

MINUTES of the MEETING of the AUDIT COMMITTEE held in the Boardroom, 1 Inverness Campus, on Tuesday 27 November 2018

PRESENT: Hazel Allen, Jaci Douglas, Innis Montgomery, Fiona Neilson, Steve Walsh
CHAIR: Hazel Allen
APOLOGIES: Sarah Burton
ATTENDING: Principal (items 1 – 6)
Depute Principal
Director of Organisational Development
Director of Finance
Claire Robertson, BDO (items 1 – 10)
Scott Peterson, BDO (items 1 – 10)
Stephen Reid, E&Y
Secretary to the Board of Management

1. MINUTES

The Minutes of the Meeting of the Audit Committee held on 18 September 2018 were **AGREED** as a correct record, were **APPROVED** and signed by the Chair.

2. OUTSTANDING ACTIONS

The Committee **AGREED** which actions had been completed and could be signed off and those which were still outstanding and would remain on the list.

3. AUDIT COMMITTEE ANNUAL REPORT TO THE BOARD OF MANAGEMENT

The annual audit committee report, which had been prepared by the Board Secretary, highlighted the membership of the Audit Committee, meetings held, those attending and the key reports presented during 2017-18. This included the final work carried out by the previous Internal Auditors, Henderson Loggie, the new Internal Auditors (BDO) and Ernst & Young the External Auditors in relation to the work carried out on the 2016-17 Audit of the Accounts. Other key areas of the work of the committee were highlighted, specifically risk management, health and safety and approval of policies relevant to the terms of reference of the Committee.

The Committee **APPROVED** the annual report subject to the Board Secretary making some minor amendments - to include reference to the actions implemented in respect of the Data Protection Audit, which had been acknowledged within the Internal Audit Annual Report and to include the opinion of Ernst & Young on the 2017-18 annual accounts following the Joint Audit/F&GP meeting on 6th December.

It was **AGREED** that the Chair would review the amended report in advance of it being submitted to Board of Management meeting on 18 December for approval.

4. ANNUAL BOARD REVIEW OF RISK MANAGEMENT POLICY

A report by the Depute Principal reminded the Committee that the Risk Management Policy had been approved by the Board of Management in March 2018. In order to align the annual review cycle, the committee was asked to further review the policy.

The Committee **APPROVED** the Risk Management Policy subject to the Director of Finance being named as the lead officer and the next review date being amended to November 2019.

The Chair welcomed the focus on actions and mitigations within the policy.

5. INTERNAL AUDIT REPORTS

Claire Robertson of BDO informed the Committee that the college had been very well prepared for all the audits which in turn had led to a smooth audit process.

The Committee recognised the amount of work which had been carried out and congratulated all the staff involved in a complete set of clean regulatory audits, a – c below.

a. FES Audit return

A review of the College's FES (further education statistical) data return had been carried out by BDO in accordance with the 'Credit Guidance: 2017-18 student activity data guidance for colleges' (SFC/GD/06/2017) issued in May 2017 and the audit guidance for colleges (SFC/GD/17/2018) issued on 02 August 2018.

BDO had found that the College's systems and procedures were found to be sufficiently adequate to promote the accurate collection and recording of data in respect of the credits return.

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

A review of the College's student data returns has been carried out by BDO in accordance with the 'Student Support Fund' Audit Guidance Notes for 2017-18, issued on 27 July 2018.

BDO had found that the College's systems and procedures were found to be sufficiently adequate to promote the accurate collection and recording of data in respect of the aggregated student support funds returns.

c. EMA

A review of the College's student data returns has been carried out by BDO in accordance with the Scottish Government's 'EMA' Audit Guidance released to stakeholders on the 25th of July 2018 and the Scottish Funding Council EMA audit guidance issued on 3 August 2016.

BDO had found that the College's systems and procedures were found to be sufficiently adequate to promote the accurate collection and recording of data in respect of the EMA payments.

2018-19 Audits – Terms of Reference

The terms of reference for the remaining 2018-19 audits, namely, Financial Planning, Business and Commercial Development, Curriculum Planning, Research

Governance and the Follow up review had been prepared by BDO for review by the Committee.

The Committee **APPROVED** the terms of reference for the Financial Planning, Business and Commercial Development, Curriculum Planning, Research Governance and the Follow up review and **NOTED** that the key contact for the Curriculum Planning audit would be Roddy Henry.

6. OUTSTANDING AUDIT RECOMMENDATIONS

A report by the Director of Finance provided an updated position on the implementation of action points arising from Internal Audit reports. A number of actions had been completed since the last meeting. There were still two outstanding recommendations from 2017-18 (risk management training and the development of a fixed asset register) and two from previous years (timetable and procedure for the budget setting process and SITS/SUN transfers).

The Committee recognised that a number of actions had not been completed because of resource issues within the Finance Team and the restrictions of the current finance system. The Director of Finance assured the Committee that once the recruitment to three posts within the Finance Team was complete, the team would be in a better position to take forward these outstanding issues.

7. VALUE FOR MONEY AND PROCUREMENT ANNUAL REPORT 2017/18

A joint report by the APUC Supply Chain Manager and the Contracts and Procurement Co-ordinator detailed the college outcomes against objectives set out in the 2016/17 audit committee value for money report, provided 2017/18 tendering activity and set out the 2018/19 procurement objectives.

The Director of Organisational Development confirmed that the College was working closely with APUC and that there were now two members of staff dedicated to procurement.

The Committee **WELCOMED** the detailed and encouraging report.

8. RISK REGISTER

A report by the Depute Principal highlighted the most significant current risks to the college as set out in the full Risk Register. A summary of progress /impact of actions for the following risks was included within the report

- Ongoing issues of non-compliance by GTFM;
- Failure to achieve the FE Credit target;
- Corruption, loss, misuse or theft of, or disruption to, institutional, personal or sensitive data.

The Chair welcomed the level of detail within the report but suggested that further reflection was required on the mitigating actions as they were very mechanistic.

9. JOINT AUDIT CHAIRS MEETING – 14 NOVEMBER 2018.

The Chair had attended the Joint Audit Chairs meeting on 14th November and the draft minutes from that meeting had been circulated. The Chair raised a number of concerns:-

- National Bargaining was cited as an example of where each partner had identified the risks but there was no mechanism in place to consider collectively the actions identified by each partner to mitigate the risk.
- There appeared to be no recognition that when EO and partners acted in their own best interests that these actions might have an adverse effect across the partnership.
- There needed to be collective responsibility to identify and understand risks across the partnership.
- There was a need to recognise that accountability lay with the RSB but also, that it lay with each of the partners as separate legal entities.
- There was inconsistency in the method of reporting across the partnership e.g. a best case scenario had been presented by one partner where all other partners had reported on the worst case scenario.
- A coordinated and consistent approach was required.

It was **AGREED** that the SMT should consider how to embed the process of enhancing mitigating actions at partnership level.

Jaci Douglas and Steve Walsh left the meeting during consideration of the following item.

10. FINANCE SYSTEM STATUS UPDATE

A report by the Director of Finance provided an update on the current status of the project to replace some of the existing finance systems in use within the UHI partnership as well as exploring alternative options. As UHI were in dispute with the contractor, no consultancy support would be available until a negotiated settlement had been agreed. This added to the difficulties with timescale.

The Committee had a detailed discussion which included

- Consideration of the contractual position of the college
- The risk to the college of not having a functioning finance system
- The alternative options available including the potential to use an emergency procurement route.
- The potential capital and annual licencing costs of using another provider
- The legal opinion provided to EO in regard to terminating the contract.
- Acknowledgement of value for money in whatever route was taken

The Committee **AGREED** that the Director of Finance should request sight of the legal opinion provided to EO and that this be included in a detailed report to the Board of Management at its meeting on 18 December.

11. BUSINESS CONTINUITY

A report by the Estates and Campus Services Manager set out developments since the last meeting on the Business Continuity arrangements including:-

- Testing of business continuity plan
- Lock down procedures – full exercise
- Table top technical exercise
- Locking mechanisms
- Communication in the event of lockdown
- Training

In addition, reference was made to the business continuity audit which was currently being carried out by BDO.

The Committee **NOTED** the report.

12. HEALTH AND SAFETY

A report by the Health and Safety Manager provided a quarter 1 report on health and safety across the college. The main issues were as follows:-

- the reporting of incidents throughout the College in comparison with the same point last year had decreased from 99 to 87 reportable incidents.
- There had been a decrease in incidents reported involving students which was encouraging as there was normally a spike in student related incidents at the beginning of the academic year.
- There were 10 recorded hand incidents, in comparison to 15 during Q1 of 17-18, a 33% reduction. Continued focus on hand injuries, particularly at the start of every semester was having an impact.
- There were 0 reportable RIDDOR incidents during quarter 1.

The report also made reference to the progress made in the H&S Management system, health and safety training and fire management.

The Committee **REQUESTED** sight of the report prepared by UHI on the outcome of the April 2018 exercise.

13. PUBLIC BODIES CLIMATE CHANGE REPORT

It was **AGREED** that consideration of this report be deferred to the next meeting.

14. GDPR – 6 MONTH POST COMPLIANCE REPORT

It was **AGREED** that consideration of this report be deferred to the next meeting.

15. COMMITTEE EVALUATION – IMPLEMENTATION REPORT

A report by the Board Secretary referred to the committee evaluation exercise which had recently been carried out as well as outlining the proposed implementation plan with identified actions and timescales.

The Committee **APPROVED** the implementation plan.

The following items were included in the agenda for noting only and therefore no discussion took place at the meeting.

16. ICT CYBER ESSENTIAL CERTIFICATION (CONFIDENTIAL)

A report by the ICT Services Manager provided an overview of progress towards UHI wide Cyber Essential Certification. The necessary paperwork was with the appointed contractor to review in advance of formal submission.

17. COMPLAINTS - QUARTERLY REPORT

A report by the Quality Manager provided analysis of complaints received for the year to date, namely quarter 1. 24 complaints had been received, which represented a decrease of 1 from the same quarter last year. The highest number of complaints was in the customer care category. 54.2% of complaints related to HE, 29.1% to FE and 17.7% were from members of the public. 50% of the resolved complaints had been upheld. This was an increase of nearly 12% on last year.

18. DATE OF NEXT MEETING

Tuesday 26 February 2019 at 8.30 a.m.

Signed by the Chair:



Date:

