

MINUTES of the AUDIT COMMITTEE held via Microsoft Teams on Friday 28 April 2023

PRESENT: Sally Blyth, Chris O’Neil, James Millar, Amy Goodbrand, Michael Beveridge, Tina Stones, and Gillian Galloway

CHAIR: Tina Stones

APOLOGIES: Innis Montgomery, Information Systems Manager, Claire Robertson, BDO and Gregory Odour, Deloitte

IN ATTENDANCE: Joint Finance and Audit Director
Vice Principal – Student Experience and Quality
Chloe Main, BDO

The Chair welcomed everyone to the meeting. The Committee noted that to ensure all items for approval were discussed with an appropriate quorum, the creative space session would be held at the end of the meeting, time permitting.

The Chair welcomed the Joint Finance and Audit Director to the Committee.

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

1. MINUTES FOR APPROVAL

Minutes of the Meeting of the Joint Audit and Finance and General Purposes Committee held on 24 January 2023

Decision: The Minutes of the Meeting of the Joint Audit and Finance and General Purposes Committee held on 24 January 2023 were **AGREED** as a correct record and were **APPROVED**.

2. OUTSTANDING ACTIONS

a.) COMMITTEE OUTSTANDING ACTIONS

- Staff Recruitment – Internal Audit: The Governance Officer advised that an update on these recommendations is now included within the HR Quarterly Report to the HR Committee. As these actions are also included within our Outstanding Internal Audit Recommendation List, the Governance Officer recommended that this item is removed to avoid duplication.

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

- Committee and Chair Evaluations: The Governance Officer confirmed that all evaluations had been carried out and outcomes from these were reported to the Board of Management in October 2022.

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

- Internal Audit – Closed Session: The Governance Officer advised that it had been confirmed that all audits were discussed within EMT meetings. The Principal highlighted that the EMT forums are not minuted.

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

- Committee and Chair Evaluations: The Governance Officer advised that a recruitment exercise has been carried out and that following interviews we have appointed a Non-Executive Member and two co-opted members.

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

- Internal Audit – Follow Up Report: The Governance Officer advised that this action had been superseded by the events surrounding the Shared Finance Service and instead she and the Principal had met to discuss the outstanding recommendations. The Committee noted that a report from these discussions is included within the agenda and that all Internal Audit Recommendations will be monitored as a separate item at future meetings.

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

- AOCB: The Governance Officer highlighted that the Joint Audit & F&GP Committee Meeting had taken place.

Decision: 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 noted that this will be discussed with our new External Auditors, Deloitte for their view; after which we will make any necessary updates.
- Review of Financial Regulations – the Joint Finance and Audit Director advised that our Financial Regulations have not been reviewed for several years and that our review of these regulations will be combined and updated in association with the newly formed UHI North, West & Hebrides.
- NFI Governance Arrangements – The Joint Finance and Audit Director advised that we require to complete a self-appraisal checklist in line with Audit Scotland Guidance. The Committee noted that this is partially completed.
- Outstanding Internal Audit Recommendations – The Committee noted that this would form a separate item on the agenda.
- Monitoring of Financial Sustainability – The Joint Finance and Audit Director advised that this is ongoing and embedded within College processes and recommended that this be marked as actioned.

Decision: The Committee **AGREED** that this item could be marked as actioned.

- External Effectiveness Review and Action Plan – The Joint Finance and Audit Director advised that this is due to be completed by the end of this Academic Year. The Governance Officer advised the Committee that a further review of the External Effectiveness Action Plan is scheduled to be carried out in June 2023.

The Principal provided an additional update in respect of the Financial Regulations and highlighted that we are currently going through the procurement process to move to a joint HR and payroll system. The Committee discussed potential risks around this move and noted that the business case and implementation of this move will be closely monitored.

Action: An update on the procurement and subsequent move to a joint HR and payroll system to be provided at the next meeting.

c.) RECOMMENDATIONS LIST – INTERNAL AUDIT

The Governance Officer spoke to her report. The Committee noted that all recommendations and comments had been reviewed to ensure that they had been appropriately dealt with.

In respect of the recommendations which have been marked as complete, the Committee noted that these had previously been agreed by the Audit Committee for removal. The Committee noted that the updated tracker highlights the rationale which was provided to the Committee in respect of removal and notes the comments from the Committee at the time of discussion. As part of the review the Committee noted that the Principal is content that where actions are marked as complete that all work has been carried out.

Action: The Committee advised that, in respect of recommendation 21 which is currently marked as complete, they would require clarification around the amounts which were claimed in error from HMRC and confirmation that these were within the margin HMRC allow before approval for removal from the list can be given.

Decision: In respect of Recommendations 1, 2, 3, 4, 5, 11 and 22 – the Committee **AGREED** that these recommendations could be marked as complete.

Decision: In respect of recommendation 21 the Committee **AGREED** that this would be changed to “remains active” until the above confirmation can be provided to them.

The Committee was provided with the rationale for the actions which remain active, noting that a number of these are linked to each other. The Committee agreed that by leaving these active we would be able to monitor and test our processes going forward.

Action: The Governance Officer will update the Internal Audit Tracker with the rationale which was provided by management in respect of recommendations 20 and 28.

Decision: In respect of recommendations 10, 12, 13, 14, 15, 20 and 28 – the Committee **AGREED** that these recommendations could be marked as complete.

The Committee gave their thanks to the Principal and Governance Officer for this thorough piece of work.

Tina Stones left the meeting.

3. INTERNAL AUDIT

a.) FINANCIAL PLANNING AUDIT

BDO spoke to this audit advising that two low risk recommendations had been highlighted in respect of Financial Regulations and KPI's, both of which management agreed with.

The Principal welcomed this report and the recommendations within it and advised the Committee that the KPI Matrix will be presented at all future F&GP Committee meetings.

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

b.) INTERNAL AUDIT PROGRESS REPORT 22/23

BDO spoke to their progress report advising that due to a miscommunication the Student Support Audit had not been presented to the Committee and would instead come to the June meeting.

BDO advised that in respect of this year's audit plan– two audits have been presented to the Committee and two audits are currently in progress.

The Committee was advised that as part of an audit we had discovered that comments made via the Microsoft Teams chat function were deleted periodically as per our GDPR and data management policies and procedures. The Committee noted that as a result some evidence of discussions had been deleted. BDO advised that this issue has been identified within other organisations who exhibit good data management procedures and that reports will highlight where they have not been able to confirm evidence due to data protection compliance. The Committee noted that now we are aware of this issue, steps will be taken to ensure that salient points made via the chat function in Microsoft Teams are recorded in a different way to ensure that we can provide appropriate evidence of these discussions.

The Committee welcomed the progress being made in respect of our Audit Planning for this Academic Year.

c) BDO REPORTING TEMPLATES

BDO advised that they have updated their reporting templates for Terms of Reference and Audit Reports. The Committee noted that examples of these had been provided to them within the papers.

In respect of the Terms of Reference, BDO advised that the new templates provide additional clarity with regards what they are going to test against. In respect of the Audit Report, BDO advised that a background section can be included as an appendix for all audits if required.

The Committee welcomed these new templates and their simplified approach.

Decisions:

The Committee **AGREED** to the adoption of both the new Terms of Reference and Audit Report Templates. The Committee **REQUESTED** that background information be included as an appendix within all future Audit Reports

d) COMPLAINTS MANAGEMENT AUDIT REPORT

BDO spoke to this report highlighting that they had been able to provide a moderate level of assurance with two medium level and 4 low level recommendations being identified. BDO advised that similar findings in respect of Complaints Management were evidenced across the Sector.

The Vice Principal – Student Experience and Quality advised that the audit had identified areas which required further strengthening and welcomed these recommendations.

The Committee welcomed this comprehensive and detailed audit and the clear and supportive management response to the recommendations.

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

4. EXTERNAL AUDIT

The Governance Officer advised that an introductory meeting between our new External Audit Representative and the Chair of Audit will be arranged.

The Joint Director of Audit and Finance advised that work has begun to collate and upload pertinent documentation to the External Auditor Portal. The Committee was advised that following this work the External Auditors would produce a planning memo which would normally be discussed at the June meeting, however, the Committee noted that as this is the start of a new contract it is expected that there will be a delay in producing this and that it will likely not be available until the September 2023 meeting. The Committee noted that this delay should not hinder any timescale for completing the External Audit.

The Committee advised that they looked forward to meeting our new External Auditor.

5. RISK MANAGEMENT

The Joint Finance and Audit Director advised that the risk register had been laid out in a different format which sets out each risk per page and provides the risk description, causes, impacts, and actions being taken to mitigate the risk. The Joint Finance and Audit Director provided the Committee with an update and explanation in respect of all risks.

The Committee welcomed the new format and highlighted a small typo within risk 17.

The Committee had a lengthy discussion around climate change, and it was agreed that this risk would require updating.

Actions:

- Updates to the risk register will be made in respect of HE, Financial Failure and Halls of Residence.
- Comments within the register will be updated.
- The Joint Finance and Audit Director confirmed he would liaise with others and provide an updated entry in respect of climate change ahead of the next Audit Committee meeting.

The Vice Principal – Student Experience and Quality left the meeting.

Tina Stones joined the meeting.

6. BUSINESS CONTINUITY

The Committee noted that a business continuity plan had been developed over the past few years. The Committee was advised that the newly appointed Health, Safety and Sustainability Manager and the Estates Manager will

undertake a review of the plan. The Committee suggested that part of this review should benchmark the College against national standards.

Decision: The Committee **AGREED** that they would discuss the Business Continuity plan annually.

7. **AOCB**

Update of Inverness College Bank Signatories

The Joint Finance and Audit Director spoke to his report advising that as part of a review of the Shared Finance Service he had noted that our bank signatories list required updating. The Committee noted that as part of this process, Committee approval and a copy of the minutes require to be submitted alongside the application to the bank. The Committee noted the proposed changes within the report.

Decision: The Committee **APPROVED** the revisions to the list of approved bank signatories.

Timings of Future Audit Committee Meetings

The Chair enquired whether the Committee would like to consider any change to the start times of Audit Committee Meetings going forward.

Action: The Governance Officer will seek member opinions outside of the meeting and a decision on timings will be made in line with the view of the majority.

James Millar left the meeting

CONFIDENTIAL UPDATE – FUNDING

A confidential discussion took place which provided the Committee with an update on funding (Note of Session: CN-01-042023)

Sally Blyth left the meeting.

CREATIVE SPACE SESSION

The Chair thanked the Committee for their flexibility and noted that the Creative Session on the learning from the SSSC Audit would take place within the June meeting.

8. DATE OF NEXT MEETING – 13 June 2023 at 8.30 a.m.

Signed by the Chair: *Tina Stones*

Date: 21 June 2023