UHI | INVERNESS

MINUTES of the AUDIT COMMITTEE held via Microsoft Teams on Tuesday 02 June 2026 at 4.30 p.m.

PRESENT:	David Stewart, Sally Blyth, Conrad Copeland & Innis Montgomery
CHAIR:	David Stewart
APOLOGIES:	Peter Clark, Audit Partner, WBG & Wendy Grindle
IN ATTENDANCE:	Principal
	Chair of the Board of Management
	Vice Principal – Curriculum, Student Experience and Quality
	Director of Finance and Estates
	Head of Operations and Business Performance
	Sarah McGavin, Audit Partner, Deloitte
	Sibu Mtolo, Audit Manager, Deloitte
	Scott McCready, Audit Manager, WBG
	Governance Officer

The Chair welcomed everyone to the meeting.

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

The Governance Officer informed the Chair that the meeting was not quorate with Innis Montgomery joining around 5pm. The Chair decided to start the meeting with Items for Discussions and come back to Items for Decisions once the meeting was quorate.

The Chair informed the Committee that all papers presented will be taken as read to allow time for questions and discussion.

09. KPI MATRIX

The Head of Operations and Business Performance spoke to key KPI measures highlighted in red. Thirty-six measures were in scope as at period 9, April 2026. This is the last report presented in the current format which will be updated to reflect discussions with the Interim Chair of the Board. Going forward the executive summary of the report will monitor measures that are impacting college's financial position. Suggestion was made to move the KPI Matrix higher up on the agenda.

The Vice Principal – Curriculum, Student Experience and Quality joined the meeting.

The Head of Operations and Business Performance reported that the HE FTs had been recalculated by UHI Student Records team and an increase of 22% has since been reported. This increase would provide the college with income of around 80k. The Principal added that this recent re-calculation of fundable students for 2025/26 has raised concerns around the partners and historical data will be re-examined. There is a critical need for accurate data being produced by EO for the partners in terms of HE enrolments as incorrect figures would have a negative effect on their financial situation.

Conrad Copeland joined the meeting.

Short discussion about room occupancy levels took place and the Committee welcomed Principal's update that two organisations are interested in moving into the building and renting out space on a commercial basis. This move would bring parts of UHI together and generate some extra income for UHI Inverness.

The Interim Chair of the Board thanked the Head of Operations and Business Performance for his detailed report.

The Head of Operations and Business Performance left the meeting.

Sibu Mtolo, Audit Manager, Deloitte, suggested the use of dashboard for future reporting and the Interim Chair of the Board confirmed that the use of BI dashboard tool has been discussed with the Head of Operations and Business Performance the previous week.

The Chair decided to go to second Item for Discussion Item 5 External Audit next.

05. EXTERNAL AUDIT (incl. updates and audit plans)

The Director of Finance and Estates introduced the report and advised the Committee that this is the fourth year of the five-year contract with Deloitte, which was procured by Audit Scotland.

Sarah McGavin, Audit Partner, Deloitte, spoke to the report and provided the Committee with an update regarding the audit fee for 2025/26, the materiality level and the scope of the audit. The technology to be used during the audit, audit risks and the external and business changes that have impacted the audit plan had also been brought to Members' attention.

The Committee welcomed the report and asked for clarification around the pension aspect of the audit as historically there had been delays reported. Sarah McGavin, Audit Partner, Deloitte, explained that some delays last year were due to a changed provider and new format of the pension report. The Committee was assured that the auditors are now familiar with the format and the timing of the report would be improved. In terms of college's financial sustainability being a continued risk the wider scope of the audit will provide additional assurances by ongoing feedback and stress case testing. The auditors will also use human led AI tools to improve audit's efficiency.

Discussion about the role of KPIs in alerting the institution to new and emerging risks took place. The External Auditors suggested for only a small number of financial measures to be monitored and review to prevent confusion caused by data overload. The Principal agreed with the External Auditor and added that KPIs provide useful live snapshots that are used by college in collaboration with other internal processes and link them together; e.g. lower number of application would link to marketing improving course promotion. Sarah McGavin, Audit Partner, Deloitte, added that the college could also use their historical data to model future trends and provide a holistic approach during decision-making process.

One Member asked about the hallucination/biases rate of AI generated models prepared by auditors' AI tools. It would be useful for college to know what the analytic tool offered, how much humane checking needed to go in and how reliable they were when producing audit reports. The External Auditors confirmed that the AI is only used

as an analytic tool searching for trends and not for generating data used in audit reports.

The Chair thanked both External Auditors for their detailed report.

The Chair decided to go to third Item for Discussion Item 6 Risk Register Update (Confidential).

06. RISK REGISTER UPDATE (CONFIDENTIAL)

The Director of Finance and Estates spoke to his CONFIDENTIAL report (CN-Audit-01-062026) which provided the Audit Committee with a risk register update.

Innis Montgomery joined the meeting.

The Governance Officer informed the Chair that the meeting was quorate from this point on.

Not to confuse the Members any further the Chair decided to continue with the rest of Items for Discussion before going back to Items for Decision.

07. FINANCIAL REPORT

The Director of Finance and Estates spoke to his CONFIDENTIAL report (CN-Audit-02-062026) which provided the Audit Committee with the financial update.

08. ANNUAL REVIEW OF BUSINESS CONTINUITY (CONFIDENTIAL)

The Director of Finance and Estates spoke to his CONFIDENTIAL report (CN-Audit-03-062026) which provided the Audit Committee with the annual review of business continuity update.

10. COMMITTEE & CHAIRS EVALUATION

The Governance Officer spoke to her report and confirmed the timeframe for the annual evaluation exercise which will take place over summer.

The Chair thanked the Governance Officer for her report.

01. MINUTES FOR APPROVAL

a) Minutes of the Meeting of the Audit Committee held on 03 March 2026

Decision: The Minutes of the Meeting of the Audit Committee held on 03 March 2026 were **AGREED** as a correct record and were **APPROVED.**

b) Closed Session Note of the Meeting (CSN-Audit-01-032026) held on 03 March 2026

Decision: Closed Session Note of the Meeting (CSN-Audit-01-032026) of the Audit Committee held on 03 March 2026 was **AGREED** as a correct record and was **APPROVED.**

c) Confidential Note of the Meeting (CN-Audit-01-032026) held on 03 March 2026

Decision: Confidential Note of the Meeting (CN-Audit-01-032026) of the Audit Committee held on 03 March 2026 was **AGREED** as a correct record and was **APPROVED.**

d) Confidential Note of the Meeting (CN-Audit-02-032026) held on 03 March 2026

Decision: Confidential Note of the Meeting (CN-Audit-02-032026) of the Audit Committee held on 03 March 2026 was **AGREED** as a correct record and was **APPROVED.**

02. OUTSTANDING ACTIONS

a.) Audit Committee – Action List

- **Business Continuity – COMPLETE -** Detailed update to be provided in regard to the outstanding BDO reports missing from the report in June 2025. **Decision:** It was **AGREED** that this item could be removed from the list.

- **WBG Internal Audit - training session - ONGOING -** Committee training sessions organised by the WBG to be planned for 2025/26.

- **Risk Register Update – COMPLETE -** An up-to-date version of the financial recovery plan first introduced by the EMT in 2020 to be presented to the Committee.
  Decision: It was **AGREED** that this item could be removed from the list.

- **SFC's Summary - University of Dudee – ONGOING -** Separate session to be organised for the Board to review the Gillies report and discuss key findings.

- **KPI Matrix – COMPLETE -** The financial forecast KPIs to be added to the matrix reviewed by the Audit Committee.
  Decision: It was **AGREED** that this item could be removed from the list.

- **BDO – Outstanding Internal Reports – COMPLETE -** The Committee to be informed of the progress of all outstanding BDO reports.
  Decision: It was **AGREED** that this item could be removed from the list.

b.) External Audit (Deloitte) Recommendation List

- **Lack of journals review – ONGOING -** It is recommended that the college implement a review process for journals which includes evidence of the reviews performed.

- **Review of property impairment assessment – ONGOING -** We recommend that the completed impairment assessment paper should be presented to the Audit Committee for review and approval.

- **Lack of expenditure cut off control – ONGOING -** We recommend that the College implements a control that ensures all expenditure is recorded when it is delivery rather than when the goods are used.

- **Lack of Income completeness review – ONGOING -** We recommend the College clearly document its existing process for engaging budget holders during monthly/quarterly reviews to identify additional or unbudgeted non-recurrent income.

- **Lack of Accrual Completeness review – ONGOING -** We recommend the College implements a formal review control for the year-end accrual file and

clearly documents the preparer and approval sign-off of the manual entries before they are inputted into the financial statements.

c.) Internal Audit (WBG) Recommendations List

- **Education Maintenance Allowance Audit 2024/25 – ONGOING -** We recommend that the College strengthen its monitoring of EMA spot checks by introducing a formal process to ensure that checks are distributed across both the August to March and April to July periods.
  Decision: It was **AGREED** that this item could be removed from the list.

d.) Internal Audit (WBG) – Follow Up tracker from BDO

The Governance Officer informed the Committee that previous internal auditors, BDO, had submitted a final Follow Up Report 2024/25 and all outstanding actions from that report have been collated and shared with the current internal Auditors, WBG and the Director of Finance and Estates. A joint review of all collated BDO' recommendations and actions will take place in order to establish which actions could still be taken forward and which closed off or superseded.

Decision: The Committee **APPROVED** the Outstanding Actions report.

03. POLICIES FOR APPROVAL

a.) Data Protection Policy

The Principal spoke to the report and asked the Committee to approve and recommend for Board's approval the reviewed Data Protection Policy presented. The policy has come to an end of its 3-year internal review process with minor amendments: new legislative reference and small language amendments with context unchanged.

The Committee welcomed the report and positively commented on legislative updates to the policy.

Decision: The Committee **APPROVED** the Data Protection Policy and **RECOMMENDED** to Board for final approval.

4. INTERNAL AUDIT

a.) Internal Audit (BDO) Incidents Management Final Report

The Director of Finance and Estates informed the Committee that the Incidents Management Final Report had been submitted by BDO and offered moderate level of assurance. The report also listed six examples of good practice and two recommendation findings of medium significance. Overall, a positive report in terms of the work carried out by BDO in relation to Incident Management. The Director of Finance and Estates also assured the Committee that both recommendations have been passed onto WBG and will be reviewed with other actions from the Follow Up tracker as some recommendations are not relevant anymore or have been superseded in terms of processes and policies.

Decision: The Committee **APPROVED** the Incidents Management Final Report.

b.) Internal Audit (BDO) Annual Report 2024-25

The Director of Finance and Estates informed the Committee that the Annual Report 2024/25 had been submitted by BDO and confirmed that in the areas of Fraud Strategy, Core Financial Controls, Staff Wellbeing, Cyber Review, and Incidents Management, the risk management activities and controls examined were found to be suitably designed to achieve the specific risk management, control, and governance arrangements. Based on auditors' verification reviews and sample testing, the controls in these areas 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.

Decision: The Committee **APPROVED** the Annual Report 2024-25.

The Chair thanked the Director of Finance and Estates for his detailed reports.

c.) Internal Audit (WBG) Budgetary & Financial Reporting Final Report

The Internal Auditor, WBG, spoke to the report which provided the Committee with an update on the Budgetary and Financial Final Report completed in March

2026. The report stated that the Budgetary processes are in line with good practice observed across auditor's education client base. The Board and Senior Management receive sufficient reporting of performance against budget and against plans throughout the year to enable informed decision making. Following the review, WBG provided a strong level of assurance surrounding the College's budget setting, monitoring, and reporting arrangements, with one low recommendation in place.

The Committee welcomed the report and positively commented on the strong level of assurance provided by the auditors regarding financial and budgetary processes in place. Clarification was sought in regard to budget holder meetings and financial review training being implemented across the departments as management responses were missing from the report. The Internal Auditor confirmed that management responses were provided in time and he will circulate an updated copy of the report after the meeting. The Principal added that training is being planned and meetings with budget holders have been scheduled to take place this month. The Internal Auditor confirmed that the end of July has been confirmed as the deadline for the structured budget programme and training process.

The Chair thanked the Internal Auditor, WBG, for his detailed report.

Decision: The Committee **APPROVED** the Budgetary & Financial Reporting Final Report.

d.) Internal Audit (WBG) Annual Plan 2026-27

The Internal Auditor, WBG, spoke to the report which provided the Committee with an update on internal audits planned for 2026/27. Following areas will be reviewed: mandatory funding, procurement, estates management, curriculum planning and GDPR. A list of potential training topics has been highlighted which could be offered to college staff in the next AY.

The Chair thanked the Internal Auditor, WBG, for his detailed report.

Decision: The Committee **APPROVED** the Annual Plan 2026-27 report.

11. AOCB

Nothing raised.

12. DATE OF NEXT MEETING – Audit Committee Meeting – Tuesday 09 September 2026.

Signed by the Chair: David Stewart

Date: 01/09/2026