

**Minute of the Audit and Risk Committee
Held by Hybrid Attendance at Kilmarnock Campus
Thursday 19 March 2023**

Present:

Steven Wallace	Chair
Sharon Morrow	Vice – Chair
Alison Sutherland	Non-Executive Board Member
Matthew Wilson	Non-Executive Board Member

In attendance:

Anne Campbell	Vice Principal, Skills and Enterprise
David Davidson	Vice Principal, People, Performance and Transformation
Hilary Denholm	Board Governance Advisor & Minutes
Alan Ritchie	Vice Principal, Finance & Infrastructure
Stephen Pringle	Wylie & Bisset – Internal Auditors (with exception of Item 9)

1. Welcome and Declarations of Interest

The Chair, Steven Wallace, welcomed all present to the meeting.

There were no Declarations of Interest presented.

The meeting was confirmed as quorate.

2. Apologies

Apologies were recorded from Angela Cox, Principal & Chief Executive.

3. Minutes of the Previous Meeting held on 30th November 2023 (*Paper 1*) C/P

The minutes were approved as a correct record.

Proposed: Sharon Morrow **Seconded:** Matthew Wilson

ARC Action & Decision Tracker (*Paper 1A*) (P)

The Committee noted the updates regarding the actions which are all now completed.

4. Matters Arising

There were no other outstanding matters arising from the minutes.

5. Internal Audit Report – Estates Management (*Paper 2*) (P)

S Pringle introduced Paper 2 as presented.

The Committee noted:

- The purpose of this assignment was to review the strategic and operational arrangements in place in respect of estates management at the College.

- The Auditors reviewed the maintenance of the assets, the safety of the estates and the processes to ensure compliance with safety legislation.
- The objectives were to ensure:
 - The College's Estates Strategy supports the College objectives.
 - The College has appropriate arrangements in place to ensure that its estates are managed effectively.
 - There are robust procedures in place for ongoing maintenance and repair within the College.
 - Estates planning takes due consideration of the College's future plans for the curriculum.
 - The College is meeting its statutory obligations in relation to Estates Management.
- Areas of good practice identified included:
 - Processes in place across the Ayr Campus to ensure the safety of its buildings in accordance with the Health and Safety at Work Act 1974, with external assurances that the Kilmarnock and Kilwinning campuses are meeting their statutory obligations through monthly meetings with service providers.
 - Maintenance of Planned Preventative Maintenance (PPM) Schedules ensuring all planned works are conducted timely across the three campuses.
 - Estates team structure clearly documented with the roles and responsibilities outlined within active job descriptions, and awareness of these responsibilities.
 - Budget holder input effectively considered regarding capital budget allocation.
 - Management Accounts effectively outline any variances against the budget for both the year to date and annual forecast.
- Overall conclusion was a weak level of assurance surrounding the controls in place for Estates Management, with two recommendations:
 - High grade recommendation for improvement regarding the Infrastructure Strategy to provide a strategic plan for managing and developing its estates in line with its corporate objectives.
 - Medium grade recommendation that the College use its Estates Helpdesk for the monitoring of requests made, alongside introduction of reactive KPIs where performance can be measured on an ongoing basis.

Discussion took place regarding the weak grading, with an acknowledgment that the one high grade recommendation automatically results in a weak level of assurance. It was noted that the high-grade recommendation was partially influenced by several external factors including the lack of an SFC Infrastructure Strategy, Investment Plan and clear guidance on future levels of investment. These factors are out with the College's control with it being noted that the Estates Team have managed operations safely despite the lack of strategic lead.

It was also noted that the other 4 out of the 5 objectives were all achieved with a strong assurance.

The Committee noted the report and the two recommendations.

6. Internal Audit Report – Student Achievement (Paper 3) (P)

S Pringle introduced Paper 3 as presented.

The Committee noted:

- The purpose of this assignment was to review the level of student retention at the College.
- The Auditors assessed the processes in place at the College to highlight problem areas and where retention is low.
- The Auditors also assessed the steps taken by the College to address areas of poor student retention.
- The objectives for this review were to ensure:
 - Responsibilities for student retention are clearly defined throughout the College.
 - The College has robust quality data for quality monitoring and student retention which is reported on a timely basis.
 - The College actively monitors its student retention in a clear & defined manner.
 - The College has plans in place to address areas of poor retention in a timely manner.
 - Where poor levels of retention are highlighted, the College's procedures have been adhered to and are fit for purpose.
- Overall conclusion is a strong level of assurance surrounding the controls in place to manage student retention. Several good practice points were raised including strong plans in place to improve the retention rates through Team Operating and Enhancement Plans and weekly retention meetings; the Education Scotland inspection report where retention was identified as one of the major strengths in the College's work and several surveys are run on a regular basis to gauge student experience and improve retention.
- There were 2 low grade recommendations for improvement:
 - the Head of Business Intelligence and Information System reviews the policy in compliance with its regular review date.
 - the College in its ongoing meetings with the Curriculum Team gather feedback from the users of the systems, particularly from curriculum managers and administrators.

The Committee noted the report and acknowledged the good work being done by staff in this area.

7. Internal Audit Update (Paper 4) (P)

S Pringle introduced Paper 4 as presented which summarises the audits already completed, and those still planned, with key dates agreed.

The Committee noted:

- Detailed assignment plans are prepared for each audit undertaken, setting out the scope and objectives of the work, allocating resources and establishing target dates for the completion of the work.
- Each assignment plan is agreed and signed off by an appropriate sponsor from the College.

The Committee noted the report.

8. Draft 2024-25 Internal Audit Plan (Paper 5) (P)

A Ritchie introduced Paper 5 which presents to the Audit and Risk Committee the draft 2024-25 Internal Audit Plan for review.

The Committee noted:

- The College engaged with Wylie & Bisset to review the 2024-25 draft plan and consider what amendments could be made to it following the completion of the 2023-24 plan & wider assurance / compliance work undertaken by the College.
- The Audit Needs Assessment which reviewed the audit assignments undertaken over the last three years against other areas where the College might undertake future audit assignments.
- The College and internal auditors will look to develop the high-level remit and timing for the implementation of the 2024-25 plan.
- The College will also look to develop a plan that takes the College to the end of the potential internal audit contract in 2026-27.

Discussion took place around the suggested areas for future audits and their alignment with the strategic risk register, alongside offering best value for money, with prioritisation to allocation of audit days to areas that were required by legislation, were not being covered by ongoing development or other planned review work, and mapped to the College's strategic risks. It was agreed that it was not best value to audit areas which were undergoing transformation, and that the draft audit plan should be in some way aligned with the strategic risk register.

The Committee requested that the College review the strategic risks and align the draft 2024-25 Internal Audit Plan to those risks.

The final 2024-25 Internal Audit Plan will be brought back to the June 2024 Committee meeting for approval.

9. Annual review of effectiveness of External Auditors (Paper 6) (P)

This item was deferred to after Item 12, at which point S Pringle left the meeting.

A Ritchie introduced Paper 6 which presents the findings of the 2022-23 evaluation of the external auditors, Azets Audit Services.

The Committee noted:

- The College was content with the first year of the audit process and the approach and effectiveness of Azets Audit Services.
- There are several lessons to be learned and taken forward to 2023-24 which both the College and Azets recognise.
- It is anticipated that the 2023-24 audit will be more effective than the 2022-23 audit.

The Committee was requested to:

- a) Confirm it is content with the outcome of the College 2022-23 effectiveness review.
- b) Note that for future years the College will look to engage further with the Committee members using a questionnaire to assess the effectiveness of the external auditors.

Discussion took place around the IT controls, with acknowledgment that further information was being sought from the IT Team at Azets to clarify their recommendations, and that this information would be brought back to the Committee once received.

The Committee agreed they were content with the review outcomes and noted the report, and the planned future Committee engagement.

10. Rolling Audit Action Plan as at 31 Jan 2024 (Paper 7) (P)

A Ritchie introduced Paper 7 as presented updating on recommendations made by both the internal and external auditors.

The Committee noted:

- The College has six outstanding audit lower grade recommendations, of which two have been completed, with actions progressing on all recommendations.
- Timescales for items 3 and 4 would be extended from 31 March to 31 May.
- The review of College evidence and closure of completed recommendations will be undertaken by the internal auditors in April 2024 and reported to the June 2024 Committee.

The Committee noted the report.

12.2022-23 National Fraud Initiative (Paper 9) (P)

A Ritchie introduced Paper 9 as presented which provides an update for the Committee on the NFI process along with a review of the Audit Scotland Self-Assessment Checklist (Appendix A). This work was completed as part of year end audit, and a report will be submitted to Audit Scotland.

The Committee noted:

- The NFI review is undertaken every two years and the 2022-23 exercise was the fourth such request from Audit Scotland for the College to participate.
- The required data was limited to payroll / purchase ledger transaction / standing data. In the case of payroll data, this consisted of current employee standing data including national insurance (NI) numbers along with year to date (YTD) earnings.
- For purchase ledger information, the College supplied current address and standing data for trade creditors, and transaction histories for the period October 2019 to 30 September 2022. In line with the Audit Scotland timetable the required data was submitted by the 18 November 2022 deadline.
- The auditors raised no issues with the College approach to the 2022-23 NFI exercise.

The Committee noted the report, and the assurance and positive outcomes provided.

13.AOB

Date of Next Meeting – Tuesday 4 June 2024 at 4pm

P - Papers will be published on the College Website; R - Papers will not be published for reasons of commercial confidentiality or for reasons associated with data protection legislation; C/P - Confirmed minutes will be published on the College Website