

**MINUTES of the MEETING of the AUDIT COMMITTEE held in the Boardroom, 1 Inverness Campus, on Tuesday 29 November 2016**

<b>PRESENT:</b>	Hazel Allen, Louise James, Lindsey Mitchell, Steve Walsh (from item 10)
<b>CHAIR:</b>	Hazel Allen
<b>APOLOGIES:</b>	Jaci Douglas
<b>ATTENDING:</b>	Principal Depute Principal Director of Organisational Development Stuart Inglis, Henderson Loggie College Secretary
<b>OBSERVER</b>	Maria Roberts IIP Assessor

*The Chair welcomed Maria Baxter, IIP Assessor to the meeting.*

**1. MINUTES - AUDIT COMMITTEE – 13 September 2016**

The minute was **AGREED** as a correct record and was approved and signed.

**2. AUDIT COMMITTEE ANNUAL REPORT TO THE BOARD OF MANAGEMENT**

A report by the Director of Corporate Services presented a draft of the Audit Committee's annual report to the Board of Management, as required by the Financial Memorandum between UHI (Regional Strategic Body) and Inverness College UHI (Assigned College) covering the Committee's activity, and the work of the College's internal and external auditors in 2015/16.

The Principal spoke to the report, highlighting the progress which had been made over the last few years in significantly reducing the number of audit recommendations which were still outstanding. Those which remained were all priority 3 level. There were no major issues to be addressed from these audits.

The Chair echoed the comments by the Principal and welcomed the continued improvements which were seen in all reports. There has been a very significant change compared to 3 or 4 years ago.

The Chair requested that in future, the report should refer to the areas of risk identified in the audit plan and strategic plan rather than simply list the reports which had been considered. Stuart Inglis kindly offered to share a template report with the College.

The Audit Committee **RECOMMENDED** the Audit Committee Annual Report to the Board of Management for approval.

### **3. INTERNAL AUDIT REPORTS**

#### **a) 2015/16 STUDENT ACTIVITY DATA**

Credits Audit Guidance issued by the SFC in May 2015 requested that colleges obtain from their auditors their independent opinion on the accuracy of the FES return. Mr Inglis advised that in accordance with the guidance, Henderson Loggie had reviewed and recorded the systems and procedures used by the college in compiling the returns and had assessed and tested their adequacy. Two minor recommendations had been made and these were outlined in the action plan.

The report by Henderson Loggie was submitted to the SFC on 13 October 2016 and in their opinion

- The student data returns had been compiled in accordance with all relevant guidance
- Adequate procedures were in place to ensure the accurate collection and recording of the data; and
- on the basis of their testing they could provide reasonable assurance that the FES return contained no material mis-statement.

The Committee **NOTED** the report.

#### **b) STUDENT SUPPORT FUNDS 2015/16**

Mr Inglis explained that the scope of the audit reviewed the college's further education discretionary fund, further and higher education childcare fund and bursary return for the 2015/16 academic year.

Mr Inglis confirmed that despite there being one issue relating to bursary students, Henderson Loggie were able to certify the fund statement for the year end and had submitted it to the SFC without reservation.

The Committee congratulated all those concerned with the receipt of a clean audit report.

#### **c) HEALTH AND SAFETY**

Mr Inglis advised that the scope of the Health and Safety Audit was to review the arrangements in place within the College to deal with H&S issues. The overall level of assurance given was "Satisfactory". A considerable number of strengths had been identified as well as a small number of weaknesses which were already being addressed by the Health and Safety Manager.

The Committee welcomed the audit which was a very good reflection on the Health and Safety Manager and the previous improvements which had been made.

### **4. OUTSTANDING AUDIT RECOMMENDATIONS**

A report by the Director of Corporate Services provided an update on the progress made on the outstanding audit recommendations since the previous meeting in September. Of the 13 recommendations made last year, 10 had been fully implemented, 1 partially implemented, 1 had been considered but not implemented and there had been little or no progress made with the final recommendation.



The Business Development recommendation would now be progressed. The Principal referred to the recommendation relating to the online enrolment of FE students and advised that it was unlikely that this would be implemented by EO in the short term. The Principal also advised that the complexity associated with the number of partners within UHI had caused difficulties in the development of the new finance system. A new Project Manager would be appointed with finance expertise to assist the Finance Team.

## **5. RISK REGISTER AND BUSINESS CONTINUITY**

A report by the Director of Corporate Services provided an update on risk management and business continuity within the college.

The Committee **NOTED** the actions in relation to business continuity since the plan was approved at the meeting in September and the Principal confirmed that she would advise the members by e mail of the expected timeline of completion of the direct route to JaNET services.

The risk register had been updated to include the new risk proposed by the committee at its last meeting, and which was identified as one of the three highest (red) risks to the college.

The Chair made reference to the agreed process for improvements in UHI partnership management to minimise the partnership risks. She **REQUESTED** that the agreement for these processes be included as a mitigating action in the risks relating to inverness college's financial insecurity.

The Committee **NOTED** the updated risk register.

## **6. STATEMENT ON CYBERCRIME**

At its meeting in May 2016, the Committee had requested that a position statement on cybercrime be reported to a future meeting.

A report by the Director of Corporate Services referred to the current position on cybercrime, highlighted the protocols for changing payee/vendor details and also highlighted the information security project which had been launched in October 2016. Part of this project required all staff to complete online training modules on information security and data protection.

The Committee **WELCOMED** the position statement and the ongoing work with UHI to mitigate this shared risk.

## **7. VALUE FOR MONEY AND PROCUREMENT ANNUAL REPORT 2015/16**

A report by the Director of Corporate Services provided an update on procurement and value for money activities across College departments during the last academic year. The College was continuing to develop a more corporate approach across its professional disciplines and support functions. The report highlighted the work being done under PECOS, Public Contracts Scotland Advertising (PS), Public Contracts Scotland Tender (PCS-T), the APUC Contracts database (Hunter) as well as outlining the benefits of using collaborative contracts.

The Committee **NOTED** that the College would ensure that its strategies, policies and associated procedural guidance complied with and reflected best practice

whilst being mindful of the need to ensure that whatever was put in place was workable and proportionate to the scale and complexity of the procurement operations of the college.

#### 8. **HEALTH AND SAFETY**

A report by the Director of Organisational Development provided an update on health and safety matters including the HASMAP audit and the internal audit on Health and Safety, the procurement of the health and safety management software and accidents/incidents/near miss reporting. A number of significant incidents were highlighted as well as the mitigating actions which had been put in place.

The Committee **NOTED** the report.

#### 9. **MEETING OF UHI AUDIT CHAIRS – 16<sup>th</sup> November 2016**

The Chair provided a verbal update on the meeting of academic partner audit committee chairs which had taken place on 16<sup>th</sup> November. She reported that the meeting had been very positive, with the Chair of the UHI Audit Committee being very supportive to partnership working.

During discussion it was apparent that not all colleges understood that the five incorporated colleges collectively had to show a break even financial position at the end of March. This was a partnership risk rather than a risk for only the five incorporated colleges.

The poor compliance of actions from UHI audit reports had been discussed and it had been stressed that colleges needed to be more involved in the development of the UHI audit plan and to have sight of the draft audit reports in advance of them being approved by UHI. UHI had also agreed to share their internal audit reports with the partners.

There was also a brief discussion on the externally facilitated effectiveness review which all colleges were required to undertake. It had been acknowledged that these reviews would be costly to undertake and that it would be useful to share information amongst all academic partners in future.

The next academic partner audit committee chairs meeting would be held in May 2017. It was **AGREED** that an item be placed on the agenda for the Audit Committee meeting in February to identify issues for discussion at the May meeting.

#### 10. **ANNUAL REVIEW OF AUDITORS' PERFORMANCE**

The College Secretary reminded members that this exercise had been postponed from June 2016. The Committee completed the annual review of the internal and external auditors' performance for 2015/6 and **NOTED** that the results of the evaluation would be fed back to the auditors in writing.

It was **AGREED** that the Board needed an overview of the whole assurance framework and an understanding of how audits and quality assurance meshed together. This matter would be discussed at a future meeting of the Chairs Committee as it was a potential area for board development.

The Committee also **AGREED** that there was a need to ensure that there was a clear link between the audit plan and the strategic risk register.

**11. COMMITTEE AND COMMITTEE CHAIR EVALUATION**

A report by the College Secretary made reference to the requirement for College boards of management to undertake annual evaluation exercises.

The Committee collectively undertook an evaluation of the Committee, following which the Chair left the meeting and the remaining members undertook an evaluation of the Chair.

*As the following items were included in the agenda for noting only, no discussion took place.*

**12. RISK MANAGEMENT POLICY**

In 2014/15 Henderson Loggie carried out a review of the College's risk management and business continuity / disaster recovery arrangements. There was one outstanding action from that review that required to be progressed, namely that the Risk Management policy be updated to reflect current practice. This had now been completed.

**13. INFORMATION COMMISSIONER'S OFFICE – OUTCOME OF SECURITY BREACH**

A report by the Director of Organisational Development advised that the College had received notification from UHI that the information Commissioner's Office would not be taking any action against UHI or the College on the back of the investigation into the reportable breach of the theft of hard disks from Longman Campus.

**14. COMPLAINTS - QUARTERLY REPORT**

A report by the Quality Unit provided an overview of recorded complaints during the period 1 July to 31 October 2016.

**15. ACADEMIC COMMITTEE MINUTES**

Minutes of the Meeting of the Health and Safety Committee held on 13<sup>th</sup> September 2016

**16. DATE OF NEXT MEETING**

Tuesday 28 February 2017 at 8.30 a.m.

Signed by the Chair: \_\_\_\_\_



Date: \_\_\_\_\_

28/2/17

