



**MINUTES of the AUDIT COMMITTEE held via Microsoft Teams on Tuesday 05 September 2023**

**PRESENT:** Tina Stones, Janette Campbell, Sally Blyth, Wendy Grindle, Gillian Galloway

**CHAIR:** Tina Stones

**APOLOGIES:** Innis Montgomery, Amy Goodbrand, Michael Beveridge, James Millar, Vice Principal – Student Experience and Quality and Chloe Main, BDO

**IN ATTENDANCE:** Principal  
Joint Finance and Audit Director  
Information Systems Manager  
Claire Robertson, BDO  
Fadhil Muhammad, Deloitte  
Governance Officer

The Chair welcomed everyone to the meeting and introductions were made. The Chair advised that this would be her last meeting.

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

**Creative Space Session**

The Creative Space Session provided the Committee with the brief opportunity to discuss the learning from the published SSSC audit and it was noted that external training in respect of this would be useful for the Board.

**Action:** The Governance Officer will arrange suitable training around Governance and Transparency for the Board of Management.

## 1. MINUTES FOR APPROVAL

### Minutes of the Meeting of the Audit Committee held on 21 June 2023

**Decision:** The Minutes of the Meeting of the Audit Committee held on 21 June 2023 were **AGREED** as a correct record and were **APPROVED**.

## 2. OUTSTANDING ACTIONS

### a.) COMMITTEE OUTSTANDING ACTIONS

- Outstanding Internal Audit Recommendations List – Corona Virus Monies – The Joint Finance and Audit Director provided members with the background to this internal audit recommendation. It was reported that further investigation of these claims by the Finance Team has identified a net underclaim of £218. The Joint Finance and Audit Director advised the Committee that he did not foresee any risk to the College and that he was happy that this recommendation could be closed off.

BDO provided the Committee with additional background to the audit and advised that the small sample tested had highlighted the irregularities of the claims and that the focus of the recommendation was in relation to the process rather than the accuracy of the figures submitted. The Committee noted that this was a defunct process but highlighted the need to have mechanisms in place to ensure that no further errors would occur in respect of other funding applications.

**Decision:** The Committee **AGREED** that this item could be removed from the list.

- Annual Internal Audit Plan 2023-2024 – BDO advised the Committee that as a result of new legislation, there was now a requirement for a different

engagement in respect of third-party assurance. The Committee noted that this would mean a disproportionate additional cost to the College and as such, BDO have been liaising with the SFC since May 2023 in respect of this sector wide issue and have produced a paper to them which outlines several different options. BDO advised that they are continuing to liaise with the SFC to agree the scope of their requirements. The Committee discussed the impact if we do not meet the SFC deadline for these audits and noted that this is unknown. The Committee noted that a response from the SFC is expected by 08 September 2023.

- Risk Register – the Committee noted that the Risk Register is included within the main agenda.

**Decision:** The Committee **AGREED** that this item could be removed from the list.

- Risk Register Training – The Governance Officer advised that UHI Executive Office will be asked to present this to the Committee as part of the March 2024 creative space session.

#### **b.) EXTERNAL AUDIT – OUTSTANDING RECOMMENDATIONS**

The Joint Finance and Audit Director provided the Committee with an update on the following external audit recommendations:

- Service Concession Arrangements – The Committee was advised that discussions have still to take place with Deloitte, around this issue.
- Review of Financial Regulations – The Committee was advised that the Financial Regulations have been reviewed and are now subject to our consultation process before they come to Committee and Board for final approval.
- NFI Governance Arrangements – The Joint Finance and Audit Director advised that we are continuing to go through the self-appraisal checklist process.

### **c.) RECOMMENDATIONS LIST – INTERNAL AUDIT**

The Governance Officer highlighted that the Procurement Strategy is due for review at the F&GP Committee on 07 September 2023 and following their recommendation will be discussed at the Board of Management meeting on 03 October 2023. The Committee noted that in respect of Complaints Management, all recommendations are due to be completed by the end of the first quarter of the new Academic Year.

The Governance Officer advised that she is liaising with BDO over their follow up document, and it is envisaged that our list will mirror theirs once this exercise is completed. The Committee noted that an updated copy of the list will be made available for the next meeting.

The Committee thanked the work which has been undertaken around the recommendation list and noted that we now have a robust strategy in place to ensure that recommendations are carried through.

## **3. INTERNAL AUDIT**

### **a.) Terms of Reference – Health and Safety**

BDO provided the Committee with an update on the purpose and scope of this review.

**Decision:** The Committee **APPROVED** the Terms of Reference for the upcoming Health and Safety Audit.

### **b.) Terms of Reference – Sustainability**

BDO provided the Committee with an update on the purpose and scope of this review. The Committee welcomed the work which the College is undertaking in respect of Sustainability.

**Decision:** The Committee **APPROVED** the Terms of Reference for the upcoming Sustainability Audit.

**c.) Terms of Reference – Risk Management**

BDO provided the Committee with an update on the purpose and scope of this review.

**Decision:** The Committee **APPROVED** the Terms of Reference for the upcoming Risk Management Audit.

**d.) Terms of Reference - Payroll**

BDO provided the Committee with an update on the purpose and scope of this review.

**Decision:** The Committee **APPROVED** the Terms of Reference for the upcoming Payroll Audit.

**e.) Internal Audit – Curriculum Planning – May 2023**

BDO advised that they were able to provide substantial assurance over the design and effectiveness of the controls in place for Curriculum Planning and highlighted several areas of good practice. BDO advised that one recommendation has been raised in respect of ensuring that all Sector Development Plans should be updated to include completion of all action and operational points and that the plans themselves are held in a shared folder where a live document can be maintained with effective version control to ensure good, leading and consistent practice.

The Committee noted that College Management were not in agreement with this recommendation and discussed the reasons behind the College's view. The Committee was advised that the planning cycle is dependant on information coming from SFC and the Scottish Government and noted that plans are released and produced at different times with differing levels of input and concerns. The Committee noted that it is not felt that this is the best way to carry out the required analysis of the needs of the sector. The Committee noted that this is in part due to the inconsistencies around how data is reported and how sectors engage.

The Committee discussed how this recommendation could be applied and noted that EMT concerns focus on ensuring that our staff have the flexibility required to enable the development of our curriculum. The Committee noted that we are still awaiting the negotiation of a final agreed plan from our RSB.

**f.) Internal Audit Report – Professional Development – Terms of Reference  
July 2023**

BDO provided the Committee with an update on the purpose and scope of this review.

**Decision:** The Committee **APPROVED** the Terms of Reference for the upcoming Professional Development Audit.

**g.) Internal Audit Report – Strategic Planning – August 2023**

BDO advised the Committee that they were able to provide substantial assurance over the design and moderate assurance of operational effectiveness in respect of our Strategic Planning and highlighted several areas of good practice. BDO advised that two recommendations were highlighted – one medium and one low level.

In respect of KPI's within Sub-Strategies not appearing in the KPI Matrix the Committee noted that this had been discussed at length with BDO. The Committee noted that evidence which we had thought was held, to demonstrate how the strategy was developed and how staff were engaged within this process took place via teams and that as a result of our Data Retention Policy some of the evidenced chat has now been deleted.

In terms of the KPI's the Committee was advised that steps will be taken to ensure that the Board is clearly sited on the KPI Matrix regularly and that the KPI Matrix includes the nuanced links to the sub-strategies. The Committee noted that there had been a delay in respect of the Research and Innovation Sub-Strategy and that this had been presented to the Learning, Teaching and Research Committee in March 2023.

**Action:** The Research and Innovation Sub-Strategy will be taken to the Board of Management on 03 October 2023 for final approval and will then be uploaded onto our website.

#### **h.) Internal Audit Report – Follow Up Review – Draft – September 2023**

BDO advised the Committee that the Follow Up Review was still in draft format and that currently from the 38 recommendations only 21% had been fully implemented and 24% had been partially implemented. The Committee noted that there remain some areas where a management update is still required and following this being received the report will be finalised and taken to the next meeting for Committee approval.

The Committee advised that some recommendations within this draft report have been progressed to the point where the College is satisfied that the action is closed but that BDO are still looking for a management response. BDO explained to the Committee that they work under regulatory responsibility and require to retain evidence on file to ensure that the assurance is implemented and highlighted that the Governance Officer is working with them to obtain this evidence to allow recommendations to be marked as implemented on both sides.

The Committee reiterated the importance of ensuring that there is a governance infrastructure in place to ensure that all evidence from recommendations is made available to BDO.

#### **4. RISK REGISTER UPDATE**

The Joint Director for Finance and Audit spoke to his report and advised that the proposed changes had been subject to discussion and review by the EMT. The Committee noted that the main update was around risk 17 and the financial instability of UHI and the impact of financial decisions made and how we plan to mitigate this risk.

The Committee noted that EMT are supportive of the proposed updates to the register. The Committee was advised that this review process will be an ongoing and interactive process where the register is reviewed by the EMT on a regular basis.

The Committee enquired about the close monitoring of funding and applications and requested clarity on this issue. The Committee was advised that this would be in terms of our activity targets and would include the monitoring of additional income and allocations received. The Committee held a lengthy discussion around risk 17 and the financial instability of the partnership and noted that UHI Inverness monitors this on a weekly basis.

**Decision:** The Committee **RECOMMENDED** the updates to the Risk Register to the Board of Management for final approval.

## 5. EXTERNAL AUDIT

The Committee welcomed our new External Auditor Representative to the meeting. Deloitte presented the audit plan for the year ended 31 July 2023. The Committee noted that in terms of risk areas they are assessing these in a similar manner as EY did in the past. The Committee noted that Deloitte will be liaising with the Joint Director for Finance and Audit over the recommendations from the previous audit.

The Committee discussed the timeframe for the upcoming Audit and the Joint Director for Finance and Audit advised that he is satisfied that we can meet this timeframe and the expectations of the audit. The Committee noted that it is expected that draft accounts will be made available by the end of September and that the audit groundwork can begin in October.

The Committee welcomed this update.

## 6. KPI MATRIX



The Principal provided the Committee with the background to the KPI Matrix and advised that the threshold for these indicators is set extremely high. The Committee was advised that a full report on the KPI Matrix will be discussed at the Finance and General Purposes Committee on 07 September 2023.

The Committee was advised that:

- our HE applications are positive with 92% of students who have applied having been offered and accepted a place.
- that we have reduced our FE curriculum offering as a result of SFC funding cuts but that applications received still remain high.
- that we have seen an improvement in our retention rates and that actions have been taken to support students and their student experience.

The Committee noted that the EMT are satisfied with the status of the KPI Matrix. The Governance Officer advised the Committee that all Board Members will be provided access to the KPI Matrix.

The Committee discussed the red areas around student experience and noted that this was as a result of funding and that the levels of support required in respect of student mental health was high and that whilst we remain committed to this area, the threshold for responding within 3-10 working days can prove challenging. The Committee noted that staff triage students to ensure that we recognise where there are significant problems.

**Action:** the Principal to provide, via email, an update in respect of the RIDDOR incident noted within the KPI Matrix.

## 7. ANNUAL COMPLIANCE REPORT – DATA PROTECTION

The Principal spoke to this report which had been authored by the Data Controller. The Principal provided the Committee with a summary of data breaches for the period April – July 2023. The Committee noted the culture change within the college in respect of how we use and retain information and

the avoidance of unnecessary sharing of information. An update around Subject Access Requests for the period January – July 2023 was also provided to the Committee.

The Committee highlighted the common themes from data breaches and enquired into the assurances and good practice which is in place around emails and staff training and noted that inductions and training are given to all staff upon the commencement of their employment with us. The Committee discussed the use of Multi-Factor Authorisation.

The Committee raised their concern around errors incurred due to individuals having the same name and noted the contents of the briefing note included within the report.

## **8. DRAFT ANNUAL AUDIT COMMITTEE REPORT**

The Governance Officer spoke to her report and advised the Committee that this was the first draft of the Annual Audit Committee Report. The Committee noted that the final version of the report will be presented to the Joint Audit and Finance Committee. The Committee did not have any amendments to the report.

## **9. FEEDBACK FROM COMMITTEE EVALUATION**

The Governance Officer spoke to her report advising that the Committee and Chair Evaluations had been completed via an online survey. The Committee noted that in respect of Chair feedback, 5 responses were received, with this feedback being delivered to the Chair as part of the Board Member Evaluation Process.

In respect of Committee feedback, the Committee was advised that 4 responses had been received and that no issues were highlighted. The Governance Officer did however advise that within the feedback, low attendance numbers for meetings had been referenced and highlighted that this

has hopefully been addressed by the recent recruitment campaign and the adjustment of meeting times to 4.30 p.m.

The Committee noted that a full report on all Committee and Chair evaluations will be taken to the Board of Management Meeting in October 2023 for final approval.

**10. AOCB**

Thanks were given by the Committee to both the Chair for the work which she has undertaken over the past year and to the Governance Officer for her work with the Committee. The Committee noted that this would be the last meeting attended by both.

**11. DATE OF NEXT MEETING – Joint Audit and Finance and General Purposes Committee – date to be confirmed.**

**Signed by the Chair:**



**Date:** 14/03/2024