

**Minute of the Audit and Risk Committee  
Held by Hybrid Attendance at Kilmarnock Campus  
Thursday 10 June 2025**

**Present:**

Sharon Morrow	Chair
Jane Grant	Vice – Chair
Gillian Longmuir	Non-Executive Board Member
Chris Boyce	Elected EIS-FELA Staff Member

**In attendance:**

David Davidson	Vice Principal, People, Performance & Transformation (to item 13)
Hilary Denholm	Board Governance Advisor & Minutes
Alan Ritchie	Vice Principal, Finance & Infrastructure
Liz Walker	Chief Financial Controller
Stephen Pringle	Wbg – Internal Auditors
Andy Reid	Azets – External Auditors

**1. Welcome and Declarations of Interest**

The Chair, Sharon Morrow, welcomed all present to the meeting.

There were no Declarations of Interest presented.

The meeting was confirmed as quorate.

**2. Apologies**

Apologies were received from Jason Currie, Non-Executive Board Member and Anne Campbell, Vice Principal, Skills and Enterprise.

The Chair, on behalf of the Committee, formally noted thanks and acknowledgement of Anne's input and hard work in support of the Audit & Risk Committee.

**3. Minutes of the Previous Meeting held on 18 March 2025 (Paper 1) C/P**

The minutes were approved as a correct record.

**Proposed:** Gillian Longmuir      **Seconded:** Jane Grant  
**ARC Action & Decision Tracker (Paper 1A) (P)**

The Committee noted all previous decisions and actions were completed.

**4. Matters Arising**

There were no other outstanding matters arising from the minutes.

## 6. 2024-25 Fraud Risk Assessment (*Paper 3*) (P)

A Ritchie introduced this report which presented the Audit and Risk Committee with a summary of the College 2024-25 Fraud Risk Assessment.

In addition, L Walker highlighted that no fraud had been identified following the National Fraud Initiative exercise which takes place every second year, involving the College purchase ledger and payroll data.

The Audit and Risk Committee were requested to consider and note the contents of the paper.

### **The Committee noted:**

- the importance of identifying and mitigating fraud risks to protect the College's assets and integrity.
- the College conducts a thorough fraud risk assessment to identify, evaluate, and mitigate risks. This includes analysing internal and external factors, using historical data and implementing controls to address high-priority risks.
- the assessment is annually updated, and the College maintains comprehensive records of identified risks and mitigation actions, ensuring transparency with senior management and stakeholders.
- the highest risks identified include "Theft by Cyberfraud" and "Bribery of Officials."
- the College considers that it has taken all reasonable steps to address the risk of fraud, noting that no system of controls can fully prevent fraud where there is collusion involved.

Discussion took place around fraud in the sector, how college staff could raise matters of concern and how they are encouraged via The Ayrshire Way to report even low-level concerns.

## 7. Internal Audit:

### **7i. Internal Audit Report - IT Systems Administration** Paper 4 (P)

S Pringle presented the overview of the internal audit review of IT Systems Administration. The review assessed:

- Governance and control policies over IT systems.
- Access control mechanisms for information systems.
- IT Department structure and resourcing.
- Policies for starters, movers, and leavers.

### **The Committee noted:**

- The audit provided a **strong level of assurance** over the College's IT systems administration, policies, procedures and controls.
- No high, medium, or low priority recommendations were raised.
- One observation was noted, highlighting the robustness of current arrangements and 8 areas of good practice identified.

## **7ii. Internal Audit Report - Overall Financial Controls Paper 5 (P)**

S Pringle presented an overview of the internal audit review of Overall Financial Controls. The Audit and Risk Committee were requested to consider and note the report.

The review aimed to assess whether:

- Efficient and effective procedures and controls are in place for key finance processes.
- Adequate segregation of duties exists.
- There is sufficient management oversight of finance processes.

### **The Committee noted:**

- The audit provided a **strong level of assurance** over the College's financial controls.
- No recommendations were raised & 6 areas of good practice were identified—indicating a high standard of financial governance and operational effectiveness.
- The College maintains up-to-date Financial Regulations and a detailed Financial Procedures Manual with both having been reviewed in January 2025.
- Use of Open Accounts and EBIS systems supports efficient financial processing.

The Chair, on behalf of the Committee, thanked all for their input and hard work with these audits, recognising that investment and time has shown in the positive assurances demonstrated.

## **7 iv. 2025-26 Internal Audit Plan Paper 7 (P)**

The Internal Audit Plan was outlined for the upcoming academic year, aimed at ensuring effective internal controls and addressing key risk areas. The draft plan had been presented at the Audit and Risk Committee meeting on 18 March 2025. Further work had been done to refine the objectives of the planned work and to agree the indicative timetable with the audit team.

**The Audit and Risk Committee were requested to approve the 2025-26 Internal Audit Plan.**

### **The Committee noted:**

- The purpose of the plan was to provide assurance on the effectiveness of the College's internal controls, risk management, and governance processes.
- The plan covered various areas including financial and non-financial systems, governance, IT systems, and student-related audits.

Discussion took place around the allocated follow up time (5 days) given the positive assurances to date from previous audits and it was agreed these would be reviewed.

In addition, there was an amendment required on page 3 regarding contract renewal details.

**Decision: ARC48-D02 - The Committee reviewed and approved the 2025-26 Internal Audit Plan, subject to slight amendment and a future review of the number of follow up days allocated.**

**Action: ARC48-A01 – To review the use of follow up 5 days considering there are no c/fwd. recommendations.**

## **8. External Audit Annual Plan 2024-25 Paper 8 (P)**

The planning document, presented by A Reid, outlined the 2024-25 external audit strategy for the College. It was prepared by Azets Audit Services and aligns with the Code of Audit Practice issued by Audit Scotland.

**The Audit and Risk Committee was requested to approve the 2025-26 External Audit Annual Plan.**

The audit plan covers:

- Financial Statements: Providing an opinion on their truth and fairness, regularity and statutory disclosures.
- Wider Scope Audit: Focused on financial management, sustainability, governance, and use of resources.
- Independent Auditor's Report and Annual Audit Report.

Discussion took place around certain audit risks being increased, with a recognition that this is a sectoral issue. In addition, financial sustainability, again a sectoral issue, was discussed under the wider scope audit.

**Decision: ARC48-D03 - The Committee reviewed and approved the 2025-26 External Audit Annual Plan.**

## **14. AOB**

The Chair informed the Committee that this would be her last meeting as she was taking up the Interim Chair of the Board of Management position from 1<sup>st</sup> July. The Chair thanked all for their support and contributions.

There was no other business.

**Date of Next Meeting – Tuesday 16 September 2025 4pm @ Kilmarnock Campus**

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

## **Reserved Items**

**The following items are reserved for reasons of commercial confidentiality or because the item contains information which is covered by data protection legislation.**