

3. Statutory Financial Statements 2021-22

i. BOM Report & Financial Statements 2021-22 (*Paper 1.1*) (*P*)

The Chair of the Audit and Risk Committee (ARC), Steven Wallace, introduced Paper 1.1 as presented.

The Chair of ARC advised that the Board of Management Report and Financial Statements 2021-22 had been considered in detail at the Business, Resources, and Infrastructure Committee (BRIC) and then subsequently at the Audit and Risk Committee and are now being presented for approval by the Board.

The Board noted that the accounts were prepared on assumed SFC clawback of credit funding. SFC had since confirmed that Ayrshire College would not be subject to clawback on its deferred credits income and was therefore able to draw down additional deferred students funding of £711k. The BOM Report & Financial Statements 2021-22 presented had been updated to reflect this.

On behalf of the management team, the Acting VP - Finance joined the Chair of ARC in commending the reports for approval.

In response to a query, J Thomson advised that he would include a statement of risks outwith the Board's appetite in future accounts.

The Chair acknowledged the significant work undertaken to compile and deliver a robust set of reports and conveyed the thanks of the Board to the Finance Team.

Decision BoM40: D01 - The Board approved the Board of Management Report and Financial Statements 2021-22 for signature by the Chair and Principal.

ii. Annual Report to the BOM and Auditor General (*Paper 1.2*) (*P*)

L Nutley introduced Paper 1.2 as presented.

The Committee noted that the report:

- summarises the findings of the auditors' work and summarises the auditors' conclusions.
- details the key areas covered by the auditors, including standard risk areas that are considered as part of all their audits in the college sector.
- sets out the auditors' opinions on the College's financial statements, regulatory arrangements, matters required to be covered by the Auditor General and the auditors' opinion on wider scope work.

L Nutley advised on the following points:

- the status of the audit work, as noted on Page 6, advises that no internal control recommendations were raised.
- satisfactory assurance was gained in all risk areas, as well in valuation of land and buildings and pension liabilities.

- the adjustment to the Summary of Misstatements, as noted on page 18, was reflective of the recent SFC announcement on credit clawback for the sector.

In conclusion, L Nutley advised that an unqualified opinion will be issued in relation to the 2021-22 Financial Statements.

The Chair of ARC advised that the Committee had welcomed the comprehensive Annual Report to the BOM and Auditor General and were pleased to note the positive position.

The Board and Management Team thanked Mazars for their service and commitment over the past six years

Decision BoM40: D02 The Board approved the Annual Audit Report to the Board of Management and Auditor General.

iii. Letter of Representation 2021-22 (Paper 1.3) (P)

The Chair of ARC introduced Paper 1.3 as presented.

The Board noted that the Letter of Representation is from the College to Mazars. The letter confirms that the Auditors had received all information relevant to the audit. It also confirms that there is no additional information or circumstances, known to the Board but not the Auditors, that would have a material impact on the financial statements or the College's ability to function as a going concern.

The Chair of ARC confirmed that the Letter of Representation had been considered by the Committee and was endorsed for approval by the Board.

Decision BoM40: D03 - The Board approved the Letter of Representation for signature by the Chair and Principal.

iv. BDO Internal Audit Annual Report 2021-22 (Paper 1.4) (P)

The Chair of ARC introduced Paper 1.4 as presented.

The Board noted that the report:

- details the audit work undertaken as reflected in the 2021-22 internal audit plan.
- summarises the audits previously reported to the Committee, the number of audit recommendations made and the overall conclusions of each report.
- records that there were six internal audits carried out during 2021-22 with no reported high-level findings and no high-level ratings for any of the reports, all six audits provided substantial assurance.
- will be shared with SFC as part of conclusion of annual reporting requirements.

S Wallace advised that this report had been considered by the Audit and Risk Committee and was endorsed for approval by the Board.

The Board acknowledged the significant amount of work undertaken by management to achieve this very positive report, which reflected a robust control environment.

Decision BoM40: D04 - The Board approved the BDO Internal Audit Annual Report 2021-22.

v. 2021-22 Audit and Risk Committee Annual Report (Paper 1.5) (P)

The Chair of ARC introduced Paper 1.5 as presented.

The Board noted that the report summarises the activity of the Committee during 2021-22 and the work of the external and internal auditors, setting out their conclusions on the work carried out.

S Wallace advised that he had reviewed the report in his capacity as Chair of the ARC and that the report had also been considered by the Committee. The Chair of ARC commended the report for approval by the Board.

Decision BoM40: D05 - The Board approved the Audit and Risk Committee Draft Annual Report 2021-22.

Lucy Nutley and David Hoose left the meeting at this point.

4. Minutes of the Previous Meeting held on 22 September 2022 (Paper 2) (P)

The minutes were approved as a correct record.

Proposed: Alison Sutherland **Seconded:** Angela Cox

Board of Management Action & Decision Log (Paper 2a) (P)

All actions were noted as complete, included as a substantive agenda item or an update provided on progress.

It was noted that the due date for action BoM39: A01 would be updated to state March 2023.

5. Matters Arising

There were no outstanding matters arising from the minutes.

6. Student Association Report (Paper 3) (P)

E Jamieson introduced Paper 3 as presented and summarised key highlights from the report.

The Committee noted:

- The Student Association is working with various College Teams to try to mitigate the effects of the cost-of-living crisis for students and would be providing entertainment by means of a movie night for the Warm Space initiative at Kilwinning campus.

- Uptake and feedback on the Warm Clothing Drive had been very positive.
- The Student Association has supported various student activities by providing funding from their budget and would be accepting requests from staff and student using a Funding Request Form for support for extra-curricular activities.
- Events for the 16 Days of Action started on 25 November and uptake so far was positive.
- E Jamieson successfully secured the position of Student Team Member with Education Scotland and has undergone training for the role. As part of the role, E Jamieson will be visiting colleges throughout Scotland to participate in annual reviews and progress visits.

The Chair of the LTQC enquired as to the popularity of the Rockpool Podcast recorded by the Student President. E Jamieson advised that she had been unable to obtain the relevant data to date but would provide statistics in the New Year.

The Committee noted the report as presented.

Action BoM40: A01 - Student President will provide updated statistics for the Rockpool Podcast to the Chair of the LTQC in the new year.

7. Chair's Report (Paper 4) (P)

The Chair introduced Paper 4 as presented and summarised key highlights from the report.

The Board noted that the purpose of the paper is to update Board Members on key strategic and governance matters.

The Board noted that a recruitment programme will be commenced in early January 2023 and that a review of Committee membership is in progress based on feedback from Board members' one-to-one meetings with the Chair. An update will be provided to members in due course.

The Chair highlighted to members that S Wallace had held the position of Interim Vice Chair of the Board since March 2022. As such, the Board was asked to approve the recommendation to appoint S Wallace as Vice Chair.

The Board noted the report as presented.

Decision BoM40: D06 - The Board approved the appointment of S Wallace as Vice Chair of the Board of Management.

8. Principal's Report (Paper 5) (P)

The Principal introduced Paper 5 as presented.

The Board noted that the purpose of the paper is to update Board Members on key activities and developments not covered elsewhere in the papers.

The Principal highlighted some key points to the Board:

- Colleges Scotland held the 3rd 'Think the Unthinkable' event on Monday 21 November with Principals and Chairs. The College of the Future report led and facilitated the day in order to move discussions forward and have tangible outcomes to take to Scottish Government and SFC for the short, medium and longer term that would influence the shape of a future tertiary sector.
- Discussions were ongoing with Trade Unions to agree a cost of living pay increase. The College was also discussing the possibility of additional funding to support this with SFC and Scottish Government.

The Board also noted that a number of stakeholder engagement meetings had taken place and had been very positive so far. In response to a query, the Principal advised that the bespoke meetings had no formally set agenda and that conversation had, in the main, been driven by the employers.

The Board noted the report as presented.

9. Draft Performance Matrix (*Paper 6*) (*P*)

A Campbell introduced Paper 6 as presented, advising that the Draft Performance Matrix was created to provide the Board with a high-level overview of the College's performance and was in line with discussions at the Board Meeting in September 2022.

The Board noted:

- A total of nine Key Performance Indicators (KPIs) were identified for review and aligned to the College's Financial Regulations and SFC reporting guidance.
- It was proposed that progress against performance targets be reported to each Board meeting on the following KPIs:
 - Credits utilised
 - Apprenticeship starts
 - Budget performance (against plan)
 - Trading cash levels held
- It was proposed that the following KPIs are reported to the relevant Board meeting aligned to internal and external quality reporting cycles:
 - Student retention
 - Student progression
 - Student satisfaction
 - Staff satisfaction
 - Employer/Stakeholder satisfaction

The Board was asked to provide their view on the content and format of the Key Performance Indicator Dashboard contained in the appendix to the paper. Members discussed the proposal and the information presented in the Dashboard at length. The following was noted:

- The Board recognises that the Key Performance Indicator Dashboard presented was an initial draft and that it would continue to evolve.
- The Board would find it useful to be able to connect high level outcomes with the reports presented to the Committees.
- The inclusion of an optimism bias would be helpful in recognising staff wellbeing.

Decision BoM40-D07: The Board approved the Performance Matrix, recognising that this was an evolving document subject to further amendments.

10. 2022-23 Draft Regional Outcome Agreement and 2021-22 Self-Evaluation Report (Paper 8) (P)

A Campbell introduced Paper 8 as presented and advised that each college must have an annual agreement (Outcome Agreement) in place with SFC which is approved by its Board of Management.

A Sutherland, Chair of LTQC, advised the Board that the reports had been discussed in detail by the Learning, Teaching and Quality Committee on 10 November 2022 and were recommended to the Board for approval.

Decision BoM40: D08: The Board approved the 2022-23 Draft Regional Outcome Agreement and 2021-22 Self-Evaluation Report.

11. Health, Safety and Wellbeing Annual Report August 2021 – July 2022 (Paper 9) (P)

D Davidson introduced Paper 9 as presented, advising that the report had been considered by the Business, Resources and Infrastructure Committee on 15 November 2022 and recommended for approval by the Board.

The Board noted that the report provided a summary of the performance and activity across Health, Safety and Wellbeing throughout the academic year and supports the Board in fulfilling its oversight responsibilities for health and safety risk management.

M Wilson, Vice Chair of BRIC, advised that the report had been scrutinised by the Committee and no issues had been raised.

Decision BoM40: D09 - The Board approved the Health, Safety and Wellbeing Annual Report August 2021 - July 2022

12. Ayrshire College Financial Regulations as at November 2022 (Paper 10) (R)

J Thomson introduced Paper 10 as presented, advising that the Financial Regulations were reviewed and considered by the SLT at its meeting on 8 November 2022 and subsequently by the Business, Resources and Infrastructure Committee at its meeting on 15 November 2022.

The Board noted that the Financial Regulations are updated on a regular basis and that all updates are shown as tracked changes in Appendix 1.

Decision BoM40: D10 - The Board approved the Ayrshire College Financial Regulations as at November 2022

13. 2021-22 Annual Procurement Report (Paper 11) (P)

J Thomson introduced Paper 11 as presented, advising that this was an annual requirement for the College and covered the period 1 August 2021 to 31 July 2022. It was noted that the standard Scottish Government template had been used to produce the report. J Thomson further advised that the figures contained in the report had been reviewed through a shared service agreement between the College and Advanced Procurement for Universities and Colleges (APUC) and had been reviewed by the Senior Leadership Team.

The Board noted that the report had been considered by BRIC on 15 November 2022 and recommended for approval.

Decision BoM40: D11 - The Board approved the 2021-22 Annual Procurement Report

14. Committee Chairs Reports on 2nd Quarter Committee Meetings (Papers 13.1, 13.2 & 13.3)

The Board received a written report from each Committee Chair outlining a summary of key issues considered by the Standing Committees since the last meeting of the Board.

The confirmed minutes of these meetings will be received by the Board at its next meeting.

The Board noted the report from each Committee Chair.

15. Confirmed Minutes: Standing Committees (Papers 14.1, 14.2 & 14.3)

The following confirmed Standing Committee Minutes were received by the Board:

- Learning, Teaching & Quality Committee 1 September 2022
- Business, Resources & Infrastructure Committee 6 September 2022
- Audit & Risk Committee 13 September 2022

The Board received the above minutes from noting.

16. Annual Complaints Report 2021-22 (Paper 15) (P)

Received for information.

17. Annual Freedom of Information Report 2021-22 (Paper 16) (P)

Received for information.

18. AOCB

The Chair wished the Board and Management Team a very happy festive period and commended them for their hard work.

The Chair advised that P Donald, Board Governance Advisor would leave the College at the end of the year. The Chair, on behalf of the Board, extended their appreciation and thanks to P Donald her work and contribution to the College and wished her well in her new position and future endeavours.

19. Date of Next Meeting: Thursday 23 March 2023 at 4pm.

(C/P) Confirmed minutes will be published on College Website; (P) – Paper will be published on the College Website; (R) – Paper is reserved, because it contains data or information of a personal nature, which is restricted by legislation, or because it contains commercially sensitive information, and will not be published on the College Website

Reserved items on next page