

MINUTES

Minutes of the Audit and Risk Committee private pre-meeting with External and Internal Auditors held on Thursday 19 November 2020 at 1.45pm via Microsoft Teams.

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

In Attendance: David Eardley (Azets), Stephen Reid (Ernst & Young), Marianne Philp

1 Welcome

The Chair welcomed those present to the meeting and reminded members that private meetings could be requested at any time by the auditors or by Committee members. Once a year a meeting was arranged to give a formal opportunity to discuss any issues that may have arisen.

2 External / Internal Audit Process

The external auditor was offered the opportunity to highlight any issues that may have arisen over the past year and in particular during the audit of the year-end accounts. The external auditor confirmed that there were no issues to raise that could not be covered in the open meeting, and offered the following feedback:

- The audit had been undertaken as a remote process, and had included additional risk areas as a direct result of the current ongoing situation with staff working at home.
- The standard timetable had been followed regardless of the additional work and remote working situation, which was a credit to all staff involved.
- There had been good and constructive engagement by all staff involved, regardless of the additional pressures faced.
- Within the report, at the time of writing there had been areas still to be finalized with regards to going concern and disclosures. It could now be confirmed that only minor tweaks were required.
- Whilst Fife College had undertaken various scenario planning exercises, this had not been undertaken to the same extent by all Colleges. This gave assurance that the College was in a strong position to manage its future without assuming reliance on the Scottish Funding Council.
- No compromises to systems or processes had been identified during the audit and there was no reason to doubt that existing systems and processes would continue to work.

The internal auditor was invited to comment on engagement levels of management and resourcing levels over the past year and highlighted the following:

- Good working relationships had been established with all relevant staff. In order to strengthen the relationship and keep the contract running smoothly, additional meetings had been scheduled with the Senior Planning Co-ordinator. This also helped to keep dialogue open when there was a gap between audits.



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- The work undertaken on forward projections was particularly commendable and should be reassuring to the Board.
- One internal audit report was late due to a member of internal audit staff having a sickness absence and apologies were given to Committee members for this.
- Dialogue was professional and respectful and there was trust and rapport between staff. Whilst opinions may differ at times, having this type of dialogue was very healthy.
- Actions were generally followed up timeously by management and there were no concerns. Again Fife College performed better than other Colleges in this regard.
- The internal audit plan had been flexible and updated to take account of business need. The role of the internal auditor was to ensure the plan gave optimized coverage and depth of audit based on available resource.

The Chair commented that it was reassuring to hear such positive feedback, and thanked the auditors for their feedback.

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Minutes of the Audit and Risk Committee meeting held on Thursday 19 November 2020 at 2.15pm via Microsoft Teams.

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

In Attendance: Hugh Hall (Principal), Susan Dunsmuir, David Eardley (Azets), Stephen Reid (Ernst & Young), Marianne Philp

1 Welcome

The Chair welcomed those present to the meeting.

2 Minutes of the Previous Meeting: 19 September 2020

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 agree to transfer action 9 as detailed in the paper to the New Campus Project Board.

Responsibility: Director: Governance and Compliance **Deadline:** 2 December 2020

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 the College had a total of 2 actions which were complete, 1 partially complete and 13 not yet due for completion. Apologies were given for one internal audit report which was late coming to the Committee due to sickness absence. Reassurances were given that there was adequate cover in place within the team to cope with absences, but the particular circumstances of this audit meant that it was better to delay the report to avoid rework or confusion. It was confirmed that Appendix 3 now showed when actions fell due for completion, as had been requested at the last meeting. Whilst there were a number of Digital Services audits taking place, this was in accordance with the internal audit plan and did not indicate any governance or strategic concerns.

Members agreed to the request to extend one deadline within the Workforce Planning internal audit report from October to December.

4.2 Credits Return 2019-20

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

4.3 Student Support Funds 2019-20

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

It was highlighted that the purpose of the reports included for agenda items 4.2 and 4.3 were to give Committee members reassurance that the return had been completed, signed off and returned to the Scottish Funding Council. Work in these areas was intricate and complex, and compliance with guidance issued by SFC essential. Whilst the reports were short, there was significant work involved for staff in terms of compliance and audit.

5 Draft Audit Committee Annual Report to the Board of Governors

The contents of the paper that had been circulated were noted. Attention was drawn to the Committee Opinion on page 43 of the Boardpack. Members were asked to be clear and confident that they were in agreement with the report.

Decision: To approve the draft Annual Committee Annual Report to the Board of Governors.

Responsibility: Chief Financial Officer

Deadline: 9 December 2020

6 Strategic Risk Register Update

The contents of the paper that had been circulated were noted. The changes to the risks as detailed in the covering paper were highlighted and noted. Members noted that the net risk for some of the risks remained above the tolerance levels and that, due to the current external environment, this was outwith the College's control. The Executive Team would continue to actively monitor all risks in order to take timely and appropriate action where required.

Queries were raised as to whether there were any potential risks to consider as the College returns to a new normal, eg would student numbers potentially drop; or would there be a fundamental change to the way students and/or suppliers engage with the College. It was noted that as much intelligence as possible was being gathered on this, using pulse surveys and discussions with employers but it was too early to fully understand the implications.

An explanation was given to the description of Risk 1 "... and deliver outcomes of the College" and how this linked to the Estates Strategy. It was agreed that feedback on this would be given to the Chief Operating Officer who could consider rewording the risk.

In relation to risks 7 and 10, a query was raised about whether there was risk that the College was not contributing enough to coherency in the school and college sectors, and whether the College was "local" enough, especially in the north and east of Fife.

With regard to risk 4, it was noted that sickness absence had fallen dramatically since remote working, and it was suggested that the reasons for this might be explored more. It was noted that seemed to be a trend emerging in all organisations and was not unique to Fife College.



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Decision: To discuss with the Chief Operating Officer the wording of risk 1 based on the feedback received.

Responsibility: Chief Financial Officer

Deadline: 25 February 2021

7 **National Fraud Initiative (NFI) Update**

The contents of the paper that had been circulated were noted. It was confirmed that participation in the initiative was not a significant undertaking in terms of additional workload, and the cost was £1,100. On this basis, management believed it was worth participating.

8 **Fraud Prevention Policy: Near Miss Incident**

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

9 **Date of Next Meeting**

Thursday 25 February 2021 at 3.30pm