# **logo_colourBOARD OF MANAGEMENT**

**Audit and Risk Committee**

Tuesday 17 September 2024 at 5.00pm via MS Teams

Minute of the Audit & Risk Committee meeting held on Tuesday 17 September 2024 at 5.00pm via Microsoft Teams.

|  |  |  |
| --- | --- | --- |
| **PRESENT:** | Helen Honeyman (Chair) | Margo Williamson |
|  | Derek Smith | Matthew Beattie |
|  | Sally Middleton | Jackie Buchanan |
|  | Ged Bell |  |

|  |  |  |
| --- | --- | --- |
| **IN ATTENDANCE:** | Steve Taylor (Vice Principal Support Service and Operations) | |
|  | Stuart Inglis (Henderson Loggie) | Michael Speight (Mazars) |
|  | Nicky Anderson (Director of Finance) | Penny Muir (Board Administrator) |
|  | Scott Anderson (External Independent Observer) | |

|  |  |
| --- | --- |
|  | **WELCOME**  H Honeyman welcomed everyone to the Audit & Risk Committee. She introduced Ged Bell (New Board Member) and Scott Anderson (External Independent Observer) to the Committee. |
|  | **APOLOGIES**  Apologies were received from Roy McLellan and Bridget Mauro (Mazars). |
|  | **DECLARATIONS OF CONNECTION & INTEREST**  S Inglis declared a connection and interest with the Internal Audit Services Procurement paper. It was noted that he would exit the meeting before this paper was considered. |
|  | **MINUTE OF THE PREVIOUS MEETING**  The minute captured on the 5th of March 2024 was recorded as an accurate minute. |
|  | **MATTERS ARISING**  All matters arising are now closed and included within the agenda. |
|  | **INTERNAL AUDIT**  **6.1 Sports Centre Business Process Review**  S Inglis noted that the review was almost completed and apologies from Henderson Loggie for a range of issues that had delayed production of the final report. It was confirmed that this would be issued as a draft to the College imminently, with the final report coming to the December meeting.  **6.2 Internal Audit Follow-Up Report**  S Inglis provided an update on the Internal Audit Follow-up report.  He provided an update on reports issued last year and those recommendations that have not yet been fully implemented.  The conclusion highlighted that good progress had been made, with 13 out of 18 actions assessed as fully implemented. Two actions, though considered, were not fully implemented and remain open for discussion.  H Honeyman expressed comfort with the progress made. S Taylor commented on the catering facilities, noting that losing a small number of items from the canteen would not justify employing additional staffing. J Buchanan inquired about a digital solution to support stock reconciliation and S Taylor noted that this could be explored.  S Inglish highlighted there are three partially implemented recommendations stemmed from one report. S Inglis noted that the final appendix included a follow-up report, and Andy Ross (Director of Infrastructure) provided a further update indicating that one of the items might be covered by the agreement threshold of the Finance Committee. The item has been implemented, with a revised target date of 31st October, which is considered a more realistic timeline for the reports to be accomplished.   * 1. **Progress Report – Procurement & Creditors / Purchasing Audit**   N Anderson provided an update on the report presented in June, which was highlighted as requiring improvements. N Anderson stated the recommendations are interlinked and depend on other reports and developments, she stated the procurement support has impacted these deadlines, necessitating amendment to some completion dates.  M Williamson questioned whether the length of delays for some of the actions and sought assurance about what measures have been put in place regarding procurement. N Anderson responded that the target date is 31st August 2025. She explained that this is linked to cost-benefit analysis and the purchasing framework, which requires additional assistance from the catering team and the procurement team, making it a complex piece of work. N Anderson stated with procurement plans in place, this would be the deadline they could realistically address, acknowledging the challenges faced by the catering team.  It was further noted that the procurement policy, pending approval, would be discussed at the December meeting, with this agreement then allowing changes to be made to underpinning processes.  H Honeyman asked if anything further could be done outside the regular committee cycle. N Anderson explained that procurement responsibilities are shared with the University of Abertay, so this was unlikely. S Taylor noted that approval could be sought via email to avoid waiting until December, however, he added that once approved there was still further work to be undertaken.  J Buchanan asked about the procurement process and asked if a framework was being set up. N Anderson noted that this was the plan and stated that interim measures are in place but noted the challenges posed by the number of different suppliers.  M Williamson expressed concern about the delays, particularly noting that some deadlines have been extended by up to a year. She highlighted the importance of training and effective communication with staff to avoid recurring errors.  S Taylor noted that arrangements were not fully in College control as procurement was an external service and efforts are being made to move quicker, but that the College’s ability to invest in additional services was limited. While there are always risks involved, S Taylor assured that the management process is being made more systematic and appropriate, with training and development responsibilities placed with managers and budget holders.  M Williamson noted that she was glad to hear the reassurances and work being progressed and, whilst concerns existed, she was content with the amended timescales.  The changes were agreed alongside a further update to be provided at the December meeting. **N Anderson to progress.**   * 1. **2023/24 Progress Report**   S Inglis provided an update on the agreed programme of work for 2023/4, highlighting that (except for the Sports Centre Operations review) all work was completed or on schedule.  He stated that work is currently being undertaken on Credits, Bursaries, and EMA audits, with the credits audit at the manager review stage. The Bursary, Childcare, Hardship Funds and EMA audit has been completed with the team awaiting the final returns from the Scottish Funding Council (SFC).  All deadlines are expected to be met unless there is a delay with the SFC.  S Taylor noted that the audit had gone well but had been a concern for the new team Leader who had taken up the role in the summer, after the previous Team leader who had been in post for c 25 years. H Honeyman expressed a huge thank you to all staff involved and asked that their thanks be passed on. **S Taylor to progress.**  The update was noted.   * 1. **2024/25 Draft Audit Plan**   S Inglis summarised the draft Audit Plan, highlighting the proposal to run with a one-year plan pending re-contracting for audit services. The range of audits proposed were discussed and S Inglis noted that these had been agreed with the College.  H Honeyman raised the issue of Health and Safety, expressing comfort with reviewing it every few years. S Taylor confirmed that there were no major concerns and noted that the HR Committee had received a detailed presentation on Health and Safety. This would reappear on future audit plans but was not scheduled for 2024/5.  S Taylor outlined decision-making on the audits planned, starting with staff development and CPD, which had emerged as a focus area from the staff survey. Satisfaction with CPD had declined compared to previous surveys, prompting a deeper examination.  S Taylor also highlighted payroll, specifically the transition to the iTrent payroll system, and the importance of reviewing it. Budgetary control, including budget setting and monitoring, was also an area of ongoing discussion. Additionally, the digital strategy, nearing the end of its current phase, required review, particularly considering significant developments such as AI and its potential impact on the college’s teaching and learning approach.  J Buchanan asked about the implementation of the digital strategy and whether AI was addressed within it. S Taylor confirmed that AI-related issues and opportunities for students were being considered, with significant work being undertaken as part of the broader digital policy.  H Honeyman enquired about reauditing procurement once it is fully embedded, suggesting a review 12 months later. S Taylor agreed that it could be included in the full Audit Needs Assessment going forward.  S Inglis proposed incorporating AI into the audit scope before finalisation, to which S Taylor agreed. G Bell expressed satisfaction with the progress of the digital strategy and inquired about the prioritisation of auditing its effectiveness. S Taylor acknowledged the significant advancements made, including efforts to move to cloud-based systems and the emphasis on digital learning and automation. He noted he was happy for the effectiveness of the strategy to be added into the audit scope. **S Taylor to progress.**  The audit plan was approved.   * 1. **Follow Up Summary**   N Anderson presented the follow up summary report, which outlined progress made against recommendations and some amended completion dates as previously discussed.  M Williamson expressed satisfaction with the assurances provided, acknowledging that circumstances had arisen but emphasised the need for ongoing monitoring. |
|  | **ANNUAL DATA PROTECTION COMPLIANCE REPORT**  S Taylor noted this paper and reported no breaches.  H Honeyman enquired about phishing activities with staff, to which S Taylor responded that it is an ongoing activity. Staff compliance has been good, and potential risks are being monitored and checked regularly.  The committee was informed that the report will be provided through the appropriate channels, with the next update expected around March 2025.  G Bell acknowledged the preventive work that had been done in this area and praised the team for their efforts.  H Honeyman also expressed appreciation and thanked the team for their contributions**.** |
|  | **RISK MANAGEMENT POLICY UPDATE**  S Taylor reported on several changes to the policy, including updates to cover the amended structure and technical changes were made to reflect updates from the SFC on their outcome and assurance framework,  The most significant changes arose from a risk management audit conducted in the spring, which recommended including more detailed audit information and refining the audit risk levels.These updates had been built into the revised draft, with input from S Inglis on some of the wording.  H Honeyman noted that the descriptions provided were clear and helpful.  J Buchanan enquired about the committee's internal controls, specifically asking if this process had been implemented before. S Taylor explained that the minutes of the Committee are distributed to every Board meeting, and the risk register is reviewed twice a year with discussions held. An annual report is also presented to the Audit & Risk Committee for sign-off, and the Chair of the Committee presents it to the Board for approval.  He also highlighted that joint meetings include discussions without any college officer present. J Buchanan thanked S Taylor for the clear explanation.  S Middleton asked if all staff members have access to the policy, to which S Taylor confirmed they do. She then noted that it is everyone's responsibility to be familiar with the policy and asked if wording could be included to reflect this. S Taylor to progress.  The Committee approved the Policy subject to the minor change suggested. |
|  | **STRATEGIC RISK REGISTER**  S Taylor reported that no changes were highlighted.  Having approved changes to the risk management policy, it was suggested that the risk register be reviewed to ensure alignment between pre- and post-mitigating actions. While no significant risk, S Taylor agreed to review this further, and any updates will be presented at the next meeting. **S Taylor to progress.**  A detailed update was provided on the budget and forecast at the Finance & Property Committee meeting, with ongoing concerns about flat cash and future sustainability always present. S Taylor highlighted that this will be updated to the Board.  Regarding the cost-of-living crisis, it was noted that efforts will continue, including the provision of free breakfast and lunch at Dundee & Angus College.  S Taylor provided a RAAC update to the Board highlighting that reassessment work is ongoing and is expected to be finalised over the October break. Next steps in the management of RAAC will be confirmed and updated as and when the information becomes available.  G Bell enquired about sustainability, specifically how the risk rating could improve post-mitigation and whether external factors are involved. S Taylor explained that while the budget is managed as effectively as possible, significant savings plans had been necessary to achieve a break-even position. Forecasting indicates that if costs continue to rise, the real impact of flat cash will be evident. It is crucial to keep these risks prominently in board discussions. This update was welcomed.  The Committee approved the Strategic Risk Register and noted the updates. |
|  | **EXTERNAL AUDIT**  M Speight reported on two key issues. Firstly, regarding the RAAC, he stated it is essential to include property valuations and any new information affecting the figures. M Speight assured the Committee that, despite the tight timetable, the aim is to have the information audited before the next meeting in December 2024. It was noted that (like last year) the results may be subject to finalisation.  Secondly, on a general issue affecting all colleges in Scotland was the treatment of funds allocated to support national Job Evaluation. This was subject to discussion with SFC, and local arrangements would align with advice given nationally.  The update was welcomed. |
| 1. **D** | **INTERNAL AUDIT SERVICES PROCUREMENT (Item for consideration without auditors’ present)**  S Taylor highlighted this report for approval noting that the contract with Henderson Loggie for internal audit services is due to expire after completion of planned 2024/25 activity. S Taylor highlighted several key routes for procurement and options were presented in the paper.  Following discussion it was proposed to proceed with Option B—a mini competitive process involving firms on the framework. The Committee approved this with interviews with potential audit suppliers delegated to the Director of Finance and Chair of the Audit & Risk Committee to progress. The outcome will be presented at the June 2025 meeting. **S Taylor and N Anderson to progress.** |
|  | **OTHER BUSINESS ITEM**  N Anderson noted that a request had been made that day by Mazars for the Committee to complete and submit an audit assurance return. N Anderson noted that this was the same information that the committee had reviewed in detail last year.  As the document has only recently been received it was proposed that sign off of this be delegated to the Chair and the Committee confirmed that they are comfortable with this. **S Taylor to progress.** |
|  | **DATE OF NEXT MEETING**  Tuesday 3 December 2024, 4.00pm (Joint Meeting with Finance & Property Committee), Kingsway Campus |

|  |  |  |  |
| --- | --- | --- | --- |
| **Action Point Summary** |  |  | |
| **Action** | **Responsibility** | **Date** | |
| Update on progress in respect of Procurement report recommendations | N Anderson | 3 December 2024 | |
| Committee thanks to be passed to those involved in Student Funding audit | S Taylor | 30 September 2024 | |
| Audit Scopes and plans to be updated as per discussions | S Taylor / S Inglis | 31 October 2024 | |
| Review of Strategic Risk Register scoring to be completed | S Taylor | 3 December 2024 | |
| Internal Audit Services Procurement to progress | S Taylor / N Anderson | 17 June 2025 | |
| Audit Assurance Questionnaire to be completed and signed off by Chair of Audit & Risk | S Taylor | | 30 September 2024 |