

**MINUTES of the MEETING of the AUDIT COMMITTEE held in the Boardroom, Main Campus, on Tuesday 15 September 2015**

**PRESENT:** Hazel Allen, Robbie Bain, Carolyn Caddick, Elaine Harris, John Wilson  
**CHAIR:** Robbie Bain  
**APOLOGIES:** Louise James  
**ATTENDING:** Depute Principal  
Director of Corporate Services  
Director of Organisational Development  
Cathy Wylie, Henderson Loggie  
College Secretary

**1. MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 3 JUNE 2015**

The minute was **AGREED** as a correct record and was approved and signed.

**2. POLICIES**

**a) ICT CODE OF CONDUCT**

A covering report by the Quality Officer advised that the revised ICT Code of Conduct had been through due College Process.

The Committee **APPROVED** the ICT Code of Conduct.

**b) ICT STRATEGY**

A covering report by the Quality Officer advised that the ICT Strategy had been through due College Process. As this was a new strategy, approval by the Board of Management was required.

The Committee **RECOMMENDED** the ICT Strategy to the Board of Management for approval.

There was as general discussion on why these policies were considered only by the Audit committee when there could be potential issues relating to the management of risk which were under the remit of other committees.

It was **AGREED** that other committees be made aware of policies affecting their remit as appropriate.

*Elaine Harris entered the meeting.*

**3. INTERNAL AUDIT ANNUAL REPORT FOR 2014/15**

Ms Wylie spoke to the Internal Audit Annual Report 2014/15 which highlighted the work that they had carried out during 2014/15. All work in 2014/15 assessed systems as either "Good" or "Satisfactory" or provided an unqualified audit opinion on college returns and there were no significant issues identifying major internal

control weaknesses arising from their internal audit work. A few recommendations had been made but had been acknowledged that significant progress had been made.

In their opinion, the college had adequate and effective arrangements for risk management, control and governance. Proper arrangements were in place to promote and secure Value for Money

The Committee **NOTED** the report and credited both Henderson Loggie and the Inverness College team for all the work carried out.

#### **4. FOLLOW UP REPORT ON OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS 2014/15**

Ms Wylie explained that the objective of the follow up report was to assess whether recommendations made in previous reports had been appropriately implemented and to ensure that, where little or no progress had been made towards implementation, that plans were in place to progress them. The three follow up reports were on publicity and communications, new campus capital projects and IT systems development / implementation and follow up reviews.

Overall Henderson Loggie had found that the College had made good progress in implementing the recommendations followed up as part of the review although some work was still outstanding. Overall, 14 of the recommendations have been completed, with 8 partially completed, 1 with little progress and 1 not being implemented.

It had however been recognised, that in some instances, implementation of the recommendations had been delayed due to waiting for UHI-wide decisions or had been impacted upon by the move to the new campus. Overall the list of outstanding actions was very much improved.

The Committee **NOTED** the report.

#### **5. AUDIT NEEDS ASSESSMENT (ANA) AND STRATEGIC PLAN 2015-17 AND INTERNAL AUDIT ANNUAL PLAN 2015-15**

##### **a) ANA**

The purpose of the audit needs assessment (ANA) was to identify the risks faced by the college and assess the audit coverage required to give the Board of Management and the Principal assurances that the control environments were effective in reducing the risks to an acceptable level. The main strategic, operational and financial issues had been identified by Henderson Loggie and were outlined in detail in the report.

##### **b) STRATEGIC PLAN**

The Strategic Plan covered the 2015/16 and 2016/7 financial years and audit days had been allocated to the categories identified in the ANA to give a rolling programme of work.

There was a wide ranging discussion on the risk to the college of being part of the wider UHI partnership and to the assignation of the College to UHI as Regional Strategic Body. Reference was also made to the Financial Memorandum and to the draft Academic Partnership Agreement and to the implications of the ONS reclassification.

Reputational risk was also discussed, particularly in regard to any failure of the College to generate a positive perception. This would be assessed as part of the overall review following the move into the new building

**c) INTERNAL AUDIT ANNUAL PLAN 2015-16**

Ms Wylie referred to the annual operating plan for the year ended 31 July 2016. The plan was based on the proposed allocation of audit days for 2015/16 set out in the Audit Needs Assessment and Strategic Plan 2015 to 2017.

The outline scope and objectives for each audit and the audit approach had been arrived at following discussion with the Director of Corporate Services.

The Committee requested Ms Wylie to add to the ANA and Annual Plan specific reference to the risks associated with the development of the UHI Partnership and to acknowledge that at an appropriate time, an audit would be undertaken.

It was stressed that the Annual Plan was flexible and could be reviewed to include any risks identified as priority throughout the year.

The Committee **APPROVED** the allocation of audit days within the internal audit annual plan 2015-16 and the Strategic Plan 2015-17.

**6. VALUE FOR MONEY AND PROCUREMENT ANNUAL REPORT 2014/15**

A report by the Director of Corporate Services explained that the College continued to develop a more corporate approach to procurement across its professional disciplines and support functions. The basic foundations were in place and included a Corporate Procurement Strategy, Financial Regulations, Value for Money Policy, and supporting procedural guidance based on the Procurement Journey best practice toolkit which set out the detailed arrangements to be followed by College staff with when purchasing, goods, services and works.

Reference was made in the report to a number of professional buying tools and to the use of these tools and also to the procurement performance of the College including the impact on procurement of the move to the new campus, the use of collaborative contracts and benefits realisation, the procurement capability assessment (PCA) and proposals in relation to future procurement improvement.

The Committee **NOTED** the report and congratulated the Director of Corporate Services on a good procurement system.

**7. HEALTH AND SAFETY ANNUAL REPORT 2014/15**

A report by the Director of Organisational Development provided the Committee with an annual report on matters pertaining to health and safety, the key points to note being as follows:-

- There were 2 Reported RIDDOR accidents/incidents during the reporting year.
- There had been a marked increase in the number of reports relating to accidents/incidents and near misses in comparison to the previous year. This had been anticipated and was not a failing on the College but marked a significant improvement in reporting.

- During the last reporting year the College had introduced and had run a number of health and safety courses.
- The college was moving forward in a positive way and further improvements to understanding Health and Safety were assisting in this journey and the continual involvement of staff at all levels was to be commended.

The Committee **NOTED** the report.

*Carolyn Caddick declared an interest in the following item and took no part in the discussion.*

## **8. UHI SHARED SERVICES LIMITED**

A report by the Director of Corporate Services highlighted the latest position at the end of August 2015. The key points were that

- In June 2015 the UHI SS Board took the decision to delay the launch of the IT shared service until 1 December 2015.
- The actuary's report detailed several possible levels of bond requirement, depending on several different factors.
- The potential bond requirement was between £990,000 and £4,593,000 and would result in an annual charge of between £25,000 and £115,000. Given these amounts, it was hoped that the Highland Council would agree to extending the guarantee that was already in place with UHI.
- The employers' contribution rate that had been indicated for UHISSL was 22.7% or 25.5%, which was significantly above the current UHI rate of 16.6%. UHI were having further discussions with Highland Council on this matter, as well as reviewing options for mitigation of the increase.
- 3 options had been proposed to mitigate the impact of the increase

A meeting of the UHI Shared Services project board had taken place at the beginning of September and the Director of Organisational Development advised that Highland Council had agreed to accept the UHI guarantee without the requirement of a bond. In addition, it was still hoped that the employers contribution rate could be agreed at the current UHI rate of 16.6% and that additional funding previously allocated to this project from SFC would still be forthcoming. Given these still unresolved factors, it was very doubtful if the launch would take place on 1 December.

The Director of Organisational Development also confirmed that the original agreement for the Shared Services model was still on the table but there was still an identified risk as the ongoing budget had not yet been determined.

The Committee **NOTED** the position.

*Hazel Allen and Cathy Wylie left the meeting.*

## **9. RISK MANAGEMENT AND BUSINESS CONTINUITY**

A report by the Director of Corporate Services confirmed that the risk register would be reviewed at the next SMT meeting and would include a review of the new campus risks following the move into the new building.

The business continuity plan for the college was being revised in recognition of the move to the new campus as well as the move from the old Balloch buildings to the



new building. The key changes would be around the move to a new single site, which would be maintained by GTFM, compared to the 2 buildings at Longman & Midmills, as well as the new arrangements for ICT business continuity.

The Committee **NOTED** the report.

**10. UPDATE ON STUDENT RESIDENCES**

A report by the Director of Corporate Services provided an update on the key points of the UHI Residences Project and also highlighted the key risks. Although the risk was with UHI who would be the owner of the project, there would be an indirect risk to the College.

The Committee **NOTED** the position.

**11. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS**

A report by the Director of Corporate Services provided an update of the progress made on the outstanding internal audit recommendations since the previous Audit Committee in June 2015. All but two of the outstanding recommendations for 2014/15 were now completed. The follow up report on outstanding recommendations showed that twenty one had now been either completed or overtaken with 1 being partially implemented.

The Committee **NOTED** the report and also that the Director of Corporate Services would review the list of outstanding recommendations as some had not been included.

**12. MINUTES**

The Committee **NOTED** the Minutes of the Meetings of the following Management Committees

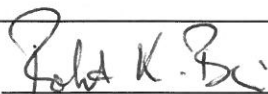
- a. Health and Safety Committee held on 19 June 2015
- b. ICT Steering Group held on 12 June 2015
- c. New Campus Steering Group – 11 August 2015

**13. AOB**

**14. DATE OF NEXT MEETING**

Tuesday 24<sup>th</sup> November 2015 at 8.30 a.m.

Signed by the Chair:



Date:

