

Audit Committee

Minutes

Meeting reference: Audit2025-25/01

Date: Wednesday 09 October 2024

Location: ASW (Room 961)

Members present: Debbie McIlwraith Cameron, Board Member & Vice Chair Audit
Ian Robotham, Board Member (from Item 5)
Alistair Wylie, Board Member
Andi Garrity, Student Board Member

In attendance: Margaret Cook, Principal
Lorenz Cairns, Depute Principal (Academic)
Lynn Murray, Depute Principal (Operations)
Gavin Stevenson, Director of Finance
Katy Lees, Director of HR & Organisational Development
Ian McCartney, Clerk to the Board
David Archibald, Henderson Loggie, Internal Auditor
Nicola Wright, Deloitte's, External Auditor (items 8.1 – 8.6)
Thomas Rotherham, Deloitte's, External Auditor (items 8.1 – 8.6)

Apologies: Derek Waugh, Chair, Audit Committee
Patrick O'Donnell, Staff Board Member

Debbie McIlwraith Cameron

Chair:

Ian McCartney

Minute Taker:

3

Quorum:

UHI Perth is a registered Scottish charity, number SC021209

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MINUTES

Item		Action
1.	Welcome & Apologies Vice Chair welcomed all to meeting and noted that Chair was not able to attend the meeting.	
2.	Additions to the Agenda Committee agreed to a change in the order of the Agenda. Internal Audit presented an additional paper on Severance Process Arrangements and Procedures. It was agreed that this paper would be taken as Item 8.6.	
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 The minutes were approved as a true and accurate record of the meeting.	
5.	Matters Arising from previous minutes <u>Item 6.2 – National Fraud Initiative Report</u> Depute Principal (Operations) advised that names of individual colleges had not been noted in the final published report and the issues affecting UHI Perth had not been flagged within the report's "Red" category.	
8.1	External Audit 2023/24 – Audit Plan External Auditor introduced new Partner who be overseeing the audit work for UHI Perth before updating Committee on proposed plan and timescales for 2023/24 Audit outlined within presentation provided to Committee. Upon a Board Member querying the proposed December completion date, Depute Principal (Operations) advised Committee that the ongoing circumstances affecting resources within the Finance Department would likely impact on deliverability of the proposed timescales. Principal further advised that the preference would be to seek approval of the Audited Accounts early in the year rather than leave until the March Board of Management meeting.	

	External Auditor and Depute Principal (Operations) agreed to keep the Committee updated with regarding to the timescales.	
8.2	<p>Internal Annual Report 2024/06 – Cybersecurity</p> <p>Internal Auditor presented Paper 6, noting a Satisfactory report with limited recommendations and that key actions appeared to be in place for full transparency.</p> <p>Internal Auditor noted that there is a reliance on operational areas in delivery of key outcomes therefore communications to the Board is required, and suggested an approach similar to the regular H&S Reports received by Audit Committee.</p> <p>Board Member suggested that the Service Level Agreement needs clarification in terms of the split between UHI Executive Office and Academic Partners. Principal advised that a collaborative approach around cybersecurity was already in place, and the existence of a UHI Information Security Group led by HEFESTIS was noted.</p> <p>Chair recommended that a 6-monthly update report to Audit Committee from the Director of ICT be established. This recommendation was APPROVED. Clerk to include in appropriate Board Cycle.</p> <p>Committee noted Paper 6.</p>	
8.3	<p>Internal Audit Report 2024/07 – ICT & Digital Transformation Strategy</p> <p>Internal Auditor presented Paper 7, noting that this Report contained a number of issues to unpack, and took cognisance of the current financial climate within the college with respect to the need for investment to achieve strategic aims against the levels of capital available for investment.</p> <p>Depute Principal (Operations) advised that a budget meeting had been held with the Director of ICT where the impact of funding restrictions had been discussed.</p> <p>Depute Principal (Academic) noted that Report highlights the difficult position colleges find themselves in to remain relevant to future employers in that plans for Digital Transformation exist in order to focus on the student experience, but there is a struggle to deliver these plans within the budgets available.</p> <p>Student Board Member highlighted that some students will continue to require printed material. Internal Auditor agreed, but there will still be opportunities to rationalise in this area, and there appears to be variations based on deliverer's preference rather than that of the end users.</p>	

	<p>Committee noted Paper 7, and Depute Principal (Operations) will continue discussions with Director of Information Services on IT spending priorities.</p>	
8.4	<p>Internal Audit Report 2024/08 – Fraud Prevention, Detection & Response</p> <p>Internal Auditor presented Paper 8, noting that a consultancy approach had been taken for this Report, allowing for informal benchmarking based on other audits and investigations.</p> <p>Internal Auditor reported that the actions in process were detailed on page 3 of the Report, and that there were a number of low-level recommendations. Internal Auditor advised that there was a need for a greater understanding at all levels of the college of the risks in these Reports areas of scope.</p> <p>Board Member queried the practicalities around the money laundering aspects of refunds for International Students with specific reference to the 6-month time windows, and sought clarification whether there would be any flexibility available.</p> <p>Depute Principal (Academic) noted there was a link to the Digital Audit (Paper 7) in that the finance system issues could have been addressed within Shared Service solution that fell through, which would have managed process and reduced risk. Internal Auditor noted that targeted training sessions were available in this area if required - Depute Principal (Academic) to follow up.</p> <p>Committee noted Paper 8.</p>	Depute Principal (Academic)
8.5	<p>Internal Audit 2024/25 – Final Annual Plan & Progress Report</p> <p>Internal Auditor presented Paper 9, noting that the Plan had been updated to reflect previous discussions, and timings had been agreed and added. International Scope had also been added.</p> <p>Director of HR advised that Integrated Payroll is no longer required. Internal Auditor noted this and advised that these dates could be replaced with another option.</p> <p>Vice Chair noted on behalf of Chair whether there was any urgent need to look at Financial Sustainability given the focus on this area. Internal Audit advised that there would be ongoing challenges due to lack of clarity of the funding landscape and that work could be done to pull together key strands to provide some strategic focus to allow articulation to RSB/SFC on what can be delivered for the funding available. Principal noted that this would be helpful piece of work within the UHI context, with particular reference to the top-slice.</p>	

	Committee noted Paper 9.	
8.6	<p>Internal Audit Report to UHI - Perth Severance Process Arrangements and Procedures</p> <p>Committee received an additional paper in the form of Internal Audit Report to UHI on severance process arrangements and procedures relating to a recent UHI Perth VS scheme.</p> <p>Internal Auditor noted that the report had followed as the result of a letter presented under Public Interest Disclosure Polic, and focused on issues around the financial management and consistency of a recent VS scheme undertaken at UHI Perth.</p> <p>Internal Auditor described the process and concluded that there was no corroboration between the letter's content and the Internal Audit investigation.</p> <p>Committee noted the Report, and Principal welcomed the clean bill of health the Report provided.</p>	
6.1	<p>Annual Health & Safety Report</p> <p>Director of HR presented Paper 2, noting that it had been a challenging year around wellbeing and stress due to the ongoing financial sustainability issues affecting staff.</p> <p>Report noted that there had been requirement to report incidents to HSE, and that Risk Assessments across the organisation had been improved, however RIDDOR reports had increased due to reporting threshold changes.</p> <p>Sickness levels were higher than has been reported in the past and training levels had dropped slightly against compliance targets.</p> <p>Board Member queried whether the 2 outstanding items on the Report had been addressed. Director of HR advised these items had now been completed.</p> <p>Board Member noted an inconsistency around the formatting for RAG ratings within the Appendix. Director of HR would correct this prior to the Report being submitted to Board.</p> <p>Vice Chair queried whether the 80% figure advised in Table 1 represented a good result. Director of HR advised that 90% was the recommended rating, before noting that compliance training currently lands at the same time for staff and management were looking at amending processes to help improve this figure.</p> <p>Vice Chair queried whether the figures in Table 2 were improving.</p>	Director of HR

	<p>Director of HR advised that there had been significant progress around Priority 1 actions, noting that Auto Failure has had a significant impact on this and is changing the culture.</p> <p>Committee ENDORSED Paper 2, which would be passed to Board for final approval.</p>	
7.1	<p>Enterprise Risk Management Report</p> <p>Depute Principal (Operations) introduced Paper 3, highlighting the progress made since previous meeting re controls put in place (from 13% to 47%).</p> <p>Depute Principal (Operations) advised that work was ongoing embedding the ERM with Risk Owners, with a move to exception reporting being brought in. Financial controls were noted as a specific current focus.</p> <p>Depute Principal (Operations) noted that the ERM does not currently include a “People” category and sought Committee’s view on whether and when this should be introduced. Board Member queried whether this would lead to some crossover; Board Member advised that there would be in first instance, but this would be addressed over time.</p> <p>Committee AGREED to add a People category to the ERM. Depute Principal (Operations) to progress and present to next meeting.</p> <p>Board Member recommended that font colours be improved for readability purposes, and that the numbers in the Competition & Markets category do not seem to add up. Depute Principal (Operations) to clarify.</p> <p>Internal Auditor noted that there is an IA Follow-Up Report scheduled to be tabled at Cycle 2 Audit Committee that would be reporting on Risk Management.</p> <p>Committee NOTED Paper 3.</p>	<p>Depute Principal (Operations)</p> <p>Depute Principal (Operations)</p>
7.2	<p>Code of Good Governance - Compliance Template</p> <p>Clerk presented Paper 4, which provided a checklist and summary of compliance levels on items of assurance required to meet the Code of Good Governance.</p> <p>Clerk noted that 79 of 82 items had been assessed as “Effective”, with three items (B7 – HISA Constitution; C6 - Register of Interests; & C19 – Remuneration Committee) assessed as “Partial”. Clerk advised on mitigations to bring the 3 “Partial” areas up to full compliance.</p>	

	<p>Internal Auditor noted that not all colleges present this compliance checklist for the assurance of Audit Committee, and continued scrutiny is to be welcomed.</p> <p>Committee NOTED Paper 4.</p>	
9.1	<p>Freedom of Information & Data Protection – Quarterly Update</p> <p>Clerk presented Paper 10, noting that 2023/2024 had seen the highest number of FOI Requests submitted in a single calendar year, while SARs and data breaches continue a downwards trend.</p> <p>Clerk advised that the UHI DPO had recommended UHI Perth undertake a matching exercise against the ICO's accountability framework. This would allow Committee to have a more strategic oversight and assurance on data protection issues. Clerk to progress and present to next meeting.</p> <p>Committee NOTED Paper 10.</p>	Clerk
10	<p>Committee Updates</p> <p>Committee received & noted minutes of the Health & Safety Committee from 19 June 2024</p>	
11	<p>Date & Time of Next Meeting</p> <ul style="list-style-type: none"> Wednesday 11 December 2024 	
12.	<p>Review of Meeting</p> <p>Committee confirmed that the meeting had been conducted in line with its Terms of Reference.</p> <p>Committee also noted proposed amendments for Terms of Reference being presented for approval by the Board.</p>	

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** ☒