



AUDIT & RISK COMMITTEE

Minutes of the meeting of the Audit & Risk Committee held on 10 July 2019 at 1030 hours in G10, Aberdeen City Campus.

Agenda Item	
	<p>Present: David Anderson – Chair Abdul Elghedafi (by phone) Andrew Russell – Vice Chair Adrian Smith</p> <p>In attendance: Ken Milroy, Regional Chair Peter Smith, Vice Principal Finance & Resources Pauline May, Secretary to the Board Stuart Inglis, Henderson Loggie Stephen Pringle, Wylie & Bisset Stephen Reid, EY</p>
14-19	<p>Apologies: Apologies were presented for Ann Bell and Anne Simpson.</p>
15-19	<p>Declaration of any Potential Conflicts of Interest in relation to any Agenda Items No potential conflicts of interest were declared</p>
16-19	<p>Minutes of Previous Meeting – 17 April 2019 The minutes were approved as a true and accurate record, subject to the correction of a typo under Agenda Item 07-19.</p>
	<p><i>A Smith joined the meeting at this time.</i></p>
17-19	<p>Matters Arising from the Previous Meeting Members noted the matters arising report.</p> <p>S Pringle confirmed that the feedback in relation to the Member questionnaire issued as part of the Corporate Governance audit had been provided to colleagues as requested.</p> <p>P Smith reconfirmed, in line with an email previously circulated to Committee Members, that the last year for which negative goodwill will be recognised is 2019-20.</p> <p>P May advised that the requested information would be included in future iterations of the Strategic Risk Register, adding that the Register would now be a standing item at meetings of the Audit & Risk Committee.</p> <p>P Smith advised the two outstanding NFI investigations were now closed.</p> <p>No further matters were raised.</p>

	Matters for Decision
18-19	<p>Reports on Internal Audit Reviews</p> <p>Members noted a summary paper highlighting the outcomes of eleven internal audit reviews undertaken by Wylie and Bisset. The Committee thanked College staff for their efforts contributing to the positive outcomes of the audits.</p> <p>In relation to the audit of Enrolments, Attendance & Applications, confirmation was requested regarding GDPR compliance of the student information system, and the status of the new system for weekly attendance reports planned for implementation by the start of AY2019-20.</p> <p>In relation to the audit of Estates Management, P Smith provided clarification regarding actual spend against budget and the combined role of the Head of the Mitie Team and the Head of Facilities & Estates. Required corrections to the Vice Principal's job title and the end date of the facilities contract were noted.</p> <p>In relation to the audit of Fixed Assets, Members noted their concern regarding the number of missing assets and commenting that it was disappointing to see that no work had been undertaken to keep asset registers up-to-date since this responsibility was transferred to Mitie in 2017. P Smith advised that a new procedure had recently been implemented which would ensure that equipment is logged appropriately, and that work was ongoing to locate as many missing items as possible. A lengthy discussion followed with Members assured that the missing items had no negative impact on the College's financial reporting position, and that NESCol's approach to asset management, when correctly implemented, is in line with other colleges. It was agreed that an audit required to be undertaken to establish a new baseline of assets. It was also agreed that the requirement to keep up-to-date asset registers should be included as a KPI in the new facilities management contract. Members requested to be provided with assurance on the controls in place before approval is given to the implementation of recommendation four – increasing the threshold value for items to be included on asset registers. P Smith confirmed that recommendations one, two and three had been implemented.</p> <p>At the request of Members, P Smith agreed to prepare a report for the next meeting of the Committee on asset management, including information on:</p> <ul style="list-style-type: none"> • the new baseline • the newly implemented procedure, including definitions, categories and disposal practices. <p>Members commented that the audit should have been titled asset management, rather than fixed asset management given that its scope was wider than only fixed assets.</p> <p>In relation to the audit of NESCol @ Fraserburgh, Members commented that it was positive to see that the new operating model at the Campus was working well.</p> <p>In relation to the audit of Marketing, a discussion was held regarding any potential link between the decreased spend per enrolment and the decrease in enrolments coupled with the challenge in recruiting students. The recent £50,000 marketing campaign and its minimal impact on enrolments for AY2019-20 was noted. It was agreed that assurance would be sought from the Marketing & Communications Department on their budget and any related issues comprising the effectiveness of marketing activities. It was also agreed that the student feedback referred to in recommendation one would be</p>

	<p>shared with the Committee. S Pringle agreed to clarify bullet point four of recommendation one.</p> <p>In relation to the audit of Payroll, Members noted the positive outcome commenting on the significant amount of work undertaken regarding the implementation of the new system.</p> <p>In relation to the audit of Risk Management, it was noted that the responsible officer and implementation deadline required to be added for recommendation one. P May advised that the College's Risk Management Policy would be updated in line with recommendation one and shared with the Committee at its next meeting.</p> <p><i>A Elghedafi left the meeting at this time.</i></p> <p>Members noted the internal audit reports for Staff & Room Utilisation, Strategic & Business Planning, and Student Records.</p> <p>In relation to the audit of NESCol @ Altens, it was noted that it would be beneficial for recorded feedback on the management team being stretched to be considered by senior management. A short discussion was held regarding the different approach to the working day and timetabling currently followed at the Altens Campus, with current discussions regarding possible changes to the working day at all Campuses due to National Collective Bargaining noted. P Smith clarified the response to recommendation three was at this stage to consider rather than implement a change to the Altens timetable to bring it in line with other campuses. It was confirmed that the implementation of recommendation four was underway.</p> <p>Members approved the management responses contained in the eleven internal audit review reports as presented, with the exception of delaying the possible change of threshold value for items to be included on asset registers.</p>
19-19	<p>Internal Audit Annual Report 2018-19</p> <p>The Committee considered the Annual Report presented by Wylie and Bisset on the programme of internal audit work undertaken in AY2018-19.</p> <p>Members approved the Annual Report and approved its incorporation into the Committee's Annual Report to the Regional Board.</p> <p>Staff were again thanked for their contribution for the overall positive outcome of the AY2018-19 Internal Audit Programme. The Committee also expressed its thanks and appreciation to Wylie & Bisset for their work during their time as the College's Internal Auditors.</p>
20-19	<p>External Audit Annual Plan, Year Ending 31 July 2019</p> <p>Members considered a draft plan for the external audit of the College's financial statements for the year to 31 July 2019.</p> <p>Members were advised that at this stage the Plan was for noting rather than decision. S Reid advised that amendments would be made, if required, once the College had shared, in due course, its Financial Statements for the year ended 31 July 2019 with EY. S Reid explained the significant and inherent risk to be audited, confirming that EY had no concerns to draw to the attention of Committee Members at this stage.</p>

	<p>S Reid reported that the timetable for the audit had been discussed with College management, and advised that if fee variation was required this would initially be discussed with P Smith.</p> <p>In response to a query regarding the valuation of property and background maintenance and its impact on valuation, S Reid advised that EY were comfortable with the College's position following valuations concluded the previous year and confirmed that NESCol's approach to property valuation was in line with the FREM.</p>
	<p><i>S Pringle left the meeting at this time. S Inglis joined the meeting at this time.</i></p>
21-19	<p>Draft Internal Audit Plan 2019-20</p> <p>The Committee noted a paper providing an opportunity for Members to contribute to the setting of the Plan for the College's internal audit assignments for the year 01 August 2019 to 31 July 2022.</p> <p>D Anderson noted that Henderson Loggie had consulted with him in his role as Chair of the Committee and with a number of key College managers to inform the preparation of the initial draft of the Plan.</p> <p>S Inglis introduced himself to the Committee advising that Henderson Loggie had been pleased to be appointed as the new Internal Auditors building on previous work carried out for Aberdeen College, Banff & Buchan College and NESCol.</p> <p>Members were advised that the Plan would be finalised to incorporate feedback received from the Committee at this meeting, following which detailed scopes for the audits to be undertaken in year one of the Plan would be prepared.</p> <p>S Inglis summarised the approach undertaken to develop the draft Plan and presented each section. Members commented on the clear cross-referencing of the Strategic Risk Register contained within the Plan. It was noted that consideration to the scheduling of audits had included a review of when they had last been undertaken at the College.</p> <p>It was highlighted that the priority scorings contained in the Strategic Plan would be revisited on an annual basis over the three-year Plan period.</p> <p>It was agreed that given the outcome of the recent internal audit of Fixed Asset Management, that asset management should be included as part of the 2020-21 programme. It was also agreed that further consideration would be given to the three-year Programme by P Smith and Henderson Loggie and that it would be discussed again at the next meeting of the Committee.</p> <p>It was noted that the Plan may need to be reconsidered following the upcoming appointment of a new Principal and Chief Executive.</p>
	<p><i>S Reid left the meeting at this time.</i></p>

	Matters for Discussion
22-19	<p>Strategic Risk Register The Committee noted a paper providing information on a recent review of the College's Strategic Risk Register and discussed the current version of the document.</p> <p>P May summarised the approach taken to the review with Members agreeing with the amendments, with the exception of the removal of Risk 5.9. A discussion followed on the impact of the College retaining or losing the ISO14001 Standard and if this should be identified as a strategic risk. Members agreed that Risk 5.9 should be reinstated.</p> <p>It was also agreed that it would be beneficial for a review of external accreditations to be undertaken and for the Board to consider which should be maintained, reflecting upon required resources and benefits gained.</p> <p>Members were advised that the Senior Executive Team had identified that a risk relating to the appointment of the new Principal should be added to the Register in due course. Members agreed that this was appropriate.</p>
23-19	<p>Code of Good Governance for Scotland's Colleges – Review of Compliance Members noted a paper providing information on the Board's performance and compliance with the Code of Good Governance for Scotland's Colleges over the last 12 months.</p> <p>The Committee agreed that the information recorded in the compliance check provided an accurate summary.</p>
	Matter for Information
24-19	<p>Scotland's Colleges 2019 The Committee noted a paper providing Members with an opportunity to consider the recently published Audit Scotland Report – Scotland's Colleges 2019. In particular Members commented in the references to NESCol contained in the Report.</p> <p>It was noted that some statements contained in the publication could be misleading due to a lack of contextualisation, with P Smith providing further information regarding the reasons for the College's reported deficit position stated on page 12 of the Report.</p> <p>It was also noted that key findings in the Report could provide evidence for future funding negotiations for the section. K Milroy advised that the Report had helped frame Colleges Scotland's budget proposal to the Scottish Government.</p>
25-19	<p>Any Other Business Under Any Other business, A Smith made further comment on the College's approach to asset management. The need to clarify definitions and treatments of assets was restated by Members.</p>
26-19	<p>Summation of Business and Date of Next Meeting The Secretary gave a summation of the business conducted. The next meeting of the Audit & Risk Committee will be held at 10.30am on Wednesday 25th September at Aberdeen City Campus.</p>

Meeting ended 1305 hours

Agenda Item	Actions from Audit & Risk Committee 10/07/19	Responsibility	Deadline
18-19	Confirm GDPR compliance status of student information system.	P. May with J. Gillanders	As soon as possible
18-19	Confirm status of the new system for weekly attendance reports planned for implementation by the start of AY2019-20.	P. May with P. Smith	As soon as possible
18-19	Correct errors in Estates Management Internal Audit Report.	Wylie & Bisset	As soon as possible
18-19	Prepare report on College's approach to fixed asset management.	P. Smith	13 September 2019
18-19	Include KPI regarding maintenance of up-to-date asset registers in new facilities management contract.	P. Smith	13 September 2019
18-19	Consider if Marketing & Communications budget is compromising effectiveness of activities.	P. May with R. Fraser	As soon as possible
18-19	Share student feedback gathered in relation to NESCol Prospectuses.	P. May with R. Fraser	As soon as possible
18-19	Clarify bullet point in recommendation one of Marketing Internal Audit Report regarding the availability of the part-time questionnaire on the staff intranet.	Wylie & Bisset	As soon as possible
18-19	Add in missing information to recommendation one of Risk Management Internal Audit Report.	Wylie & Bisset	As soon as possible
18-19	Update College's Risk Management Policy as agreed.	P. May	13 September 2019
21-19	Revisit Draft Internal Audit Plan 2019-22 to ensure asset management is included in the Programme.	P. Smith with Henderson Loggie	13 September 2019
22-19	Reinstate Risk 5.9 of the Strategic Risk Register.	P. May	As soon as possible
22-19	Prepare summary of College's current external accreditations for discussion by Regional Board.	P. May	18 October 2019

Signed:.....

Date: