

Board of Management**MINUTES of the MEETING of the AUDIT COMMITTEE held via Skype on Tuesday 2 June 2020**

PRESENT:	Hazel Allen, Chris O'Neil, Innis Montgomery, Fiona Neilson, Samantha Cribb, Sally Blyth.
CHAIR:	Hazel Allen
APOLOGIES:	Steven Reid, EY, External Auditors
ATTENDING:	Director of Organisational Development Director of Finance Olga Potapova, EY, External Auditors Claire Robertson, BDO LLP, Internal Auditors Board Secretary

The Chair expressed her thanks to Jaci Douglas, Vice Chair for all her work as part of the Committee. As the Vice Chair has now stepped down from the Board of Management it was noted that the Chair will be liaising with committee members with regards the Vice Chair position.

1. MINUTES

The Minutes of the Meeting of the Audit Committee held on 10th March 2020 require one update. Within item 8 it refers to water damage – this will be amended to say water claim. Pending this change being made the minutes were **AGREED** as a correct record and were **APPROVED**.

2. OUTSTANDING ACTIONS

- **Risk Register** – Embedding mitigating actions at partnership level - the Principal advised that this remains an ongoing action.
- **Health and Safety** – this action has been completed and it was **AGREED** that it could be removed from the list.
- **Internal Audit Reports** – The Chair advised that she, the Director of Finance and the Interim Director of Finance had met with BDO out with this meeting. As such it was **AGREED** that this item could be removed from the list.
- **NFI Exercise Training** – It was reported that this remains an ongoing action and that we are continuing to assess how the Sun Account System works.
- **GDPR Training** – There remains 4 Board Members who require to complete this training. The entire suite of training for Board Members will be reviewed by the Board Secretary prior to the next meeting.

ITEM 01

- **Sustainable Procurement Policy** – It was noted that this policy is going to the F&GP Committee Meeting on 11 June 2020 for approval. It was therefore **AGREED** that it can be removed from the list.

All other outstanding actions will be discussed as part of the agenda.

3. **INTERNAL AUDIT - ANNUAL AUDIT PLAN FOR THE YEAR ENDED JULY 2021 AND DRAFT TERMS OF REFERENCE**

The Chair advised the Committee that the Internal Auditors, BDO's 3 year contract was due to expire this year, however due to recent circumstances we have not been able to carry out a procurement exercise so we will be seeking approval for a one year extension to their contract (*this extension is to be discussed within item 13 of the agenda*).

As the proposed new contract is for one year only the plan for the year ended July 2021 will fall slightly out with the usual format and the Committee require to agree areas for the proposed audits. It was highlighted that some of these audits will be regulatory and must be carried out and that proposed areas for audit were discussed as part of the Chairs Committee on 28 May 2020 and the Chairs Committee were content with the plan.

Report by Internal Auditors

Claire Robertson, BDO took the Committee through the proposed plan advising that they had reviewed our risk profile in order to reflect our current risks and to ensure that it was relevant in terms of finance and Covid-19.

Follow Up 20-21 – Terms of Reference

The Committee had no comments on the terms of reference which were **APPROVED**.

Financial System Upgrade – Terms of Reference

A discussion ensued with the Committee noting that an audit on the Financial System Upgrade will be useful in order to gauge the efficiency of the new system. It was **AGREED** that this audit should be carried out at the beginning of 2021 to allow time for the system to become embedded and for the Auditors to see whether the new system is delivering what is required. The Committee **AGREED** the terms of reference for the Financial System Upgrade.

Covid-19 Health and Safety – Terms of Reference

The Committee noted that as the Health and Safety Audit is still outstanding, Covid-19 is a necessary addition to the audit due to the different scope of risk surrounding it. A lengthy discussion surrounding when this audit should be carried out took place and whilst the scope of the terms of reference for the Covid-19 Health and Safety Audit were **AGREED** it was also **NOTED** that the dates for carrying this out would be discussed out with this meeting and a revised set of dates would be brought to the next meeting for final approval.

Covid-19 Quality and Assurance – Terms of Reference

It was **AGREED** that the terms of reference for Quality and Assurance – Covid-19 would be taken to the LT&R Committee to gain input from them before the

Committee can approve them. They will therefore be taken to the September Audit Committee for final approval.

Cyber Security – Terms of Reference

The Committee felt that these terms of reference were not clear and it was suggested that we liaise with UHI to see if they have any similar audits which they could share. Claire Robertson advised that any input from UHI would only be useful if they have similar controls in place as ourselves as they as auditors can only focus on what we at Inverness College manage and control. It was felt that there was not enough background information available to the Committee to approve these Terms of Reference and that they will be revised by BDO and updated to ensure that they include a threat analysis. It was **AGREED** that the Director of Operational Development would provide BDO with a copy of our ICT Strategy to assist them to make these revisions.

EMA Terms of Reference

Claire Robertson advised that these are our standard terms of reference for this audit which is a regulatory return. BDO have yet to be issued guidance on what auditors should cover but it is expected that this will be largely the same as last year's audit. The Committee discussed the timing of the returns for this audit and Claire reported that the dates provided are only guidelines until we receive final confirmation from the Funding Council.

Workforce Planning Terms of Reference

The Committee raised the issue of staff capacity and it was **AGREED** that the Workforce Planning Terms of Reference would be reviewed in line with the Operational Plan for the year to ensure that the dates for carrying out the audit do not adversely impact on staff.

FES Terms of Reference

Claire Robertson advised that this was a regulatory return and the Committee had no comments on the terms of reference which were **APPROVED**.

Student Support Funds Terms of Reference

Claire Robertson advised that this too was a regulatory return. The Committee had no comments on the terms of reference which were **APPROVED**.

4. EXTERNAL AUDIT - ANNUAL AUDIT PLAN FOR THE YEAR ENDED JULY 2020

Olga Potapova, EY took the Committee through her plan. Olga highlighted the importance of looking at the impact of Covid-19 and advised that plans are in place to ascertain the current impact with regard our finances so that we can continue to monitor the impact from Covid-19 in the future. The plan has been drawn up based on information known at this stage but it was reiterated that it may be affected by the ongoing issues surrounding Covid-19.

5. AUDIT REPORTS – FINANCIAL PLANNING AND AUDIT REPORTS BY INTERNAL AUDITORS, BDO

ITEM 01

The Director of Finance updated the Committee with regards the new Sun System. The system is now live with all data extracts to be finalised next week. Top level reports are expected to be seen in the next few weeks with base budgets being set within the system. The system should allow for data analysis of all budgets. It was highlighted that BDO have encouraged robust scenario planning with regards our finances and this has proved a useful framework. The MicroRAM is at 4% and is currently sustaining itself. Reporting structures and how reports were followed up and implemented was discussed by the Committee.

6. FINANCIAL RECOVERY PLAN

It was reiterated to the Committee that the Financial Recovery Plan is being monitored at monthly Chairs meetings. The Committee were advised that we have received verbal approval from the SFC with regards the VSS.

7. RISK MANAGEMENT - CONFIDENTIAL

The Committee discussed the risk register and were in agreement that our highest risks are due to Covid-19, the Financial Recovery Plan and changes to the ledger system. Where risk levels have changed the mitigation actions have been updated to reflect why this change was needed.

A confidential discussion took place where other issues were highlighted.

The Committee felt that risk register captured and would monitor all our concerns. It was felt that there would be enough assurances from both internal and external audits on all risks. The Committee acknowledged that we were not alone in our risks and this was a sector wide picture however it was felt that it would be useful to know where we stand within the sector. Both EY and BDO feel that although there are shared challenges it would be difficult to assess exactly where we are although we are not considered any worse or better than other organisations.

The Committee **AGREED** the risk register although noted it was a continually moving position.

8. BUSINESS CONTINUITY - CONFIDENTIAL

The Principal took the Committee through the report which had been prepared by the Depute Principal – Academic Development.

This report charts the changing and evolving plans for re-opening the College. This is a live document and will continually be updated. The Committed noted that all timings remain uncertain due to the moving position.

The issue of how social distancing would work within an opened College was discussed along with possible ways that this could be maintained and monitored.

It was noted that the Depute Principal – Academic Development was part of a Central UHI Group and is taking feedback from other organisations and learning from other sectors.

9. POLICIES FOR APPROVAL

- Food Safety and Allergens Management Policy – **APPROVED**
- Secure Handling, Use, Storage and Retention of Disclosure Information Policy – **APPROVED.**
- Data Protection Policy – **APPROVED**

10. HEALTH AND SAFETY

The Director of Organisational Development took the Committee through the Quarter 3 report and advised that the Health and Safety Manager is working closely with the Depute Principal – Academic Planning with regards Covid-19.

Items discussed and highlighted were:

- New Students – inductions, phased/blended delivery, how to provide supervision at a safe distance.
- The continuation of auditing quality outcomes.
- Near Miss Reporting.
- HSG65 – Review of all Risk Assessments.

A discussion took place around the SHE system. The contract for the system has reached its final year with no further options to extend. The matter is being looked at collaboratively within the UHI network to consider how we best move forward. Currently we are working with NHC with a view to having a possible single management system for health and safety.

11. GDPR ANNUAL REPORT

The contents of the report were **NOTED** by the Committee. It was highlighted that the Information Development Manager is part of the Covid-19 Steering Group as the current working environment does pose a risk in terms of personal information and data protection. The Committee were advised that we are continuing to monitor how we manage this issue with staff having access to folders and their network online which should alleviate any need to store information on their home or personal computers/devices.

12. DATA PROTECTION AND FREEDOM OF INFORMATION REPORT

The contents of the report were **NOTED** by the Committee.

Claire Robertson and Olga Potapova left the meeting at this point.

13. PROCUREMENT OF INTERNAL AUDITORS

The Chair of the Committee reiterated that our Internal Auditors, BDO's 3 year contract was due to expire this year but that we have not been able to carry out a procurement exercise and we are therefore seeking approval for a one year extension to their contract. The Committee **APPROVED** this extension with a view to the procurement process beginning in early 2021.

The Director of Organisational Development left the meeting at this point.

14. ANNUAL REVIEW OF INTERNAL AUDITORS PERFORMANCE

It was noted that the Annual Review of the Internal Auditors performance is usually completed with the Finance Director. As our recently departed Interim Finance Director has had the most involvement with BDO it was **AGREED** that the chair would arrange to meet with her to complete the annual review out with the meeting with the results being brought to the next meeting for discussion.

15. COMMITTEE AND CHAIR EVALUATION

Due to time constraints the Committee **AGREED** that the Committee and Chair Evaluations would be completed out with this meeting. Anonymised results from these evaluations will be brought back to the September meeting.

16. AOCB

No items raised.

17. DATE OF NEXT MEETING – TUESDAY 15 SEPTEMBER 2020 @ 8.30 A.M.

Signed on behalf of the Chair:

A handwritten signature in dark ink, appearing to read 'A. M. Khan', is written over a light blue horizontal line.

Date: 15.09.20