

MINUTES of the AUDIT COMMITTEE held via Microsoft Teams on Wednesday 21 June 2023

- PRESENT:** Chris O'Neil, James Millar and Tina Stones
- CHAIR:** Tina Stones
- APOLOGIES:** Innis Montgomery, Amy Goodbrand, Michael Beveridge, Gillian Galloway, Claire Robertson, BDO and Gregory Odour, Deloitte
- OBSERVER:** Janette Campbell
- IN ATTENDANCE:** Joint Finance and Audit Director
Vice Principal – Student Experience and Quality
Information Systems Manager
Chloe Main, BDO
Governance Officer

The Chair welcomed everyone to the meeting. Introductions to Janette Campbell were made with the Committee noting that Janette would be joining as a Co-opted Member following Board ratification.

The Chair advised that due to time constraints, the creative space session would be held in October.

There were no declarations of interests, statements of connections or transparency statements noted.

1. MINUTES FOR APPROVAL

a.) Minutes of the Meeting of the Audit Committee held on 28 April 2023

Decision: The Minutes of the Meeting of the Audit Committee held on 28 April 2023 were **AGREED** as a correct record and were **APPROVED**.

b.) Confidential Note (CN-01-042023) of the Meeting of the Audit Committee held on 28 April 2023

Decision: The Confidential Note (CN-01-042023) held on 28 April 2023 was **AGREED** as a correct record and was **APPROVED**.

2. OUTSTANDING ACTIONS

a.) COMMITTEE OUTSTANDING ACTIONS

- External Audit Recommendation List: The Joint Audit and Finance Director advised the Committee that he has received the updated Procurement Strategy and that following review this will be taken to the F&GP Committee and then the Board for their recommendation and approval. The Joint Audit and Finance Director advised that in conjunction with this review, the financial regulations will be updated accordingly.

The Committee was advised that the move to a shared Payroll and Finance System via ITrent has been ceased following a collective decision by involved partners and further work to identify an alternative system was now being undertaken.

Decision: It was **AGREED** that this item could be removed from the list to avoid duplication with that of the External Audit Recommendation Outstanding Action List.

- Outstanding Internal Audit Recommendations List – Corona Virus Monies – The Joint Audit and Finance Director advised the Committee that an update on this would be provided to them at the next meeting.
- Outstanding Internal Audit Recommendations List – The Governance Officer advised the Committee that she had updated the internal audit

tracker with the rationale which had been provided by management in respect of recommendations 20 and 28.

Decision: It was **AGREED** that this item could be removed from the list.

- Risk Register – The Committee was advised that the Joint Audit and Finance Director had reviewed the risk register and an update has been included within the papers.

Decision: It was **AGREED** that this item could be removed from the list.

- Timings of Meetings – The Governance Officer advised that following a poll of members and attendees to the Committee the majority had voted for a 4.30 p.m. start time.

Decision: It was **AGREED** that for the 23/24 Academic Year all Committee meetings would begin at 4.30 p.m. It was **AGREED** that this item could be removed from the list.

b.) EXTERNAL AUDIT – OUTSTANDING RECOMMENDATIONS

The Joint Finance and Audit Director spoke to his report which provided the Committee with an update on the following external audit recommendations:

- Service Concession Arrangements – The Committee was advised that discussions with our new External Auditors, Deloitte, around this issue, have yet to take place.
- Review of Financial Regulations – the Joint Finance and Audit Director advised that this review is in progress and is anticipated to be completed by September 23.
- NFI Governance Arrangements – The Joint Finance and Audit Director advised that we have updated our details with the NFI and are currently going through the self-appraisal checklist process.

The Committee welcomed the progress which is being made in respect of these recommendations.

c.) RECOMMENDATIONS LIST – INTERNAL AUDIT

The Governance Officer spoke to her report advising that:

- There remain 15 active internal recommendations from 2020-21 with work progressing on these.
- In respect of 2022-23, we have begun to track all recommendations from this year's internal audits; to ensure that all are carried out. The Committee was provided with an update on these recommendations.

Decision: The Committee **AGREED** that recommendations 1, 2, 3, 4, 6, 7, 11 and 12, for year 2022-23, can be marked as closed.

3. INTERNAL AUDIT

a.) Internal Audit – Progress Report 2022-23

BDO spoke to this report, advising the Committee that 3 out of the 6 scheduled audits have been completed. The Committee was advised that the Strategic Planning Audit was in progress and that the Curriculum Planning Audit draft report had been issued to Management for their response.

b.) Internal Audit – Terms of Reference – Follow up Review 2022-23

The Committee noted that the Joint Audit and Finance Director and Governance Officer will liaise with BDO over the follow up discussions scheduled to take place during the week commencing 07 August 2023.

c.) Student Support Audit

BDO advised that they were able to provide a substantial level of assurance following this audit with only one low level recommendation being highlighted. The Committee noted that this recommendation has already been implemented.

The Committee welcomed this positive report and the good practice which was highlighted within it and commended the EMT and College staff for the work which they do in respect of Students.

The Committee noted that this report was usually undertaken every 3-4 years but had been brought forward because of the cost-of-living crisis.

Decision: The Committee **ACCEPTED** the recommendations within this audit.

d.) Annual Internal Audit Plan – 2023-24

BDO advised that they would be commencing year 2 of our 3-year plan and that initial discussions with the EMT had taken place and as a result of current sector issues it has been proposed that for 2023/24 we undertake a Risk Management Audit, Payroll Audit, Professional Development Audit, Sustainability Audit and a Health and Safety Audit. The Committee noted that this plan can be adapted if required.

BDO highlighted to the Committee that our annual review of FES and EMA had been excluded from the plan, advising that in December 2022, an external standard came into effect which alters third party assurance and discussions with SFC are being undertaken as there is conflict over the level of assurance they are now seeking and the estimated time it may take them to implement any changes following auditor feedback. The Committee noted that this was a sector wide concern and would result in unexpected costs for organisation and additional work for the auditors.

Action: BDO to keep the Committee updated via email in respect of any updates.

4. EXTERNAL AUDIT

The Joint Audit and Finance Director advised the Committee that the arranged walk-through visit with the new External Auditors had been cancelled by them and that we are awaiting a new date to be scheduled.

The Committee noted that we are expecting that the Audit Plan will be available for discussion at the September 2023 meeting.

The Committee acknowledged the importance of building our relationship with our new auditors.

5. RISK MANAGEMENT

The Joint Finance and Audit Director advised that he had reviewed the Risk Register and had highlighted possible updates. The Committee noted that these updates still require to be discussed and approved by the Principal and EMT.

The Committee was advised that an update in terms of fire is required and noted that the Joint Finance and Audit Director is liaising with the Estates Manager over this.

The Committee advised that our Risk Register appears condensed in comparison to others and specific mitigations for all aspects of a risk could be included within it.

Action: The Joint Audit and Finance Director will further update the risk register.

The Chair advised the Committee that the Director of Corporate Governance, UHI had provided to all UHI Audit Chairs a presentation on the Risk Register and provided an explanation of how it works across the partnership.

Action: The Director of Corporate Governance, UHI will be asked to provide this presentation to the Committee as part of a creative space session within the new Academic Year.

6. KPI MATRIX

The Principal spoke to the KPI Matrix and advised that this is discussed with the F&GP Committee on a regular basis and provided the Committee with an explanation of the threshold for the RAG rating system. The Committee discussed the HE application rates noting that we expect to see an improvement on these over the next 2 years following the completion of the Curriculum Review.

The Committee enquired as to whether we are clear on what the path to green would look like, what we have control over and what is out with our control and noted that we are beginning to see the impact following the development of our new and updated strategies.

7. COMMITTEE EVALUATION

The Governance Officer advised that a new online system for the completion of Committee and Chair Evaluations are being undertaken this year. The Committee noted that an invitation has been sent to all eligible members asking them to complete the survey. The Committee noted that any outcomes or actions from these evaluations will be brought to the Board of Management in October 2023 and feedback will be provided to the Chair as part of their annual self-evaluation process.

8. DATE OF NEXT MEETING – 05 September 2023 at 4.30 p.m.

A closed meeting with the Internal Auditors will be scheduled for 4.00 p.m. on 05 September 2023

Signed by the Chair: *Tina Stones*

Date: 05 September 2023