

**MINUTES of the MEETING of the AUDIT COMMITTEE held in the Boardroom, 1 Inverness Campus, on Tuesday 17 September 2019**

**PRESENT:** Hazel Allen, Sarah Burton, Jaci Douglas, Fiona Neilson, Chris O'Neil  
**CHAIR:** Hazel Allen  
**APOLOGIES:** Innis Montgomery and Steve Walsh  
**ATTENDING:** Director of Organisational Development  
Director of Finance  
Tony Barrie, BDO LLP, Internal Auditors  
Board of Management Secretary

**1. MINUTES**

The Minutes of the Meeting of the Audit Committee held on Tuesday 28 May 2019 were **AGREED** as a correct record, were **APPROVED** and signed by the Chair.

**2. OUTSTANDING ACTIONS**

The Committee **AGREED** which actions had been completed and could be signed off and those which were still outstanding and would remain on the list.

**3. RISK MANAGEMENT**

A report had been prepared by the Director of Finance which provided the Committee with a status update of the risks recorded on the Inverness College UHI Corporate Risk Register. The current full risk register had been provided to the Committee for review.

The Director of Finance advised that the main movements in scoring were as follows:

- Risk 20 – reduced likelihood to possible
- Risk 21 – increased likelihood to possible

The Committee **NOTED** that there had been no additions to the risk register.

In addition to discussion of the risks identified within the report the Committee confidentially discussed Risk 9.

The Committee **NOTED** the contents of this report.

**4. NATIONAL FRAUD INITIATIVE EXERCISE 2018/19**

The Report prepared by the Director of Finance outlined the purpose and requirements of the National Fraud Initiative (NFI) exercise that took place in 2018/19. She advised that this was the first year that Audit Scotland required all of Scotland's colleges to participate in this exercise.

**5. ERNST & YOUNG CORRESPONDENCE**

A report prepared by the previous Board Secretary advised the Committee that Ernest & Young, External Auditors had written to the College on 3 June requiring a response to a series of questions intended to formally update their understanding of the college's arrangements for oversight of management process and arrangements.

The Committee **NOTED** the contents of the letter and **AGREED** that the Director of Finance would prepare an appropriate response.

#### **6. FOLLOW UP REVIEWS 2018/19**

Tony Barrie, BDO LLP Internal Auditors provided the Committee with a verbal update.

He advised that BDO was still awaiting additional information from the College and as such, the report had not yet been completed. The Director of Finance advised that this would be provided to him imminently.

The Committee **NOTED** that the final report would be circulated to the Committee.

#### **7. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS 2018/19**

A report by the Director of Finance provided the Committee with an update on progress of implementation of the action points arising from both internal audit reports and the annual external audit that had not already been reported to the Committee as completed.

The Director of Finance advised the Committee that the college was currently following up on audit recommendations and implementing these timeously. The Committee **NOTED** that there were a number of outstanding actions from three audits that took place during 2018/19. The Director of Finance advised that these actions were either in progress or not yet due for completion and therefore due dates had been revised. It was **NOTED** that one action from the Financial Planning review had now been marked as complete.

The Director of Finance advised that there was also still one remaining recommendation from internal audits prior to 2017/18. This related to reconciliations between SITS and SUN. She advised that although progress was made during 2018/19 it continued to be a challenge for the Finance Team due to a combination of staffing changes and the interface between the two systems.

The Director of Finance advised that following the external audit review and the financial statements undertaken by Ernst & Young, there had been three recommendations made. Two of those recommendations had previously been reported as complete however the third relating to the Non-Profit Distribution Model remained outstanding.

The Committee **NOTED** that it was felt by Senior Management that there was no capacity to undertake an effective review internally and internal audit had been asked to consider the scope of work required to address this recommendation.

#### **8. HEALTH AND SAFETY ANNUAL REPORT 2018/19**

The Director of Organisational Development spoke to her report. The report provided the Audit Committee with the Annual Report 2018/19 on matters pertaining to health and safety.

The Committee **NOTED** that it had been a positive year for the college in terms of the Management of Health & Safety albeit there were some areas for improvement.

The Committee **NOTED** that the Health and Safety Manager had left the college at the end of August and that the recruitment process was underway for his successor.

9. **AOCB**  
None

10. **DATE OF NEXT MEETING – TUESDAY 26 NOVEMBER 2019 @ 8.30 A.M.**

*Sarah Burton*

**Signed on behalf of the Chair:**

**Date:** 26.11.19