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Description automatically generated**BOARD OF MANAGEMENT**

# Audit & Risk Committee

Tuesday 5 December 2023

Minute of the Audit & Risk Committee meeting held on Tuesday 5 December 2023 at 4.30pm in Room A605 Kingsway Campus and via Microsoft Teams

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| **PRESENT:** | H Honeyman (Chair Audit) | S Middleton |
|  | L O’Donnell (observing) |  |
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| **IN ATTENDANCE:** | S Taylor (Vice Principal) | P Muir (Board Administrator) |
|  | M Speight (Mazars) | S Macnaught (Henderson Loggie) |
|  | R Holland (Mazars) |  |

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|  | **WELCOME**  H Honeyman welcomed members of the Audit & Risk Committee and welcomed L O’Donnell as an observer.  It was confirmed that an independent meeting with audit representatives had been held directly prior to the meeting. |
|  | **APOLOGIES**  Apologies were noted from K Ditcham, M Williamson, R McLellan, J Buchanan and D Archibald. |
|  | **DECLARATIONS OF INTEREST OR CONNECTION**  There were no declarations. |
|  | **MINUTE OF THE PREVIOUS MEETING** – 19 September 2023  The minutes of the Audit and Risk Committee meeting held on 19 September 2023 were approved as an accurate record. |
|  | **MATTERS ARISING**  Matters arising from previous meetings were closed with one remaining open in respect of the meeting between the Committee chair and M Speight from Mazars. H Honeyman noted that she would contact M Speight to arrange to catch up. |
|  | **AUDIT & RISK COMMITTEE ANNUAL REPORT TO THE BOARD**  S Taylor summarised the report drafted for submission to the board.  S Taylor confirmed that the points highlighted within the report are now complete and approved with no concerns regarding any internal matters.  The Committee reviewed the Annual Audit Report and related work and expressed satisfaction with the assessment provided. In terms of the contribution from the External Auditor, the Committee were pleased with the support provided by the external audit team, the process and the performance and effectiveness of the External Audit team throughout the financial year.  The annual report was approved for circulation to the Board of Management on 12th December 2023. **H Honeyman to progress.** |
|  | **INTERNAL AUDIT**   * 1. **Student Activity**   S Macnaught summarised the report, highlighting that this was one of the mandatory audits undertaken each year. The report had a positive outcome with some minor recommendations noted. S Macnaught highlighted one recommendation related to credits claimed. This was to ensure any significant change to the credits claimed after audit sampling were brought to auditors’ attention on a timely basis to be considered for testing prior to conclusion of the audit fieldwork stage. The second recommendation highlighted the importance of attendance reports which should be maintained on CELCAT to support the actual hours completed and credits claimed.  H Honeyman and S Middleton queried the credit claim procedure and the procedures in place to prove students’ attendance and to prevent any reoccurrence. S Taylor highlighted that the student activity in question was affected by their employers and work schedules, so was complex to plan and record.  The report was approved.   * 1. **Student Support Funds**   S Macnaught summarised the 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 observations were noted around the small EMA overclaim of £30 which had been adjusted by the College in the monthly return for August 2023.  In addition to this, another point noted during the audit was the acknowledgment of award letters. It was highlighted there were occasions where re-award letters were not issued. Requirements have been reiterated to all staff involved in the re-assessment of awards, and sample checks to be conducted as part of on-going inspections. S Middleton highlighted the importance of a paper trail of award letters issued and received. S Taylor stated he was happy to reinforce recommendations to improve the student award letter process, and noted that arrangements for many students could be complex.  The report was welcomed and approved by the committee.   * 1. **Infrastructure Strategy/Capital Projects**   S McNaught highlighted the positive report with minor opportunities of improvement. Following a previous review of capital projects, a recommendation for project appraisal procedures for projects below a specific threshold was implemented, but had been discontinued through various staff changes. S Taylor confirmed that these would be reintroduced.  H Honeyman noted that this was an excellent report and noted thanks to the Team for the management of audit outcomes and actions.   * 1. **Follow Up Summary**   S Taylor presented the summary and noted that work was progressing well in terms of audit recommendations, with these being closed out as per the update. The remaining action outstanding is Student Invoicing and Debt Management which will be closed at the new revised date of January 2024. S Middleton asked how realistic this date it to achieving the outcome. S Taylor stated that this date has been identified for a reasonable period and the Finance team have been working towards this deadline and an update on progress would be reported at the next meeting.  H Honeyman thanked S Taylor for the update and noted that the Committee were happy to see the progress made. |
|  | **DATA REPORTING**  S Taylor noted that there had been no reportable data breaches. The annual report on cyber security and resilience would be considered at the next meeting. |
|  | **STRATEGIC RISK REGISTER UPDATE**  S Taylor summarised the Strategic Risk Register, highlighting the changes arising from September 2023 Board meeting.  Following on from previous updates in respect of the reduction in full-time student recruitment in 2021/22 and in 2022/23, discussions remain on-going between Colleges Scotland, the Scottish Government, and the Scottish Funding Council around a range of sector wide flexibilities and rule changes to better support the sector.  Feedback from SFC appears to be more supportive of the sector and that colleges should not be overly concerned around the risk of significant financial clawback for 2022/23.  As a major risk, the financial sustainability risk was discussed, and the significant on-going action in respect of this noted.  H Honeyman asked if the post-mitigation risk was high enough given the financial picture in the public sector. S Taylor stated increasing the risk was likely to signify that the board felt that the College was not financially sustainable which would then require a different set of actions to be undertaken. S Taylor noted that a balanced budget had been achieved for 2023/24 and that work was progressing to identify and realise further savings for 2024/25. S Middleton highlighted concern that the clawback of funds was not within the SFC remit and that this was a concern. The Committee requested that the post-mitigation risk be reviewed by the Executive and be brought back to the next meeting. **S Taylor to progress.**  Following discussion at the Board of Management meeting on 28 September 2023 the potential estates risk surrounding Reinforced Autoclaved Aerated Concrete (RAAC) had been updated. S Taylor highlighted that the condition of the RAAC remained good with recommended work carried out and completed, with annual inspections in place. Additional structural engineer recommendations have been received identifying the potential need to replace RAAC panels within a 3-5 year timeframe. S Taylor stated that this did impact on future infrastructure planning for the Kingsway campus, which was currently being considered and would come to the Board in the near future.  H Honeyman asked if there were any Health & Safety concerns attached to this RAAC risk of the College. S Taylor reassured the Committee that all work for RAAC had been completed with the risk remaining low/medium with no immediate concerns.  S Middleton expressed her concern and questioned if the correct colour code (green) for the post-mitigation RAAC risk was sufficient, as she felt this risk could deteriorate if not correctly managed. S Taylor assured the Committee that the risk register was reviewed on a regular basis, he highlighted that the RAAC issue may cause potential issues in the future and that the risk scoring would change if this was the case.  The wider impact of the condition of the Kingsway campus in particular was discussed and it was proposed that a risk around the ability of the College to fund or progress future large infrastructure plans be reviewed for the next meeting. **S Taylor to progress.** |
| **10.** | **DATE OF NEXT MEETING** – Tuesday 5 March 2024, Kingsway Campus, Room A625 Committee |

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| **Action Point Summary** |  |  |
| **Action** | **Responsibility** | **Date** |
| Annual Audit Committee Report to be presented to the Board | H Honeyman | 12 December 23 |
| Risk Register to be reviewed and amendment recommendations brought forward on financial sustainability and major infrastructure condition/renewal risks. | S Taylor | 5 March 2024 |