

Audit Committee

Meeting of 30 November 2023

Present:

Richard Lockhart (Chair, Non-executive member)
Seonaid Crosby (Vice-Chair and Non-executive member)
Sue Stahly (Non-executive and Senior Independent member)
Rehela Hussain (Non-executive member)
Shelagh Fraser (Support Staff member)

In attendance:

Jackie Galbraith (Principal)
Alex Linkston (Chair of the Board of Governors and Non-executive member)
Gillian Callaghan, (Azets Internal Auditors)
Brian Battison (Audit Scotland)
Simon Earp, (Vice Principal, Performance and Improvement)
Sarah-Jane Linton (Vice Principal, Learning and Attainment)
Jennifer McLaren (Vice Principal, Finance and Corporate Services)
Beth Brownlee (Head of Student Experience and Improvement)
Bill Dunsmuir (Head of Information Systems and Digital Infrastructure)
Emily Purdie (Health and Safety Officer)
Brian Smillie, (Digital Infrastructure Manager)
Jenny Stalker (Board Secretary and Governance Advisor)

1 Committee Administration

1.1 Welcome and Apologies

The Chair welcomed everyone to the meeting.
Apologies were noted from David Eardley (Azets Internal Auditors)

1.2 Declarations of Conflicts of Interest

There were no declarations of conflicts of interest noted.

1.3 Minutes of the Previous Meeting of 14 September 2023

The minutes of the meeting of 14 September 2023 were accepted as a correct record.

1.4 Matters Arising

The committee noted that all matters arising from the meeting of 14 September 2023 have been completed.

2 Matters for Board Approval

2.1 Annual Report and Financial Statements

The Vice-Principal Finance and Corporate Services introduced the paper.

The Vice-Principal Finance and Corporate Services highlighted the adjusted operating deficit of £1.7m deficit and discussed the key reasons for the deficit as set out in the paper. The committee noted there had been an in-depth discussion on this paper at the Finance and General Purposes Committee meeting of 23 November 2023.

The committee was informed the college has contacted the Scottish Funding Council regarding the funding claw back relating to under delivery of Foundation Apprenticeships in 2020-21.

The committee noted that the college's cash position is strong. The latest forecasts show that the college plans to break-even on a trading basis by 2024-25 although noted that this was based on the latest Scottish Funding Council assumptions.

The asset ceiling that has been established was discussed.

The committee appreciated the huge amount of work that has gone into preparing this report and noted thanks to the Head of Finance, Procurement and Student Funds and the Finance Team. The committee also thanked the Vice-Principal, Finance and Corporate Services for the summary paper which was a very helpful in supporting committee member understanding of a complex area of work.

The committee requested that summary papers should continue to be utilised in future.

Audit Scotland noted thanks to the Vice-Principal, Finance and Corporate Services and the Finance Team for their co-operation and support in completing the first year of a new audit.

The committee recommended approval of the Annual Report and Financial Statements to the Board of Governors.

2.2 Letter of Representation

The Vice-Principal, Finance and Corporate Services presented the letter of representation. The committee noted the re-assurance the Audit Scotland report provides.

The committee was content to recommend that the Letter be signed by the Chair of the Board of Governors on behalf of the Board.

3 Matters for Committee Approval

3.1 Audit Committee's Annual Report to the Board

The Vice-Principal, Finance and Corporate Services talked to the report and suggested that the adjusted operation position and explanation for the deficit is added to the report.

The committee agreed this paper presents a good summary of the work of the committee over the year.

The committee agreed this approach would be acceptable and approved the Annual Report.

Action 1: Vice-Principal, Finance and Corporate Services
To include explanatory narrative in the report.

4 Matters for Committee Attention

4.1 (i) Digital Infrastructure and Information Systems Report

The committee was introduced to the Digital Infrastructure Manager who attended the meeting.

The Head of Digital Infrastructure and Information Systems introduced the report and highlighted continuous improvements being made to ensure college security.

The committee was reminded the cyber risk technical assessment carried out in 2021 led to adoption of the NIST cyber security framework. The committee agreed the recommendation that the college undertakes the cyber risk technical assessment again to measure distance travelled. The committee heard that Digital Poverty Funding received will be used to increase technology available to support students.

The Head of Digital Infrastructure and Information Systems highlighted the positive response rate for the student induction survey and cited this as an example of how the college is continuing to seek ways to improve broader data analytics work. The committee noted the level of work that has gone into the credit audit.

The committee noted a new timetabling system will be the next Information Systems improvement project. The benefits of this project will be brought to future committee meetings.

The committee noted the CCTV camera integration with digital systems will broaden oversight of this area of work.

The committee noted the quality of the report and the massive improvements that have taken place across Digital Infrastructure and Information Systems generally. The Principal added this was in no small part due to the high-quality work of the managers leading these teams. The Principal commended the vision and creativity of managers which has enabled so many improvements and recognised the pressures put on staff working in these areas.

(ii) Student Induction Survey Results and Retention

The Head of Digital Infrastructure and Information Systems discussed the paper, noting the high student response rate as well as qualitative insights noted by students.

The committee heard the college is working to report data on CO2 emissions through including questions on student travel in the survey.

The committee heard there is no evident correlation to be made between withdrawal rates and the impact of student induction at the current time.

The committee noted the positive reduction in withdrawals but asked if the sample size could be recorded in future.

Action 2: Head of Digital Infrastructure and Information Systems

To include sample size in future withdrawal reports.

The committee discussed the change of deadline for recording withdrawals from November to October and asked if students can commence study post-October. It was confirmed that students can start study at any relevant point in the year but that data collected would be reflected differently. The committee was content to note the paper.

4.2 (i) Health and Safety Quarterly Update

The Health and Safety Officer introduced the report for July-September 2023.

The committee noted the high number of incidents reported and was informed there is an increase in students coming into college because they know they can receive first aid support on campus.

The committee also queried the higher number of accidents being reported. The Health and Safety Officer confirmed this is expected at the start of a new term when students are not used to using equipment. The committee noted the health and safety audit starting next week.

The committee was content that there is a plan in place to update policies and procedures and this work is now in progress.

The committee noted a recent fire drill had been carried out successfully. Health and Safety training is progressing well and a new breast-feeding area has been established for nursing mothers. It was confirmed this room has covered glass and a sign that can be used if the room is in use. Flu vaccinations have been taken up by 53 staff who would not otherwise have qualified.

The Health and Safety Officer is continuing to work with the Active Campus Co-ordinator to offer as many activities on campus as possible for staff and students to promote healthy lifestyles. How to check your blood pressure leaflets are now located on bathroom doors to raise awareness of blood pressure issues.

The Health and Safety Officer is one of the first mental health first aiders to be trained. This will be advertised out to other staff to extend this service for students across the campus.

The committee noted there are no legislative changes that are currently impacting on college faculties.

The committee thanked the Health and Safety Officer for a comprehensive report and was content to note this paper.

(ii) Business Continuity Plan – progress on actions

The Vice-Principal, Performance and Improvement talked to the paper which is a working document but picks up on the points made in the Zurich report. The committee noted a working group has been set up to meet on a monthly basis to progress actions. The committee asked if a report could be given periodically to the Board highlighting the potential risks to the college and actions and procedures we have in place to mitigate against risks.

Action 3: Vice-Principal, Performance and Improvement

To bring a report to a future meeting of the Board of Governors

4.3 Internal Audit Reports

(i) Review of Student Support Funds 2023

The committee was informed this is a clean report with no adjustments required.

The committee was content to note this report.

(ii) Review of Credits Return 2023

Azets confirmed this is a very good and clean report. One minor recommendation has been noted relating to the allocation of superclass codes.

The committee was content to note this report.

4.4 External Audit Annual Report to the Board and Auditor General for Scotland

Audit Scotland introduced the 2022-23 Audit Annual Report, highlighting that the audit has been very thorough. The committee heard the same level of scrutiny will not be required in forthcoming years. Audit Scotland noted sincere thanks to the Vice-Principal, Finance and Corporate Services, the Head of Finance, Procurement

and Student Support and the Finance Team for the quality of their input to the audit.

A number of items raised from the audit were discussed. The committee noted that:

- The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- Expenditure and income are regular and in accordance with applicable enactments and guidance
- The audited part of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by the Scottish Funding Council.

The committee noted this very thorough report and commented positively that the report gives a high level of comfort in the college position.

4.5 College Rolling Audit Action Plan update

The Vice-Principal, Finance and Corporate Services introduced the paper and asked for questions from the committee. The committee was content to note the paper.

4.6 Complaints Report

The Vice-Principal, Performance Improvement introduced the report and noted that acronyms have now been explained.

The committee heard the college has received positive feedback regarding the quality of evidence provided regarding the long-standing case that has now been resolved.

The committee noted thanks to all staff who had been involved in the case.

The committee was content to note the complaints report.

4.7 Risk Register, matters for escalation or update

The committee noted the on-going risks relating to college finance and agreed we should continue to keep this under review.

5 Matters for Committee Information

5.1 Audit Scotland Presentation: Scottish Colleges 2023 briefing paper, published 7 September 2023

Brian Battison, Audit Scotland, reported to the committee on the Audit Scotland Scottish Colleges 2023 briefing paper.

Key themes of financial sustainability, value for money, governance and sustainability were discussed and it was noted the biggest challenge for the college sector is staff costs and the impact of current industrial action. The committee also heard there is a general trend over the last two years in colleges reporting deficits rather than surpluses.

The committee noted payroll costs are 80% of expenditure if depreciation costs are not included in the figures and asked if Audit Scotland could clarify if this is considered in Audit Scotland reporting. The committee thanked Audit Scotland for the summary on the briefing paper.

6 Any Other Business

There was no other business.

7 Review of Committee and Supporting Papers

The committee was content with the running of the committee and the overall high quality of the papers presented.

It was suggested that the order of agenda for this meeting in November 2024 should take the external auditor update before the finance papers are presented to ensure the committee is not approving papers before hearing Audit Scotland's input.

The committee also noted that it is difficult for committee members to work across two documents during meetings and that papers should be presented as one file.

8 Date of Next Meeting

The date of the next meeting of Audit Committee will be Thursday 14 March 2024, commencing at 10.30 am.

Note: There were no matters discussed during the meeting, during which Members declared any conflict of interest, or the Board Secretary and Governance Advisor was aware from the Register of Interests that discussion could give rise to such a conflict.

Signed:

Chair, Audit Committee

Date: