

# BOARD OF MANAGEMENT

## Audit and Risk Committee Meeting

### Tuesday 6 December 2022



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#### Draft

Minute of the Audit & Risk Committee meeting held on Tuesday 6 December 2022 at 4.30pm via Microsoft Teams

**PRESENT:** M Williamson (Chair) S Hewitt  
S Middleton K Ditcham  
K Keay M Thomson

**IN ATTENDANCE:** A Kerr (Audit Scotland) D Archibald (Henderson Loggie)  
E Robertson (Audit Scotland) L O'Donnell  
D Fordyce S Stirling  
S Hewitt B Lawrie  
G Robertson J Carnegie (Vice Principal)  
S Taylor (Vice Principal) P Muir (Board Administrator)  
A Ross (Head of IT)

#### 1. WELCOME

M Williamson welcomed members of the Audit Committee as stand in chair in the absence of H Honeyman.

It was confirmed that an independent meeting with audit representatives had been held directly prior to the meeting.

#### 2. APOLOGIES

Apologies were received from H Honeyman, B Carmichael and R McLellan.

#### 3. DECLARATIONS OF INTEREST OR CONNECTION

G Robertson noted his role as Chair of the Board for Gardyne Theatre Limited. B. Lawrie noted his role as Chair of the Financial committee for Fife Cultural Trust, there were no other declarations of interest.

#### 4. MINUTE OF AUDIT & RISK COMMITTEES – 21 SEPTEMBER 2021

The minute of the Audit Committee meeting held on 21 September 2021 was approved as a correct record.

#### 5. MATTERS ARISING

The update on matters arising was noted.

## **6. AUDIT & RISK COMMITTEE ANNUAL REPORT TO BOARD**

M Williamson summarised the report drafted for submission to the board.

M Williamson noted that this was an excellent report and noted thanks to the Team and to J Carnegie for the management of audit outcomes and actions.

A Kerr confirmed that the points highlighted in section 11 in respect of their audit were accurate and that there were no concerns regarding any internal matters.

The annual report was approved for circulation to the BOM on 13 December 2022. **S Taylor to progress.**

## **7. INTERNAL AUDIT**

### **7.1. Student Activity**

D Archibald summarised the report, highlighting that this was one of the mandatory audits undertaken each year. The report had an overall positive outcome, with some minor recommendations noted, some of which were timing issues around final checking of credit claims for distance and workplace learning. D Archibald noted that there were no significant issues or concerns raised.

S Taylor also noted that the main recommendations related to one course within an area where there had been a new Head of Curriculum & Quality and a new Curriculum and Quality Leader and noted that CPD improvement plans were in place to offer support.

The report was approved.

### **7.2. Student Support Funds**

D Archibald noted this report on the discretionary, hardship, bursary, childcare and EMA funds highlighting that the testing and audit work undertaken had highlighted that the national policies were being followed and there were no issues to be brought to the Committee. A couple of low level observations were highlighted including a double claim that had been made to SFC and a technical point around the zero-interest paying bank account fused by the College.

The positive report was welcomed, and the report was approved.

### **7.3. Cash and Bank (Catering Outlets)**

D Archibald noted this was the first audit review for 2022/23 and had arisen as a result of a theft issue within a catering outlet. The audit scope was summarised, and D Archibald stated that the outcome was satisfactory with 5 minor recommendations. The issue around theft of stock was discussed and it was noted that, whilst an overall value couldn't be placed on losses, this was a result of loss of relatively low value items from display stands. J Carnegie noted that this was being looked at, but that the relatively low value made it uneconomical to allocate additional staffing to avoid loss.

K Ditcham asked about options to go cashless at the catering outlets and J Carnegie noted that around 30% of sales were in cash so it was not likely at this point in time but would be kept under review.

The report was approved.

### **7.4. 2021/22 Progress Review**

D Archibald confirmed that all audit activities for 2021/2022 had been completed and reported on and 2022/23 work was on track.

### **7.5. Follow-up Summary**

J Carnegie noted that work was progressing well in terms of audit recommendations, with these being closed out as per the update.

M Williamson thanks J Carnegie for the update and noted that the Committee were happy to see the progress being made.

### **8. DATA BREACH REPORTING**

There were no reportable breaches.

### **9. HEFESTIS – Annual Information & Cyber Security Risk & Maturity Report 2022**

A Ross noted the Annual Information & Cyber Security Risk & Maturity Report 2022 highlighting the positive feedback outlined through the report and improvement across all areas. A Ross said that the Risk Mitigations highlighted substantial improvement around security etc and showed that these were at an advanced stage. Work would continue in respect of the recommendations and to plan for the updated public sector cyber resilience framework expected in early 2023.

M Williamson noted that this was an excellent report, this was also noted by S Hewitt who noted the hard work undertaken by A Ross and his team in achieving these outcomes from the low point of the cyber-attack.

K Ditcham asked about the improvement reference in the report to physical security. A Ross stated that this was not a major issue in respect of cyber security due to the steps taken around cloud migration and the removal of on-site data. A Ross noted that this was always a risk in terms of the openness of the buildings and the opportunities this gave for 'kit' to go missing, although this was not a regular occurrence.

D Archibald noted the high cost of many cyber security measures and asked if there had been any funding allocated by the Scottish Government of SFC towards this. A Ross noted that there had not.

The report, and work of the team were praised by the Committee.

### **10. STRATEGIC RISK REGISTER UPDATE**

S Taylor summarised the update highlighting no changes to the Strategic Risk Register but noting that plans were in place for a wider review for the March 2023 meeting.

The Risk Register was approved.

### **11. DATE OF NEXT MEETING – Tuesday 7 March 2023**

#### **Action Point Summary**

<b>Action</b>	<b>Responsibility</b>	<b>Date</b>
Audit & Risk Committee Annual Report to the BOM	S Taylor	13 December 2022

# BOARD OF MANAGEMENT

## Joint Audit and Risk/Finance and Property Committee Meeting

Tuesday 6 December 2022

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### Draft confirmed by Chair

Minute of the Joint Audit and Finance & Property Committee meeting held on  
Tuesday 6 December 2022 at 5.15pm via MS Teams

**PRESENT:**

M Williamson (Chair)	S Hewitt
S Middleton	K Ditcham
K Key	M Thomson
S Hewitt	B Lawrie
L O'Donnell	D Fordyce
S Stirling	R McLellan
G Robertson	

**IN ATTENDANCE:**

A Kerr (Audit Scotland)	D Archibald (Henderson Loggie)
E Robertson (Audit Scotland)	J Carnegie (Vice Principal)
S Taylor (Vice Principal)	P Muir (Board Administrator)

1. **WELCOME**

M Williamson welcomed members of the Finance and Property Committee to the joint meeting.

2. **APOLOGIES**

Apologies were noted from D Mackenzie, H Honeyman and B Carmichael

3. **DECLARATIONS OF INTEREST**

G Robertson noted his role as Chair of the Board for Gardyne Theatre Limited. In addition, B Lawrie noted his role as member of the Finance committee for Fife Cultural Trust.

4. **ANNUAL REPORT ON INTERNAL AUDIT**

D Archibald noted the very positive report and highlighted that most audit outcomes had been graded as good with only minor 'grade 3' recommendations made.

D Archibald stated that all audit work had been undertaken in accordance with the audit standards required for public bodies and that all work was independent of the College. It was confirmed that the audit plan had been fulfilled and that the internal auditors were comfortable with the controls in place.

D Archibald noted the overall positive picture and positive opinions, confirming that this was a clean bill of health and an excellent outcome for the College.

Audit outcomes in respect of cyber security were discussed and B Lawrie asked if it was felt that there was a need for audit review work in respect of financial security plans. D Archibald noted that the audit plan was a live document and that the Audit & Risk Committee could review and update this as needed.

L O'Donnell asked about possible work audit work in respect of reputational management and if this may be looked at. D Archibald noted that this had been included in the Publicity and Communications audit undertaken as part of the 2021/22 plan.

Following discussion around outcomes from audits undertaken throughout the year, the report was approved.

## **5. EXTERNAL AUDIT**

### **5.1 Audit Scotland Covering Letter**

A Kerr introduced the Covering Letter, noting that provided a clean and unqualified audit opinion with minor comments in respect of some items and an overall positive conclusion in respect of effective financial management and value for money.

### **5.2 Audit Scotland Annual Report**

A Kerr noted that the audit outcome was positive and unqualified, representing a good audit outcome for the College with no significant concerns highlighted (exhibits 1,2 & 3).

Points in respect of the future financial sustainability were noted and A Kerr highlighted that these related to D&A but were within the context of similar concerns across the whole public sector.

Approaches developed in respect of the fixed asset register were noted.

A Kerr advised that this was the final year of Audit Scotland's appointment as auditors for the College and thanked B Ferguson and the rest of the team for their work and input over the past years.

D Fordyce thanked A Kerr for their input and echoed the sentiment around the effort put in by the Finance team and others to achieve an excellent audit outcome. S Hewitt and J Carnegie endorsed this comment.

Specific points around future funding and sustainability were discussed, and A Kerr highlighted the recent Audit Scotland reports around these concerns for the Scottish public sector as a whole.

The Committee noted the positive audit outcome.

The Audit Scotland Cover Letter and Audit Annual Report were approved for submission to the Board of Management on 13 December 2022. **J Carnegie to progress**

### 5.3 Financial Statements for the Year ended 31 July 2022

B Ferguson summarised the financial statements highlighting that there had been a small movement from the projected end of year out-turn, mainly due to different treatment of some items. The impact of the pensions actuarial valuation was noted, with this being outwith College control.

B Lawrie noted that the statements were a good read and provided an excellent summary of the work of the College over the year. S Hewitt confirmed that some of the information was drawn from, or used, in other documents and reports.

B Lawrie noted a correction in wording in respect of foreign currency transactions which would be amended for the final copy.

The Financial Statement for the year ended 31 July 2022 were approved for submission to the Board of Management meeting on 13 December 2022. **J Carnegie to progress.**

### 6. DATE OF NEXT MEETING

The next Joint Audit & Risk and Property & Finance Committee would be confirmed within the 2022/23 Board Meeting Schedule.

#### Action Point Summary

Action	Responsibility	Date
The Audit Scotland Cover Letter and Audit Annual Report approved for submission to the BOM	J Carnegie	13 December 2022
The Financial Statement for the year ended 31 July 2022 approved for submission to the BOM	J Carnegie	13 December 2022