

# Audit Committee

## MINUTES

**Meeting reference:** Audit 2020-21/01

**Date and time:** Monday 28 September 2020 at 5:00pm

**Location:** Online

**Members present:** Jim Crooks, Board Member (Chair)  
Ann Irvine, Board Member  
Fiona Martin, Board Member  
Michaela Asisten, Student Board Member

**In attendance:** Margaret Cook, Principal  
Lorenz Cairns, Depute Principal (Academic)  
Veronica Lynch, Vice Principal (External)  
Iain Wishart, Director of Finance  
David Archibald, Henderson Loggie  
Stephen Reid, Ernst & Young  
Katy Lees, Head of HR & Organisational Development  
Ian McCartney, Clerk to the Board of Management

**Apologies:** Graham Watson, Board Member

**Chair:** **Ann Irvine**

**Minute Taker:** Ian McCartney

**Quorum:** 3

### Summary of Action Items

Ref	Action	Responsibility	Time Line
6.2	<b>COVID-19 – Audit Scotland Challenge Response</b> Clerk to add information regarding the recent Board recruitment and reallocation of committee membership within Theme 4.	Clerk	Next meeting
6.3	<b>COVID-19 – External Auditor Challenge Response</b> Clerk to examine Fraud Policy to ascertain processes re statements of fraud being uncovered.	Clerk	Next meeting
6.4	<b>Code of Good Governance – Compliance Checklist</b> Chair to arrange for review of document with appropriate sub-Committees and feed back into next Audit meeting	Clerk	Next meeting
6.5	<b>Review of Risk Register</b> Risk 17- Risk to be reviewed with owner in light of Audit Review	Clerk	Next meeting
6.5	<b>Review of Risk Register</b> Risk 27 to be removed from Register due to conclusion of Deferred Income matters	Clerk	Next meeting
6.6	<b>Health &amp; Safety Annual Report</b> Head of HR and Organisational Development to compare KPIs in report with other Academic Partners	Head of HROD	Next meeting
11	<b>Date &amp; Time of Next Meeting</b> Clerk to seek an alternative date for next Audit Committee and replicate approximate meeting schedule timescales for approval of 2019/20 financial statement as undertaken for 2018/19 financial statements	Clerk	ASAP

**Minutes:**

Item		Action
1	<p><b>Welcome and Apologies</b></p> <p>The Chair welcomed everyone to the meeting, particularly to new members and attendees. Chair thanked Ann Irvine for deputising as Chair over the last few months.</p>	
2	<p><b>Additions to the Agenda</b></p> <p>There were no additions to the Agenda.</p>	
3	<p><b>Declaration of Interest in any Agenda Item</b></p> <p>Henderson Loggie identified a conflict of interest re Procurement Contract Extension for Internal Auditors under Item 10.1.</p>	
4	<p><b>Minutes of Meeting held on 17 September 2019</b></p> <p>The minutes were accepted as an accurate record.</p>	
5	<p><b>Matters Arising from Previous Minutes</b></p>	
	<p><u>Ref 5: Business Development Strategy</u></p> <p><b>Action:</b> Vice Principal to provide update to June Board</p> <p><b>Action Update:</b> Completed</p> <p><u>Ref 6.1: Audits Action Plan</u></p> <p><b>Action 1:</b> Clarity be provided on the difference in definitions between “partial completion” and “progress on track”.</p> <p><b>Action Update:</b> Completed</p> <p><b>Action 2:</b> Amend presentational errors on Page 6.</p> <p><b>Action Update:</b> Completed</p> <p><u>Ref 6.3: Review of Risk Register</u></p> <p><b>Action 1:</b> Clearer cross-referencing to Risk 30 be made throughout document.</p> <p><b>Action Update:</b> Completed</p> <p><b>Action 2:</b> Additional risks associated with COVID-19 to be added, eg academic arrangements, new regulations on assessments,</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>

	<p>requirement for contingencies for AY 2020/21 if College may not be able to provide some courses, impacts on postponement of REF, and capacity levels in classrooms.</p> <p><b>Action Update:</b> Completed</p> <p><b>Action 3:</b> Board Member suggested references to “Furlough” within document be amended to Government Job Retention Scheme for clarity.</p> <p><b>Action Update:</b> Completed</p> <p><b>Action 4:</b> Clerk to review Residual Risk score for Risk 22.</p> <p><b>Action Update:</b> Completed</p> <p><u>Ref 12: Date &amp; Time of Next Meeting</u></p> <p><b>Action:</b> Clerk to circulate scheduled dates of Audit Committees 2020/21 following Board approval.</p> <p><b>Action Update:</b> Completed</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>
<b>6</b>	<b>Compliance</b>	
<b>6.1</b>	<p><b>Audit Action Plan</b></p> <p>Vice Principal presented Paper 2, the latest iteration of the Audit Action Plan, noting the updates to summary status layout with KPIs added, although baseline information was still required for some areas. Vice Principal also noted that 66% of actions were fully or partially complete.</p> <p>Chair asked about an estimated completion date for the Financial Regulations. Vice Principal noted these were in draft form and under review by Director of Finance with a revised target completion date of end November.</p> <p>External Auditors noted they propose to review outstanding actions from External Audit during next audit process, which has been delayed due to COVID</p> <p>Committee expressed satisfaction with progress being made on the Audit Action Plan.</p>	
<b>6.2</b>	<p><b>COVID 19 – Audit Scotland Challenge Response</b></p> <p>Vice Principal presented Paper 3 and sought Committee feedback on draft responses therein.</p> <p>Chair suggested more commentary on IT section would seem</p>	

	<p>appropriate, for example issues related to connectivity of systems and actions taken to address digital poverty.</p> <p>Chair asked whether it was possible to identify COVID-specific expenditure. It was noted that an additional COVID cost centre had been generated.</p> <p>Chair sought views of Committee on whether there was enough information on Risk. Board Member advised that they had been impressed with information provided so far.</p> <p>It was <b>AGREED</b> to add information regarding the recent Board recruitment and reallocation of committee membership within Theme 4.</p>	Clerk
<b>6.3</b>	<p><b>COVID 19 – External Auditor Challenge Response</b></p> <p>Vice Principal presented Paper 4 and sought Committee feedback on draft responses therein.</p> <p>Chair queried the College’s approach to recording of statements of fraud being uncovered. Principal suggested that this was unknown outside of the audit process but a statement to Audit Committee should be an expectation. Clerk suggested that there may be a process detailed in the Fraud Policy – this would be investigated and reported back. Internal Auditor advised that the Fraud Policy should also include reporting to Regional Strategic Body.</p>	Clerk
<b>6.4</b>	<p><b>Code of Good Governance – Compliance Checklist</b></p> <p>Clerk presented Paper 5, noting that this checklist was prepared as part of the assurance process for audits, and is a list within the Audit Action Plan for completion.</p> <p>Committee members suggested corrections to the following entries:</p> <ul style="list-style-type: none"> <li>* B1 – correct reference to HISA Perth President</li> <li>* B6 – add reference to SMT</li> <li>* C16 – add other SMT</li> <li>* C20 – clarify role of HISA Perth</li> <li>* C25-28 – note staff survey planned for Semester 2</li> </ul> <p>Chair suggested that the document be review with appropriate sub-Committees and fed back into next Audit meeting</p>	Clerk
<b>6.5</b>	<p><b>Review of Risk Register</b></p> <p>Clerk presented Paper 6, the full Strategic Risk Register, for review, noting the criteria listed.</p>	

	<p>Committee noted its contentment with the processes being followed re localised reviews and COVID risks.</p> <p>The following Risk Areas were noted for particular scrutiny:</p> <ul style="list-style-type: none"> <li>● Risk 12 – Discussion over reduction of Risk Scores, but status quo maintained</li> <li>● Risk 17- Risk to be reviewed in light of Audit Review</li> <li>● Risk 26 – Maintain status quo</li> <li>● Risk 28 – Outstanding actions noted in Audit Report (Item 9.3) were fairly short-term, which provided a level of assurance; maintain status quo</li> </ul> <p>Clerk noted that Board and F&amp;GP had suggested removal of Risk 27 due to conclusion of investigations into deferred income. Auditors noted no concerns re removing this Risk. It was <b>AGREED</b> to remove Risk 27 from the Register</p>	<p>Clerk</p> <p>Clerk</p>
<p><b>6.6</b></p>	<p><b>Health &amp; Safety Annual Report</b></p> <p>Committee received and noted Paper 7, the 2019/20 Health &amp; Safety Annual Report.</p> <p>Board Member queried how risk was being addressed with regards to the outstanding shortfall in mandatory H&amp;S training. Head of HR &amp; Organisational Development noted that the culture was being challenged by focusing on ensuring all CMT-level managers were trained at a higher level and adopted a cascading approach to Health &amp; Safety.</p> <p>Chair asked with relation to KPIs whether there was any comparison with other academic partners. Head of HR and Organisational Development wasn't aware of this but would investigate.</p> <p>Chair also suggested inviting HSW Adviser to a future Board meeting.</p> <p>Head of HR and Organisational Development informed Committee that the Health &amp; Safety Executive had responded to an anonymous report re legionella on campus. The Board Champion for Health &amp; Safety had been kept informed and a positive outcome had been reported following inspection.</p> <p>Committee expressed thanks to Health Safety &amp; Wellbeing Adviser for producing report and responding to challenges over the last few months.</p>	<p>Head of HROD</p>

<b>7</b>	<b>FOI &amp; Data Protection</b>	
<b>7.1</b>	<b>Freedom of Information &amp; Data Protection Quarterly Update</b>  Committee received and noted the quarterly update on Freedom of Information and Data Protection (Paper 8).	
<b>8</b>	<b>Performance Management</b>	
<b>8.1</b>	<b>Balanced Scorecard</b>  Committee received and noted Paper 9, the latest update to the Balanced Scorecard, and noted the proposals for improvements to the information provided.	
<b>9</b>	<b>Audit Reports &amp; Updates</b>	
<b>9.1</b>	<b>Internal Audit 2019-20 - Annual Plan update</b>  Internal Auditor summarised Paper 20, noting timing issues and assistance from Director of Finance in getting paper to Committee.  Committee noted progress as outlined.	
<b>9.2</b>	<b>Internal Audit 2019-20 – Health &amp; Safety – Final Report</b>  Internal Auditor presented Paper 10, noting the status of Requires Improvement, although significant progress had been made, particularly with regard to mandatory training, however there is still work to be done in demonstrating compliance and consistency across the College.  Committee noted report and outstanding actions.	
<b>9.3</b>	<b>Internal Audit 2020/21 – Procurement &amp; Creditors/Purchasing – Draft Report</b>  Internal Auditor presented Paper 11, noting the status of Requires Improvement. Internal Auditor noted improvements relating to procurement, however advised that increased use of PECOS was recommended to mitigate against risk of fraud via purchase order approval processes.  Committee noted report and outstanding actions.	
<b>9.4</b>	<b>Internal Audit 2020/21 – Budgetary Controls – Draft Report</b>  Internal Auditor presented Paper 12, noting a relatively positive report with a Satisfactory status.	

	Committee noted report and outstanding actions.	
<b>9.5</b>	<b>Internal Audit Report 2019/20 – Management Progress Report: HR &amp; Payroll</b>  Committee received and noted update for information.	
<b>9.6</b>	<b>Internal Audit Report 2019/20 – Management Progress Report: Payroll &amp; Pensions</b>  Committee received and noted update for information.	
<b>9.7</b>	<b>Internal Audit Report 2019/20 – Management Progress Report: Equalities Mainstreaming</b>  Committee received and noted update for information.	
<b>9.8</b>	<b>Internal Audit Report 2019/20 – Management Progress Report: Health &amp; Safety</b>  Committee received and noted update for information.	
<b>9.9</b>	<b>External Audit – Audit Plan Y/E July 2020 update</b>  External Auditor presented Paper 17, which provided an addendum to previous Audit Plan in light of external environment.  External Auditor advised that materiality levels would be maintained from previous year, an approach to Going Concern and advanced disclosures would need to be discussed with SMT prior to audit.  Based on workload and availability, External Auditor advised that a timescale of late January/early February would be most likely for completion of reporting.  Director of Finance noted that internal processing would continue based on original timescales to best manage priorities and challenges with Finance department.	
<b>10</b>	<b>Committee Minutes</b>  Minutes of the Health & Safety Committee meeting of 27 August 2020 were received for information.	
<b>11</b>	<b>Date &amp; Time of Next Meeting</b>  Meeting originally scheduled for Monday 30 November 2020 to be rescheduled as there will no longer be a joint meeting with F&GP	Clerk



	at this time. Clerk to seek an alternative date for next Audit Committee and replicate approximate meeting schedule timescales for approval of 2019/20 financial statement as undertaken for 2018/19 financial statements.	
<b>12</b>	<b>Review of Meeting</b>  Committee agreed that the Terms of Reference had been complied with.	

DRAFT

1. Information recorded in College minutes are subject to release under the Freedom of 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\*  Closed**

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 2018. 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