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Description automatically generated**BOARD OF MANAGEMENT**

# Audit & Risk Committee

Tuesday 19 September 2023 at 5.00pm

Minute of the Audit & Risk Committee meeting held on Tuesday 19th September 2023 at 5.00pm in Room A625 Kingsway Campus and via Microsoft Teams

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| **PRESENT:** | H Honeyman (Chair Audit) | J Buchanan |
|  | M Williamson | R McLellan |
|  | S Middleton |  |
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| **IN ATTENDANCE:** | S Taylor (Vice Principal) | P Muir (Board Administrator) |
|  | M Speight (Mazar’s) | S Inglis (Henderson Loggie) |
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|  | **WELCOME**  H Honeyman welcomed members of the Audit Committee. |
|  | **APOLOGIES**  Apologies were noted from K Ditcham and Simon Hewitt. |
|  | **DECLARATIONS OF INTEREST OR CONNECTION**  None. |
|  | **MINUTE OF THE PREVIOUS MEETING** – 6th of June 2023  The minutes of the Audit and Risk Committee meeting held on the 6th of June 2023 were approved as accurate records. |
|  | **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.  S Taylor advised that following further discussion the audit of Gardyne Theatre Ltd would continue as usual, with this work being undertaken by Mazars. |
|  | **INTERNAL AUDIT**   * 1. **2022/23 Progress Report**   S Inglis highlighted the progress report, stating there was one planned audit was still to be undertaken - Infrastructure and Capital Projects which was scheduled for April 2023, however he apologised for the delay due to absence of the College Executive Lead. Fieldwork for this review will commence week beginning the 19th of September 2023 with meetings being held and work started.  S Inglis highlighted that work was being completed on the Credits, Bursary, Childcare & Hardship Funds and EMA review. These were waiting on final returns to the Funding Council and he reassured the Committee they are working towards the deadline for completion. Overall, the audit work is progressing well and there were no concerns around arrangements for completion.  H Honeyman queried the likelihood of the Funding Council meeting these deadlines. S Inglis stated that this was out-with his control but that he didn’t have any concerns.   * 1. **Internal Audit Follow up Report**   S Inglis noted the paper, a follow-up review of the recommendations made in Internal Audit reports issued during 2021/22 and any outstanding recommendations from reports from earlier years. S Inglis stated the College had made reasonable progress in implementing the recommendations followed-up as part of this review, with nine (69%) of the 13 recommendations followed-up being assessed as ‘fully implemented and four recommendations (31%) categorised as ‘partially implemented’. The recommendations that had been assessed as ‘partially implemented’ will be subject to further follow-up as part of the equivalent review in the 2023/24 programme of internal audit work.  S Inglis highlighted the 4 partially implemented reviews: Student Invoicing and Debt Management, Cyber Security, Data Protection and Publicity & Communications. S Inglis highlighted the difficulties of finalising these reviews, with some impacted by staff shortages. S Inglis stated there were procedures in place and progress being made, with revised completion dates of December 2023/January 2024 identified.  H Honeyman questioned if the Finance staffing shortage problems have been resolved at the College. S Taylor noted there was still a vacant role in Finance which the College was struggling to fill. Discussions are on-going and alternative pathways are being looked at, to fill this post.  S Inglis noted the Data Protection recommendation, highlighting there is a network and agenda in place and progress made, with a revised date of December 2023 in place. This review should be fully complete by then.  H Honeyman questioned why this review was partial and not fully complete as the recommendations appeared to be implemented. S Taylor stated arrangements were in place for the Data Protection group prior to summer, but this had been impacted by the savings plan arrangements which had taken precedence. S Taylor reassured the Committee that work was in place, established and will be completed. M Williamson stated that she felt that this (and the previous action) could be recorded as complete.  H Honeyman asked if the delay in sign off on the policy change was for a particular reason. S Taylor noted there were arrangements in place with unions as part of the College policy review arrangements, with these also impacted by the need to progress with the savings plans. The required change had been made and would be progressed through the policy review group and document control progress by December 2023.  S Inglis highlighted the Publicity and Communications review, stating a bespoke training programme had been introduced on communication, although not yet delivered, it was scheduled to take place at the start of the academic year. S Taylor stated that this training had now commenced with two sessions already complete and the third planned for 27 September 2023. S Taylor highlighted this review had been changed from partially implemented to fully implemented in the Follow up Summary. S Inglis will look and update the partial recommendations within the Follow Up Report. **S Taylor and S Inglis to progress.**   * 1. **2023/24 Draft Audit Plan**   S Inglis highlighted the Draft Audit Plan which was based on a three-year strategic plan. There had been two changes and two new audits proposed for 2023/24. S Inglis highlighted the review of the College’s current procedures for the operation of the Sports Centre, to identify and propose procedural improvements to inform a wider College review of commercialisation and effectiveness of centre operations at the Gardyne campus. This review will be completed as a Business Process Review.  M Williamson questioned why the Sports Centre review was to be completed by an external auditor and not management. S Taylor stated the College was keen to obtain an external view on the centre operation, as the gym had sat with the Curriculum team for numerous of years and never quite secured the commercial potential that might be possible due to viewing this building as a curriculum facility as opposed to a commercial facility.  The benefits of the business process review were discussed and S Taylor noted that this had been useful to inform the review of catering operations and the resulting savings achieved. H Honeyman noted that she shared some of the concerns raised, but was happy to support this if it was felt useful by the College.  S Inglis noted that it was a business process review approach designed to target and identify areas of improvement to become more agile, efficient, and streamlined. Discussions and interactions will be at the forefront with management and stakeholders to produce points of improvements and to work on these.  S Inglis highlighted the Environmental Sustainability audit had been scheduled within the Internal Audit Plan, he stated the audit will include a review of the College’s current position and operational arrangements to ensure compliance with the Climate Change Act 2009. S Taylor provided an update on Climate Emergency Plan and the update made to the June 2023 Board meeting. Overall, there were positive findings for the carbon usage within the College, however, discussions and enhancements would be ongoing with the Head of estates, Director of Infrastructure, Academic Development Manager, and other relevant College staff.  The audit of Risk Management and related areas was discussed and it was noted that the main focus would be the risk elements, with business continuity and disaster recovery also featured.  The revised draft audit plan was approved.   * 1. **Follow up Summary**   S Taylor summarised the paper, highlighting that this basically reflected the update from Henderson Loggie. It was noted that the Communications action on the follow up summary was detailed as complete.    S Taylor noted the process around Student Invoicing and Debt Management- highlighting the procedure around the student debt remains the same within the College with additional steps put in place in dealing with a student. Discussions are held with the student around the debt, and the College as a last resort would hold back certification if the debt had not been cleared. |
|  | **STRATEGIC RISK REGISTER UPDATE**  S Taylor summarised his covering paper and the register, noting that the Brexit risk had now been removed from the Strategic Risk Register.  The financial sustainability risk was discussed and it was highlighted that work and discussions had progressed significantly in terms of the savings needed, with the total savings achieved sitting at c£2.7 million relative to the £2.5 million target through a combination of savings and additional income. This represented c10% savings taken out over the two years, without any compulsory redundancies being required.  H Honeyman asked about the risk in respect of national bargaining and S Taylor highlighted the ongoing negotiations for both academic and support staff. Negotiations for the 2022/23 and 2003/24 academic staff salary settlements remain difficult, with a final offer of £2000 for 2022/23 and £1500 for 2023/24 on all salary points being rejected and a ballot on industrial action returning a majority vote.  Both EIS/FELA and Unison had commenced strike action, with the first day taking place on 7 September. Around 39% of academic staff and 22% of support staff had taken part in the action at D&A. Further strikes were ongoing due to continuing disputes, but overall relationships at D&A remained positive. S Taylor noted that this remained under active review and the risk rating would be revised if it was appropriate.  S Taylor concluded there were no changes to the Risk Register at this point and this was approved. |
|  | **ANNUAL DATA PROTECTION COMPLIANCE**  S Taylor noted this paper for information and highlighted that there had been no reportable breaches of data Security or Protection within the last year. Minor security and data protection issues were logged and managed appropriately as they occur by the Data Protection Officer and ICT team. S Taylor highlighted the success of ‘mystery shopping’ for cyber security, using this to inform and target staff development.  All new members of staff completed mandatory data protection and cyber security training. This was refreshed on a three year rolling basis for all staff. S Middleton asked if updates were provided during the intervening years and S Taylor reassured the Committee that regular updates and reminders are in place for staff and students, with self-awareness training of the various risks that exist. |
| **9.** | **EXTERNAL AUDIT – MAZARS ASSURANCE REQUEST & D&A RESPONSE**  As part of the arrangements in place, recently appointed external audit providers- Mazars - had issued a letter to D&A College requesting details and assurances in respect of a range of key audit points.  M Speight from Mazars highlighted that this letter aimed to summarise for the Audit and Risk Committee the requirements under International Auditing Standards, in respect of preventing fraud in the annual accounts, compliance with laws and regulations, litigation and claims, and going concern.  S Taylor noted that to support these arrangements information and comment had been identified against each element of the letter with relevant comments from the College’s perspective as appropriate. These comments are only draft and were for consideration and discussion with the Audit & Risk Committee.  M Speight noted that he would request further details in respect of one of the sections (section 12) and had met with S Taylor to progress this. S Taylor highlighted that there was a limit on the information that could be provided in a public document, but this would be updated. This was recognised.  S Taylor noted that some of the responses reflected information that would be considered by other Board Committees and it was suggested that the draft be considered for final approval by the full Board.    In addition, S Taylor stated if the Committee were comfortable, the document could be amended to reflect the additional information requested by Mazars and approved by the Committee Chair prior to the Board papers being issued on 21 September. This was agreed, **S Taylor to progress.**  Overall, M Speight highlighted that the External Audit was progressing well, with fieldwork due to commence and a clear audit plan in place to complete the work by early December 2023. |
| **10.** | **DATE OF NEXT MEETING** – Tuesday 5 December 2023, Kingsway Campus, Room A605, Joint meeting with the Finance and Property Committee |

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| **Action Point Summary** |  |  |
| **Action** | **Responsibility** | **Date** |
| Update to Audit Follow Up Review to be considered | S Taylor/S Inglis | 5 December 23 |
| Audit Assurance document to be updated for Board approval | S Taylor | 21 September 23 |