

**Minute of the Audit and Risk Committee Meeting
Held on Tuesday 24 November 2020
Via Video Conference using Zoom**

Present: Hazel Murphy (Chair)
Steve Graham (Vice Chair)
Elaine Anderson
Scott Cooley
Alison Sutherland
Matthew Wilson

In attendance: Brendan Ferguson (Board Secretary)
Yvonne Melvin (Board Administrative Officer)
Michael Breen (Vice Principal - Finance)
Anne Campbell (Vice Principal – Curriculum)
Jane McKie (Vice Principal – People)
James Thomson (Director of Finance, Student Funding & Estates)
Tony Barrie (BDO – Internal Auditors)
Joanne Buchanan (Mazars – External Auditors)
Lucy Nutley (Mazars – External Auditors)

1 Welcome and Declarations of Interest

The Chair welcomed everyone to the meeting.

There were no declarations of interest.

2 Apologies

There were no apologies.

3 Minutes of the Previous Meeting held on 15 September (Paper 1) C/P

Page 3, Item 4 (iv), Line 18 – wording to be amended to state “*The Committee also agreed that alternative uses of the additional 5 days in the 2020-21 Audit plan should be discussed at future Committee meetings and should be used to incorporate and respond to changes in the COVID-19 situation.*”

The minutes were approved as a correct record, subject to the above amendment.

Proposed: Elaine Anderson

Seconded: Scott Cooley

Audit Action Tracker (Paper 1A) (P)

Action 1 The Committee agreed this would be dealt with on the main agenda.

Action 2 The Committee agreed this would remain on the Action Tracker.

Action 9 The Committee agreed this would be dealt with on the main agenda.

4 Matters Arising

There were no matters arising not dealt with on the Agenda.

5 Internal Audit - BDO

i. **FES Internal Audit Report (Paper 2) (P)**

T Barrie introduced Paper 2 as presented, advising that no issues had been noted. The Committee noted that there were no recommendations or adjustments attached to the report for the year ending July 2020.

ii. **EMA Internal Audit Report (Paper 3) (P)**

T Barrie introduced Paper 3, advising members that there were no findings to note from the review.

iii. **Student Support Funds Internal Audit Report (Paper 4) (P)**

T Barrie introduced Paper 4, advising members that there were no findings to note from the review.

iv. **Internal Audit Follow-up Report (Paper 5) (P)**

T Barrie introduced Paper 6 and noted that, of the 35 Audit recommendations made, 26 were due for completion in 2019-20. T Barrie continued that 25 of the recommendations were categorised as fully implemented and 1 as partially implemented. BDO were happy with the progress made. The remaining recommendations were due for implementation in 2020-21.

v. **Internal Audit Annual Report 2019-20 (Paper 6) (P)**

T Barrie introduced Paper 6 and reminded members that the Internal Audit Annual Report 2019-20 summarised the recommendations and assessments for each of the individual Audit areas reviewed.

T Barrie noted that, on the basis of the audits undertaken, the findings were that College's system of controls are effective. Consequently, the Annual Statement of Assurance was positive.

The Committee approved Papers 2, 3, 4, 5 and 6. The Chair thanked BDO and College Staff for all of the work undertaken in the preparation of the above documentation.

vi. **2020-21 Internal Audit Plan: Proposed Use of the Additional 5 Days (Verbal)**

T Barrie provided a verbal update following discussions between BDO and College Management. It was proposed that the additional 5 days in the 2020-21 Audit Plan be used to undertake a review of the Colleges use of the COVID-19 Job Retention Scheme. T Barrie advised that the purpose of this review would be to provide both Management and the Committee with assurance that the arrangements and controls applied were in line with Government Requirements. It was also noted that the appropriate use of the Job Retention Scheme was an area of focus for HMRC and that similar reviews had been carried out elsewhere in the sector to provide assurance.

A discussion followed during which M Breen advised that the proposal had been discussed and agreed by the Senior Leadership Team as an appropriate use of the additional 5 days due to the high profile nature of the COVID-19 Job Retention Scheme.

The Committee agreed that a review of the College's use of the COVID-19 Job Retention Scheme would be the best use of the additional 5 days and approved it for inclusion in the 2020-21 Audit Plan.

6 External Audit – Mazars

2019-20 Financial Statements to July 2020

- **BOM Report & Financial Statements 2019-20** (*Paper 7*) (*P*)

J Thomson introduced Paper 7, advising that the financial section had been considered by the Business, Resources and Infrastructure Committee and approved for forwarding this Committee. J Thomson then provided a summary of the financial position and relevant disclosures and noted the positive position of the College, specifically in response to the COVID-19 pandemic.

In terms of the Audit Committee's responsibilities, J Thomson took the Committee through each of the main sections in Part 1 of the Paper, following which a number of questions of clarification were asked and satisfactory responses received..

The Committee approved the BOM Report and Financial Statements 2019-20 for presentation to the Board of Management on 10 December 2020.

- **Annual Audit Report to the BOM and Auditor General** (*Paper 8*) (*P*)

J Buchanan and L Nutley of Mazars introduced Paper 8 and provided the Committee with a comprehensive overview. It was noted that, for each of the areas, an unqualified opinion had been proposed at this stage by Mazars.

L Nutley noted that the material valuation uncertainty (MVU) in respect of pension liabilities would be included within the financial statements and advised that this affected the college sector as a whole. The Committee also noted that the College's financial sustainability and Governance statement was considered and there were no significant issues to note. M Breen provided members with an update, noting the challenges experienced by the College following the Government restrictions imposed in response to the COVID-19 pandemic. M Breen also advised that Management was comfortable with the inclusion of the MVU in this year's financial statements as this was a national issue.

The Annual Audit Report to the BOM and Auditor General was discussed in further detail by the Committee and a number of questions of clarification were asked and answered. In particular, members noted that the figures included in the wider scope section were correct as at 24 September 2020. It was proposed that these figures be updated prior to the Board meeting on 10 December 2020 to provide the most accurate representation available

The Committee welcomed and approved the Annual Report to the BOM and the Auditor General for presentation to the Board of Management on 10

December 2020, subject to undertaking the agreed updates noted in the above discussion.

Action: The figures included in the wider scope section of the Annual Audit Report to the BOM and Auditor General to be updated prior to being presented at the Board meeting on 10 December 2020.

- **Letter of Representation (Paper 9) (P)**

The Letter of Representation (Paper 9), that would be proposed for signing at the Board meeting on 10 December 2020 was considered. It was noted that the letter was standard and the Committee had no comment to make.

The Committee the proposed Letter of Representation that would be presented to the Board of Management for signature on 10 December 2020.

7 2019-20 Audit Committee Draft Annual Report (Paper 10) (P)

The Chair introduced Paper 10 as presented, advising members that this Report included a summary of the reports produced by external Auditors Mazars and internal Auditors BDO in respect of the period 1 August 2019 to 31 July 2020.

Section 4.1 of the report was highlighted to members and the Chair stated that Mazars proposed to issue an unqualified opinion in relation to the 2019-20 Annual Financial Statements for the College.

The Committee noted and approved the 2019-20 Audit Committee Draft Annual Report for presentation to the Board of Management on 10 December 2020.

8 Business Continuity Plan (Paper 11) (P)

J Thomson introduced Paper 11 as presented. The Committee was advised that the impact of the COVID-19 pandemic had been the largest live testing of the College's Business Continuity Plan (BCP) arrangements to date and that the Campus Operations Steering Group was keen to ensure that the experiences and lessons learned during this period were utilised in the ongoing development of the BCP. In order to do so, J Thomson advised members that the College had commissioned Zurich Municipal (College Insurers) to undertake a lessons learnt and horizon scan exercise, the findings of which would be used to update the BCP.

The Committee noted that the revised and amended BCP would be presented at the meeting in March 2021, following completion of the Zurich Municipal exercise.

The Committee noted Paper 11 and looked forward to receiving the revised Business Continuity Plan at the meeting in March 2021.

9 Internal Audit Rolling Action Plan as at November 2020 (Standing Report) (Paper 12) (P)

J Thomson introduced Paper 12, advising that the remaining outstanding action was in relation to the recommendation that that the Audit Committee meets with the External and Internal Auditors without management present on an annual basis.

The Committee was reminded that this was scheduled to take place at the end of this meeting agenda, and the remaining outstanding action would, therefore, be completed as at 24 November 2020.

The Committee noted and welcomed Paper 12.

10 Private meeting between the Committee and Auditors

The Chair thanked the members of the Management team for their input and asked that they leave the meeting for this Item of the agenda. The Committee was reminded that the private meeting with the internal and external auditors took place on an annual basis.

The internal and external Auditors both provided feedback on their experience of working with Ayrshire College and, in particular, with the Management Team. The feedback provided by both sets of Auditors was very positive and no issues or concerns were raised.

The Chair and the Committee thanked the Auditors for their contribution and welcomed the positive feedback provided.

11 Date of Next Meeting – Tuesday 16 March 2021 at 4pm

P - Papers will be published on the College Website

R - Papers will not be published for reasons of commercial confidentiality or for reasons associated with data protection legislation

A/P - Already published on the College Website

C/P - Confirmed minutes will be published on the College Website

Reserved Items on the next page.