

MINUTES

Minutes of the Audit and Risk Committee meeting held on Wednesday 10 September 2020 at 3.30pm via Microsoft Teams.

Present: Susan Mitchell (Chair), Bob Black, Brian Fisher

Apologies: Evelyn McPhail

In Attendance: Hugh Hall (Principal), Susan Dunsmuir, Sue Reekie, David Eardley (Scott Moncrieff), Paul Kelly (Scott Moncrieff), Stephen Reid (Ernst & Young), Ron Hill, Marianne Philp

1 Welcome

The Chair welcomed those present to the meeting. It was noted that Ron Hill was observing this meeting as part of the Board's External Effectiveness Review exercise, as had been communicated by the Director: Governance and Compliance by email.

2 Minutes of the Previous Meeting: 3 June 2020

It was noted that on page 3 of the minutes, under the item on Internal Audit Plan, "2021-22" should read "2020-21". Subject to this change, 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.

4 External Audit

4.1 Annual Audit Plan Addendum

The contents of the paper that had been circulated were noted. Members were reminded that, at the last meeting the audit scope and approach was discussed and it had been highlighted that in light of the significant impact of the Covid-19 pandemic and additional disclosures required within the accounts, additional fees may be applied. The Addendum attempted to set out what these fees were likely to be on page 16 of the Boardpack. In addition, an additional fee was required with regard to the change in payroll system. It was noted that the audit was due to commence as planned on 28 September 2020.

Decision: To approve the estimated increase in fees as outlined in the paper. Any significant variance from these should be brought back to the Committee's attention for approval.

Responsibility: External Auditors

Deadline: 19 November 2020

4.2 Response to Letter from External Auditor

The contents of the papers that had been circulated were noted. Some changes to the draft letter were discussed, in particular to questions 4, 5, 11 and 14. It was confirmed that the answer to question 14 was a direct lift from FRS 102 and was not easy to read and it was suggested that this was just referenced rather than replicated. A query was raised about whether Board members understand what is meant by related parties.

Decisions:

- To make the suggested changes to the draft letter and send this to the External Auditor once finalized and signed by the Chair.
- To issue a communication to Board members ensuring they understand what is meant by related parties.

Responsibility: Director: Governance and Compliance **Deadline** 31 October 2020

5 Internal Audit

5.1 Update on Internal Audit Actions: Exception Report

The contents of the paper that had been circulated were noted. It was highlighted that the College had a total of 12 outstanding actions. Eleven of these were not yet due for implementation. The one that was due was partially complete with a revised full completion date agreed as 31 March 2021. Members of the Committee advised that they were aware that Covid-19 issues had impacted on recent work, however it was important to complete actions on time and this one had originally been due for 30 September 2018.

There was a discussion about the format of the report and giving an indication of whether actions not yet due for implementation could be reported on to show if they were on target or not, and when the actions were due within the year ahead.

Decision: To discuss offline the proposed changes to the format of the paper.

Responsibility: Internal Auditor/Chief Financial Officer **Deadline:** 19 November 2020

5.2 Digital Strategy

The contents of the report that had been circulated were noted. Good practice and areas for improvement had been identified as outlined on page 52 of the Boardpack. Four recommendations had been made and had been agreed by management.

An observation was made that where a recommendation was made within an Internal Audit report, eg stakeholder engagement, this should be applied to all areas of the business to maximize impact and effectiveness. The Principal confirmed that this did happen, although some Directorates may be ahead of others in this regard.

5.3 Internal Audit Annual Report

The contents of the paper that had been circulated were noted. Attention was drawn to page 37 of the Boardpack where the Internal Audit Opinion was set out.

It was noted that in this report, reference had been made to 16 recommendations, whereas in item 5.1, there was mention of 12 recommendations. The four recommendations from the Digital Strategy would now be added in now they had been accepted by the Committee which would reconcile these.

5.4 Internal Audit Plan

The contents of the paper that had been circulated were noted. It was confirmed that the plan had been updated to reflect the request made at the previous meeting.

It was noted that the current plan left two days available as a contingency. It was agreed that having flexibility over what these would be used for and/or increasing the number of days in-year would be more beneficial than agreeing this now.

Some clarifications in future reports were suggested. In addition, highlighting changes to avoid members doing a manual reconciliation was also suggested.

There was a discussion about those areas that had not been covered by the internal audit plan and it was noted that the assurance mapping exercise had captured where the Committee could take further reassurance on these, and that the Committee would review that annually in March.

It was noted that Scott Moncrieff would be trading as Azets moving forward, following on from a branding review exercise.

Decisions:

- To approve the internal audit plan.
- To discuss offline the proposed changes to the format of future reports.

Responsibility: Internal Auditor/Chief Financial Officer **Deadline:** 19 November 2020

6 Strategic Risk Register 2020-21

The contents of the paper that had been circulated were noted. The risks as outlined in the paper were summarized. As had been requested at the last meeting, risk owners had been asked to consider tolerances and mitigating actions taken to reduce these where they fell outwith the target tolerance level.

Discussion focused on the fluidity of the situation with regard to financial and commercial risks and that the College was limited in the steps it could take to reduce the risk to acceptable levels. Members of the Committee acknowledged this and suggested that the risk may need to be accepted as higher than the tolerance level and that it was important to do that in a conscious way.

It was noted that in the minutes of the previous meeting, reference had been made to setting out some post risk occurrence scenarios using TECOP for the risks categorized as severe with a high net score remaining, and that this had not been recorded as an action. It was confirmed that this exercise had been undertaken by the Executive Team and was undertaken during regularly discussions.

Decisions:

- To add into the risk paper going to the Board of Governors details about the post risk occurrence scenario exercise undertaken by the Executive Team to give members further reassurance.
- To recommend to the Board of Governors the Strategic Risk Register 2020-21 for approval.

Responsibility: Chief Financial Officer

Deadline: 30 September 2020

7 Approach to Risk: Dunfermline New Campus Project Board

Members were reminded of the discussion at the last meeting where it was agreed that it would be useful for the approach to risk being taken by the New Campus Project Board to be shared. It was noted that Bob Black had previously provided comment on the risk register which had been helpful.

Members suggested that it would be useful to add risk tolerance into this paper so that it mirrored the strategic risk register format, and to do some scenario planning exercises.

It was noted that the Masterplan exercise had just been completed and submitted to the Deputy First Minister, so the project was not yet in the public domain. Stakeholder engagement had been planned as part of the project.

Decision: To add risk tolerance into this paper so that it mirrored the strategic risk register format, and to do some scenario planning exercises.

Responsibility: Chief Operating Officer

Deadline: 19 November 2020

8 Update on Business Continuity Planning

The contents of the paper that had been circulated were noted. It was highlighted that the revised Incident Management Plan was available on the Gateway and the broad approach taken within this was outlined. Whilst the planned tests had not taken place prior to plan approval, this had been overtaken in part by the Covid-19 pandemic. The importance of having a framework around the plan to regularly review it, test it, and update it was discussed and a lessons learned approach would be taken.

Decision: To provide updates to the Committee (at least annually) on the outcome of tests, lessons learned and significant changes to the Incident Response Plan or approach taken.

Responsibility: Director: Governance and Compliance **Deadline:** September 2021

9 Institutional Efficiency Return

The contents of the paper that had been circulated were noted. It was highlighted that the report would be submitted to SFC by the end of this month.

10 Annual Update Reports

10.1 Whistleblowing Policy and Procedure

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

Decision: To suggest to the Director: OD and HR that a question relating to openness/willingness to give feedback under the Whistleblowing Policy and any barriers to doing this be included in a future staff survey.

Responsibility: Director: Governance and Compliance **Deadline:** 30 September 2020

10.2 Fraud Prevention Policy and Response Plan: Register of Losses

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

11 Performance and Effectiveness Review: Feedback

The contents of the paper that had been circulated were noted. It was confirmed that all members had completed the review paperwork. It was suggested that having a group discussion on responses prior to completion may be considered in future years, and pre-meetings with the Chair had been highlighted as useful by one of the new Board members. The Chair confirmed she would be willing to facilitate such activities and was open to requests being made at any time. The Chair asked that members keep the questions in mind throughout the year and raise any questions at any time.

12 Date of Next Meeting

Thursday 19 November 2020 at 1.30pm, Venue TBC

The links to the documents provided on the agenda were acknowledged and assumed to have been read.