

Board of Management

Meeting of the Audit and Assurance Committee

MINUTE OF 3rd MEETING HELD ON MONDAY 20 MARCH 2023 AT 1500 HRS (AAC3)

Present	
Graham Mitchell (GM) Convener	Paul Hillard (PH)
In attendance	
Karen Acheson (KA)	Paul Little (PL)
Mark Drummond (MD)	Drew McGowan (DM)
John Gribben (JFG)	Stuart Nugent (Audit Scotland) (SN)
Stuart Inglis (Henderson Loggie) (SI)	Stuart Thompson (ST)
Sheila Lodge (SL)	Ann Butcher (Minute)
Apologies for absence	
Lorna Hamilton (LH)	David Archibald (Henderson Loggie) (DA)

Item AAC3-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	LH and DA submitted their apologies. SI attended in DA's absence.	

Item AAC3-2	Declarations of Interest	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	There were no declarations of interest.	

Item AAC3-3	Items to be Discussed Privately with Auditors	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	There were no items raised to be discussed privately with the auditors.	

Item AAC3-4.1	Minute of the Meeting held on 29 November 2022	
Paper No: AAC3-A	Lead: Convener	Action requested: Approve
Decision/Noted	The minute was approved.	

Item AAC3-4.2	Terms of Reference Review	
Paper No:	Lead: D McGowan	Action requested: Approve

AAC3-B	
Discussion	GM acknowledged that the Terms of Reference (ToRs) had undergone a recent review that included a reference to the College company. No further amendments were proposed. The Committee noted that membership and quorum details would be incorporated into the new ToRs for the next Academic Year.
Decision/Noted	That the current Terms of Reference remain unchanged.

Item 6 was taken at this time.

Item AAC3-6	Any Other Notified Business	
Paper No: Verbal	Lead: Convener/P Little	Action requested: Note
Discussion	PL briefed the Committee on a recent correspondence from the Scottish Funding Council (SFC) which highlighted a breach of the Financial Memorandum relating to non-competitive procurement action. This correspondence had also been shared with the College Secretary, Convener of the Finance & Physical Resources Committee and Convener of the Audit & Assurance Committee. PL confirmed that he had notified the College's Internal Auditors and asked that they undertake an audit and report to the Committee's next meeting in May. Members were assured that the report from the Internal Auditors would include detailed sequence of events and that any recommendations will be actioned promptly. ST reassured the Committee that all procurement breaches will be identified and addressed.	
Decision/Noted	<ul style="list-style-type: none"> • To note the update. • To provide an Internal Audit Report at the next meeting. 	

Item 5.4 was taken at this time.

Item AAC3-5.4	Ex-Employee Fraud Report Update	
Paper No: AAC3-F	Lead: J F Gribben	Action requested: Discuss
Discussion	<p>JFG reminded the Committee of the employee fraud case which resulted in a significant loss to the College and asked members to consider whether the ex-employee, who had been convicted of the fraud), should be pursued further to recover losses. This matter has been extensively considered by the College solicitor and a legal advice note was submitted for the benefit of the Committee.</p> <p>Although members acknowledged the potential reputational damage to the College and the importance of sending a clear message as a deterrent, they were advised that pursuit of this matter would incur additional costs to the College with no guarantee of any current or future recovery. The viability of pursuing this case including evaluation of the financial risks involved as well as the merits and likely outcome and success rate were discussed by the Committee.</p> <p>PL emphasised that it was essential that the College act in the best interest of the public and safeguard public funds and recommended that the College seek civil recovery.</p>	

	To help make a more informed decision, the Committee requested further clarification and advice from the solicitors, including a full cost analysis. It was also agreed that any decision to proceed further with the case should be made by the full Board.
Decision/Noted	That additional advice be sought from the College solicitors, including a full cost analysis for the next Committee meeting prior to submitting to the full Board.

JFG left the meeting. PL left the meeting during the following discussion.

Item AAC3-5.1 Assurance Framework Review	
Paper No: AAC3-C	Lead: K Acheson Action requested: Discuss
Discussion	<p>KA provided a full and detailed review of the changes made to the Assurance Framework, in response to the points identified during the last meeting of the Committee.</p> <p>KA also advised that the Assessment of Sources of Assurance will identify where quarterly checks are being completed by SMT and where reports are being presented. After this has been completed, it will be presented to the Committee for review. This will help determine whether additional oversight or verification is necessary at Committee level.</p> <p>The Assurance Framework update timeline (6 monthly reviews) as confirmed within the current Programme of Work was agreed. The next update will be provided at the September meeting.</p>
Decision/Noted	<ul style="list-style-type: none"> • To approve the revised Assurance Framework. • To submit the Assessment of Sources of Assurance at a future meeting. • That 6 monthly updates be provided to the Committee.

Item AAC3-5.2 Freedom of Information Report 2021-22	
Paper No: AAC3-D	Lead: D McGowan Action requested: Discuss
Discussion	<p>DM presented the 2021-22 Freedom of Information report and informed that, in future, this report would be submitted earlier in the Academic Year.</p> <p>The number of FOISA requests submitted were noted and DM reported that the number received has significantly increased this academic year. GM requested additional information on the reasons for the two late responses in future reports. Members will receive separate advice on the subject information for the request that was of a commercial nature via email.</p>
Decision/Noted	<ul style="list-style-type: none"> • To provide additional information on reasons for late responses in future reports. • To provide separate information on Commercial request via email.

Item AAC3-5.3 Internal Audit Progress Report
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Paper No: AAC3-E	Lead: S Inglis	Action requested: Discuss
Discussion	SI presented the progress made in delivering the annual Internal Audit Plan for 2022/23. As previously agreed, members noted that an audit of the College Subsidiary Company (scope to be agreed) now replaced the Cleaning Management audit. The fieldwork timings and planned reporting dates were also noted.	
Decision/Noted	To note the report.	

Item AAC3-5.5	Strategic Risk Review	
Paper No: AAC3-G	Lead: D McGowan	Action requested: Discuss
Discussion	The MAPs for the high-scoring risks (6, 15 and 16) and the updated MAP (24) were submitted to the Committee. There were no proposed changes.	
Decision/Noted	<ul style="list-style-type: none"> • To note the MAPs under the Committee's remit. • To approve the Strategic Risk Register as at 24 January 2023. 	

Item AAC3-7	Disclosability of Papers	
Paper No: Verbal	Lead: D McGowan	Action requested: Note
Decision/Noted	The Disclosability status of all other papers described on the respective cover sheets were retained.	

Item AAC3-8	Date of Next Meeting	
Paper No: Verbal	Lead: Convener	Action requested: Note
Decision/Noted	Tuesday 23 May 2023	

GM acknowledge that it would be Stuart Thompson's last attendance. On behalf of the Committee, he expressed his sincere gratitude to Stuart for his invaluable contributions to the College, especially during times of significant change and challenge. GM also expressed his hope that the valuable lessons learned during his leadership would be carried forward to his new role and he wished him well for his future.

The meeting closed at 1625 hours.

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
AAC3-6 20 03 23	AONB: Provide Internal Audit Report on breach of Financial Memorandum.	ST/MD/SI	23 05 23
AAC3-5.4 20 03 23	Ex-Employee Fraud Report Update: Seek additional advice from solicitors, including full cost analysis.	JFG	23 05 23
AAC3-5.1 20 03 23	Assurance Framework Review: Submit Assessment of Sources of Assurance at a future meeting.	KA	Ongoing Noted/Complete
AAC3-5.2 20 03 23	Freedom of Information Report 2021-22: Provide information on reasons for late responses in future reports.	DM	Ongoing Noted/Complete
AAC3-5.2 20 03 23	Freedom of Information Report 2021-22: Provide information Commercial request.	DM	ASAP Complete

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
AAC1-5.1 06 09 22	Assurance Framework Review: Submit final Sources of Assurance Document.	SL	07 03 23 Complete
AAC2-5.3 29 11 22	Ex-Employee Fraud Report Update: PL will engage the SFC to confirm funds available to support recovery and update the Committee.	PL	07 03 23 Complete
AAC2-5.6.3 29 11 22	Data Protection: Annual data protection report to be tabled at the Board for information.	SL	14 06 23
AAC2-5.8 29 11 22	Internal Audit Annual Plan 2022-23: Requested changes to be made to the plan and an update to be provided at the committee's next meeting.	ST/SI	07 03 23 Complete
AAC2-6.1 29 11 22	Strategic Risk Review: Score of risk MAP 15 to be corrected.	DM	ASAP Complete
AAC5-5.2 24 05 22	Internal Audit Overview: Update as agreed.	SL (for KA)	06 09 22 29 11 22 Superseded