Audit Committee

Minutes

Meeting reference: Audit 2022-23/03
Date: Tuesday 30 May 2023
Location: Boardroom (Brahan Room 019)

Members present: Jim Crooks, Board Member
Derek Waugh, Board Member
Alistair Wylie, Board Member
Patrick O'Donnell, Staff Board Member

In attendance: Margaret Cook, Principal
Lorenz Cairns, Depute Principal
Iain Wishart, Vice Principal (Operations)
Stuart Inglis, Henderson Loggie, Internal Auditor
Kirsty Hair, Deloitte, External Auditor
Katy Lees, Head of HR & Organisational Development
Ian McCartney, Clerk to the Board

Apologies: Debbie McIlwraith-Cameron, Board Member
Liam Fowley, Student Board Member
Veronica Lynch, Vice Principal (External)
David Archibald, Henderson Loggie, Internal Auditor
Pat Kenny, Deloitte, External Auditor

Chair: **Jim Crooks**

Minute Taker: Ian McCartney

Quorum: 3

MINUTES

Item		Action
1.	**Welcome and Apologies** Chair welcomed those present, and noted apologies. Chair noted new Board Member and new Internal Auditor, both attending first Audit Committee, and introductions were made.	
2.	**Additions to the Agenda** None received.	
3.	**Declaration of Conflict of Interest in any Agenda Item** None	
4.	**Minutes of the meeting of Audit Committee held on 13 March 2023** The addendum to Item 6.2 in the minutes was noted. The minutes were agreed as being an accurate record of the meeting.	
5.	**Actions arising from previous minutes** Historic Matters arising from 31 May 2022 Ref 6.2 – Internal Audit – Audit Action Plan **Action:** Internal Auditor to add additional column re previous review re when Audit Area was last reviewed to provide assurance **Action Update:** No report tables at this meeting. **Carried forward.**	Internal Auditor
6.1	**Balanced Scorecard Report** Depute Principal presented Paper 2 and briefly explained history behind new Balanced Scorecard for the benefit of new members/ attendees. Depute Principal noted that management of the data is via the Corporate Management Team with Senior Management Team members sponsoring. Depute Principal noted that Part 1 of Paper 2 constituted the full 36 KPIs, with Part 2 being formed of narrative/progress around each of these, and further noted that this information will be presented to Audit Committee each Cycle 4 and the highlighted Balance Scorecard, consisting of the 13 prioritised KPIs would be presented Cycles 1-3.	

	Depute Principal advised that some targets had already evolved, which would be useful for gaining traction, however there were some blanks in the narrative due to timing of some items meaning that analysis had not yet commenced in these areas.		
	Chair recognised the current position within the learning cycle and expected a full set of data next year.		
	Board Member advised that there were 2 references to recruitment in the KPIs but one of these appeared to be applied to the wrong section. Depute Principal would correct in time for next Cycle.	Depute Principal	
	Principal noted the potential impact on the Strategic Plan with reference to the ongoing consultation process, and advised that expectations around work levels and delivery should be managed appropriately. Chair agreed that Committee should expect significant impact due to volume variance and the possibility of amended structures.		
	Committee **NOTED** Paper 2.		
6.2	**Enterprise Risk Management Report**		
	Chair briefly outlined history behind new Enterprise Risk Management system for the benefit of new members/ attendees, before Vice Principal (Operations) presented Paper 3, which comprised 3 individual reports: the original Strategic Risk Register, the new Risk Report which summarised the key points of the ERM framework, and an Internal Audit Tracker.		
	Vice Principal (Operations) noted that the original Strategic Risk Register would be retained as a live document during this transition phase to the new ERM.		
	Vice Principal (Operations) noted that the first Risk Report had identified 87 actions to mitigate risk, which were being aligned with CMT similarly to the KPIs, and controls were being negotiated with CMT.		
	Vice Principal (Operations) advised that the next steps were to identify Significant Risks, ie those risks with significant impact but not linked to the Strategic Plan, such as Business Continuity and cash. Other departmental risk registers such as Health & Safety would reference back into Significant Risk areas.		
	Vice Principal (Operations) advised that UHI were reviewing the Common Risks, and EO have been issued with the ERM.		
	Vice Principal (Operations) proposed providing a summary of the Internal Audit Tracker to future meetings, with the full version being accessible online. The document will also be regularly tabled at		

	SMT to ensure progress is being reported and recorded. Committee **AGREED** with this approach.

Chair understood the desire to integrate but struggled to see much opportunity to bridge the gap between operational and strategic issues therefore a summary document would be welcomed.

Board Member noted that there looks to be opportunity for a significant amount of duplication and wondered whether consolidation may be required. It was noted that this may prove difficult as management may need to keep older Audit Reports open until actions are completed. Internal Auditor noted that evidence is reviewed at end of each year to determine whether items can be fully closed off,

Committee **NOTED** Paper 3. | |
| **7.1** | **External Audit – Draft Audit Plan 2022-23**

External Auditor presented Paper 4, and highlighted key points for Committee's consideration, including the Audit Timetable (p8), Materiality Levels (p9), Significant Risks (p12), Wider Scope requirements (P18), Revision of Standards (P31), and fee levels (p42).

Chair welcomed the comprehensiveness of the Plan, before querying whether the noted Prior Year adjustment was expected. Vice Principal (Operations) confirmed that this was indeed the case.

Chair noted the reference to Governance and queried the timetable for the next External Board Effectiveness Review. Clerk confirmed that this would be required no later than June 2025. Chair proposed that, given the concerns previously raised, this Review should be timetabled in 2023/24, pending Board's agreement. Committee **AGREED** with this proposal.

Chair referred to focus on financial sustainability around budget process for 2023/24 within the Wider Scope area, and noted an expectation that this would be robust and to be welcomed in light of the funding regime College is currently operating within.

Committee **NOTED** Paper 4. | |
| **7.2** | **Internal Audit – Audit Plan 2022-23**

Internal Auditor verbally updated Committee on progress against the Audit Plan, noting that final timings had in the main been agreed as follows:

Performance KPIs – fieldwork and meetings had been completed, with draft report to be issued for management review shortly, | |

	however it is understood that this report is likely to be broadly positive; Procurement/Creditors fieldwork commenced in May, however additional information is required. A report to the next Audit Committee is expected; Space Management fieldwork is expected to commence in early June; Data Protection fieldwork is due to commence mid-July; Business Continuity fieldwork is due to commence early September. All reports are scheduled to be included in the Internal Audit Annual Report for 2022/23 and within Auditor's Opinion. Chair thanked Internal Auditor for the verbal update and Committee **NOTED** the information provided.	
8.1	**FOI & Data Protection Quarterly Update** Clerk presented a year-to-date update of FOI and Data Protection issues reported under Paper 5 for information. In addition to the information presented, Clerk noted that, subsequent to the papers being issued, a Data Breach had been reported to the Information Commissioner due to the sensitivity of the data incorrectly issued, although the scale of the breach was limited. Board Member queried whether a spike in FOI requests had been experienced following the recent announcements re consultation process. Clerk confirmed that a spike had not yet been experiences, however it was to be expected that additional requests would be submitted during the consultation period, including from trade unions. The report was **NOTED** by Committee.	
9	**Date & Time of Next Meeting** • Thursday 06 October 2023 (provisional)	
10	**Review of Meeting** Committee confirmed that the meeting had been conducted in line with its Terms of Reference.	

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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 ☑

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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 2018?   **Yes ☐   No ☑**