

MINUTES of the MEETING of the AUDIT COMMITTEE held in the Boardroom, 1 Inverness Campus, on Tuesday 18 September 2018

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

1. MINUTES

The Minutes of the Meeting of the Audit Committee held on 29 May 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. POLICIES

a. Freedom of Information

The revised policy was discussed at Scrutiny Panel on 30th May and at SMT on 19 July 2018. There were only minor changes, namely the updating of the section on legislative framework.

The Audit Committee **APPROVED** the revised Freedom of Information Policy.

b. E Mail Usage & Retention

This policy was considered by the committee at its meeting in May 2018 and had been recommended to the Board of Management for approval. The Board had requested that a number of points of clarification be made. These had now been included in the revised policy.

The Audit Committee **AGREED** to recommend the new E Mail Usage & Retention policy to the Board of Management for **APPROVAL**.

4. RISK MANAGEMENT

A joint Report by the Depute Principal and the Director of Finance highlighted the key financial risks/challenges currently facing Inverness College UHI and finance resourcing within this context. The most significant risk was an inability to maintain financial sustainability. A number of actions were being taken to mitigate this risk.

There was a long and detailed discussion which included reference to the way funding was allocated by UHI, on the challenges of increasing the international student body, the increase in the overall commercial activity targets, the planned curriculum review and the continuing discussions on integration.

The Chair was concerned that there was a gap in the governance of risk. She suggested that in order for the Board to take a risk assessed view, it required a broad understanding of the wider issues which were taken into account by management when drawing up financial forecasts. It was therefore important for, e.g. the Learning, Teaching and Research Committee to be involved in the curriculum planning exercise. In this context, it was **AGREED** that a paper on scenario planning be submitted to a future meeting of the Board of Management so that they were fully aware of the worst and best case scenarios.

The Director of Finance provided an update on the finance system and the amended timeline. There was a detailed discussion on the risks associated in waiting for the new system or looking at alternative options.

The Chair **REQUESTED** the Director of Finance to prepare an options paper for the next meeting.

5. LETTER FROM EXTERNAL AUDITORS - ERNST & YOUNG

A report by the Board Secretary advised that Auditing standards required Ernst and Young, the Colleges External Auditors to formally update their understanding of the College's arrangements for oversight of management processes and arrangements annually. A letter was received in April 2018 and the Committee, at its meeting in May 2018 agreed that the letter be considered at this meeting in September. The 10 questions asked in the letter of April 2018 were outlined in the body of the report and suggested responses were shown.

The Chair asked for a point of clarification to be inserted in the answer to question 3 and subject to this amendment, the Committee **AGREED** that the response should be sent to Ernst & Young

6. FOLLOW UP REVIEWS 2017-18

Andrew O'Donnell of BDO advised that, to provide assurance that the control improvements recommended by Internal Audit were being achieved, a review of the progress made by Management in implementing previous Internal Audit recommendations had been undertaken. In accordance with the Annual Internal Audit Plan, BDO had followed up on the implementation status of all recommendations raised during 2017-18, and those raised in previous years which were still outstanding at the time of the last follow up review. A total of 22 audit recommendations were followed up.

A summary of the status of all outstanding recommendations were detailed in the report and BDO confirmed that they were content with Management's response.

The Committee questioned the relevance of the outstanding action in the 2011/12 Data Protection / Freedom of Information Audit as it was considered that this had

been superseded by changes to legislation but **AGREED** that a check should be made to see if this had previously been signed off as complete.

7. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS 2017-18

A report by the Director of Finance provided an update on the implementation of recommendations arising from Internal Audit reports in 2017-18 which were still outstanding. Good progress had been made across all audits with the majority now complete. A small number of actions were still outstanding in relation to the risk management and financial controls audits.

The Committee **NOTED** the good progress which had been made.

8. INTERNAL AUDIT ANNUAL REPORT FOR 2017-18

A report by BDO outlined the audits which had been completed during 2017-18. The Corporate Governance, Financial Controls, Partnership Working and Student Support Audits had all been assessed as having a substantial level of assurance. The Risk Management and Data Protection audits had been assessed as having moderate and limited assurance respectively. No recommendations were classed as high significance. There were 9 recommendations classed as medium significance and 12 recommendations classed as low significance.

The Committee questioned the status of the Data Protection audit as three of the four recommendations had been completed by the GDPR implementation date of 25th May 2018.

It was **AGREED** that BDO revise the report to reflect the discussion at the committee and to acknowledge that the recommended actions had been completed immediately.

9. INTERNAL AUDIT ANNUAL PLAN 2018-19

A report by BDO set out its internal audit plan for 2018-19. This included audits of financial controls, business continuity management, curriculum planning, research governance and business and commercial development in addition to the standard regulatory and follow up reviews. The Chair was pleased to note that the financial controls audit focussed on financial planning. The scope of the business continuity management audit was also included as this would be the first audit to be carried out in November 2018.

The Director of Finance confirmed that further discussion was required on the number of audit days planned for the business continuity management audit and on the total number of audit days planned, which was shown as the maximum for the year.

The Committee **APPROVED** the internal audit annual plan 2018-19 subject to a satisfactory outcome of the discussions referred to above.

10. HEALTH AND SAFETY ANNUAL REPORT 2017/18

A report by the Director of Organisational Development advised that during the last academic year, there had been some significant developments in the management of Health and Safety within the College. The HASMAP standard adopted by the College had been working well, especially with regards to auditing. The "SHE" centralised system of reporting and recording H&S information, which had been

introduced in 2017 had become a vital part of the management of H&S. Another positive factor had been the reduction in hand injuries compared to the previous year and the increase in the reporting of incidents.

The engagement from staff involved in audits, the H&S training and using SHE had resulted in excellent progress having been made.

The Committee **WELCOMED** the significant progress in health and safety over the last year and recommended the Annual report to the Board of Management.

11. ANNUAL REVIEW OF AUDITORS PERFORMANCE

The Board Secretary introduced the process for the annual review of auditors' performance.

The Committee completed the annual review of the internal and external auditors' performance for 2017/18.

The Committee **NOTED** that the results of the evaluations would be fed back to the auditors in writing.

12. AUDIT COMMITTEE SELF EVALUATION EXERCISE

A report by the Board Secretary advised that all members had completed the committee self evaluation process. A number of points of clarification had been made and a number of actions identified.

The Committee **AGREED** the actions outlined in the report and **REQUESTED** the Board Secretary to draw up an implementation plan for the next meeting.

The Chair left the meeting

13. COMMITTEE CHAIR EVALUATION

To comply with the Code of Good Governance for Scotland's Colleges and good governance best practice, an annual evaluation of the Committee Chair required to be undertaken.

The Committee collectively completed the annual committee chair evaluation exercise.

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

14. REGULATORY AUDITS – TERMS OF REFERENCE

The terms of reference for the three regulatory audits, FES return, Education Maintenance Allowance and Student Support funds were noted.

15. BUSINESS CONTINUITY

A report by the Director of Organisational Development provided an update on business continuity planning including reference to the exercise which had been held in April and the ongoing training.

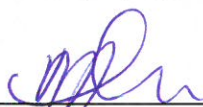
16. GENERAL DATA PROTECTION REGULATION (GDPR) COMPLIANCE

A report by the Information Development Manager provided an update on the GDPR points of compliance identified by the internal auditors and addressed the point of clarification requested at the last committee meeting. The Director of Organisational Development would confirm the status of data controller and data processor of student records with the UHI Head of Governance and Records Management.

17. DATE OF NEXT MEETING

Tuesday 27th November 2018 at 8.30 a.m.

Signed by the Chair: _____



Date: _____

27/11/18

