

Audit Committee

Minutes

Meeting reference: Audit 2018-19/04

Date and time: Tuesday 14 May 2019 at 5.30pm

Location: Room 019

Members present: Jim Crooks, Andrew Comrie, Anna Zvarikova, Lynn Oswald

In attendance: Lorenz Cairns, Depute Principal (Academic)
Veronica Lynch, Vice Principal (External)
Andrea Saunders (Finance)
Richard Ogston (Student Services)
Stephen Reid, Ernst & Young
Grace Scanlin, Ernst & Young
David Archibald, Henderson Loggie
Penny Davis, Interim Board Secretary

Apologies: Ann Irvine

Chair: Jim Crooks

Quorum: 3

Summary of Action Items			
Ref		Responsibility	Time Line
5	Actions Arising from Meeting on 19 February 2019		
	Health and Safety Committee - Terms of Reference Confirm introduction of template for common reporting. Minutes from meeting on 7 February 2019 Confirm staff who use their own vehicles for College business have been reminded about terms of business insurance.	Depute Principal Depute Principal	Next Audit Committee meeting Next Audit Committee meeting
6	Safeguarding Provide schematic to show safeguarding management processes.	Head of Student Services	Next Audit Committee meeting

7	Balanced Score Card Pass Committee feedback to Principal	Depute Principal	May/June 2019
8 / 9.4	Risk Management / Internal Audit Follow-up Reviews Appraise Board of Committee's view on compliance risk arising from Equality and Diversity lead vacancy. Assess status and urgency of above risk.	Committee Chair Depute Principal	June Board Meeting June Board Meeting
10	Deferred Income Matter Report on outcome of investigation.	Head of Finance	Next Audit Committee Meeting
15/ 16	Evaluation of Internal Audit Service/ Evaluation of External Audit Service Provide Audit Chair with editable evaluation forms. Circulate draft evaluation responses to Committee Members for comment and agreement.	Secretary Committee Chair	Post meeting May/June

Item

Action

1 Welcome and apologies

The Chair introduced those present to the meeting.

There were no apologies. It was noted the Principal was on annual leave and would not be in attendance.

2 Additions to the Agenda

There were no additions to the agenda.

3 Declaration of Interest in any Agenda Item

There were no declarations of a conflict of interest.

4 Minutes of the Meetings of the Audit Committee held on 19 February 2019

The minutes were approved.



5 Actions arising from the meeting on 19 February 2019

6. Balanced Score Card

Action: Revise balanced score card.

Action Update: on meeting agenda.

8. Risk Management

Action: Review scoring of risks 10, 17, 23.

Action Update: on meeting agenda.

10. Safeguarding

Action: Invite the Student Services Manager to a future meeting of the Audit Committee to provide an update on the impact of recent legislation

Action Update: on meeting agenda.

12. Committee Minutes

Action: Health and Safety Committee Terms of Reference - Review quorum and introduce a template for common reporting for areas represented on the Committee

Action Update: In progress – confirmation to be brought to next Audit Committee meeting.

Depute
Principal

Action: Minutes from meeting on 7 February 2019 - remind staff who use their own vehicles for College business of business insurance terms.

Action Update: Confirmation to be brought to next Audit Committee meeting.

Depute
Principal

6. Safeguarding Presentation

The Student Services Manager gave a presentation, summarising recent changes to extend and strengthen safeguarding arrangements including the identification of priority groups, improvements in monitoring and recording, and increased legal duties such as those arising from Prevent and gender-based violence legislation. Considering those changes alongside the impact of the widening access agenda and other external factors, the student population was increasingly diverse with a growing range of risk-affected individuals.

The Scottish Government was seeking to streamline provision.

A UHI safeguarding policy was under development, which would identify a named safeguarder at each Academic Partner.

Members noted the challenges presented by an increasingly complex safeguarding landscape, including the potential conflict between enhanced data retention requirements and the recent changes in data protection legislation.

The Committee discussed the challenges to the College including resourcing. The Student Services Manager assured the Committee that college staff were well placed to address evolving safeguarding needs, having a wealth of experience and effective structures in place.

The Vice Principal (External) confirmed that the Senior Management Team retained oversight of safeguarding requirements and resourcing.

It was confirmed that the Academic Affairs Committee received regular monitoring reports on safeguarding. The Committee noted that its role was, through a risk-oriented approach, to ensure adequate structures and processes were in place.

It was agreed that a schematic to show processes for managing safeguarding issues would be beneficial in providing assurance to the Committee.

Head of
Student
Services

7 **Balanced Score Card**

The Depute Principal outlined a review of the College's balanced score card, which included a review of the issues, stakeholder feedback, alignment with UHI strategy and examples of best practice from elsewhere in the sector.

Members discussed the content of the scorecard and sustainability, noting that measures tended to refer to external reporting requirements and should also reflect true drivers for students and staff.

The challenges of producing an effective performance monitoring tool were discussed, including:

- the optimum time-frame for setting targets;
- the relative timescales for the scorecard and the College's/UHI's strategic planning cycle;
- the limitations imposed by the Funding Council's planning cycle.

It was agreed that it would be helpful to be clear about the distinction between the current balanced score card and the strategic plan post 2021.

The Committee discussed two potential designs that had been provided for comment, noting that Education Scotland had



recommended improvements in data presentation.

Members were generally supportive of the RAG approach, but felt that there should be scope to consider risk appetite and tolerance within any such report, so that a red indicator was not necessarily a negative indicator but highlighted an area of accepted risk and/or opportunity.

Members preferred the first model overall, but appreciated the baseline data and clarity of the second model. Some minor criticisms were made of the use of question marks, and it was requested that arrows be included to show the direction of change.

The Depute Principal agreed to provide feedback to the Principal.

Depute
Principal

8 Risk Management

8.1 Strategic Risk Register

The Depute Principal presented the College's strategic risk register, highlighting three risks.

Risk 10 Academic Quality is Sub Standard

A range of mitigating actions had been undertaken, notably a redesign of the self-evaluation process and work with HISA to improve student engagement and experience. As a result, the residual risk had been reduced to a rating of 3 (green).

Risk 17 Non-compliance with Statutory Health & Safety Legislation and Equality Legislation

The gross risk had increased to 8 (amber) but the residual risk rating was 4 (green) as a result of the Annual Review of the Health & Safety Management System and work that was underway to embed good health and safety practice throughout the organisation.

The Committee noted that an Equality and Diversity lead had still to be appointed, which was a compliance concern, and agreed that it would make the Board aware of this position at its June meeting.

Committee
Chair

Risk 23 Poor Student Experience

The Depute Principal announced that since the risk report had been prepared, investment was being made to address estate maintenance requirements, which would result in an improvement on the current residual risk rating of 6 (amber).

9 Internal Audit Plan

9.1 Internal Audit Progress Report 2018/19 Annual Plan

The Internal Auditor presented the report, drawing Members' attention

to:

- the deferral of the audit of Procurement and Creditors/Purchasing to 2019-20 and the consequent transfer of four days' work to the audit of HR and Payroll Systems;
- the deferral to May 2019 of fieldwork on the audit of Key Financial Controls – AST Ltd, as a result of which the report would be presented to the Committee's September meeting.

The Committee was content with changes to the plan.

9.2 HR and Payroll Systems

The Internal Auditor advised that the further to the reallocation of days from Procurement and Creditors/Purchasing, additional fieldwork was being scheduled to allow a deep dive into specific control issues. The report would be presented to the September 2019 Committee meeting.

9.3 International Activity – Products, Partnerships and Student Recruitment

The Internal Auditor presented a report that found College International Activity – Products, Partnerships and Student Recruitment to be satisfactory.

Seven strengths were identified in the report including a clear market strategy and a good level of support for overseas students.

Two weaknesses that were identified related to the allocation of staff costs in financial reporting to show involvement in international activity and the need for a formalised strategy for international development. It was noted that a strategy was being developed by the Vice Principal (External) and a draft was due to be presented to the Board's autumn meeting.

The Committee discussed issues including the impact of Brexit and the need for proactive recruitment from the EU, and received assurances that satisfactory performance monitoring arrangements were in place including the monitoring of overseas student debt.

9.4 Follow-up Reviews

The Internal Auditor reported progress in relation to follow-up reviews of recommendations on IT Network Arrangements, Follow-up Reviews 2017-18, and Equalities Mainstreaming.

Fifteen out of a total of nineteen recommendations had still to be fully implemented. The Committee noted that the majority of outstanding recommendations related to Equalities Mainstreaming and were dependent on the appointment of an Equality and Diversity lead.

With reference to the earlier discussion of Risk 17, the Committee reaffirmed the need for the Board to be apprised of the compliance risk arising from the current vacancy.

It was agreed that the College Executive should look into compliance in this area and assess the urgency prior to the Board meeting.

Depute
Principal

10 Deferred Income Matter

The Head of Finance reported that the College had been asked by the External Auditor to undertake a piece of investigative work, which was almost complete. A report would be brought to the next meeting of the Committee. It was noted that the matter was also being monitored by the Chairs' Committee.

Head of
Finance

11 External Audit

11.1 Annual Audit Plan

The External Auditor presented the plan, setting out the proposed audit approach for the year ending 31 July 2019.

He outlined the two aspects of the plan, ie, the Financial Statement audit and the wider scope audit, advising Members that the College had been assessed as a smaller body for the purposes of the latter.

The Committee was advised that the Scottish Funding Council had issued good practice guidance on governance statements.

The Committee Chair pointed out some minor inconsistencies in the use of the term "colleges" or "universities" in the plan.

The Committee noted the plan.

The Internal and External Auditors left the meeting at this point.

12 Committee Minutes

Health and Safety Committee – Minutes May 2019

The Depute Principal advised the Committee that a communication had been sent to all Health and Safety Committee members about attendance at meetings.

The Vice Principal (External) confirmed the establishment of more effective engagement structures and the accessibility of minutes by all parties.

One Member offered to share a reporting template used in his organisation, based on the RIDDOR system.

13 Date and time of next meeting

The 2019-20 meetings schedule would be brought to the Board on 12 June 2019.

14 Review of Meeting

Members agreed the meeting had covered its Terms of Reference.

PART TWO

15 Evaluation of Internal Audit Service

16 Evaluation of External Audit Service

The Chair agreed to draft evaluation responses based on the Committee’s work and engagement with the Internal Auditor and the External Auditor over the course of the year and share these with Members for comment and agreement by correspondence.

Committee
Chair

An editable copy of the evaluation form would be provided to the Chair for that purpose.

Secretary

Information recorded in College minutes and papers is subject to release under the Freedom of Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information relating to procurement items still under tender, legal advice from College lawyers, items related to national security.

Status of Papers **Open** **Closed**

An **open** item is one over which there would be no issues for the College in releasing the information to the public in response to a freedom of information request.

A **closed** item is one that contains information that could be withheld from release to the public because an exemption under the Freedom of Information (Scotland) Act 2002 applies.

The College may also be asked for information contained in minutes and papers about living individuals, under the terms of the General Data Protection Act 2018.

Do the papers contain items which may be contentious under the terms of the General Data Protection Act 2018? **Yes** **No**