

## **MINUTES of the MEETING of the AUDIT COMMITTEE held via Microsoft Teams on Tuesday 18 October 2022**

**PRESENT:** Tina Stones, Michael Beveridge, James Millar, Chris O’Neil

**CHAIR:** Tina Stones

**APOLOGIES:** Sally Blyth, Samantha Cribb, Innis Montgomery, Gillian Galloway, Amy Goodbrand, Vice Principal – Academic and Research, Stephen Reid, EY, External Auditors, Olga Potapova, EY, External Auditors, Claire Robertson, BDOLLP

**ATTENDING:** Assistant Principal – Finance & Audit  
Information Systems Manager  
Chloe Main, BDOLLP  
Governance Officer

The Chair welcomed everyone to the meeting.

The Governance Officer advised the Committee, that we have received a significant number of apologies and as a result, are not quorate. The Committee noted that the Vice Chair has indicated that they may arrive late, and it was therefore suggested that we begin with the items for discussion.

There were no declarations of interests, statements of connections or transparency statements noted.

### **1. RISK MANAGEMENT**

The Vice Principal – Finance and Audit spoke to his report and advised that within his narrative he had highlighted the global and national risks which may impact upon us.

The Committee noted that the Estates and Campus Team are looking at contingencies in respect of fuel and utilities. The Committee acknowledged that whilst this is not currently on the register, it may be added in the future.

The Committee was advised that another possible risk, not currently on the register, is in respect of our Shared Finance Service with North Highland College. The Committee noted that as part of the consultation on the proposed merger of 3 partners, including North Highland College there have been discussions over the finance service for the new entity which could have an impact on our current Shared Finance Service. However, the Committee was advised that due to work being undertaken, by the partnership, to align partners and services we are hopeful that there will be no impact from this merger to the Shared Finance Service.

## 2. BUSINESS CONTINUITY DISCUSSION

The Committee acknowledged that our Business Continuity Plan had been tested over the past two years because of Covid 19 and the cyber incident. The Committee noted that the plan gave clear information on how communications should be managed.

In respect of fuel and power risks the Committee noted that work was being undertaken by the Estates and Campus Team to ensure that students are safe and that our service and data are protected.

The Committee welcomed this balance in respect of detail and flexibility of the plan.

**Decision:** It was **AGREED** that Business Continuity would become a standing agenda item for the Committee going forward to ensure that we are able to look at all areas including emerging risks.

## 3. DRAFT ANNUAL AUDIT COMMITTEE REPORT

The Governance Officer spoke to this report and advised the Committee that the annual report goes to the Joint Audit and F&GP Committee for recommendation to the Board of Management who provide final approval. The Governance Officer advised that the report highlights the membership, attendance and key information that was presented to the Committee during 2021-22.

The Committee did not have any amendments to the report which will now go to the Joint Audit and F&GP Committee.

## 4. EXTERNAL AUDITORS LETTER AND OUR RESPONSES

The Vice Principal – Finance and Audit advised the Committee that this is an annual letter which our External Auditors request that we respond to. The Committee noted that following circulation of the letter within the Committee papers, the Vice Principal – Finance and Audit has rephrased some of the responses. An updated version of this letter will be taken to the Joint Audit and F&GP Committee for recommendation for approval by the Board of Management.

## 5. COMMITTEE AND CHAIR EVALUATION

The Governance Officer spoke to her report advising that the Committee and Chair Evaluations had been carried out offline during the Summer.

The Committee noted that the evaluations had highlighted that it would be beneficial for members with a financial background to be sought for the Committee.

**Action:** The Governance Officer to undertake a recruitment exercise to co-opt members with financial expertise to both the Audit and the F&GP Committees.

The Committee discussed the proposal that we develop a top-level dashboard to view measures and financial information. It was highlighted that the development of a dashboard in respect of KPI headlines, trends and other key information may alleviate report writing. The Committee noted that in respect of financial information the KPI's do not always reflect the true picture in terms of liquidity etc.

## 6. INTERNAL AUDIT

The Governance Officer advised that the Internal Audit Information was for decision and that whilst it can be discussed at this meeting, as we are not quorate the relevant papers would instead be included as part of the Board of Management papers for the Board to provide approval on 25 October 2022.

### a.) Follow up Report

BDO advised the Committee that a total of 48 recommendations were followed up which relate to 15 separate internal audit reports. It was highlighted to the Committee that of the 37 recommendations due to be implemented, 10 have been categorised as fully implemented, 9 as partially implemented and 10 have been superseded. The Committee noted that 10 recommendations are not yet due for implementation.

The Committee was advised that the implementation rate is low due to the Committee having decided that 13 recommendations should be removed from the list. BDO advised that they have given commentary on these recommendations stating whether they agree that they are low risk and/or no longer relevant or whether in their opinion they believe these still present a risk and should be implemented.

The Vice Principal – Finance and Audit proposed that a sub-group is set up to meet with BDO to go over their follow up and our internal tracker to ensure that these are aligned.

**Action:** A subgroup will be set up to review and align the outstanding recommendations from Internal Audit. The subgroup will make recommendations to the Audit Committee which will be signed off by the Board of Management as appropriate.

**Action:** It was noted that Board approval would be sought to accept the Follow Up report from BDO.

### b.) Annual Report

BDO advised the committee that within the year 21-22 they had undertaken 5 reviews which had raised 21 recommendations. 10 of which were classed as medium risk and 11 as low risk.

The Committee noted that BDO were able to provide assurance in 4 out of the 5 audits that we were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review.

The Committee was advised that in the staff recruitment review, BDO had identified further work which was required to ensure that there was a robust process in place and as such they were not able to provide reasonable assurance in respect of this area at this time.

**Action:** It was noted that Board approval would be sought in respect of BDO's Annual Report.

**c.) Internal Audit Plan for 2022-23**

The Committee noted that the Internal Audit Plan for the year ahead would normally have been presented before the start of the Academic Year. However, it was noted that there has been a delay to this because of the tender process for procuring internal audit.

The Committee was advised that BDO have met with the Chair and Vice Principal – Finance and Audit to understand the focus of the College for the year ahead. As a result of this they have replaced the suggested incident management audit with a Health and Safety audit.

The Committee noted that a progress report will be available at all future Audit Committees.

**Action:** It was noted that Board approval would be sought in respect of the Internal Audit Plan for 2022-23.

**d.) Terms of Reference for 2022-23**

**Action:** It was noted that Board approval would be sought for the Terms of Reference for 2022-23

**e.) FES Audit**

BDO provided an explanation to the Committee on the FES Audit.

**Action:** It was noted that Board approval would be sought for the FES Audit.

**f.) EMA Audit**

BDO provided an explanation to the Committee on the EMA Audit.

**Action:** It was noted that Board approval would be sought for the EMA Audit.

**g.) SSF Audit**

BDO provided an explanation to the Committee on the SSF Audit.

Both BDO and the Committee provided thanks to the Information Systems Manager and her team on the completion of these audits.

**Action:** It was noted that Board approval would be sought for the SSF Audit

**h.) Student Representation Audit**

BDO advised the Committee that they were able to give a moderate level of assurance following this audit with 4 recommendations being highlighted. The

Committee welcomed the good practice which has come through within this audit.

**Action:** It was noted that Board approval would be sought for the Student Representation Audit.

## 7. INTERNAL TRACKER OF INTERNAL AUDIT RECOMMENDATIONS

The Vice-Principal – Finance and Audit advised that this report would form part of the proposed subgroup work in respect of aligning our tracker with that of internal audit.

## 8. AOCB

**Action:** The Committee noted that the policies for approval would go directly to the Board. The Chair highlighted some comments which she had in respect of the Health and Safety Policy and advised that she would pass these onto the Governance Officer offline.

The Committee was advised that the Health and Safety Manager had resigned.

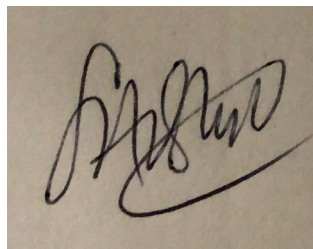
The Vice Principal – Finance and Audit advised that the draft statutory accounts have been sent to the External Auditors and the External Audit is due to commence in early November. The Vice Principal – Finance and Audit expressed the hope that these would be ready for signature in December.

**Action:** The Governance Officer will liaise with our External Auditors over a timeframe for the Joint Audit and F&GP Committee.

## 9. DATE OF NEXT MEETING – Joint Audit & F&GP - TBC

Signed by Vice Chair

Date: 24 January 2023

A photograph of a handwritten signature in black ink on a light-colored background. The signature is cursive and appears to be 'A. Jones'.