

**MINUTES of the MEETING of the AUDIT COMMITTEE held via Skype on Tuesday 15 September 2020**

- PRESENT:** Chris O'Neil, Innis Montgomery, Fiona Neilson, Samantha Cribb, Sally Blyth.
- CHAIR:** Fiona Neilson
- APOLOGIES:** Olga Potapova EY, External Auditors
- ATTENDING:** Director of Finance  
Depute Principal – Planning and Student Experience  
Stephen Reid, EY, External Auditors  
Claire Robertson, BDO LLP, Internal Auditors  
Chloe Ridley, BDO LLP, Internal Auditors  
Board Secretary
- OBSERVING:** Ron Hill, External Effectiveness Review Facilitator

It was noted that under AOCB there would be a brief update on RSB, RSC, the demise of FERB and the Partnership Council as well as an update on the recruitment of new Board of Management Members and Audit Chair.

There were no declarations of interest.

**1. MINUTES**

The Minutes of the Meeting of the Audit Committee held on 2<sup>nd</sup> June 2020 were **AGREED** as a correct record and were **APPROVED**.

**2. OUTSTANDING ACTIONS**

- **Risk Register** – This item will be discussed within the agenda.
- **NFI** – The Director of Finance noted that whilst this was an audit recommendation he expressed concerns over whether this can be carried out at the moment. The Director of Finance advised the Committee that he will continue to monitor the situation and will make a judgement as to when this area of work can be completed.
- **Internal Audits – Covid-19 Health and Safety** – The Committee noted that dates for carrying out the Covid-19 Health and Safety Internal Audit had been set and it was **AGREED** that this item could be removed from the list.
- **Internal Audits – Quality & Assurance – Covid-19 Terms of Reference** – The Committee noted that the Terms of Reference for the Quality & Assurance – Covid-19 Internal Audit will be taken to the LT&R Committee on 22 September 2020 and will be brought back to the November Audit Meeting for final approval.
- **Cyber Security – Terms of Reference** - This item will be discussed within the agenda.
- **EMA – Terms of Reference** - This item will be discussed within the agenda.
- **Workforce Planning – Terms of Reference** - This item will be discussed within the agenda.

## ITEM 01

- **Procurement of Internal Auditors** – The Committee noted that this process will begin in early 2021.
- **Committee and Chair Evaluation** – This item will be discussed within the agenda.

### 3. INTERNAL AUDIT

- *Cyber Security Terms of Reference*- the Committee was advised that the cyber security terms of reference had been updated to reflect the scope of the audit. The Committee discussed staff training and knowledge of cyber security and BDO confirmed that this would be covered within the audit. Following these updates the Committee **AGREED** these terms of reference.
- *EMA Terms of Reference* – the Committee was advised that these terms of reference had been updated with the timescales issued by the SFC. The Committee **AGREED** these terms of reference.
- *FES Terms of Reference* – Again the committee was advised that these terms of reference had been updated with the timescales issued by the SFC. The Committee **AGREED** these terms of reference.
- *SSF Terms of Reference* - Again the committee was advised that these terms of reference had been updated with the timescales issued by the SFC. The Committee **AGREED** these terms of reference.
- *Work Force Planning Terms of Reference* – the committee **AGREED** these terms of reference.

### 4. EXTERNAL AUDIT

Stephen Reid, EY advised that following discussions with the Principal and other SMT members there would be an addendum to the Audit Plan. This addendum will be brought to the next Audit Committee Meeting for discussion. Within this addendum there will be a timetable for completion which is expected at the end of November 2020; with Board approval being sought in January/February 2021.

### 5. AUDIT REPORTS

#### **Internal Audit Follow Up Review Report**

Chloe Ridley, BDO advised the Committee that following the review of the Internal Audit for 2019-20 there had only been one recommendation which had been fully implemented. Five recommendations have been partially implemented but documentation has not yet been provided to BDO for them to be classed as fully implemented. BDO will continue to follow this up throughout the year.

#### **Internal Audit – Report by Director of Finance**

The Director of Finance advised the Committee that he did not accept all the recommendations within the internal audit especially with regards budget planning and felt that these cannot be achieved due to:

## ITEM 01

- The limited resources available within the Finance Team.
- How the budgets are currently being monitored within the College.

The Director Finance advised the Committee that he would recommend closing off the outstanding actions from this audit.

Claire Robertson BDO advised the Committee that this was an important part of the audit and the current format is what determines how we have implemented the recommendations and shows engagement with the process.

A lengthy discussion ensued with regards whether it was valid to remove some of these outstanding actions. This discussion highlighted the following:

- Student Fees and the differences in figures. It was noted that this was due to income not being managed correctly historically, the recent review of debts and the upgrade of the finance system. It was **AGREED** that this would be discussed further with BDO in a follow up review meeting.
- Data Protection Update – it was **AGREED** that the Board Secretary will follow this up.
- Partnership Agreement – the Committee noted that the partnership agreement with the Highland Council had yet to be signed by them. The Deputy Principal – Planning and Student Experience will provide evidence to BDO with regards this.
- Business Continuity – it was **AGREED** that this will be further discussed internally.

A further lengthy discussion ensued with regards budget planning. This discussion highlighted the following:

- The view of the Finance Team is that they feel that the proposed evidence required is not feasible and that evidence which they can provide comes from emails sent to the budget holders and members of the SMT and that whilst there is a wealth of evidence it is not always easy to define.
- BDO confirmed that they are looking for evidence which shows the budget timetable, how it was set and is used, which will show a clear process is being followed.
- The Committee advised that whilst this was not potentially the time to be carrying out this work it is something to strive towards in the future to ensure that a more formal timetabling process is set up and in the meantime all email evidence should be provided to BDO.
- The Director of Finance advised that where areas are not meeting their budget the Finance Team and their reports will pick this up and ensure appropriate steps are taken.
- The Committee **AGREED** that this issue will be discussed further at the next meeting.

### Health and Safety Audit Report

BDO highlighted to the Committee that there remain a number of outstanding actions following the Health and Safety Audit Report. This audit was carried out in March prior to the closure of the campus due to Covid-19 and there were six

## ITEM 01

medium level and one low level findings. The Committee noted that this audit was completed prior to the new Health and Safety Manager taking on his role.

The Committee noted the expected completion date of January 21 and a discussion over whether this was a feasible deadline took place which highlighted:

- Proposed change of system - discussions have been held within the Partnership with regards a common system but this has now been rejected due to the cost which means we may have to consider a possible extension to the SHE contract.
- The impact of Covid-19 and access to the building.
- Liability – whether VDE checks are being carried out by staff at home.
- Record keeping and whether staff are fully engaging with processes.
- Training available on Safetyhub and whether this is being used and properly monitored.
- That focus remains on all Health and Safety issues – not just those affected by Covid-19. It was **AGREED** that this issue will be revisited at the next meeting for further discussion.
- Fire Evacuation plans and Fire Marshalls.

The Audit Committee were comfortable with items being followed up offline and for the SMT to liaise with BDO over this.

### **Estates Management Audit Report**

The Committee were advised that the Estates Management Audit was carried out in April and from this Audit we have two medium level and one low level findings.

Out with this audit the Committee were advised that there had been two incidents concerning the security of the building.

The Committee noted that the Estates Dept. are now involved in their budget setting and an update of their spend will be taken to the next meeting for discussion. Additional funding has been allocated from SFC with regards Covid compliance.

## **6. FINANCIAL RECOVERY PLAN**

It was reiterated to the Committee that the Financial Recovery Plan is being monitored at the monthly Chairs meetings and a copy of the report which was discussed at the September Chairs was included within the Audit Committee papers.

The confidential report covers the period up to 31<sup>st</sup> July 2020.

*Stephen Reid and Claire Robertson left the meeting.*

The Committee discussed how the FRP was reported to Committees and it was noted that the model of reporting needed to meet the needs of each Committee to ensure that the information remained relevant and understandable for each Committee.

## 7. RISK MANAGEMENT

The Committee were advised that the Director of Finance had not adjusted the Risk Register and that some of the narrative required updating. The Director of Finance will complete this with assistance from the Board Secretary and the register will be taken back to the November meeting for further discussion.

The Committee were updated with regards the risk relating to the water claim.

## 8. BUSINESS CONTINUITY

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

- The Committee noted the maturing governance processes within the UHI partnership.
- The Committee noted the protocols in place such as PPE, track and trace which remains GDPR compliant and how these are continually monitored and reviewed. A discussion took place with regards staff sickness and staff mental health.

*Innis Montgomery left the meeting at this point.*

- The Committee highlighted the incredible job which the IT Dept. had done over the past 6 months in ensuring that staff were able to work from home.

## 9. HEALTH AND SAFETY REPORT

The contents of this report were noted by the Committee.

## 10. ANNUAL REPORT – COMPLAINTS 2019-20

The contents of this report were noted by the Committee

## 11. FEEDBACK FROM COMMITTEE AND CHAIR EVALUATION

It was **AGREED** that all members of the Committee would provide the Board Secretary with their feedback out with this meeting and this will be further discussed at the next meeting.

## 12. AOCB

### **Regional Strategic Body**

The Committee noted that FERB had now ceased and the RSC was now working closely with the Partnership Council. The Chair of the Board of Management is a member of the RSC.

**Board Recruitment**

The Committee was advised that a recruitment campaign for new Board members and a Chair of the Audit Committee was due to begin in October.

**10. DATE OF NEXT MEETING – TUESDAY 10 NOVEMBER 2020 @ 8.30 A.M.**

**Signed on behalf of the Chair:**



**Date:** 10.11.20