

West Lothian College

16 September 2021

Audit Committee

Minute of Meeting of the Audit Committee held on **Thursday 24 June 2021** at 10am via Zoom.

For information: A pre-meeting was held with Committee Members and representatives from the Construction Team to enable Committee Members to meet the staff team. The Committee thanked the team for providing a very positive and authentic insight into the college. The Team provided detailed insight into how they have met the challenges of the pandemic head on, and adapted processes that engage students in a different way. The team provided examples of working with local employers to introduce project work, which gave the students a positive focus and challenge, while still meeting their course criteria. The committee thanked the team for taking the time to present and for their hard work and enthusiasm.

Present: Sue Cook (Chair)
Seonaid Crosby
Lynne Hollis
Colin Miller
Richard Lockhart
Simon Ashpool

In attendance: Jackie Galbraith (Principal and Chief Executive)
Sarah-Jane Linton (Vice Principal, Learning and Attainment)
Jennifer McLaren (Vice Principal, Finance and Corporate Services)
Bill Dunsmuir (Head of Information Systems and Digital Infrastructure)
David Eardley (Azets, Internal Auditors)
Emily Parker (Azets, Internal Auditors) – Item 9
Emily Purdie (Health and Safety Officer) – Item 5
Lesley Aitkenhead (Board Governance Advisor)
Lucy Nutely (Mazars, External Auditor)
Alyce Russell (Mazars, External Auditor)

1 Welcome/Apologies

The Chair welcomed everyone to the meeting. A special welcome was extended to Bill Dunsmuir who is attending for Simon Earp. Apologies received from Simon Earp and Alex Linkston. It was noted that Jeremy Miles has resigned as a committee and Board member, due to an unforeseen and direct conflict with newly appointed role.

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2 Declarations of Interest

There were no declarations of interest.

3 Minute of Meeting of 4 March 2021

The Minute of the meeting of the Audit Committee of 4 March 2021 was approved as a correct record.

4 Matters Arising from Minute of Meeting of 4 November 2021

All actions noted as being completed or on track.

5 Health and Safety

(i) Quarterly Health and Safety Report

The Health and Safety Officer presented the report which provided an overview of the health and safety standards at West Lothian College from January 2021 to March 2021.

The Health and Safety Officer highlighted the key points of the report, noting the memorandum of understanding with Napier University and the work with CDN to share best practice during the pandemic.

The committee noted the work to continuously update risk assessments, checking against changes in government guidelines.

The number of health and safety reports have reduced significantly since same period previously, but it was noted that this was due to remote working.

The committee was advised that the Health and Safety Officer will be onsite more frequently as services start to open up. The committee thanked the presenter and noted the report.

6 Information Systems and Digital Infrastructure Update Presentation

The Head of Information Systems and Digital Infrastructure presented Paper 4 for information on Information Systems and Digital Infrastructure.

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The committee was advised of the work to obtain Cyber Security Essentials Accreditation as a recognised industry standard.

The committee asked if this achievement meant the college was better protected, and was advised that the work that underpins the accreditation for Cyber Security Essentials Plus, provides assurance on the control environment and requires increased levels of testing to be completed, including penetration testing.

The committee were advised of the level of investment in this area, including investment in people, with the appointment of new roles, and additional roles to be appointed. The presenter welcomed the level of investment in the team, which has allowed the college to attract and retain talent.

The committee was advised of the work to replace 2012 servers, and the planned work on creating a new Disaster Recovery (DR) Site at the Civic Centre, which is a major project and is a big step in terms of robust Business Continuity Planning and effective DR.

The committee were advised of the significant investment in audio/visual equipment, which was noted from previous presentation by the Construction Team, which has been possible because of additional funding from the Scottish Funding Council. The conditions of the funding were flexible and enabled the college to invest intelligently.

The committee were advised that students had adapted well to blended working and the focus was now on improving the integration, ensuring students had access to material held on Moodle.

The committee commented on the changing environment in terms of cyber security and the recommendations that were noted in the Cyber Security Audit report. The presenter advised that cyber risk management is a continuous process and set out on a clear roadmap.

Additional planning is also in place to ensure the college can continue should there be additional or new lockdowns, resulting from variants.

The committee commented on the plans for use of Power BI and the presenter advised that further work would be shared with the committee and Board in September. The committee collectively agreed that the power of data is in its use, and examples of how this works in practice were shared to bring it to life.

The Chair thanked the Head of Information Systems and Digital Infrastructure for excellent work and the report was noted for information.

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7 External Audit Strategy Memorandum 2021-21

The external auditor presented Paper 5 and noted that the content was similar to previous strategies but the format was slightly different.

The presenter referred to page 4, setting out the role of the auditor, page 8 highlighting the areas of significant and enhanced risk, as the basis for the audit plan.

Areas of focus included areas of financial control and sector wide funding, although financial sustainability was not considered a key risk for 2021-22.

The committee asked about the returns for the college in respect of the National Fraud Initiative and was advised that the return was completed but the number of matches were very low for the college (particularly in comparison across the sector), and action was taken to resolve.

The committee thanked the external auditor and noted the paper.

8 Approval of Internal Audit Contract

The internal audit team were asked to leave the meeting, to remove any conflict on the discussion of Paper 6.

The Vice Principal, Finance and Corporate Services presented Paper 6 for approval. The committee were supportive and approved the recommendation, but raised some points of clarification in terms of level of tenure with current internal audit firm and process of selection.

The points of clarification were all addressed and the committee noted approval.

The internal audit team returned to the committee.

8 Internal Audit Reports

(i) Core Financial Systems

The internal audit team presented Paper 7, Core Financial Systems for discussion. The presenter advised that the report provided strong assurance on the effectiveness of financial systems in the college. The internal audit team have noted a year on year improvement in financial controls and many areas of best practice were noted including cash and bank controls.

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The presenter highlighted 2 minor issues that were identified during the audit, including the use of SMART targets for income, with improved linkage to operational targets.

The committee asked about debt management procedures and were advised that there was a debt management policy in place and arrears were reviewed on a monthly basis. It was noted that debts tend to be low value, as majority of income comes for large grants and government bodies. An example of an area that may result in a debt is a care home facility where the college has provided training, but has gone out of business, but this is very rare.

The committee asked about a previously presented paper on the Commercial Strategy, where there was an action captured around the use of SMART actions. The committee enquired on whether the Commercial Strategy and Income Strategy were the same thing and whether this was the same action.

The committee were advised that the actions in relation to the Commercial Strategy were completed and this was a separate action, although the Income Strategy was the replacement for the Commercial Strategy, and reflects a broader view of income sources.

The committee asked about the provisions for debt and were advised that it was in line with current policy and included in financial statements.

The external auditors commented that debt management and arrears it is an area that they cover in the audit plan, including levels for write off.

The committee asked for some additional insight on plans for income growth and targets and the Principal provided a summary of the update which was presented to the Finance & General Purposes Committee. It was noted that there are a number of threads, including an increase in SDS apprenticeships or growth in SVQ modules delivered for public bodies. It is expected to work as a more integrated approach, with income streams aligned to the strategic goals.

(ii) Business Continuity and Disaster Recovery

The internal audit team presented Paper 8 for discussion. The presenter advised that the review was focused on the Business Management Area, and not the whole college.

The presenter confirmed that the college had the controls that were expected in terms of a business continuity framework, but highlighted recommended actions in relation to the completion of Business Impact Assessments and how these link to the Business Continuity Framework, and some areas of documentation.

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The committee asked if the internal audit team would expect greater involvement by the Board and Board Members and was advised that the college completes a table assessment of Cyber Security on an annual basis, which the Board is involved in.

The committee noted that disaster recovery was managed effectively by the executive team, who brief the Board where required.

The committee noted the paper and thanked the internal audit team for their presentation

10 Strategic Risk Register

The Vice Principal, Finance and Corporate Services presented Paper 9 for discussion and highlighted that the committee were being asked to consider the movement in risks and risk mitigation. The committee noted that the Finance & General Purposes Committee and Learning & Teaching Committee reviewed the Strategic Risk Register for those committees, as part of a standing agenda item and were comfortable with the noted movements in risk profile,

The Head of Information Systems and Digital Infrastructure provided more detail on the Strategic Risk Register and provided a rationale for the reduction in risk scores for all 4 risks, oversights by the Audit Committee.

The committee were advised that the reduction in likelihood for these risks had reduced due to investment in core information security, staff recruitment and completion of plans for improvements in infrastructure.

The committee were advised that the completion of Cyber Security Technical Assessment was very detailed and provided insight into the mitigations that were in place, and enabled a roadmap to be developed.

Further work is required on information systems to improve integration across business process eg curriculum planning and timetable management.

The committee asked about risk 6.4 which relates to Business Continuity plans, given the recent audit and recommended actions. The committee was advised that this was a result of timing, as 1 of the recommendations was complete and the other 3 were on track.

The committee asked about integration and use of MS Teams as opposed to Zoom and were advised that the college uses MS Teams as preferred platform but will support it for Board use, as it can reduce technical issues for use of external email addresses.

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The committee asked about risk 6.3 and whether the college was able to manage enrolments on phone and accept online payments. The Head of Information Systems and Digital Infrastructure provided some insight on what was in place now and plans for the future, including a review that was recently completed for the online application process. The presenter advised that online enrolment has moved from none in 2017 to all courses now online.

The committee discussed the impact of Cyber Essentials Plus and if that had a direct impact on control improvements.

The Principal advised that the college has suffered a Cyber Attack in the past and recognised the importance of investing in infrastructure and people and this has led to an improvement in Risk 6.3. It was noted that the risk remains Amber and is still significant.

11 Financial Regulations

The Vice Principal, Finance and Corporate Services presented Paper 10 and requested the committee recommend approval by the Board.

The committee were advised that the changes reflected changes in accounting policies relating to the treatment of capital grants.

The committee advised that this was a change across the sector, due to many colleges managing low value capital assets, eg laptops.

The committee is comfortable to recommend approval by the Board.

11 Sector Update

The internal auditors highlighted areas of interest and focus across the sector, which included the areas covered at the meeting, including cyber security and resilience, National Fraud Initiative and noted that sector meetings are useful sources of insight on changing practices as a result of COVID.

The external auditors agreed with the same points and advised on a change in working practices to a hybrid model.

The committee noted the update and thanked the audit teams.

10 AOB

The committee noted the introduction of the new Head of Finance, Procurement and Student Funding Fiona Hudson who will be replacing Danny Duffy.

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The chair noted the resignation of Simon Ashpool who will be leaving the Board as a result of an appointment to a government role which was considered a potential conflict. The chair thanked Simon for his contribution to the committee and to the Board and advised that he will be sadly missed. This was noted by all committee members, with best wishes for his new role.

11 Review of Meeting, development plan and supporting papers

Due to time restrictions the Chair requested that anything committee members wished to bring up then feel free to email the Chair direct.

12 Date of Next meeting

16 September 2021

Signed
Chair, Audit Committee

Date