

Meeting: Audit Committee		Venue: Virtual via Zoom	Date: Thursday, 4 February 2021	Time: 11.00am	
Minute Taken By: Jackie Kane		Sederunt: Gill Hogg (Chair), Marian Docherty, Joyce Clark, Pete Smith, Richard Butt, Andy McGoff, Jamie Davidson (Henderson Loggie), Ben Wood (University of Edinburgh)	Apologies:		Absences:
FOR DECISION					
No.	Agenda Item	Action	When	By Whom	Status
1.	Apologies and Welcome	There were no apologies. The committee welcomed Andy McGoff to his first Audit Meeting.	4.2.21	Audit	Complete
FOR DECISION					
2.	Minute of Previous Meeting (Paper 1)	The minute from the meeting held on 12 November 2020 was approved as an accurate record.	4.2.21	Audit	Complete
		The committee noted that some of the items raised in the 12 November 2020 minute were dependent on a meeting with SFC on the same day. The Chair advised that actions were addressed following a meeting with SFC.	4.2.21	Audit	Complete
FOR DISCUSSION					
3.	Matters Arising				
	Update from Principal	The Principal updated the committee on college progress since the January 2021 lockdown and the following was noted: Due to further restrictions the college is now delivering all courses online. The Covid Working Group continues to meet every fortnight. It follows the guidelines from Scottish Government and updates staff and students on a regular basis. To date no significant issues have arisen. Furlough has been extended for several staff members.	4.2.21	MD	Information
	Trustees Update	The Principal attended a Trustees Meeting on 22 January 2021 and the following was noted:	22.1.21	MD	Information

		<p>The Trustees are committed to upgrading the Business Park and have now received costings which will inform the top priorities.</p> <p>The Chair of the Trustees will continue to attend Chairs' Meetings when finances are being discussed. He has been made aware of the next meeting on 11 March 2021.</p> <p>The Trustees have not finalised their respective remit in relation to the management of the woodland areas. However, they are aware of the situation.</p>			
	SFC Update	<p>The purpose of the November 2020 meeting was to clarify the flexibility of the use of capital funding. SFC confirmed that the capital funding could only be spent on capital projects and not to support the college's deficit. With support from the Board, the college has requested a short-term financial advance on next year's funding to deal with any deficit or cashflow issues for 2021.</p> <p>SFC monitor on a regular basis the college's financial forecast and cashflow. This will help to inform when the college will need the advance.</p> <p>The college has submitted to SFC a Self-Evaluation Report for 2020 highlighting the difficulties maintained during the pandemic. The report also highlighted the college's positive retention and attainment during this period.</p>			
	Capital Fund 2019/2020 and 2020/2021	<p>Capital Fund 2019/2020 The capital fund for 2019/2020 is in the final stages.</p> <p>Capital Fund 2020/2021 A re-scheduled meeting with SFC will take place on 9 February 2021 to discuss a financial update, the college's strategy and use of capital funding. SFC have confirmed that the college can go ahead with the priorities highlighted following a refreshed Condition Survey. The end date for this spend has been moved to the end of July 2021. £1.1 million will meet the priorities agreed with Board. The Facilities</p>	4.2.21	MD	Information
			9.2.21	SMT/SFC	Ongoing

		<p>Manger will commence the process immediately.</p> <p>Digital development is now essential for the college and £300k from the Capital Fund has been agreed following the Board Planning Day that took place on 21 January 2021. SFC have requested agreed costs before this project can commence.</p>			
4.	Risk Register (Paper 2)	<p>The committee discussed the Risk Register. A paper highlighting the main changes to the Risk Register was welcomed and the following were noted:</p> <ul style="list-style-type: none"> • The ICT relationship with Edinburgh remains a very high risk. However, ICT was discussed during the Board Planning Day on 22 January 2021 and a presentation was given by Agenor, external ICT consultants. Costings are now with SFC as part of the Capital Fund for 2020/2021. • Several risks relate to college finance, in particular the impact of COVID on commercial income. • The Business & Resource Manager continues to communicate regularly with both language schools. • Netflix Film helped with commercial income. However, uncertainty around Covid recovery will continue to have an impact on any commercial activity. • Wisconsin have put their Scottish Experience on hold due to uncertainty around Covid. The college has spoken with another Wisconsin University for a possible programme in 2021. This would, however, be a much smaller opportunity. The 2nd lockdown has had an impact on the AAAs and Forest College, but work continues on opportunities and is positive. • Failure to achieve a high standard quality of teaching, delivery and support students. This risk continues to be monitored by the Depute Principal. There was a small number of students who commenced the Preparation for FE Course in January 2020 who did not achieve but have enrolled in this year's course. However, this risk may increase as the college goes into another lockdown. • Student retention continues to be monitored by the Depute Principal. 	4.2.21	Audit	Information

		<ul style="list-style-type: none"> • Two new lecturers have given feedback on their induction, and it is very positive given the challenges of lockdown, online learning and staff working from home. • The Business & Resource Manager is working on an appraisal process for Support Staff and will present to staff at February Quality Day for feedback. • Two new Board members have now been appointed. An evaluation of the recruitment and induction process will be carried out. <p>The issue of fraud and research into the impact of fraud on all businesses was discussed. At a time of financial constraint, the importance of ensuring that every effort should be made to reduce losses from fraud. The college has the advantage of being a small community and the Business and Resource Manager is able to check all expense claims, monitor expenditure and ensure good practice in financial management. It was noted that a previous internal audit had concluded that the college had robust fraud prevention systems in place but agreed that it should be included in the Risk Register.</p> <p>The committee also agreed to add a specific section on Covid in the Risk Register.</p> <p>The committee discussed business continuity and agreed that during the pandemic the college had responded to this and could provide evidence through the Covid Working Group and by following the guidelines produced by Scottish Government and had amended systems accordingly.</p> <p>The committee also discussed business interruption insurance and whether it would be worthwhile preparing a claim. The Business & Resource Manager discussed this with the college's insurers but agreed to follow up.</p>			
5.	Response to Internal Audit 2019/2020	The Business & Resource Manager advised the committee that following the Internal Audit, a GDPR Working Group had been re-established and that the following policies were being presented to the Planning & Resource Committee for approval.			

		<ul style="list-style-type: none"> • Breach of Data Policy • CCTV Policy • Data Protection Policy • Data Retention Schedule <p>The Internal Auditor accepted the college's responses.</p> <p>The Business & Resources Manger agreed to check with the college's insurers if we had cyber cover.</p>			
6.	Internal Audit 2020/2021 (Confirmation on Theme)	The Internal Auditor agreed to circulate to the committee a proposal and timescale for the 2020/2021 internal audit on financial controls. This will address the request from SFC for reassurance and the points raised earlier. It was agreed that the draft audit proposal was required as soon as possible and the audit report should be presented to the May meeting.	End of February 2021 13.5.21	BW Audit	Ongoing Ongoing
7.	External Audit - Signing Off Financial Statements 2019/2020	The External Auditor advised that SFC had provided a Letter of Comfort and this enabled the Financial Statements for 2019/2020 to be signed off.	4.2.21	JD	Complete
8.	Audit Committee Report 2019/2020 (Paper 3)	The committee noted the Audit Committee Report 2019/2020/	4.2.21	Audit	Complete
9.	AOCB	There was no other competent business.	4.2.21	Audit	Complete
10.	Date of Next Meeting	Date of next meeting, Thursday, 13 May 2021, 11.00am - 1.00pm	13.5.21	Audit	Information