

MINUTES of the MEETING of the AUDIT COMMITTEE held via Microsoft Teams on Tuesday 10 November 2020

PRESENT:	Chris O’Neil, Innis Montgomery, Fiona Neilson, Sally Blyth.
CHAIR:	Fiona Neilson
APOLOGIES:	Olga Potapova EY, External Auditors, Claire Robertson, BDO LLP, Internal Auditors & Samantha Cribb
ATTENDING:	Director of Finance Depute Principal – Planning and Student Experience Stephen Reid, EY, External Auditors Chloe Ridley, BDO LLP, Internal Auditors Board Secretary

There were no declarations of interest.

The Committee expressed their thanks to Hazel Allen for all her work with the Audit Committee over the years.

1. MINUTES

The Minutes of the Meeting of the Audit Committee held on 15 September 2020 were **AGREED** as a correct record and were **APPROVED**.

2. OUTSTANDING ACTIONS

- **Risk Register** – With regards embedding the process of enhancing mitigating actions at partnership level, the Committee noted that discussions have been held with Roger Sendall, Executive Office and the issue is continuing to progress. A meeting with the Chair of the F&GP is to be arranged to discuss the FRP and following this the risk is expected to decrease over the next few months. It was noted that the risk register itself will be discussed further within the agenda.
- **NFI** – The Director of Finance advised the Committee that it is thought that an acceptable format for ensuring that we are able to provide supplier information for the NFI is now in place and that we aim to deliver this within the next 3 months.
- **Internal Audits – Quality & Assurance – Covid-19 Terms of Reference** – This item will be discussed within the agenda.
- **Procurement of Internal Auditors** – The Committee noted that this process will begin in early 2021.
- **Internal Audit Review:**
 - **Data Protection Policy** – The Committee noted that the Board Secretary would seek clarification as to whether the audit recommendation update had been made within the policy and would update BDO accordingly.

- **Student Fees** – a discussion between SMT and BDO regarding this is still required.
- **Partnership Agreement** – The Depute Principal – Planning and Student Experience will ensure that all email documentation is provided to BDO. However it was noted that the Highland Council have yet to agree to the Partnership Agreement.
- **Business Continuity** – This item will be discussed within the agenda.
- **Budget Planning** – The Committee noted that this will be discussed with the Chair of the F&GP Committee.
- **Health and Safety** – this item will be discussed within the agenda.
- **Estates Spends** – the Committee noted that Estates have been advised of the funds made available by SFC to them.

Chloe Ridley, BDO advised that the above remain the key points outstanding and that no documentation has yet to be received. The Committee noted that all follow up actions will be discussed within the SMT meetings to ensure that they are progressed.

- **Committee and Chair Evaluation** – This item will be discussed within the agenda.

3. **INTERAL AUDIT – APPROVAL OF TERMS OF REFERENCE – COVID-19 QUALITY AND ASSESSMENT**

The Committee noted that the Terms of Reference for the Covid-19 Quality and Assessment had been discussed at the LT&R Committee Meeting. The focus of this audit had been adjusted to reflect the fact that we are adhering to guidelines set by the Awarding Bodies. A discussion with regards the timing of the audit took place with the Committee agreeing that February 2021 was appropriate. The Committee **AGREED** the proposed changes to the Terms of Reference which will now be considered by BDO.

4. **POLICIES FOR APPROVAL**

- **Email Usage and Retention Policy** – the Committee **RECOMMENDED** this policy for **APPROVAL** at the Board of Management Meeting scheduled for 1st December 2020.
- **Information Security Policy** - the Committee **RECOMMENDED** this policy for **APPROVAL** at the Board of Management Meeting scheduled for 1st December 2020.
- **University Partnership IS Acceptable Use Policy** - the Committee **RECOMMENDED** this policy for **APPROVAL** at the Board of Management Meeting scheduled for 1st December 2020.

The Committee highlighted how the practice of these policies were being monitored with regards personal use, training, review of policies. A discussion on how these policies can be reinforced to staff took place with the SMT confident that staff are adhering to the policies.

5. EXTERNAL AUDIT

Stephen Reid, EY advised that the Annual Audit Plan for the Year Ended 31 July 2020 had been updated to reflect recent discussions on planning and our approach for the audit. Discussions remain ongoing between EY and the Director of Finance and information is continuing to be received. The Committee noted that the timetable for the audit has been revised with fieldwork beginning later this month. A discussion with regards the availability within the Finance Team and the timeframe took place with the Committee noting that this work is progressing.

6. AUDIT REPORTS

Annual Internal Audit Report Update

Chloe Ridley, BDO advised the Committee that the Workforce Planning Audit has begun with all other audits dates agreed and diarised.

Draft Annual Audit Committee Report to the Board

The Board Secretary advised the Committee that this report was in draft format as some sections cannot be completed until after the joint Audit and F&GP meeting which is now scheduled for January 2021. Following the joint meeting the report will be updated and brought back to the Committee for final approval.

FES 19-20 Audit

The Committee noted the contents of this audit with Chloe Ridley, BDO confirming that there had only been 1 finding which centred on withdrawal dates. This was an isolated miscalculation due to human error and the risk was identified as such.

Student Support Funds 19-20 Audit

The Committee noted the contents of this audit with Chloe Ridley, BDO confirming that there were no findings from the Audit.

7. FINANCIAL RECOVERY PLAN

It was reiterated to the Committee that the Financial Recovery Plan is being monitored at the monthly Chairs meetings and a copy of the report which was discussed at the November Chairs was included within the Audit Committee papers.

The Principals confidential report covers the period up to 30th October 2020. The Committee was advised that the FRP was reviewed within October. With regards the FRP the Committee noted the following:

- Savings of £1.5 million have been made to date.
- TSR spends have a budget of £800K however only £270k has been committed. This budget will be reduced next year as part of budget planning.

With regards the VSS the Committee noted that we have received 31 applications (19 from support staff and 12 from academic staff). 24 applications have been approved with one refused. However this member of staff then went onto retire. 6 applications have been rejected. Alternatives to redundancies are continuing.

The Committee noted that a meeting between the Principal, the Director of Finance and the Chair of the F&GP Meeting will take place to discuss the FRP.

A discussion took place with regards staff morale with the Committee noting that whilst relations with the unions remain positive staff morale remains lower due to remote working. A Wellbeing Group has been set up which union representatives attend.

8. RISK MANAGEMENT

The Director of Finance highlighted the areas of concern within the Risk Register as being the Longman Site and financial risk. A confidential discussion on these risks took place.

The Committee noted that the Risk Register will be taken to the March 2021 meeting for further review and consideration.

9. BUSINESS CONTINUITY

The Committee noted that we continue to use tested approaches with regards Covid-19 and continue to focus and analyse what has been done.

10. HEALTH AND SAFETY REPORT

The Committee noted that the Internal Audit of Health and Safety is due within January 2021. The Committee had a confidential discussion with regards our current Health and Safety System.

The Principal advised the Committee that a Sub Committee of the Health, Safety and Wellbeing Group had been set up to look at the wellbeing of staff. This will be an advisory group who will provide reflective input. The Terms of Reference for the group have been agreed and they will meet on a bi-monthly cycle.

Sally Blyth left the meeting at this point.

11. FEEDBACK FROM COMMITTEE EVALUATION

It was reported to the Committee that feedback was received offline with regards the Committee Evaluation Report and Implementation Plans which were taken to the meeting on 15 September 2020.

- Skills Gap

The Committee highlighted their concern with regards our reliance on the Director of Finance and questioned whether there was adequate support in the event of their absence. The Committee noted that top level formatting was progressing

which should allow others to prepare reports. The Committee noted that the Finance Team should be able to prepare the statutes and budgets over the upcoming months. With regards the Audit Committee Chair and Vice Chair positions the Committee noted that the Board recruitment campaign has just ended and that interviews will be held next week.

- Legal and Regulatory Mechanisms

The Committee discussed how they remain up-to-date with regards to the latest legislation. It was noted that the HR Practitioners Group highlight all relevant HR legislation and policy changes. After a lengthy discussion it was **AGREED** that the Committee were comfortable that all relevant changes are being highlighted to them but that this will now be a feature within all agenda setting meetings and any relevant updates will be added to the agenda as appropriate.

- Procedure for ensuring detailed information and evidence is received.

With regards the FRP the Committee were advised that the process is being reviewed by the F&GP Committee.

- Timings of Meetings.

After discussion the Committee **AGREED** that timings of meetings should remain as is with no requirement for additional meetings.

12. COMPLAINTS – QUARTERLY REPORT

The Committee noted the contents of the quarterly complaints report.

13. HEALTH AND WELLBEING MINUTES

The Committee noted the minutes of the Health and Wellbeing Group from 12 June 2020 and 9 September 2020.

14. AOCB

The Committee noted that the Joint Audit and F&GP Committee meeting has been rescheduled to 27 January 2021.

15. DATE OF NEXT MEETING

JOINT AUDIT & F&GP MEETING – WEDNESDAY 27 JANUARY 2021 @ 9.00 A.M.

AUDIT COMMITTEE - TUESDAY 9 MARCH 2021 @ 8.30 A.M.

Signed on behalf of the Chair:



Date: 09 March 2021