

**Audit and Risk Committee Meeting**  
**held on Thursday 29 February 2024 at 11.30am-1.30pm on Campus**

**Present:**

Andy McGoff	Chair/Board Member
Margaret McLean	Board Member

**In attendance:**

Ingrid Earp	Board Secretary (Minutes)
Roddy Henry	Principal
Mary Slater	Director of Operations and Business Development

Sowmaya Menon	Internal Audit, BDO
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**Apologies for absence:** David Hamer, Board Member

#	Agenda item
<b>Part A – Opening Business</b>	
<b>1.</b>	<p><b>Welcome, Apologies and Declaration of Interest</b> The Chair welcomed everyone to the meeting.</p> <p>Apologies for absence were received from David Hamer and there were no declarations of interest.</p>
<b>2.</b>	<p><b>Minutes of the Previous Meeting, 2 November 2023</b> (Paper 1) The minutes of the previous meeting were accepted as an accurate record.</p> <p><b>Action Log</b> (Paper 1a) Some actions remain outstanding and these were noted.</p>
<b>3.</b>	<p><b>Matters Arising</b> There were no matters arising not covered in the Action Log.</p>
<b>Part B – For decision</b>	
<b>4.</b>	<p><b>Draft Reserves Policy</b> (Paper 2) The Principal talked through the paper and it was noted that the difference between cash reserves and unrestricted reserves should be made clear. Currently the College's cash reserves are sitting at £420k although £150k of this represents an advance from SFC with the repayment terms currently under discussion with SFC. These cash reserves cover approximately three months expenditure.</p> <p>The Committee agreed that ideally cash reserves would not diminish below £350k or the equivalent of two months expenditure given the size of the overall budget.</p> <p><b>Action ARC02:B4 Policy to be revised in the light of discussions and to ensure correct terminology used for the type of reserves being referred to. Recirculate to Committee.</b></p>

<p><b>5.</b></p>	<p><b>Finance Regulations and Policies</b> (Paper 3) The Committee agreed these revised regulations and policies read well and were a good step forward from previous ones.</p> <p><b>Action ARC02:B5 Principal and Director of Ops and Bus Devt to revisit the amounts referred to for authority for writing off bad debt in the Financial Regulations and Procedures – section 5.4 - and revise appropriately. This should distinguish between the levels of delegated authority given to the Director of Ops and Bus Devt, the Principal and the Board.</b></p> <p><b>Action ARC02:B5 In the Fraud Prevention Policy and Response Plan ‘prevent’ to be amended to ‘take reasonable steps’ as it is not possible to entirely prevent fraud.</b></p> <p><b>Action ARC02:B5 M McLean to share legal definition of fraud with Dir of Ops and Bus Devt.</b></p> <p><b>Action ARC02:B5 S Menon to send through documentation on upcoming legislation around fraud.</b></p> <p>Members asked about collection of physical cash and although it was noted that there is very little cash handled there should be a systematic approach to this with checks and balances in place. The approach taken should be proportionate but consistent too.</p> <p><b>Decision ARC02:B5 The Committee approved the policies subject to amendments and confirmations above.</b></p>
<p><b>Part C – For discussion</b></p>	
<p><b>6.</b></p>	<p><b>Internal Audit Update</b> (Paper 4) The student support internal audit is due to begin on 12 March with the cyber security one on 9 April (terms of reference for the latter will be circulated). These will be followed by a curriculum planning one later in the year.</p> <p><b>Action ARC02:C6 Dir of Ops and Bus Devt to circulate terms of reference for cyber security internal audit.</b></p>
<p><b>7.</b></p>	<p><b>Monitoring of Audit Recommendations</b> (Paper 5) The Director of Operations and Business Development talked through the open recommendations. Those that are now complete was noted with the stock count currently being underway and a time with the management accountant to be agreed to review the fixed asset register.</p> <p>For the recommendation around investing any cash balance the College has there is a paper going to the Finance and Resources Committee shortly.</p> <p>An update on GDPR will come to the May meeting of the A&amp;R Committee.</p>
<p><b>8.</b></p>	<p><b>Insurance Arrangements</b> (Paper 6) The Committee thanked the Dir of Ops and Bus Devt for the useful paper. An update was provided in that the pre-renewal meeting with the insurers had been held the previous day and the matter of carrying out a survey was raised as this has not been done since 2019. It was agreed that a survey would be carried out next year. Following questions from Members the following actions were agreed:</p>

	<p><b>Action ARC02:C8 Check if the sundial which is currently fenced off is included in the insurance.</b></p> <p><b>Action ARC02:B8 Check if the level of cover is sufficient for gross revenue.</b></p> <p><b>Action ARC02:B8 Increase the amount for loss of revenue from the business park to £240k.</b></p> <p><b>Action ARC02:B8 Check the level of contents cover and if the Trustees insurance covers some items such as paintings etc.</b></p> <p><b>Action ARC02:B8 Check what 'waiting period' refers to in section on cyber security.</b></p> <p><b>Action ARC02:B8 Dir of Ops and Bus Devt to send M McLean a copy of the student tenancy agreement.</b></p> <p>The Committee felt that the discussion had been very worthwhile and that circulating a summary of insurance arrangements regularly to Board would be useful.</p>
<b>9.</b>	<p><b>Risk Register Update (Paper 7)</b> The Risk Register has been updated to include the risk tolerance level. At present financial stability is the only risk with a score above the agreed risk tolerance level. The Principal noted that the financial situation remains very challenging but overall the College is in a relatively good position.</p> <p>The Principal also noted that some staffing challenges remain with some turnover of key staff and ongoing industrial disputes and strike action across the sector.</p> <p>The Committee noted the update.</p>
<b>10.</b>	<p><b>Cyber Security Update (Paper 8)</b> The College will be accredited with Cyber Essentials by the end of March and discussions are ongoing with Jisc re staff training around cyber security which will be progressed shortly.</p>
<b>11.</b>	<p><b>Committee Self-Evaluation (Paper 9)</b> The Committee agreed that papers are now providing more of the information required and that there is no requirement for an additional evaluation before the end of the academic year, especially as at least one new Committee Member will be joining.</p>
<b>Part D – For information</b>	
<b>12.</b>	<p><b>Management Accounts Update (Paper 10)</b> The Dir of Ops and Bus Devt was thanked for the update however it was noted that this was more of an income statement and in addition a balance sheet update would provide a more comprehensive package.</p>
<b>Part E – Closing Business</b>	
<b>13.</b>	There were no items of any other business.
<b>14.</b>	<p><b>Date of next meeting</b> 16 May 2024 at 11.30am.</p>