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Audit & Risk Committee

Meeting at 12:30 Wednesday 29 May 2024

on Teams

Actions

Item	Action	Responsibility and Date	Action Status
74/23	Add action deadlines to Strategic Risk Register.	VP F&CS	Partially complete
27/24	Update on write-offs to be provided	S Brook	
30/24	Update Financial regulations to include which reports go to which committees	VP F&CS	
30/24	Confirm which committee the approval process for severance payments was approved	I Earp	
30/24	Update Financial Regulations to specify who the authorising individuals are.	VP F&CS	
36/24	Bring revised committee review questions to the next A&R Committee in October 2024	I Earp	

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MINUTES

ITEM	MINUTE
Present	Carol Gillie (Chair) Dave Roberts Philip Macdonald
In Attendance	Kirsty Robb (Vice Principal, Finance & Corporate Services) Sara Wilson (Director for Finance & Procurement) Ingrid Earp (Board Secretary) Susan Brook (Wylie & Bisset - Internal Auditors) Chris Brown (Azets – External Auditors) Suzie Hartley (Minutes)
20/24	<u>Chair's Welcome</u> The Chair welcomed everyone to the meeting and thanked all for accommodating the change of time.
21/24	<u>Declaration of Conflict of Interest</u> No conflicts of interest were noted.
22/24	<u>Register of Members' Interest</u> No changes/additions to the Register of Interest were raised.
23/24	<u>Apologies for Absence</u> Apologies were received from Lindsey Hastie, Micah Hall and Jessica Elder.
24/24	<u>Minutes of Previous Meeting held on 8 February 2024 (Paper A)</u> The minutes from the last meeting were approved as an accurate record of the meeting. Updates to actions were provided as follows; 74/23 Add action deadlines to Strategic Risk Register (VP F&CS) - Partially Complete 08/24 Clarity to be sought from Director of Student Services regarding accuracy of statements around SSO's and reference to a 'Student Experience Team' within the Student Retention Internal Audit Assignment report (VP F&CS) – Complete – revised report circulated for information

	<p>09/24</p> <ul style="list-style-type: none"> - Risk Management Framework – numbering to be corrected (VP F&CS) - complete - Update Risk Management Framework to include both scores, going forward (VP F&CS) - complete - Language in the Risk Register to be updated to be more consistent (VP F&CS) - complete <p>11/24 Internal Audit procurement scoring process/collaboration with D&G – summary of this to be circulated round this committee (VP F&CS) - complete</p> <p>13/24 Audit Committee Workplan – session to be arranged with members to look more closely at quality & reporting (I Earp) – Complete – on agenda for May meeting</p> <p>16/24 Further clarity on SUN figures to be provided (S Wilson) - Complete</p>
25/24	<p><u>Matters Arising</u> No matters were raised.</p>
SECTION A – ITEMS FOR APPROVAL	
26/24	<p><u>Internal Audit Assignment – Follow up Review (Paper B, K Robb, ToR 2.8)</u></p> <p>All outstanding recommendations have been reviewed by internal auditors and have been cleared. Appendix A in the paper details an overall conclusion of strong for the College.</p> <p>No questions/comments were received and members approved the Internal Audit follow up review paper.</p>
27/24	<p><u>Internal Audit Assignment – Credit Control (Paper C, K Robb, ToR 2.7, 2.11)</u></p> <p>The report highlighted one strong recommendation and one additional recommendation, both of which are now included in the monitoring report and currently being implemented.</p> <p>A member queried whether cash is held at any other sites and the status of write-offs. S Brook will provide an update on write-offs. ACTION: SB</p> <p>Director for Finance & Procurement advised that Newtown and Hawick Campuses each have a cash safe and can handle cash if necessary. However, since the COVID-19 pandemic, very little cash has been received at these sites with the majority now being directed to the main Galashiels Campus. Additionally, Baxter Storey (catering contractor) manages its own cash control and banking processes. Newtown Campus recently held its annual big plant sale where cash was locked in their safe and a risk assessment conducted for that occasion.</p> <p>Members were happy to approve the report.</p>

	<p>A member acknowledged the positive feedback on audit reports, noting their strong outcomes and inquired whether Borders College is performing exceptionally well compared to other colleges in the sector or if "strong" is a minimum expectation. He sought to understand the level of performance and whether there is room for improvement. S Brook (Internal Auditors) advised having worked with Borders College for 18 months and that she has observed consistently strong performance with positive reports. She Highlighted specific reports such as P9 (purchasing report) and P10 (income collection), noting benchmarking against similar institutions where Borders College performs well. S Brook highlighted her 20 years of experience in the Further Education sector and confirmed that Borders College maintains robust control systems and an overall positive organisational reputation, which is not the case for all institutions.</p>
<p>28/24</p>	<p><u>Internal Audit Assignments – Purchasing and Procurement (Paper D, K Robb, ToR 2.7, 2.11)</u></p> <p>The report concluded an overall strong rating on purchasing and procurement for the College.</p> <p>A member acknowledged the College’s compliance with legislative requirements and asked if there are additional best practices that could be implemented. S Brook highlighted that any additional best practices would be listed as observations in the report, however nothing has been identified.</p> <p>Members were content to approve the report.</p>
<p>29/24</p>	<p><u>External Audit Plan (Paper E, C Brown, ToR 2.10)</u></p> <p>C Brown, Azets introduced himself as new engagement lead having taken over from David Eardley and that this is the second year of Azets’ appointment as external auditors to the College. The purpose of the plan is to outline the audit scope and highlight significant areas of concern and is similar to last year's, with key risk areas remaining unchanged. These include management override, fraud, the valuation of land and buildings - particularly pertinent given the upcoming changes at the Galashiels campus and sustainability – recognising current public finance pressures. The audit team remains the same, led by Amy Hughes and the timetable and fees are also similar to last year.</p> <p>VP Finance & Corporate Services appreciated the continuity and noted preparations for the annual accounts.</p> <p>A member queried if materiality had been revisited and if they had encountered any challenges around the fee increase. C Brown confirmed that materiality is revisited and will be again when the accounts are received. With regards to the audit fee – this is set by Audit Scotland and reflects the 6% increase to pay for Audit Scotland employees. K Robb confirmed that the fee increase was raised at the Finance Directors group and was challenged by other institutions in the sector, as well as by Borders, and that members accepted this cannot be changed as it is set in legislation.</p> <p>A member asked about the meaning of materiality and C Brown explained that materiality ensures accounts show a true and fair view</p>

	<p>without requiring absolute accuracy, which would be impractical. The materiality level is set to ensure accuracy within £325,000.</p> <p>Committee members approved the External Audit plan.</p>
<p>30/24</p>	<p><u>Review of Financial Regulations (Paper F, K Robb, ToR 2.11)</u></p> <p>Vice Principal Finance and Corporate Services gave an overview of the updates made to the financial regulations that were agreed at the last committee meeting. All elements listed in section 5.1 have been reviewed individually, with all changes tracked. The most significant change is the committee's name update to "Audit and Risk Committee." Additionally, the review of the annual accounts has been updated to occur at one committee meeting. Clarifications were added regarding roles and budget holders and section 24 has been updated to remove the separate bank account for the student association.</p> <p>A member inquired about the SFC report in Appendix B3 and the approval process for the severance scheme (Section 20.8) and which committee this would be approved at. It was confirmed that no SFC reports have been made; these would go to the Finance & Resources Committee, while fraud would go to the Audit & Risk Committee. Vice Principal Finance and Corporate Services will add in that reports go to the relevant committee.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>Regarding the approval process for severance payments, it was suggested that this may have gone to the Chairs Committee. Board Secretary will follow this up to confirm where it was approved.</p> <p style="text-align: right;">ACTION: I Earp</p> <p>S Brook noted the absence of any reference to the declaration of conflicts and interests, suggesting it should be included. VP Finance and Corporate Services agreed to review and tighten up the section, in alignment with existing the standard orders and scheme of delegation documents, and will integrate this into next year's review</p> <p>C Brown considered the document to be comprehensive and agreed that it would benefit from including reference to the code of conduct.</p> <p>A member queried whether debtors' write-offs are reported anywhere. VP Finance & Corporate Services explained that discussions are held with the Director of Finance & Procurement and team and that recommendations are signed off by herself and included in the financial report for the F&R Committee. The member requested that authorising individuals are specified in the regulations.</p> <p style="text-align: right;">ACTION: VP F&CS</p> <p>Staff responsibilities in this process are also highlighted at one to one meetings and could also be included in the staff newsletter to increase awareness.</p> <p>Members were content to approve the financial regulations on the basis that the requested amendments are made.</p>
<p>31/24</p>	<p><u>Terms of Reference (Paper G, I Earp, ToR 2.9)</u></p> <p>I Earp noted that a major overhaul of the Terms of Reference was conducted from last year through October. No significant issues were</p>

	<p>identified and members were invited to submit observations for consideration to take to the board.</p> <p>No questions were raised and the Terms of Reference were approved.</p>
SECTION B – ITEMS FOR DISCUSSION	
32/24	<p><u>Strategic Risk Register (Paper H, K Robb, ToR 2.9)</u> VP Finance & Corporate Services presented an update on the Strategic Risk Register, summarising the work completed since February, which was also discussed at the March board meeting. All targets are on track except for financial sustainability, which has seen an increased risk rating and original mitigation scores have been added, following a request made at the last A&R Committee.</p> <p>A member acknowledged that, aside from the financial risk, all other risks are within the risk appetite level and questioned why actions are still being taken forward. VP Finance & Corporate Services explained the need to actively maintain the register and that a full review will be conducted over the summer, and once actions are completed, they will be moved and a report will be provided to the Board after the summer.</p> <p>Members noted the updates to the register.</p>
33/24	<p><u>Business Continuity Plan (Paper I, K Robb, ToR 2.9)</u> The Business Continuity Plan was approved last year and continues to be closely monitored and no changes are recommended at this time.</p> <p>A member asked if the Principal and two Vice Principals ever travel together in a car, expressing concern about the risk of a road accident involving all key staff. It was confirmed that this happens rarely and will be kept in mind for future transport arrangements.</p> <p>A member inquired about assurances of the plan’s effectiveness. It was highlighted that many aspects of the plan were tested during the pandemic and that a table top or live exercise could be conducted if felt to be necessary, but would incur costs. Asked if the college has considered such an exercise, the Principal noted plans to hold an event with the SLT and WLT next year, in collaboration with Police Scotland.</p> <p>A member asked about communication of the plan and was informed that it is available on the website, a printed copy is in the office, it is advertised in the monthly newsletter and discussed at the Health & Safety Committee. A member suggested increasing PR around the plan and recommended that the Board Chair also holds a copy.</p> <p>The plan update was noted, with a review scheduled for next year.</p>
34/24	<p><u>NFI Update (Paper J, K Robb, ToR 2.13)</u> VP Finance & Corporate Services updated on the National Fraud Initiative (NFI), which aims to identify possible fraud. The recent exercise found no instances of fraud, despite 95 matches. K. Robb has contacted the lead at Audit Scotland to inquire about timelines. By August 2024, they will request data submissions for the beginning of October. The specific data required has not yet been disclosed, but it typically includes payroll and creditors information. A plan of action will be reported following this.</p>

	The update on the NFI exercise was noted.
35/24	<p><u>Audit Recommendations Monitoring (Paper K, K Robb, ToR 2.8)</u> VP Finance & Corporate Services gave an overview of the report, noting that all previous recommendations have now been cleared. New recommendations have since been received, one of which has been completed and good progress is being made with remaining internal audit work.</p> <p>An extension request is being sought, primarily for a review of data storage areas. The new Director of IT and Digital has requested additional time for a more detailed examination, proposing an extension until December 2024.</p> <p>Outstanding recommendations regarding data breaches and hardware/software reconfiguration, have been implemented. Further recommendations include improving understanding and training on SharePoint and ongoing file migration, with progress being made on the latter.</p> <p>A member inquired about the progress of asset valuations. VP Finance & Corporate Services advised that progress is being made but noted concern around delays which are impacting the progress of the annual accounts. A set of indices have been agreed and if necessary, valuations will be obtained promptly to move things along.</p> <p>All members agreed to the target date for IT security and password management and the paper update was noted.</p>
36/24	<p><u>Committee Review (Paper L, I Earp, ToR 2.16)</u> Board Secretary, I Earp highlighted that the Committee Review requires to be conducted on an annual basis. The process was overhauled last year and it was proposed to hold a Q&A session prior to an upcoming Board meeting and to review the relevance of the questions currently being asked of members. The results will then be incorporated into future reports.</p> <p>Members agreed with the proposal and it was suggested to send the current questions to committee members over the summer for further input and to include Vernice Key due to her prior experience on this committee.</p> <p>C Brown sent a self-assessment audit link to the in-meeting chat and it was agreed to bring the revised questions back to the next meeting. ACTION: Board Secretary</p>
SECTION C – ITEMS FOR INFORMATION	
37/24	<p><u>Register of Corporate Gifts (Paper M, K Robb, ToR 2.13)</u> It was reported that no new additions to the Register have been received.</p> <p>A member queried the lack of new additions and whether this was expected. VP Finance & Corporate Services noted that while curriculum-related gifts had been received, the College is no longer working with BT, who were previously, a major contributor of gifts and</p>

	<p>hospitality. Additionally, there appears to have been a reduction in hospitality offerings from companies in general. It was suggested to remind people about the policy to report gifts. It was noted that occasional reminders are sent through the newsletter, and the College aims to celebrate those who contribute.</p> <p>Members were happy to note the update on the Register of Corporate Gifts.</p>
38/24	<p><u>Information Update (K Robb, I Earp)</u> Quarterly updates from Audit Scotland continue to highlight any areas requiring action.</p> <p>A member asked if any action had been taken on the back of any recently received updates and was advised that the RAAC and valuation process was highlighted, however no changes were required as a result. Members were happy to note the Information update.</p>
39/24	<p><u>Papers for Publication (Standing Item)</u> The Board Secretary and the Chair will decide on papers to be published at a later date.</p>
40/24	<p><u>Any Other Business</u> Nothing further was raised for discussion.</p>
41/24	<p><u>Date of Next Meeting</u> Thursday 3 October 2024</p>

Signed.....
Chair

Signed.....
Board Secretary