

**MINUTES of the MEETING of the AUDIT COMMITTEE held in the Boardroom, 1 Inverness Campus, on Tuesday 28 November 2017**

**PRESENT:** Hazel Allen, Sarah Burton, Jaci Douglas, Innis Montgomery, Fiona Neilson  
**CHAIR:** Hazel Allen  
**APOLOGIES:** Steve Walsh  
**ATTENDING:** Principal  
Depute Principal  
Director of Organisational Development  
Director of Finance  
Claire Robertson, BDO  
Andrew O'Donnell, BDO  
Stephen Reid, E&Y  
Secretary to the Board of Management

*Fiona Neilson declared an interest in item 10 – New Campus issues of risk. Stephen Reid declared an interest as external auditor of UHI and the assigned partner colleges.*

**1. MINUTES**

The minutes of the Meeting of the Audit Committee held on 19 September 2017 were **AGREED** as a correct record, were approved and signed by the Chair.

**2. AUDIT COMMITTEE ANNUAL REPORT TO THE BOARD OF MANAGEMENT**

The Board Secretary advised that the Audit Committee was required, in accordance with Scottish Funding Council guidance, to report annually to the Board of Management. The report had been prepared using the template which had been adopted across the UHI partnership and highlighted the membership of the Audit Committee, meetings held, those attending and the key reports presented during 2016-17. This included the work carried out by Henderson Loggie, the Internal Auditors, and Scott Moncrieff the External Auditors in relation to the 2015-16 Audit of the Accounts. Other key areas of work of the committee which were covered were risk management, health and safety and approval of policies relevant to the terms of reference of the Committee.

The Chair stated that the report was a very useful summary of the work of the committee over the 2016-17 academic year and the Committee **AGREED** to recommend it to the Board of Management for approval.

**3. INTERNAL AUDIT REPORTS****a) Credits Audit**

A review of the College's FES (further education statistical) data return had been carried out in accordance with the 'Credit Guidance: 2016-17 student activity data guidance for colleges' (SFC/GD/17/2016) issued in August 2016

and the audit guidance for colleges (SFC/GD/15/2017) issued on 20 July 2017.

The final 2016/17 FES return submitted to SFC by the College matched the figures which BDO reviewed. A number of findings had been raised and recommendations had been made to improve the College's underlying systems and processes to ensure accurate reporting of student activity data to the SFC. The Depute Principal advised that all recommendations had been implemented.

The Committee were pleased to **NOTE** a timely and clean FES return.

**b) Student Support (Bursary, Childcare and FE Hardship) funds**

A review of the College's student data returns had been carried out in accordance with the 'Student Support Fund' Audit Guidance Notes for 2016-17 issued on 19 July 2017. BDO had found that the College's systems and procedures were sufficiently adequate to promote the accurate collection and recording of data in respect of the aggregated student support funds returns.

The Committee were pleased to **NOTE** a clean audit with no recommendations. The Committee passed on their congratulations to the Director of Finance and the Admissions team.

**c) Risk Management**

A review of the risk management framework had been undertaken by BDO to assess whether a suitable risk strategy and policy was in place, and whether the structure, roles and responsibilities for risk management were clear.

BDO reported that the review had identified that clear responsibilities and reporting lines were in place in relation to the reporting of risks to management, the Audit Committee and the Board of Management. This provided senior management with the opportunity to review and challenge both the risks identified and mitigating controls in place.

The level of assurance given for both design and effectiveness was "Moderate". Several areas for improvement were identified in relation to risk management policy limitations, risk register limitations and training requirements.

There was a robust discussion on the findings in the report and on the adoption of the UHI risk register template which had in essence led to there being a two tier risk register with UHI strategic risks and IC local risks being identified. The committee also discussed risk appetite and the Chair advised that risk appetite would be considered at the board development day which was scheduled for the early part of 2018.

It was suggested that risks should not be identified as being solely within one department, rather they should be aligned to strategy.



The Committee **AGREED** that the risk register would be updated and that risk appetite and the risk register would be considered at the board development day to be held in the early part of 2018.

**d) Corporate Governance**

A review of key corporate governance controls had been undertaken by BDO in order to provide assurance to the Audit Committee and the Board of Management that these were well designed and operating effectively.

BDO reported that Inverness College UHI had a clearly documented set of internal corporate governance policies and procedures.

The level of assurance given for both design and effectiveness was "Substantial".

The Committee **WELCOMED** the very positive audit.

**4. PLANNED AUDITS – TERMS OF REFERENCE**

As part of the 2017-18 Internal Audit Plan, it was agreed that the Internal Auditors BDO would carry out reviews of key financial control systems, data protection, partnership working and student support. The proposed terms of reference for each of these audits were presented to the Committee for discussion.

**a) Financial Controls**

To assess whether Inverness College is effective in maintaining good financial controls and to provide assurance on the design and effectiveness of the key financial control processes in place.

The Committee **APPROVED** the terms of reference for the review of all key financial control systems.

**b) Data Protection**

A review of the arrangements in place to assess the level of compliance with General Data Protection Regulation (GDPR) within Inverness College.

The Committee **APPROVED** the terms of reference for the review of data protection subject to a small amendment being made to the wording under the scope of the review relating to compliance with data governance arrangements.

**c) Partnership Working**

To provide assurance on whether Inverness College has effective arrangements in place to strategically manage key relationships and to ensure common understanding of aims, roles and responsibilities, and effective partnership working.

The Committee **APPROVED** the terms of reference for the review of partnership working on the understanding that consideration be given to the level of importance and fragility with each partner and that proportionate effort and impact also be considered.

**d) Student Support**

To provide assurance on the design and effectiveness of the controls in place in relation to the provision of student support services.

The Committee **APPROVED** the terms of reference for the review of student support services subject to the inclusion of the views of key partners also being sought.

**5. OUTSTANDING AUDIT RECOMMENDATIONS**

A report by the Director of Finance highlighted the list of outstanding recommendations from audits carried out in 2016-17. Two actions had been completed since the last meeting. A further two recommendations relating to procurement and creditors purchasing would be completed by mid-December. The final outstanding action related to the New Campus and GTFM. An improvement plan had been put in place so the recommendation was complete but the issue of compliance was still ongoing.

The Committee **NOTED** the progress with the outstanding audit recommendations and **AGREED** that the ongoing issues of non-compliance by GTFM be included in the risk register.

**6. RISK REGISTER**

A report by the Depute Principal advised that the Principal had reviewed the Risk Register and made several amendments. It had been agreed that the SMT would review items from the Risk Register on a rolling basis at each monthly SMT meeting. Subsequent amendments would be highlighted for presentation to the Audit Committee.

The Committee **NOTED** the amendments to the risk register and welcomed this new approach.

**7. BUSINESS CONTINUITY**

A report by the Director of Organisational Development advised that the business continuity plan which had been approved by the Audit Committee in November 2016 was currently under review as were the critical incident procedures. It was suggested that the first issue to consider in any crisis was "life".

The Committee considered the draft business continuity plan, noting some inconsistencies in text when referencing the cloud and the requirement to remove any reference to Director of Corporate Services. The final version of the updated plan would be submitted to the Committee in February 2018 after the completion of the full test.

The Committee **AGREED**

1. that the draft plan be amended to show that the first issue to consider in any crisis was "life" and
2. that in terms of the timescale outlined in the report, the table top exercise would not be held until after the staff development and training days had been completed.

**8. VALUE FOR MONEY AND PROCUREMENT ANNUAL REPORT 2016/17**

A joint report by the Director of Finance and the APUC Supply Chain Manager provided an update on procurement and value for money activities across the college departments during 2016/17 specifically –

- 2016/17 objectives
- PECOS
- SUN financial system
- Credit card spend
- Tendering activity 2016/17

The report also highlighted the procurement and value for money objectives which would be taken forward throughout 2017/18.

The Committee **NOTED** the report.

**9. HEALTH AND SAFETY**

A report by the Director of Organisational Development outlined matters pertaining to health and safety in quarter 1, 2017/18. The main issues to note were as follows:-

- One reportable RIDDOR incident
  - There had been a significant increase in accident/incident/near miss reporting from Q1 last year with the increase in reports due to several factors:
    - The Early Learning Childcare Centre reporting on all incidents involving the children in the nursery
    - Awareness of staff in using the new online reporting system
    - Ease of use of the reporting system
- 87 out of the 99 incidents reported took place on College premises and 37 of the incidents noted were from the Nursery

The Committee **NOTED** the report

**10. NEW CAMPUS – ISSUES OF RISK**

A report by the Director of Organisational Development provided an update on

- the disposal of the Longman site and the Longman Learning resource centre funding conditions
- the performance of GTFM
- Room data sheet (RDS) and construction specification issues
- Group 2 equipment and
- Water compensation event

The Committee **NOTED** the report.

**11. GDPR**

A report by the Director of Organisational Development provided an update on progress towards GDPR compliance including the information security check up project, the student data and tertiary retention schedule, recent internal audit reports as well as the Information Risk Review undertaken by ICO in October 2017.

The Committee were pleased to **NOTE** the progress towards GDPR compliance and also noted that the recent ICO review had identified 9 areas of good practice and 6 areas for improvement.



**12. MEETING OF UHI AUDIT CHAIRS –15 November 2017**

The Chair apologised as she had been unable to attend this meeting, an update was not available.

**13. CYBER RESILIENCE**

A report by the Director of Organisational Development provided a high level briefing on the impact of the Scottish Government Cyber Resilience Action Plan on the College and the planned response to this.

The work on Cyber Resilience was managed by way of a UHI-wide project with Inverness ICT Services Manager a member of the UHI Cyber Resilience project team. From an initial review by the project team of the working documents and drafts, the actions required across the UHI were achievable. Progress at a local level in meeting these actions would be reported by the ICT Services Manager on a monthly basis to the project team and quarterly to the Audit Committee.

The Committee **NOTED** the report

*The following item was included in the agenda for noting only and therefore no discussion took place at the meeting.*

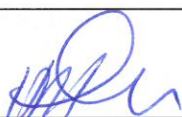
**14. COMPLAINTS - QUARTERLY REPORT**

A report by the Quality Manager provided an analysis of complaints year to date, covering Quarter 1 (1<sup>st</sup> August 2017 to 31<sup>st</sup> October)

**15. DATE OF NEXT MEETING**

Tuesday 27 February 2018 at 8.30 a.m.

**Signed by the Chair:**



**Date:**

27/2/18.