

**MINUTES of the MEETING of the AUDIT COMMITTEE held in the Boardroom, 1 Inverness Campus, on Tuesday 19<sup>th</sup> September 2017**

**PRESENT:** Hazel Allen, Sarah Burton, Innis Montgomery, Fiona Neilson, Steve Walsh  
**CHAIR:** Hazel Allen  
**APOLOGIES:** Jaci Douglas, Lindsey Mitchell  
**ATTENDING:** Principal  
Depute Principal  
Director of Organisational Development  
Director of Finance  
Stuart Inglis, Henderson Loggie (by VC items 1 – 7)  
David Archibald, Henderson Loggie, (by VC items 1 – 7)  
Claire Robertson, BDO  
Andrew O'Donnell, BDO  
Secretary to the Board of Management

*The Chair welcomed Claire Robertson and Andrew O'Donnell from BDO, the new Internal Auditors who were attending their first Audit Committee meeting and then introductions were made round the table.*

**1. MINUTES**

The minutes of the Meeting of the Audit Committee held on 29 May 2017 were **AGREED** as a correct record, subject to the correction of a small typographical error and were approved and would be signed.

**2. AUDIT COMMITTEE - TERMS OF REFERENCE**

The Board Secretary referred to the suggested amendments which had been made to the Audit Committee terms of reference which had last been reviewed in June 2015.

The Committee **RECOMMENDED** to the Board of Management approval of the amended terms of reference subject to the inclusion of paragraph 7 within the remit and to the correction of two small grammatical errors.

**3. DATA PROTECTION POLICY**

A number of minor revisions had been made to the data protection policy and these had been discussed at Scrutiny Panel (6 June 2017) and SMT (17 August 2017).

The Committee **APPROVED** the revised data protection policy subject to the inclusion at section 3.1, Legislative Framework, of reference to the new General Data Protection Regulations and to the review date being amended to 1 year, as it was probable that changes would be required once the new legislation came into force in May 2018.

#### 4. **AUDIT REPORTS - RECOMMENDATIONS**

##### a) **Staff Recruitment and Retention – Succession Planning**

Mr Archibald of Henderson Loggie referred to the review of the College's succession planning arrangements as this was an area where risk can arise. The overall level of assurance was Good. A large number of strengths had been identified and no significant weaknesses.

Although the review had the highest level of assurance, reference was made to the difficulties in recruiting to the post of Director of Corporate Services, delays to projects pending the appointment of a new Health and Safety Manager and staffing level issues in procurement / creditors. The Director of Organisational Development provided some context to the vacancies and the Chair confirmed that the Board had been kept aware of the difficulties encountered with recruitment to these posts. The Depute Principal referred to the Management Development Programme as an example of good practice which had been put in place and which gave internal staff the skills to apply for promoted posts.

The Committee **WELCOMED** the level of assurance given in the report and were content that the workforce planning by the College was robust.

##### b) **New Campus – Maintenance and Unitary Charge Controls**

Mr Archibald of Henderson Loggie referred to the scope of the review which had looked at the arrangements in place to monitor the performance of GT Equitix against the terms of the maintenance and unitary charge contract. The overall level of assurance was Satisfactory. A number of strengths had been identified but there were also a number of weaknesses, most of which related to operational areas where GTFM were responsible for processes and controls.

The Director of Organisational Development welcomed the findings of the review which gave strength to the issues identified by the College.

There was a detailed discussion on the risks to the college, specifically reputational risk.

The Committee **AGREED** that a meeting be held with SFT to discuss the risk and damage to the core business of the College and to set a clear roadmap for the future. A report would be submitted to the Audit Committee meeting in November setting out the next steps.

#### 5. **FOLLOW UP REVIEWS**

Stuart Inglis of Henderson Loggie advised that they had carried out a follow-up review of the recommendations made in internal audit reports issued during 2015-16 where actions were still outstanding.

Overall, it was found that the College had made good progress in implementing the recommendations followed-up as part of the review and only two recommendations were assessed as showing "little or no progress". These recommendations had been made in the Budgetary Control/General Ledger and in the Risk Management and Business Continuity / Disaster recovery audits.



The Committee discussed the outstanding recommendations and were assured that these would be taken forward now that the new Principal and the Director of Finance were in post.

It was **AGREED** that the outstanding recommendations should be submitted to the appropriate standing committee for noting.

**6. INTERNAL AUDIT ANNUAL REPORT FOR 2016/17**

A report by Henderson Loggie summarised the internal audit work carried out in 2016/17. All work in 2016/17 assessed systems as Good or Satisfactory or provided an unqualified audit opinion on College returns. It was their opinion that the College had adequate and effective arrangements for risk management, control and governance. Proper arrangements were in place to secure value for money.

The Committee was pleased to **NOTE** the positive annual report.

*The Chair advised that this report concluded all the work by Henderson Loggie as Internal Auditors. On behalf of the Committee and the College she thanked Henderson Loggie for all the work which they had carried out over the last 10 years.*

**7. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS FROM 2016/17**

A report by the Depute Principal advised that there were three outstanding recommendations from the Internal Audit reports in 2016-17. These were all timetabled to be completed by December 2017.

The Committee **NOTED** the position.

**8. INTERNAL AUDIT ANNUAL PLAN 2017-18**

A report by the Internal Auditors, BDO set out their proposed internal audit strategy for the three year period of their appointment, namely 2017-20 as well as the proposed audit plan for 2017-18.

There was general discussion on the plan and questions were asked about which organisations were planned for benchmarking purposes.

The Committee **AGREED** that

- a. The Board Secretary should identify a suitable date for an interim meeting with BDO, with the Chair, the Director of Finance and other members of the SMT as appropriate.
- b. the first two planned audits on Governance and on Risk Management would be carried out in the coming months with the reports being submitted to the next Audit Committee at the end of November.
- c. For all other audits, the scope of the audit would be submitted to the Committee for consideration in advance of the audit work commencing.
- d. The Chairs of the other standing committees be invited to reflect of the scope of each audit under their area of responsibility and
- e. BDO should submit their proposed dates for each of the audits as soon as possible.

**9. HEALTH AND SAFETY ANNUAL REPORT 2016/17**

A report by the Director of Organisational Development advised that the annual report summarised the issues which had been included in the quarterly reports throughout 2016/17.

The Committee asked if there was likely to be any reputational risk to the college as a result of incidents by visitors. The Director of Organisational Development advised that she would check the nature of the incidents and report back.

Future online reporting would enable the Health and Safety Manager to pick up on any patterns and specific issues as they were reported rather than at the end of each quarter when the reports were collated and analysed.

The Committee **WELCOMED** the significant progress in health and safety over the last year.

**10. RISK MANAGEMENT AND BUSINESS CONTINUITY**

A report by the Depute Principal provide an update on the risk register and on the business continuity plan.

The Depute Principal **NOTED** the incorrect figure under risk 26 and confirmed that further work to eradicate duplication within the register was required following the inclusion of the generic risks which had been adopted across the UHI partnership.

*Steve Walsh left the meeting during consideration of the following item.*

**11. GENERAL DATA PROTECTION REGULATION (GDPR) COMPLIANCE AND SYSTEM SECURITY**

A joint Report by the ICT Manager and the Information Development Manager provided an update to the on-going work to adhere to the imminent legislative changes and recent best practice with regards to data protection and information security.

The Committee discussed the legislative requirements and **REQUESTED** the Director of Organisational Development to report back on the gap between what was currently in place and what was expected within the guideline document from the Scottish Government.

*Claire Robertson and Andrew O'Donnell of BDO left the meeting*

**12. ANNUAL REVIEW OF AUDITORS PERFORMANCE**

The College Secretary introduced the process for the annual review of auditors' performance.

The Committee completed the annual review of the internal and external auditors performance for 2016/7 although since Ernst and Young had only recently been appointed to the position of External Auditor, it was difficult to provide a complete review of their performance at this time.

The Committee **NOTED** that the results of the evaluations would be fed back to the auditors in writing.

*The following item was included in the agenda for noting only and therefore no discussion took place at the meeting.*

**13. GOOD GOVERNANCE**

The Committee **NOTED** the following documents, which had been considered at the meeting of the Chairs Committee on 17<sup>th</sup> August 2017

- a. Audit Committee Annual Report to the Board of Management – Model Format
- b. CIPFA Best Practice Guide – Audit Committee Evaluation

**14. DATE OF NEXT MEETING**

Tuesday 28<sup>th</sup> November 2017 at 8.30 a.m.

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



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

28/11/17

