

Meeting: Audit Committee		Venue: Edwin Muir Room		Date: Tuesday, 16 November 2021		Time: 11am - 1pm	
Minute Taken By: Jackie Kane		Sederunt: Gill Hogg (Chair from Item 4), Roddy Henry, Joyce Clark, Pete Smith (Chair to Item 4), Richard Butt, Jan Polley, Jamie Davidson (Henderson Loggie) and Ben Wood (University of Edinburgh)		Apologies: Andy McGoff		Absences:	
FOR DECISION							
No.	Agenda Item	Action	When	By Whom	Status		
1.	Apologies and Welcome	In the absence of the Chair the committee agreed that Pete Smith would chair the meeting until the Chair arrived.	16.11.21	Audit	Complete		
		The new Principal was welcomed to his first Audit Committee Meeting.	16.11.21	Audit	Complete		
		Apologies were received from Andy McGoff.	16.11.21	Audit	Complete		
FOR DECISION							
2.	Minute of Previous Meeting (Paper 1)	<p>The minute of the meeting held on 13 May 2021 was approved as an accurate record.</p> <p>The following matters arising that are not detailed below were discussed:</p> <ul style="list-style-type: none"> • Cyber cover will be included in the college's insurance tender going forward. • No claims from other parties claiming business interruption insurance had been noted. • The committee are aware that it is not always possible to get 3 quotes now that the arrangement had been reduced to £3K. The wording of the policy should reflect the need to try to obtain 3 quotes but if this is not possible a record should be kept. • A separate IT Project Risk Register is required. 	16.11.21	Audit	Complete		
FOR DISCUSSION							
3.	Matters Arising						
	Update from Principal:						

	Trustees	The Principal has not met with the Trustees yet. Their next meeting takes place in January 2022. However, he has had a constructive telephone conversation with the Chair of Trustees.	January 2022	RG	Ongoing
	SFC	The Principal is meeting with SFC on 22 November 2021. Key issues will be a cash advance and the terms around this along with a request for a Letter of Comfort to allow the Auditors to make a statement on the college as a going concern.	22.11.21	RH	Ongoing
	Capital Funding 2019/2020 and 2020/2021	Works are progressing given the difficulties around materials and labour within the building trade.	16.11.21	JC	Information
		£90K capital funding has been granted for 2021/2022. The Principal will raise at his meeting with SFC the maintenance and upkeep of the building for future years.	22.11.21	RH	Ongoing
		The IT project is ongoing. RTG are the preferred suppliers of the infrastructure using the APUC framework. However, RTG have informed the college there will be a delay on the supply of laptops and desktops which is global.	16.11.21	JC	Information
		The Principal and Business & Resource Manager are meeting with Agenor to discuss additional costs as there has been a significant increase in the costs that were presented to the Board previously.	16.11.21	RH/JC	Ongoing
		A full project management report will be presented to the Board at their November meeting along with a Risk Register up to the end of the year.	25.11.21	JC	Ongoing
4.	Internal Audit Annual Report 2020-2021 (Paper 2)	The Audit Committee had discussed the Internal Audit Report 2020-2021 at their previous meeting and agreed management responses were appropriate.	16.11.21	BW	Information
		The Committee discussed the Internal Audit Annual Report 2021 and recommended it be reported to the Board with the following points: <ul style="list-style-type: none"> The number of financial controls judged to be 'not in place' could be taken out of context. The Internal auditor agreed to add a 	16.11.21	Audit	Information

		<p>statement to the effect that these were not material for the size of the college and that he was content with the management responses.</p> <ul style="list-style-type: none"> The committee agreed that it would be good practice if the college had a clear mechanism in place e.g., a register of audit recommendations to highlight when actions were complete. It was also agreed that recommendations from the previous year would be discussed and noted the following year. The Business & Resource Manager advised that she had started to draft a Policy and Procedure Handbook and would bring a copy to the next Audit Committee Meeting. 	16.11.21	JC	Ongoing
			10.2.22	JC	Ongoing
		As this was the last internal audit by the University of Edinburgh, the committee thanked Ben for his support and all the work carried out.	16.11.21	Audit	Complete
5.	External Audit 2020/2021	<p>The External Auditor presented the Financial Statements for 2020-2021 and the Audit Report. The following points were noted:</p> <p>The college has reasonable controls in place and there was no evidence of any management override over these controls, journal entries or in more subjective areas such as judgements and estimates including depreciation and the assumptions used within the actuarial report of the defined benefit pension liability.</p> <p>A review of all significant income streams and transactions was undertaken. Adjustments were made to release deferred income in line with spend on the Declaration of Arbroath project and to recognise student support bursary income. This adjustment was carried out to correct the SFC funding recognition for the year. No other significant issues were identified.</p> <p>No issues arose from testing to indicate that income and expenditure had not been correctly allocated to appropriate funds.</p>	16.11.21	JD	Information
		Year ending 31 July 2021 indicates a net surplus of £706K and reserves of £588K. Removing the actuarial gain on the pension scheme, the result was a deficit of £51K.	16.11.21	JD	Information

	<p>The college has incurred a similar deficit to the prior year despite the challenges of the pandemic, with the college reopening in late April. Contingent funding provided by the Trustees remained unspent as at 31 July 2021.</p> <p>An agreement in principle has been signed with the University of Wisconsin however a scheduled trip in January 2022 has been cancelled due to ongoing travel restrictions. SFC has agreed that they will advance funding to the college should they require it.</p> <p>The Auditor requested an updated budget covering 12 months from date of signing of the accounts, September Management Accounts and a letter of comfort from SFC to allow a judgement that the college is a going concern.</p> <p>Minor points were noted from the committee and the following was highlighted:</p> <ul style="list-style-type: none"> • It was agreed that the new Principal and Chief Executive would sign off the accounts as he took up post on 1 November 2021. • A Strategic Plan will be considered by the Board in 2022. In the interim an Operational Plan has been adhered to due to the pandemic. • Clarification on the Remuneration Committee membership is required. <p>The committee thanked the Auditor for the clarity of the report and agreed to recommend to the Board that the Financial Statements for the year ended 31 July 2021 be approved at the Board Meeting on 25 November 2021.</p>	16.11.21	JC/JD	Ongoing
		16.11.21	RH	Information
		2022	Board	Ongoing
		16.11.21	RH	Ongoing
		25.11.21	JC/BL	Ongoing
Credits Audit Report 2020-2021 (Paper 4)	<p>Our report was submitted to the SFC on 21 October 2021. The External Auditors reported that in their opinion:</p> <ul style="list-style-type: none"> • The student data returns have been compiled in accordance with all relevant guidance. 	16.11.21	JD	Information

		<ul style="list-style-type: none"> Adequate procedures are in place to ensure the accurate collection and recording of the data. On the basis of testing, the auditors can provide reasonable assurance that the FES return contains no material misstatement. <p>The committee recommended that the report be presented to the Board on 25 November 2021 for their approval.</p>	25.11.21	Board	Ongoing
	Student Support Funds Audit Report 2020/2021 including Educations Maintenance Allowance Audit Report 2020-2021 (Paper 5)	<p>The auditors presented the the Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return and Higher Education Discretionary and Childcare Fund statements for the year. There are 3 recommendations with respect to these funds.</p> <p>The committee endorsed management responses to these recommendations and the agreed that report will be presented to the Board on 25 November 2021 for their approval.</p>	16.11.21	JD	Information
			25.11.21	Board	Ongoing
6.	Risk Register and Highlights (Paper 6)	<p>The Business & Resource Manager presented the Risk Register and Highlights paper and the following was noted:</p> <ul style="list-style-type: none"> There are a large number of risks currently on the Register, some of which are overlapping or very similar. It was agreed that a review of the Risk Register to consolidate risks would be timely in line with the development of the new Strategic Plan. The new Internal Auditors, BDO have proposed a workshop on risk and managing risk. The committee agreed this would be helpful and that an invite be extended to all Board members and the SMT. Timing to be aligned with the development of the new Strategic Plan. 	16.11.21	JC	Information
			16.11.21	JC	Ongoing
			16.11.21	JC	Ongoing
FOR INFORMATION					
7.	AOCB	BDO first internal audit will be based on health and safety particularly around Covid. The audit will commence in January 2022. The committee agreed to re-schedule the meeting in February 2022 to accommodate the Internal Audit Report. Date to be agreed between the Chair and Business & Resource Manager to fit with committee cycle.		GH/JC	Complete

8.	Date of Next Meeting	Date of next meeting to be circulated.	Tbc	GH/JC	Ongoing
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