

Audit Committee

Minutes

Meeting reference: Audit 2019-20/01

Date and time: Tuesday 17 September 2019 at 5.30pm

Location: Room 019

Members present: Jim Crooks, Board Member
Andrew Comrie, Board Member
Ann Irvine, Board Member
Lynn Oswald, Board Member
Anna Zvarikova, Board Member

In attendance: Stuart Inglis (Henderson Loggie)
Grace Scanlin (EY)
Margaret Cook (Principal)
Lorenz Cairns, Depute Principal (Academic)
Veronica Lynch, Vice Principal (External)
Andrea Saunders (Head of Finance)
Ian McCartney, Clerk to the Board of Management

Apologies: David Archibald (Henderson Loggie)

Chair: **Jim Crooks**

Minute Taker: Ian McCartney

Quorum: 3

Summary of Action Items			
Ref	Action	Responsibility	Time Line
7.1	Health & Safety Policy Audit Chair to liaise with Board Chair re Board link to Health & Safety Committee	Chair	November Audit Committee
7.2	Health & Safety Report 2018/19 Improve readability of future Reports. Review position of Health & Wellbeing Group given widening remit of Health & Safety Committee	HS&W Adviser Depute Principal (Academic)	Next Report November Audit Committee
9.2	HR & Payroll Systems Provide report on systems implemented re control systems	Head of Finance	Future Audit Committee

Ref	Action	Responsibility	Time Line
9.3	Follow-Up Reviews Progress report on Equalities & Mainstreaming actions	Depute Principal (Academic)	November Audit Committee
11.1	Health & Safety Committee Consider matters of wellbeing more directly within remit of Health & Safety Committee	Board	Future Audit Committee
13	Review of Meeting Reports on Freedom of Information and Data Protection to be provided at future Audit Committee meetings	Clerk	November Audit Committee

Minutes:

Item		Action
1.	Welcome and Apologies The Chair welcomed everyone to the meeting, and noted apologies from David Archibald.	
2.	Additions to the Agenda There were no additions to the agenda.	
3.	Declaration of Interest in any Agenda Item There were no declarations of a conflict of interest.	
4.	Minutes of Meeting held on 14 May 2019 It was noted that Ann Irvine had submitted apologies to the meeting. Following this, the minutes were approved as a correct record.	
5.	Matters Arising from Previous Minutes	
	<u>5 Actions Arising from Meeting on 19 February 2019</u> Action 1: Health & Safety Committee – Terms of Reference – confirm introduction of template for common reporting. Action Update: Issue had been discussed at last meeting of Health & Safety Committee and added for future meetings. Action 2: Confirm staff who use own vehicles for College business are reminded about terms of business insurance.	

Action Update: Reminder had been issued.

6 Safeguarding

Action: Provide schematic to show safeguarding management processes

Action Update: Head of Student Services had asked for extension for completion of this work until next Audit meeting.

7 Balanced Scorecard

Action: Pass Committee feedback to Principal.

Action Update: Completed, new format on Agenda under Item 6.

8/9.4 Risk management/Internal Audit follow-up reviews.

Action 1: Appraise Board of Committee's view on compliance risk arising from Equality & Diversity Lead vacancy.

Action Update: Completed, Equality & Diversity Adviser employed from July 2019; full HR team now operational. New Equality & Diversity Adviser has prioritised compliance issues within role.

Action 2: Assess status and urgency of above risk.

Action Update: No impact noted against Risk Register.

10 Deferred Income Matter

Action: Report on outcome of investigation

Action Update: On Agenda under Item 14

15/16 Evaluation of Internal Audit Service/ Evaluation of External Audit Service

Action 1: Provide Chair of Audit Committee with editable evaluation forms.

Action Update: Completed.

Action 2: Circulate draft evaluation responses to Committee Members for comment and agreement.

Action Update: Responses circulated. Matter on Agenda under Items 15 & 16.

6	<p>Balanced Scorecard</p> <p>Depute Principal (Academic) introduced new format of Balanced Scorecard, noting that the Balanced Scorecard was a work in progress and that views of members of all Committees were being sought.</p> <p>Members agreed that the new format was an improvement in a number of areas, including the clarity of layout, positional arrows re trends, sector comparisons and separation of the summary page from additional granular detail.</p> <p>It was further noted that the addition of information related to Tolerances will be a useful addition as this will deal with those areas where “red” items are not necessarily poor outcomes.</p>	
7	<p>Health & Safety</p>	
7.1	<p>Health & Safety Policy</p> <p>Depute Principal (Academic) noted the changes made to the Policy per the Version Control History and presented the Policy for approval.</p> <p>Board Member asked how Board ensures effective implementation of Policy from an evidential point of view. Depute Principal (Academic) noted that a Board Member sits on Health & Safety Committee, and that there is appropriate alignment of health and safety within organisation, for example the Head of HR and Organisational Development chairs both Health & Safety and Equality & Diversity committees.</p> <p>Board Member noted that link from Board Member sitting on Health & Safety was straight to Board of Management, not via Audit Committee. It was agreed that this link should be reviewed and that the Chair of Audit Committee would involve the Chair of the Board of Management in discussions. It was noted that one of the members of the Audit Committee would be willing to be available for such duties.</p> <p>Board Member noted that Policy had not been tabled at Health & Safety Committee. This was down to timing issues to ensure timeous approval by Board.</p> <p>The Health & Safety Policy was APPROVED in principle.</p>	Chair
7.2	<p>Health & Safety Report 2018-19</p> <p>Depute Principal (Academic) presented the Report, noting in particular that some issues re training and capacity need to be</p>	

	<p>addressed, that most of the training is now delivered in-house, and that new reporting mechanisms are being put in place to address uptake levels for statutory training provided online. Depute Principal (Academic) further noted that there is a need to ensure that both current and new staff are captured via such reporting mechanisms and other routes such as performance review systems, particularly around compulsory training.</p> <p>Board Member complimented those involved in the improvements shown within the Report, which provides a great deal of comfort compared to the past.</p> <p>Following a Board Member's observation, it was agreed that there needs to be some focus on the readability of the Report, including clear numbering and also demonstrating clearer links between the Report and the Strategy, which is referred to within the Report.</p> <p>Board Member queried where the Health & Wellbeing Group fits in within the committee structure. After it being noted that this Group is informal but can feed into EDIT or Staff Engagement committees where relevant, Depute Principal (Academic) would review Group's position given the widening remit of Health & Safety Committee.</p> <p>Following a query by Henderson Loggie regarding progress on the Monitoring Report, it was suggested that there may be a preference for reports by exception to the Committee.</p>	<p>HS&W Adviser</p> <p>Depute Principal (Academic)</p>
8	Risk Management	
8.1	<p>Strategic Risk Register</p> <p>Clerk to Board of Management noted that Paper 5 was intended to provide Committee with an understanding of the time-sensitive actions on the Risk Register pending a broader review and provision of the total risk picture to the Board.</p> <p>Principal noted that there had been some slippage in timings, identifying in particular the significant work undertaken by Estates within a very restricted window, meaning that any works not completed by end August could not be tackled again until the October break.</p>	
9	Internal Audit Plan	
9.1	<p>Internal Audit Progress Report – 2018-19 Annual Plan</p> <p>Henderson Loggie noted change of document provided to Committee and summarised the main points, noting in particular that the overdue report regarding key control systems in AST would be issued shortly.</p>	

	Work had commenced on the 2019/20 Plan, with a deadline of early October to provide this to the Scottish Funding Council.	
9.2	<p>HR & Payroll Systems</p> <p>Henderson Loggie presented HR & Payroll Systems audit update, noting the change in Report Number from that originally circulated, and summarised the main points therein.</p> <p>Principal noted that College had asked for this audit to be brought forward as it was known that there were issues in the feed-through between the 3 systems in use. Principal further noted that College still has work to do in terms of having correct systems in place, and that a single integrated end-to-end system is some way off due to the costs involved, but that significant steps had been made to ensure that HR, Payroll and Finance were working much more closely together.</p> <p>Head of Finance noted that Payroll Manager had been proactive in identifying issues and had pulled together a Payroll Risk Register to solidify issues identified.</p> <p>In response to a query from a Board Member, Henderson Loggie noted satisfaction with progress made, however suggested that HMRC control areas perhaps need additional attention to minimise potential reputational risk.</p> <p>In response to a query from a Board Member, Head of Finance noted that any staff member personally affected had been dealt with on an individual basis and agreements reached where over-payments had occurred.</p> <p>Chair noted that there needs to be clarity on control mechanisms, and that there should be a report on those systems implemented to come before a future Audit Committee.</p>	Head of Finance
9.3	<p>Follow-Up Reviews</p> <p>Depute Principal (Academic) introduced Paper 8, summarising next steps in progressing outstanding actions in Equalities Mainstreaming, noting that the key staff member was now in place and is working on identified key priorities with a primary focus on compliance issues.</p> <p>Depute Principal (Academic) further noted that significant progress is expected by November and beyond, with a detailed progress report to be brought before Audit Committee at the November meeting.</p> <p>In response to a question from a Board Member re potential exposure due to non-compliance, Principal confirmed that there had</p>	Depute Principal (Academic)

	been no issues raised or received regarding non-compliance.	
9.4	<p>Business Continuity Plan</p> <p>Clerk to Board of Management presented Paper 9, which updated Section 1 of the College's Business Continuity Plan from an out-dated British Standard to the relevant ISO standard.</p> <p>Clerk noted that other Sections still need to be reviewed, with particular reference to numerous job role changes with the various sections of the Plan.</p>	
10	<p>External Audit – Annual Audit Plan</p>	
	EY provided a verbal update on the Annual Audit Plan, noting that the week of 20 October 2019 had been identified for fieldwork, and a list of specific items would be provided to the Head of Finance ahead of this visit.	
11	<p>Committee Minutes</p>	
11.1	<p>Health & Safety Committee</p> <p>Minutes of the Health & Safety Committee meeting of 29 August 2019 were accepted by the Committee.</p> <p>The Minutes prompted a discussion around increasing attendance at Health & Safety meetings and issues around work-related stress. Following this discussion, it was agreed that the Board should give some consideration to including matters of wellbeing more directly within the remit of Health & Safety Committee, and renaming the Committee accordingly</p>	Board
12	<p>Date & Time of Next Meeting</p> <p>Wednesday 27 November 2019</p>	
13	<p>Review of Meeting</p> <p>Board Member noted that the Internal Control section of Terms of Reference for Audit Committee referred to "oversight of Freedom of Information and Data Protection on behalf of the Board".</p> <p>Clerk to the Board of Management to provide appropriate reports at future meetings to ensure this requirement is complied with.</p> <p>The Committee agreed the meeting had otherwise covered its Terms of Reference.</p> <p>Representatives of Henderson Loggie and AY left the meeting.</p>	Clerk

	Part 2	
14	<p>Deferred Income - CLOSED</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>Chair proposed that Audit Committee fully support Principal's position in the commitment of the deferred income funds based on advice provided that issues were an accounting matter. This proposal was agreed.</p>	
15 & 16	<p>Evaluation of Internal Audit Service & Evaluation of External Audit Service - CLOSED</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	

	<p>Given the nature and severity of these failures, Audit Committee agreed that Chair find a form of words to amend the evaluation report, and that the matter be escalated to Audit Scotland for their consideration.</p>	<p>Chair</p>
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Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information relating to procurement items still under tender, legal advice from College lawyers, items related to national security.

Notes taken to help record minutes are also subject to Freedom of Information requests, and should be destroyed as soon as minutes are approved.

Status of Minutes – Open (Except for Items 14, 15 & 16)

An **open** item is one over which there would be no issues for the College in releasing the information to the public in response to a freedom of information request.

A **closed** item is one that contains information that could be withheld from release to the public because an exemption under the Freedom of Information (Scotland) Act 2002 applies.

The College may also be asked for information contained in minutes about living individuals, under the terms of the Data Protection Act 1998. It is important that fact, rather than opinion, is recorded.

Do the minutes contain items which may be contentious under the terms of the Data Protection Act 1998? **Yes** **No**