

Unapproved Circulated

## MINUTES

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Minutes of the pre-meeting with auditors and non-executive Audit and Risk Committee members held on Thursday 21 November 2019 at 1.30pm in the Carnegie Conference Centre, Dunfermline.

**Present:** Susan Mitchell (Chair), Bob Black, Tony Martin, Bryan Poole

**In Attendance:** Hugh Hall (Principal), Marianne Philp, Nicola MacKenzie (Scott Moncrieff), Stephen Reid (Ernst & Young)

### 1 External / Internal Audit Process

The Chair welcomed those present to the meeting.

Members queried whether the auditors had considered requesting a private meeting with the Audit and Risk Committee. Both the external and internal auditors confirmed that they had not considered this as there was no need to do so as no significant areas of concern had arisen.

The internal auditors reminded Committee members this was their first year of appointment. They confirmed that paperwork was provided in advance of audits, and positive working relationships had been established. They advised that some reports can take longer than others to be finalised, but this was not unusual when compared with other Colleges.

A query was raised as to whether any differences in responses or engagement had been noticed between campuses. The internal auditor advised that the focus of audits was on teams rather than across campuses, but no such differences had been noticed. Generally open and dialogue had been experienced in all audits.

Committee members commented that the transition of personnel within the internal audit team appeared to have gone smoothly, and positive comments were given on the format of reports which were more structured than had been experienced with previous auditors.

The external auditors highlighted that the external audit report was clean and very positive. They advised that there is early engagement by the College with issues such as the land purchase transaction which was helpful. Papers were prepared early and were well presented, as had been highlighted in the external audit report.

Members asked if the external auditor would help to identify any sector-wide issues that would potentially have a negative impact on Fife College's ability to succeed. The external auditors advised that these issues were highlighted in the external audit report. For example, financial sustainability had been given an amber status. Whilst the College had plans in place to deliver a financially sustainable future, there were significant external risks that may continue to impact on financial planning and the ability to deliver savings.

Committee members also discussed risks surrounding the new campus and it was agreed that this would be discussed later in the main meeting.



# Fife College

It was noted that the internal and external auditors would continue to provide the Committee with advice on current issues, by giving updates as relevant at meetings and also by providing additional workshops or sessions upon request. It was confirmed that a training plan was currently being drafted based on feedback from members at the Board Development Day.

**Decision:** To provide an update to the Principal on the discussion, confirming positive feedback from both internal and external auditors on quality of papers, engagement and co-operation of staff during audits.

**Responsibility:** Chair

**Deadline:** 11 December 2019

## MINUTES

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Minutes of the Audit and Risk Committee meeting held on Thursday 21 November 2019 at 2.00pm in the Carnegie Conference Centre, Dunfermline.

**Present:** Susan Mitchell (Chair), Bob Black, Tony Martin, Bryan Poole

**In Attendance:** Hugh Hall (Principal), Marianne Philp, Nicola MacKenzie (Scott Moncrieff), Stephen Reid (Ernst & Young)

### 1 Welcome

The Chair welcomed those present to the meeting.

### 2 Minutes of the Previous Meeting: 12 September 2019

The minutes of the previous meeting were approved as an accurate record. It was noted that the previous meeting had not been quorate, and the decisions taken at the meeting were homologated.

### 3 Matters Arising / Actions Outstanding

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

**Item 1:** It was confirmed that all members had now completed the online training.

### 4 Internal Audit

#### 4.1 Update on Internal Audit Actions: exception report

The contents of the paper that had been circulated were noted. It was highlighted that a total of 23 recommendations were outstanding. 12 of these were complete, and the other 11 were not yet due for implementation. Committee members commented that this was excellent progress.

It was confirmed that, as recommended by the Committee previously, managers were being reminded to set realistic, rather than overly ambitious, deadlines for completion.

#### 4.2 Review of Credits Return 2018-19

The contents of the report that had been circulated were noted. No areas of concern had been identified during the audit, and the recommendations made during the 2017-18 review had been addressed. Members asked that it be recorded that this was a good report.



# Fife College

## 4.3 Student Funds 2018-19

The contents of the report that had been circulated were noted. No areas of concern had been identified during the audit, and the recommendations made during the 2017-18 review had been addressed. Members asked that it be recorded that this was a good report.

## 4.4 Staff Performance Management

The contents of the report that had been circulated were noted. It was noted that the report covered the areas of performance management, training and development and absence management. Three areas for improvement had been identified, all of which were grade 2.

It was noted that there was no link between the Performance Development Review (PDR) process and performance management within the College, and that neither were linked to salary. It was suggested that the low return rates on PDR paperwork was due to the system being cumbersome and that plans were in place to simplify this.

Members queried what potential opportunities were being missed as a result of return to work interviews/paperwork not always being completed. Members noted that it was positive that absence rates were decreasing overall, but commented that the management response to the action on page 36 of the Boardpack could be read as complacency; it cannot be inferred that the lack of RTW interviews had had no negative impact on absence just because absence had fallen. .

**Decision:** To ask the OD and HR Manager to amend the management response on page 36 of the Boardpack to suggest how this risk can be mitigated in a more positive way.

**Responsibility:** Marianne Philp

**Deadline:** 31 December 2019

## 5 Draft Audit Committee Annual Report to the Board of Governors

The contents of the paper that had been circulated were noted. It was noted that there was an error on the table on page 41 of the Boardpack.

**Decision:** To approve the draft annual report, subject to the error on page 41 of the Boardpack being corrected.

**Responsibility:** Marianne Philp

**Deadline:** 11 December 2019

## 6 Strategic Risk Register 2019-20

The contents of the paper that had been circulated were noted. The changes to risks 1, 11, 12 and 13 were outlined in detail.

The wording in the paper "Without any control measures in place ....." for various risks was queried. It was noted that this should read "Without any mitigating action having been taken....".

There was a discussion about the increased risk of protecting IT systems from attacks and misuse and it was confirmed that additional steps are being taken to mitigate this. It was agreed to check when this area was last covered by Internal Audit and where it featured on the Internal Audit schedule for next review.

The amended wording in relation to risk 12 was noted. It was suggested that a definition of “significant breach of legislation” may be useful.

Risk 13 was discussed in detail and it was agreed that the net risk should remain as high as the funding had not yet been received and due to complexities with the differences in structures of the partners. There was a lengthy discussion about recent meetings and progress made. It was confirmed that the project had a specific risk register in place.

#### **Decisions:**

- To check when the last internal audit review on protecting IT systems from attacks and misuse was undertaken and when the next internal audit was planned for this.  
**Responsibility:** Susan Dunsmuir **Deadline:** 12 March 2020
- To consider the wording of risk 12 to ensure that the definition of “significant breach of legislation” is clear.  
**Responsibility:** Marianne Philp **Deadline:** 31 December 2019
- That the net score for risk 13 should remain as high.  
**Responsibility:** Sue Reekie **Deadline:** 31 December 2019

#### **7 Date of Next Meeting**

Thursday 12 March 2020 at 3.30pm within the Boardroom, Dunfermline Campus