

Audit Committee

MINUTES

Meeting reference: Audit 2019-20/04

Date and time: Tuesday 19 May 2020 at 5:30pm

Location: Online

Members present: Ann Irvine, Board Member
Andrew Comrie, Board Member
Debbie Das Chaudhury, Student Board Member

In attendance: Margaret Cook, Principal
Lorenz Cairns, Depute Principal (Academic)
Veronica Lynch, Vice Principal (External)
David Archibald, Henderson Loggie (until Item 10)
Stuart Inglis, Henderson Loggie (until Item 10)
Stephen Reid, Ernst & Young
Graham Little (Interim Head of Finance)
Katy Lees (Head of HR & Organisational Development)
Ian McCartney, Clerk to the Board of Management

Apologies: None

Chair: **Ann Irvine**
Minute Taker: Ian McCartney
Quorum: 3

Summary of Action Items

Ref	Action	Responsibility	Time Line
5	Business Development Strategy Vice Principal to provide update to June Board	Vice Principal	June Board
6.1	Audits Action Plan Clarity be provided on the difference in definitions between “partial completion” and “progress on track”.	Vice Principal	June Board
6.1	Audits Action Plan Amend presentational errors on Page 6.	Vice Principal	June Board
6.3	Review of Risk Register Clearer cross-referencing to Risk 30 be made throughout document.	Clerk	Next meeting
6.3	Review of Risk Register Additional risks associated with COVID-19 to be added, eg academic arrangements, new regulations on assessments, requirement for contingencies for AY 2020/21 if College may not be able to provide some courses, impacts on postponement of REF, and capacity levels in classrooms.	Clerk	Next meeting
6.3	Review of Risk Register Board Member suggested references to “Furlough” within document be amended to Government Job Retention Scheme for clarity.	Clerk	Immediate
6.3	Review of Risk Register Clerk to review Residual Risk score for Risk 22.	Clerk	Next meeting
12	Date & Time of Next Meeting Clerk to circulate scheduled dates of Audit Committee s 2020/21 following Board approval.	Clerk	ASAP

Minutes:

Item		Action
1	<p>Welcome and Apologies</p> <p>The Chair welcomed everyone to the meeting.</p>	
2	<p>Additions to the Agenda</p> <p>There were no additions to the Agenda.</p>	
3	<p>Declaration of Interest in any Agenda Item</p> <p>Henderson Loggie identified a conflict of interest re Procurement Contract Extension for Internal Auditors under Item 10.1.</p>	
4	<p>Minutes of Meeting held on 17 September 2019</p> <p>The minutes were accepted as an accurate record.</p>	
5	<p>Matters Arising from Previous Minutes</p>	
	<p><u>7.2 - Combined Audit Action Plan</u></p> <p>Action 1: Clerk to ensure that Action Plan is linked to reporting schedules within future Board cycles</p> <p>Action Update: Completed</p> <p>Action 2: Principal and Clerk to liaise with EY to arrange date for a Board Development evening to provide training session re financial framework for Board members.</p> <p>Action Update: Deferred to future date</p> <p><u>7.4 - Review of Risk Register</u></p> <p>Action: Clerk to increase the Risk score for Risk 12 (Global Pandemic); add PREVENT and Compulsory Training to Risk 21; update Impacts/Evidence for Risk 22; and note links to Audit Plan when finalised.</p> <p>Action Update: Completed. Refer to Item 6.3 on Agenda.</p> <p><u>10.1 - Internal Audit 2019-20 Action Plan</u></p> <p>Action: Head of HR to produce a document which summarised work being carried out in area of skills re HR and Payroll</p> <p>Action Update: Presented within Item 9 on Agenda</p>	<p>Principal/ Clerk</p>

	<p><u>10.2 - Internal Audit 2018-19 – Management Progress Report: HR & Payroll</u></p> <p>Action: Chair to alert Board to dissatisfactions with systems to in order to trigger options appraisals and costings</p> <p>Action Update: Completed</p>	
6	Compliance	
6.1	Audits Action Plan	
	<p>Vice Principal introduced Paper 2 and summarised the main content of the Audit Action Plan, noting that 44% of the Plan had been fully or partially completed, with 6% of actions paused or not yet started. Vice Principal added that the Plan remained largely on track despite impacts of COVID-19 on organisation, particularly where some processes have a manual base.</p> <p>Additional metrics were awaited from Finance which would be reflected in the update being provided at the next Board meeting.</p> <p>Chair noted that the document was comprehensive and easy to follow.</p> <p>Board Member requested that additional clarity be provided on the difference in definitions between “partial completion” and “progress on track”.</p> <p>Board Member asked what was being used as the main determining factor for prioritisation. Vice Principal noted that this varied by theme/action. Board Member suggested that higher focus be given to the impact of institutional priorities which can then be reflected within the themes.</p> <p>Board Member queried the <30% completion rate. Vice Principal noted that a number of actions within Finance required a longer lead-in time for completion as they were linked to other actions, hence the longer-term nature of some of these actions.</p> <p>Board Member noted some presentational errors on Page 6. These will be amended.</p>	<p>Vice Principal</p> <p>Vice Principal</p>
6.2	Code of Governance – Compliance Template	
	<p>Clerk presented Paper 3, which provided a template for Audit Committee to ensure key compliance documents were recorded prior to annual reporting deadlines.</p>	

	<p>Committee noted the template provided a better understanding of core business for each meeting. Board Member suggested template be linked to full Board meeting cycle.</p>	Clerk
6.3	<p>Review or Risk Register</p> <p>Committee considered latest version of Strategic Risk Register. Clerk summarised the significant areas of review that had taken place, particularly in light of COVID-19. Principal noted that, due to the fast-paced responses required on COVID-19, this might have an impact on how up to date the Register was in this area.</p> <p>Committee noted that a specific Risk Area (Risk 30) had been added for COVID-19, although reference had also been made to COVID-19 in other Risks throughout the document. Committee suggested that clearer cross-referencing to Risk 30 be made.</p> <p>Board Member noted that additional risks associated with COVID-19 should also be added, such as academic arrangements, new regulations on assessments, requirement for contingencies for AY 2020/21 if College may not be able to provide some courses, impacts on postponement of REF, and capacity levels in classrooms.</p> <p>Board Member suggested references to “Furlough” within document be amended to Government Job Retention Scheme for clarity.</p> <p>Board Member queried under Risk 17 whether College was now fully compliant against Equalities and Health & Safety legislation. Head of HR noted that Equalities legislation was complied with but progress against Health & Safety legislation was taking slightly longer. Henderson Loggie noted that they were reviewing progress within their Audit Plan.</p> <p>Board Member noted that Gross Risk was higher than Residual Risk for Risk 22. Clerk noted that, while there had been an impact of Audit Report on score Residual, this would be amended.</p> <p>Clerk update Committee on next steps re out of date actions and moves to create a system linked to local risk registers.</p>	<p>Clerk</p> <p>Clerk</p> <p>Clerk</p> <p>Clerk</p> <p>Clerk</p>
7	FOI & Data Protection	
7.1	<p>Freedom of Information & Data Protection Quarterly Update</p> <p>Clerk presented Paper 5 for information, noting in addition that guidance had been received from the Information Commissioner re responding to requests under COVID-19.</p> <p>Board Member queried issues related to HR requests. It was noted</p>	

	that a number of identical requests had been made across the sector from Unions. Clerk noted in addition that the College has a very high percentage of requests answered in full, which is a clear indicator of transparency.	
8	Performance Management	
8.1	<p>Balanced Scorecard</p> <p>Clerk presented Paper 6 for information.</p> <p>Board Member queried impact on missed targets re student numbers Principal noted that recruitment figures do tend to fluctuate within measures however responses to increase recruitment levels are likely to bring numbers back more in line with targets.</p>	
9	Audit Reports & Updates	
9.1	<p>Internal Audit 2019-20 - Annual Plan</p> <p>Internal Auditor presented Paper 7, which outlined a routine progress report.</p> <p>Internal Auditor noted that COVID-19 had resulted in a slight delay re works on Procurement, however this continued to be progressed. Health & Safety fieldwork had been completed, and Budgetary Controls work was due to commence in June.</p> <p>Internal Auditors reported that work on Credits & Support Funds, which are very paper-driven, will require some access on campus which may have an impact on timelines, but it is hoped to do as much of this work as possible electronically to minimise impacts.</p>	
9.2	<p>Internal Audit Report 2018-19 – Management Progress Report: HR & Payroll</p> <p>Head of HR reported on Paper 8, noting that items R1-R5 had been completed and that work on the remaining areas was progressing well.</p>	
9.3	<p>Internal Audit Report 2018-19 – Management Progress Report: Pensions Contributions</p> <p>Head of HR reported that all 2019/20 contribution issues had now been rectified, and work was continuing on the historical issues.</p> <p>Chair queried whether November 2020 target date was achievable. Head of HR reported that data will be collated within this timescale, however it was unclear as to whether communications to staff will</p>	

	have been issued by this point. Head of HR to review after summer and report back to next Audit Committee	Head of HR
9.4	<p>Internal Audit Report 2018-19 – Management Progress Report: Equalities Mainstreaming</p> <p>Head of HR reported that required reports had been published and available on website at end March 2020.</p> <p>There were still some outstanding actions re Equality & Diversity Champions, which are on hold until staff return to workplace.</p>	
9.5	<p>Internal Audit Report 2017-18 – Management Progress Report: Health & Safety</p> <p>Head of HR provided brief update on progress, noting impact on COVID-19 arrangements prioritising workloads in this area. Numbers of staff trained in Mandatory Health & Safety areas had improved significantly, however more work needs done to bring levels fully in line with targets.</p> <p>Committee noted work done to improve compliance in this area, albeit with some areas having outstanding items to be completed.</p>	
9.6	<p>External Audit – Audit Plan Y/E July 2020</p> <p>External Auditor presented Paper 12 for consideration, noting that scope of audit practices remained unchanged from previous year.</p> <p>External Auditor noted a lower level of materiality than previous year is scheduled to be applied, however this falls in line with amendment made during 2018/19 process.</p> <p>External Auditor highlighted key risks summarised on Page 6 and the Wider Scope Risks on Page 7, and noted the sector updates provided for context.</p> <p>External Auditor noted the timetable on Page 20 may be subject to change due to external circumstances, and advised that there may be an extension to filing deadlines due to COVID-19, however this awaits confirmation.</p> <p>External Auditor concluded by advising that fees are not possible to determine until wider scope exercise is completed – these would be determined at a future date.</p> <p>Chair asked about College management involvement in discussions re above. Vice Principal noted that positive dialogue had taken place regarding wider context, plan and timings.</p> <p>The Audit Plan was APPROVED.</p>	

10	Procurement	
10.1	<p data-bbox="260 286 783 320">Procurement Contract Extensions</p> <p data-bbox="260 360 1185 577">Vice Principal outlined Paper 13, noting that guidelines had been issued by Scottish Government to permit extensions to procurement arrangements due to impacts of COVID-19. Temporary arrangements were therefore sought for procurement contracts for Catering, Finance Systems upgrade, and Internal Auditors.</p> <p data-bbox="260 618 421 651"><u>a) Catering</u></p> <p data-bbox="260 692 1190 835">Vice Principal noted that APUC had advised postponing full procurement despite process being at a fairly advanced stage, particularly as the contract is not purely commercial in nature due to student experience element.</p> <p data-bbox="260 875 1093 943">A 12-month extension to the current Catering contract was RECOMMENDED.</p> <p data-bbox="260 983 679 1016"><u>b) Finance Systems Upgrade</u></p> <p data-bbox="260 1057 1177 1167">Vice Principal noted ongoing issues with manual processing and the recommendations within the Audit Plan re establishing improved systems for Finance, Payroll and HR.</p> <p data-bbox="260 1207 1217 1424">Vice Principal advised that UHI had tendered for a shared finance system (TechOne) several years ago, however this system will now initially only be installed for UHI Executive Office use, with roll-out to the Partnership at least 12 months away. An upgrade to the current Finance system is therefore recommended to improve reporting functionality and audit processes.</p> <p data-bbox="260 1464 1206 1574">The solution proposed would, in addition, allow College to be in an improved situation to fully assess pros and cons of migrating to TechOne system at the appropriate time.</p> <p data-bbox="260 1615 1193 1648">An upgrade to the current finance system was RECOMMENDED.</p> <p data-bbox="260 1688 533 1722"><u>c) Internal Auditors</u></p> <p data-bbox="260 1762 1134 1830">Henderson Loggie, having declared in an interest in this Item, departed the meetings at this point.</p> <p data-bbox="260 1870 1193 2042">Vice Principal noted that, while it would be possible to conduct a procurement process in time for the 2020/21 Internal Audit process, extending the current provision of Internal Audit services would be useful in enabling continuity of service during the College's response to COVID-19.</p>	

	A 12-month extension to the current Internal Audit contract was APPROVED.	
11	Committee Minutes Minutes of the Health & Safety Committee meeting of 30 April 2020 were received for information.	
12	Date & Time of Next Meeting Meeting date tbc, pending Board approval of the full Committee Schedule for 2020/21	Clerk
13	Review of Meeting Committee agreed that the Terms of Reference had been complied with.	

DRAFT

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Notes taken to help record minutes are also subject to Freedom of Information requests, and should be destroyed as soon as minutes are approved.

Status of Minutes – 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 about living individuals, under the terms of the Data Protection Act 2018. It is important that fact, rather than opinion, is recorded.

Do the minutes contain items which may be contentious under the terms of the Data Protection Act 1998?

Yes
No