for the meeting on 6 June 2019. Claire Stevenson advised that she was leaving the company, and Nicola McKenzie would be taking over her responsibilities for Fife College. David Eardley would also remain involved.

Ernst & Young, the College's external auditors, confirmed that the external audit process had gone well with no issues to be raised. Good quality financial information had been provided and there had been good engagement from management throughout. Early communication of issues had also been useful, for example with regard to the planned closure of Carnegie Enterprise Ltd.

The external auditor gave an update for the sector with regard to Arm's Length Foundations and confirmed that, for Fife College, there appeared to be the independence required between the two organisations.

It was confirmed that there were no additional points to raise, and the meeting was closed.

Decision: To arrange a further private pre-meeting with the internal auditors immediately prior to the June 2019 meeting.

Responsibility: Director: Governance and Compliance **Deadline:** 6 June 2019

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Minutes of the Audit and Risk Committee meeting held on Thursday 29 November 2018 at 2.00pm in the Carnegie Conference Centre, Dunfermline.

Present: Bob Black (Chair), Susan Mitchell, Bryan Poole, Ross Taylor, Beki Thomson

Apologies: Tony Martin

In Attendance: Hugh Hall (Principal), Susan Dunsmuir, Marianne Philp, Stephen Reid (Ernst & Young), Claire Stevenson (Scott Moncrieff)

1 Welcome

The Chair welcomed those present to the meeting.

2 Minutes of the Previous Meeting

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.

Decision: To reissue the link to the Audit Committee online training.

Responsibility: Director: Governance and Compliance **Deadline:** 6 December 2018

4 Internal Audit

4.1 Update on Internal Audit Actions: exception report

The contents of the paper that had been circulated were noted. The internal auditors highlighted that moving forward, completed actions would be reviewed on an ongoing basis, rather than as part of a follow-up review at the year-end. On this occasion, these checks had not been undertaken, but this would happen once the new system was established.

There was a discussion about the category of “partially complete” and the internal auditors confirmed that they would only accept this as a grading where they were confident work was ongoing. Members also reiterated their preference for realistic deadlines to be set and achieved, rather than over-optimistic deadlines which then required to be moved.

It was noted that the report would continue to focus on those actions due to have been completed by the time the report was produced. A total of 10 recommendations were

reported upon at the meeting. Of these, one was complete, seven were complete pending validation and two were partially complete.

4.2 Review of the 2017-18 Credits Return

The contents of the report that had been circulated were noted. It was confirmed that:

- Controls over the collection of data and the preparation of the credits returns were adequate and effective
- All variances found were within the limits set by the Scottish Funding Council
- All actions raised during previous audits had been completed
- Key risk areas had been highlighted in the report on pages 24-27 of the Boardpack
- Two Grade 2 recommendations had been made.

4.3 Student Support Funds and EMA 2017-18

The contents of the report that had been circulated were noted. The management points raised in the report were outlined. There was a discussion about the requirement for bank details to be checked by two members of staff. It was noted that this was stated in the College's policy, which was not consistently being followed.

Decision: To consider whether it is proportionate for two members of staff to check student bank details for bursary payments, and either ensure this is enforced or update the policy.

Responsibility: Chief Financial Officer

Deadline: 14 March 2019

4.4 Updated Internal Audit Plan

It was highlighted that the Internal Audit Plan had been updated to reflect discussions that had taken place at the last meeting, add in some additional work that had been requested, and consider which areas could be covered in future years. It was noted that the number of days had been increased as an error had been made by the College when retendering for the internal audit service. The number of days had been increased to the same level as had been undertaken in previous years.

Decision: To approve the internal audit plan.

Responsibility: Internal Auditors/Chief Financial Officer

Deadline: Immediate

4.4.1 Internal Audit Plan Assurances

The contents of the report that had been circulated were noted. As had been requested at the last meeting, an auditable areas and coverage paper had been prepared which would form the first stage of the assurance mapping exercise that would be discussed later in the agenda.

5 External Audit

5.1 Letter of Support

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

5.2 Financial Statements - Main Financial Judgements

The contents of the paper that had been circulated were noted. It was agreed that this paper was not required in future years.

6 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 there had been an increase in risk scores. The Chair reminded members that there was fluidity about the number of risks to be reviewed, and also reminded Executive Team members that they could also refer lower level risks to the Committee when there was a significant change that should be highlighted.

7 Amendments to Audit Committee Handbook

The internal auditors outlined the contents of the paper that had been circulated. It was noted that a document on assurance mapping was also available to members on the Gateway. The internal auditors highlighted that the revised Handbook had been published in April and that the majority of changes that had been made were add-ons. The most significant change was the requirement for Committees to have an assurance framework put in place, and to update the Committee's terms of reference to reflect where assurances are given.

The Chair commented that the "key lines of enquiry" section of the report was useful and members may wish to read this to inform questions for future meetings.

Decision: To discuss assurance mapping offline and agree a way forward, bringing this back to the Committee when relevant to do so.

Responsibility: Chief Financial Officer / Chair **Deadline:** 6 June 2019

8 Update on Arm's Length Foundation

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

9 Date of Next Meeting

Thursday 14 March 2019 at 3.30pm in Room ES02, Stenton Campus, Glenrothes