

# MINUTES

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**Meeting:** Audit and Risk Committee

**Date:** Thursday 7 September 2023 at 3.30pm

**Location:** Microsoft Teams

**Present:** Brian Fisher (Chair), Mike Boyle, Evelyn McPhail

**Apologies:** Samantha Mowbray

**In Attendance:** David Eardley (Azets), Graham Gillespie (Wylie & Bisset), Jim Metcalfe, Michael Spreight (Mazars), James Thomson, Marianne Philp

## 1 Welcome

The Chair welcomed those present to the meeting. Michael Spreight (Mazars) and Graham Gillespie (Wylie & Bisset) were introduced as the colleges new external and internal auditors.

## 2 Minutes of the Previous Meeting: 1 June 2023

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.

**Action 2:** It was confirmed that the internal audit report on the Dunfermline Learning Campus had been referred to the Project Board as requested. The action relating to the reporting of risk had now been completed, and discussions were underway on the presentation of reports. A workshop was also being arranged for end of September or early October to discuss arrangements for the work packages still due to be tendered.

## 4 Emerging Themes

There was a discussion about the following emerging themes:

- RAAC would be discussed at Finance, Commercial and Estates Committee and should be kept under review until its impact was fully understood and known
- In light of the current financial challenges, would there be a negative impact on academic quality and how would the Board measure this
- Net zero targets and where this fitted into the risk register/Committee reporting – as part of the business report and revised risk register post Corporate Strategy approval. It was confirmed that the Deputy Principal had overall responsibility for sustainability and net zero.

## 5 Strategic Risk Register Update

The contents of the paper that had been circulated were noted. It was noted that the risk relating to SPS had been removed from the strategic risk register until negotiations on the new contract commenced. It was confirmed that costs of all business areas, including SPS, were currently being analysed and that once SPS had issued their tender for the new contract this would be fully considered with a recommendation being made to the Finance, Commercial and Estates Committee on whether or not to respond to the tender. An update would thereafter be given to the full Board of Governors. It was anticipated that this information would be available for the November/December meetings.

A risk relating to national bargaining had been added since the last meeting. Concern was noted that this risk was becoming larger in financial terms as staff had not received a cost of living increase for last academic year. Work would require to be undertaken jointly by management and trade unions to manage job evaluation as it was unlikely to meet staff expectations.

It was confirmed that the risk register would be reviewed following the approval of the Corporate Strategy, and it would become more of a living document. It was also suggested that it would be useful to set out the actions being taken for those risks outwith tolerance level and show this in a more visual way. It was confirmed that this could be taken forward with the actions agreed at the Board Strategy Day relating to strategic risk management.

**Decision:** To recommend the approval of the Strategic Risk Register 2023-24 to the Board of Governors for approval.

**Responsibility:** Deputy Principal

**Deadline:** 28 September 2023

## 6 External Audit Update: Fieldwork and Planning

The external auditor confirmed that the external audit report would be available at the next meeting. The fieldwork dates had been agreed with the College and work was progressing to plan. The Chair reminded the external auditor that if any issues were encountered, there was an open line of communication available.

## 7 Draft Response to Letter from External Auditors

Members noted the content of the letter from the external auditors to the College and the reply that had been drafted. Members approved the draft letter.

**Decision:** To finalise the draft letter and send it to the external auditors.

**Responsibility:** Director: Governance and Compliance

**Deadline:** 14 September 2023

## 8 Internal Audit

### 8.1 Update on Internal Audit Actions: Exception Report

The contents of the paper that had been circulated were noted. The internal auditor highlighted that there were six actions outstanding – which was high for Fife College but low when compared with other Colleges. This was essentially a timing issue. A query was raised about the first action which appeared to be older than others. It was noted that this was linked to the new format of business report which the Board had agreed previously should await the approval of the corporate strategy.

## 8.2 Internal Audit Report: Student Assessment

The contents of the paper that had been circulated were noted. Good practice had been identified as outlined on page 40 of the Boardpack. No reportable weaknesses had been identified. As the report had no recommendations, additional text had been included to give Committee members a sense of why this was the case.

Members queried if having a report with no actions meant that the right things were being looked at; or if this might be an indication that too much resource was allocated which meant no actions but inefficient processes. It was agreed that it was healthy to have dialogue about time, effort and resource as part of a risk management discussion to ensure a good understanding and level of understanding. It was noted that the sector had a natural tendency to be risk averse.

**Decision:** To review the Internal Audit Plan for 2024-25 based on the level of findings from 2023-24 internal audits, considering time, effort and resource as part of overall risk management.

**Responsibility:** Committee Members

**Deadline:** June 2024

## 8.3 Internal Audit Annual Report

The contents of the paper that had been circulated were noted. The internal auditor drew attention to page 52 of the Boardpack which gave a clean audit opinion.

Thanks were expressed to Azets for the work undertaken over the period of contract with the College which was appreciated by the Board and staff.

## 8.4 Internal Audit Annual Plan

The contents of the paper that had been circulated were noted. It was confirmed that the audit plan had been drafted to cover the 3 year period of the appointment, and had been discussed with the College. It was noted that years 2 and 3 were indicative and would be discussed annually to enable audits to be changed based on new risks and priorities.

There was a discussion about the student recruitment and retention audit and the benefits of moving this forward to enable early action to be taken if required. It was agreed this could be swapped with the risk management audit on the timetable.

It was explained that GDPR had been suggested as an early audit as it had not been looked at since 2018. There had been a push by public bodies as GDPR came into force but there was a risk that focus had been lost over time.

It was suggested that net zero could be added to year 2 of the audit plan which would give time for reporting to be discussed at the Board Development Day and thereafter implemented to ensure the audit was meaningful.

**Decisions:**

- To approve the audit plan subject to risk management and student recruitment and retention being switched in the timetable, and net zero being added to year 2 of the plan.
- To retain a quarterly update report on progress with implementing internal audit recommendations on the agenda.

**Responsibility:** Deputy Principal/Internal Auditor    **Deadline:** 30 September 2023

## **9 Annual Update Reports**

### **9.1 Whistleblowing Policy and Procedure**

The contents of the paper that had been circulated were noted. It was highlighted that no whistleblowing allegations had been raised during 2022-23. Members also confirmed they had no suggested amendments to make to the Policy and Procedure.

### **9.2 Fraud Prevention Policy and Procedure: Register of Losses**

The contents of the paper that had been circulated were noted. It was highlighted that no losses had been recorded during 2022-23.

### **9.3 Business Continuity Planning**

The contents of the paper that had been circulated were noted. A suggestion was made that the group could consider looking at business continuity as we decant from the current campus to the new learning campus. It was also noted that the Director: Estates had suggested a potential test on loss of a building due to RAAC in light of recent media coverage and interest.

## **10 Self Evaluation 2022-23: Feedback**

The contents of the paper that had been circulated were noted. It was noted that overarching themes had been compiled into a Board report and the paper therefore was focused solely on Audit and Risk specific issues. Members agreed that no changes were required to the report.

## **11 Review of Meeting**

Members confirmed that discussing emerging themes remained a useful addition to the meeting and they welcomed the Deputy Principal's openness when asked questions on papers. The Deputy Principal confirmed he welcomed questions and challenge and appreciated the range of experience and expertise Board members brought to the debate.

## **12 Date of Next Meeting**

Thursday 16 November 2023

- Annual Private Pre-Meeting: 1.30pm
- Audit and Risk: 2pm
- Joint Audit and Risk and Finance, Commercial and Estates: 3.15pm