Audit Committee

Minutes

Meeting reference: Audit2023-24/04
Date: Tuesday 28 May 2024
Location: Boardroom (Brahan Room 019)

Members present: Derek Waugh, Chair, Audit Committee
Debbie McIlwraith Cameron, Board Member
Ian Robotham, Board Member
Alistair Wylie, Board Member
Patrick O'Donnell, Staff Board Member

In attendance: Margaret Cook, Principal
Lorenz Cairns, Depute Principal
Lynn Murray, Depute Principal (Operations)
Ian McCartney, Clerk to the Board
David Archibald, Henderson Loggie, Internal Auditor
Ian Howse, Deloitte's, External Auditor (until Item 6.3)
Thomas Rotherham, Deloitte's, External Auditor (until Item 6.3)

Apologies: Veronica Lynch, Vice Principal (External)
Katy Lees, Head of HR & Organisational Development

Chair: **Derek Waugh**

Minute Taker: Ian McCartney

Quorum: 3

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MINUTES

Item		Action
1.	**Welcome & Apologies** Chair welcomed all to meeting and advised that Ian Robotham had been appointed to Audit Committee following his appointment to the Board. Chair noted presence of External Auditors attending remotely.	
2.	**Additions to the Agenda** There were no additions to the agenda.	
3.	**Declaration of Conflict of Interest in any Agenda Item** There were no conflicts of interest noted.	
4.	**Minutes of Meeting of Audit Committee, 19 March 2024** Aside from a minor correction to Item 10.1, the minutes were approved as a true and accurate record of the meeting. Clerk to amend the minutes accordingly.	Clerk
5.	**Matters Arising from previous minutes** Item 7.2 – Internal Audit Follow-Ups i. Link now added to ERM papers. ii. Resourcing issues within Finance Department still ongoing, although it was noted that the issue was not around willingness, rather attracting the required level of candidates was proving problematic. Item 10.1 – Letter from Audit Scotland Depute Principal (Operations) advised that the matter had been raised with UHI as part of wider discussions within the Academic Partnership around external auditing, and Committee were advised that the Principal of UHI had met with Audit Scotland this week as part of continued discussions.	
6.1	**Enterprise Risk Management Report** Depute Principal (Operations) introduced Paper 2, which was presented in an amended format in response to previous requests, and noted that all pre-mitigation Risks are above the Board	

	Appetite levels, with delays in implementing effective controls and implementing internal audit actions. Issues are caused partly by implementation of the new system but mainly due to the PLG's current other priorities. Chair drew attention to the levels of red/amber within Report and sought reassurance that the momentum in the move to the new model would not be lost. Principal noted that the model was still a work in progress and red/amber warnings are to be expected given the current issues affecting the College. Depute Principal (Operations) suggested there is more detail in the model than would be expected within a Strategic Risk Register, but the model will be helpful once fully operational. Chair stressed that purpose of the model was to provide Board with full reassurance around Risk. Depute Principal (Operations) noted that there are some timing issues around the data, however this was likely to improve over the next few months, in particular finance-based measures. Depute Principal (Operations) identified that there were 7 strategic risks higher than Board's Risk Appetite due to recent changes within the ERM. Chair noted that there is a need to provide some detail to the Board on this, but questioned what format this should take. Principal suggested either a brief paper or note the issue within the Audit Summary Report. Chair agreed with the latter as it allows reflection on concerns with an expectation of improvements and reassurance that the correct monitoring is in place. Board Member queried the significant differences around agreed/revised completion dates. Depute Principal (Operations) acknowledged this, noting resource issues as focus has been on the sustainability project. Board Member advised that dates may need to change to reflect wider factors that have arisen since the ERM was implemented. It was **AGREED** that target dates be reviewed prior to next Audit Committee meeting. Committee **noted** Paper 2.	Depute Principal (Operations)
6.2	**National Fraud Initiative (NFI) Report** Depute Principal (Operations) presented Paper 3, which provided an update on NFI following a red rating received from Audit Scotland. Depute Principal (Operations) advised that the factors producing the red rating were being addressed. All of the data-matching differences have since been investigated and there were no instances of fraud or error, however nothing can be done to change the rating. Board Member expressed concern around the damning nature of some of the comments in the Report, particularly when previous	

	Report returned a green rating, and queried whether some of the criteria had changed in the interim. Depute Principal (Operations) was unclear whether any criteria had changed, however reassured Committee that the NFI review exercise will be fully adhered to in a positive manner, as would be expected by a public body. Board Member noted the Report would be on public record and wondered about the reputational risk this may present. Internal Auditor noted that the summary report is presented online so addressing the Report's areas of concern as soon as possible should mitigate the associated risks. Internal Auditor noted that Publicity & Communications was due to be reviewed over the summer as part of the Audit Plan being discussed later, and an NFI focus could be built into this process. Committee **AGREED** to this proposal. Committee **noted** Paper 3.	Internal Auditor
6.3	**External Audit 2022/23 - Update** Chair welcomed representatives from Deloitte's to the meeting to discuss the ongoing situation around the publication of the 2022/23 Annual Audit. External Auditor noted that the triennial pension fund evaluation had been completed by 31st March and the Actuarial Report showed a material difference, therefore balances will require to be reviewed. Audit Scotland also need to complete their review, and accounts cannot be signed off until this is complete – indications are that this will not be concluded until July or August, so External Auditors are looking at alternative methods to reach a position where accounts can be signed off. Chair queried whether there were any issues beyond those raised due to the pension fund evaluation. External Auditors noted that a few areas around statements and procedures required testing, however Deloitte's staff are booked in to complete this work. External Auditor further noted that there was no anticipation of anything other than minor amendments around disclosures beyond the pension fund evaluation. Depute Principal (Operations) reminded Committee that had UHI Perth been able to sign off accounts before March as intended then the triennial review would not have impacted on the 2022/23 accounts. Depute Principal (Operations) added that UHI Perth have struggled to receive a definitive list from Deloitte's of planned activities with dates. Depute Principal (Operations) advised Committee that around one third of audits across the sector are being reported late and it is felt that it may take at least 2 years to get back on track, which will	

affect scheduling for the 2023/24 audit. External Auditor responded that a resourcing plan was being put in place to return to December delivery, and that lessons have been learned from 2022/23 to be implemented for 2023/24.

Chair queried when a plan for the 2023/24 Audit would be presented. External Auditor advised that it was planned to be present at the next Audit Committee meeting.

Chair asked how confident Committee should be that the triennial pensions review would be complete by August. External Auditor advised that clarification was still awaited on that issue.

Board Member queried what direction a material change around the pensions review is likely to be in. External Auditor advised that the expectations were for an increase to the value of the pension and a related increase in the scheme's, which would be in line with market recovery. Depute Principal (Operations) further noted that contribution rates have reduced, which implies that values are increasing.

Chair queried whether there was any expectation of communications from Audit Scotland that UHI Perth would be able to reference. Principal advised that, if this was to be forthcoming, it would likely be at UHI level.

Board Member suggested that a short statement on the issue be included in the annual report in order to provide justification for the delay in reporting to, amongst others, OSCR. Principal added that the issue has affected UHI Perth's reputation despite issue not being of the college's making.

External Auditor acknowledged the frustration being felt and apologised for the reputational damage caused, and committed to addressing issues with the intention to be fully back on track by the end of December.

7.1	**Internal Annual Report 2023-24/01 – Health, Safety & Wellbeing**	
	Internal Auditor presented Paper 4, noting that this area was previously reviewed in 2019/20 and that there has been progress in the policy/procedure framework and leadership being shown, and, notwithstanding the recommendations made, the College is moving in the right direction.	
	Internal Auditor advised that future focus should be around mandatory training, the implementation of review and escalation processes, and automatic reminders for risk assessments.	
	Board Member queried the December 2025 implementation date	

	under Objective 2 and wondered whether there should be some interim actions/dates to ensure matters are progressed. Internal Auditor noted that this implementation date refers to the implementation of the formal system, however informal systems are already being implemented. Board Member requested that this recommendation be split into 2 items in order to reference interim actions/systems. Internal Auditor **AGREED** to revise accordingly. Committee **noted** Paper 4.	Internal Auditor
7.2	**Internal Annual Report 2023-24/02 – Risk Management** Internal Auditor presented Paper 5, submitted as a late Paper, noting a positive report highlighting that a populated ERM all required risk monitoring, and advising that control mechanisms within the ERM are good but are reliant on local input being maintained so will need regular monitoring. Chair welcomed the report and noted the increased visibility of risks that may not have been in place under the previous reporting system. Committee **noted** Paper 5.	
7.3	**Internal Annual – Audit Plan 2024-2026** Internal Auditor presented Paper 6, noting that a 2-year Plan had been prepared due to the agreed 1+1 extension of the Internal Audit contract. Internal Auditor noted that the priority levels had been reviewed since the last iteration, and that a meeting had taken place with the Chair to sense-check the Plan. Depute Principal (Operations) queried whether International should be included, possibly at the expense of HISA. Chair expressed discomfort at replacing HISA, but could see merit in replacing Estates Strategy given the likely lack of funds for large-scale projects in the next few years. Committee **AGREED** to replace Estates Strategy with International. Internal Auditor to provide amended version of the Plan for circulation. Board Member queried whether the timings around Financial Sustainability and Financial Controls need to be revisited given the current resource issues within Finance as discussed previously. Internal Auditor noted that finalisation of the dates for the work is agreed with management and built into the standard process. Committee **noted** Paper 6.	Internal Auditor

8	**Freedom of Information & Data Protection – Quarterly Update** Clerk presented Paper 7, noting the increased activity driven by FOI requests related to the current consultations. Clerk advised that an FOI request on the position of the nursery has been reviewed as the college deem that commercially sensitive, and may subsequently be submitted for further review by the Scottish Information Commissioner. Committee **noted** Paper 7.	
9	**Date & Time of Next Meeting** • Wednesday 09 October 2024 (tbc)	
12.	**Review of Meeting** Committee confirmed that the meeting had been conducted in line with its Terms of Reference.	

Information recorded in College minutes are 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.

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 ☑

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 2018? **Yes ☐** **No ☑**