

**Minute of the Audit and Risk Committee
Held by Hybrid Attendance at Kilmarnock Campus and
via Video Conference Using Zoom
on Tuesday 13 September 2022**

Present:

Steven Wallace	Chair
Steve Graham	Vice Chair
Matthew Wilson	Non-Executive Board Member
Alison Sutherland	Non-Executive Board Member

In attendance:

Pauline Donald	Board Governance Advisor (Minutes)
Yvonne Melvin	Board Administrative Officer
Michael Breen	Vice Principal – Finance
Anne Campbell	Vice Principal – Curriculum
James Thomson	Assistant Principal - Finance, Student Funding & Estates
Chloe Main	BDO – Internal Auditors
Joanne Buchanan	Mazars – External Auditors
Graham Gillespie	Wylie & Bisset – Internal Auditors
Stephen Pringle	Wylie & Bisset – Internal Auditors

1. Welcome and Declarations of Interest

The Chair welcomed everyone to the meeting. In particular, Graham Gillespie, Partner, and Stephen Pringle, Director of Internal Audit, from Wylie & Bissett as the new Internal Auditors from 1 August 2022.

The Chair advised on the following:

- Elaine Anderson, non-Executive Board Member had resigned from the Board and therefore from the Audit and Risk Committee.
- Michael Breen, VP, Finance has resigned from his position with the College to take up a new post within the NHS. Michael will leave the College at the end of October 2022.

The Chair extended the thanks of the Committee to Elaine and Michael for their support and commitment to the Committee and to the College.

There were no declarations of interest presented.

2. Apologies

Apologies were recorded from Claire Robertson, BDO - Internal Auditor and Lucy Nutley, Mazars - External Auditors.

The meeting was confirmed as quorate.

3. Minutes of the Previous Meeting held on 7 June 2022 (Paper 1) C/P

The minutes were approved as a correct record.

Proposed: Alison Sutherland **Seconded:** Steve Graham

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

The Committee noted the completion of all actions as recorded on the action tracker.

4. Matters Arising

There were no outstanding matters arising from the minutes.

5. 2022-23 Committee Terms of Reference and Workplan (*Paper 2*) (P)

P Donald introduced Paper 2 as presented.

The Committee noted that the Terms of Reference and corresponding Workplan for the forthcoming academic year were presented for review and comment at the first quarterly meeting in each academic year and had been reviewed in discussion with the Executive Lead for the Audit and Risk Committee. The Committee noted that minor changes were proposed, tracked for review and are as reflected in all the Standing Committee Terms of Reference

The Committee confirmed that they were content to recommend the 2022-23 Committee Terms of Reference and Workplan to Board of Management for approval.

Action: ARC37: A01 - The Committee recommended the ARC 2022-23 Committee Terms of Reference and Workplan to the Board for approval.

6. Internal Audit – BDO

i. Internal Audit Report 2021-22 – Student Voice (*Paper 3*) (P)

C Main introduced Paper 3 as presented.

The Committee noted the level of substantial assurance as reported, the recommendations and the corresponding management response related to the Constitution Review and welcomed the approach that will be taken to implement Exit Interviews for Sabbatical Officers.

The committee noted the report as presented.

ii. Internal Audit Report 2021-22 – Procurement (*Paper 4*) (P)

C Main introduced Paper 3 as presented.

The Committee noted the level of substantial assurance as reported, the recommendations and the corresponding management response as below:

- **Supplier Risk Assessment**

Management had agreed that the Contract Management Policy will be updated at its next scheduled review and the risk assessment of key suppliers recorded. The assessment will be reviewed annually and updated on an exception basis, as required.

- **Staff Training**

Management had agreed that procurement training will be made mandatory for relevant new starts and newly appointed budget holders. It was noted that the procurement induction training will be ready to be shared with all staff by the end of October.

The Committee acknowledged the good practice approach as documented and the training that will be undertaken.

The Committee noted the report as presented.

iii. Internal Audit Progress Report (Paper 5) (P)

C Main introduced Paper 5 as presented and advised that the report details the progress of BDO's work against the approved internal audit plan at September 2022.

The Committee noted that all audits as detailed had been completed and that a follow-up report will be presented by BDO to the November meeting of the Audit and Risk Committee; noting also that this the final Audit and Risk Committee meeting that BDO will attend.

BDO also advised that they had been able to report the finding of 'substantial assurance' on all audits undertaken throughout 2021-22 with only 8 low risk findings overall. The Committee noted the significant level of assurance as reported was critical to evidence the effectiveness of the overall control framework for the Committee and the Board.

The College Management Team provided further assurance that discussions with internal audit on the development of the annual internal audit work programme included areas where the College would be specifically exposed to scrutiny and challenge to support improvement.

The Chair expressed the thanks of the Committee to BDO for their services to the College.

7. Internal Audit – Wylie & Bisset

i. Introduction and Overview of Wylie & Bisset (Verbal) (P)

The Committee welcomed the newly appointed Internal Auditors, Graham Gillespie (Partner) and Stephen Pringle (Director of Internal Audit) from Wylie & Bissett. Wylie & Bissett had been appointed following a successful procurement exercise and will be the College Internal Auditors for a three-year period from 1 August 2022 to 31 July 2025, with the option of two one-year extension.

ii. Internal Audit Plan 2022-23 (Paper 6)

The Committee received an overview of the 2022-23 audit plan which they were content to approve. The Committee noted that the plan was prepared in discussion with members of the Senior Leadership Team (SLT) and had been considered at its August meeting.

The Committee commented that they were encouraged by the inclusion of KPIs within the plan and looked forward to receiving regular reports on progress.

The Committee confirmed that they were content to receive the plan as presented.

8. External Audit - Mazars

External Audit 2021-22 Progress Report (*Paper 7*) (*P*)

J Buchanan introduced Paper 7 as presented and advised that this was a brief report in advance of commencement of the final audit fieldwork which was due to commence on 17 October 2022.

The Committee also noted the following further key dates for information:

- Report to the Audit and Risk Committee on 22 November 2022 with Annual Audit Report and draft opinion on the financial statements.
- The accounts are due to be approved by the Ayrshire College Board of Management on 8 December 2022.

J Buchanan confirmed that there were no issues to raise with the ARC in relation to the audit approach, with no change to the procedure as set out in the audit strategy memorandum.

The Committee noted the report as presented.

9. Internal Audit rolling Action Plan as at September 2022 (*Paper 8*) (*P*)

J Thomson introduced Paper 8 as presented.

The Committee noted the two actions that remain outstanding:

Schools and Community Provision

- The Committee was reminded of previous updates and discussions on this item. J Thomson sought the committee's agreement that this action had been progressed as much as possible with the recommendation to close off in advance of the final audit year.

The Committee confirmed that they supported the recommendation as suggested by management, however requested that a supporting narrative outlining the rationale for closure is documented.

Action: ARC37: A02 - Rationale to support closure of action related to 'Schools and Community Provision' as detailed in the Internal Audit rolling action plan report at September 2022 to be documented and presented at next meeting.

Student Support

- J Thomson provided assurance that this item will be completed in advance of the next ARC meeting.

The Committee noted the report as presented.

10. 2022-23 Corporate Risk Register (V1) as at September 2022 (Paper 9) (R)

J Thomson introduced Paper 9 as presented.

The Committee noted:

- a risk management session was held with the Board of Management on 18 May 2022.
- the draft strategic risk register as presented was thereafter developed using the feedback and discussions from this session as well as consideration of underlying risks faced by the college.
- all risks as presented are aligned to the strategic objectives.
- the register has been reviewed by the Senior Leadership Team who have detailed existing controls, further mitigating actions and risk scores for each of the risks identified.
- risks have been assessed using the revised risk management policy (agenda item 11).
- there are 19 risks in total – 2 of which are assessed as being out with the risk appetite (BRIC 2 and BRIC 7)
- appendices 2 and 3 have been reviewed by the respective Committees who confirmed they were content with the risks as outlined.
- the LTQ Committee put forward the recommendation to include a summary heading for each risk to easily identify what the risk is referring to and this has been reflected in the registers presented.

On review of BoM6, the Committee agreed to recommend amendment to the likelihood from 3 to 4 with impact of 4; resulting in this risk assessed as out with the risk appetite, reflecting the current uncertainties across both the economic climate and the country as a whole.

Action: ARC37: A03 - The Committee recommended AY2022-23 Ayrshire College Risk Register (V1) as at September 2022 to the Board for approval.

11. Risk Management Policy (Paper 10) (R)

J Thomson introduced Paper 10 as presented.

The Committee noted that the Risk Management Policy had been revised and updated from the previous version dated September 2018 with minor changes to syntax and to reflect current organisational structures.

The Committee confirmed they were content with the policy as presented.

Action: ARC37: A04 - The Committee recommended the Risk Management Policy to the Board for approval.

12. Any other business

The Committee congratulated Matthew Wilson on his forthcoming wedding and wished him and his wife much joy and happiness for their life together.

The Committee also reiterated members' sincere thanks to Michael Breen for all he had done for the College. The Committee commended Michael on the

support, advice and guidance he has given them over the years and wished him all the best for his new role.

13. Date of Next Meeting – Tuesday 22 November 2022 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