

BOARD OF MANAGEMENT

Audit Committee Approved Minutes of Meeting

held on

Thursday 17 February 2022

at 1424 by Teams

Present: J McLeman (Convener) P Graham (for item 19 only)
G Johnston D Patterson (for item 19 only)
D McKinstrey
R Stradling (HISA)

In attendance: S McInnes, Director of Finance
G Scanlin, EY – External Auditors
S McCready, Wylie & Bisset LLP- Internal Auditors
E Sutherland, Clerk to the Board
E Kingham, Minutes

Note: This meeting followed the joint meeting of the Audit Committee and Finance & General Purposes Committee.

		ACTION	DATE
A.22.01.08	Draft Minutes of Audit Committee meeting held on 25 November 2021		
8.1	The minutes and actions were accepted as a true and accurate record, subject to one correction: <u>Item 6.4:</u> To remove the reference to ‘the potential to use MGD funding to help with the estates’, which was not what had been said. Dawn had questioned the reference to the MGD as being a mitigating action. Proposed: Grenville Johnston Seconded: Dawn McKinstrey	ES	Immediate
A.22.01.09	Draft Matters Arising/Action Sheet from Audit Committee meeting held on 25 November 2021		
9.1	The majority of actions were noted as complete or on the agenda for discussion.		
9.2	<u>Action 10.1.2:</u> It was noted that Shelly has a query outstanding with the College’s insurance company regarding whether the College’s insurance policy includes cover for fraud. She had recently chased it up and hoped to receive an answer soon.	SM	
9.3	<u>Action 12.2.2:</u> It was noted that the College is not registered with Companies House but that the Board of Management is registered with OSCR.		
A.22.01.10	Risk		

	(i) Review of Risk Register		
10.1	Shelly reported that the risk register had been reviewed since the last meeting, but no changes were required.		
10.2	Following discussion, it was agreed that the MGD risk should be split into two separate risks, one for MAATIC and the other for the BE Hub. The Committee considered they will soon begin to separate out and have different risk profiles and mitigations.	SM	ASAP
10.3	Dawn noted that that although risks around financial sustainability is noted in the annual report and statements, the risk register does not use this language but refers instead to risks around not achieving a balanced budget. Going forward, Shelly agreed to incorporate a reference to financial sustainability in the next iteration of the risk register.	SM	ASAP
	(ii) Periodic Risk Reporting to Board		
10.4	It was noted that Shelly will submit a first draft of the template for periodic risk reporting to the Board to the next meeting of SLT, before being presented for approval at the Board's March meeting. The template is to be based on the format proposed by Dawn.	SM	09-03-22
	(iii) UHI Risk Register reporting		
10.5	Elaine to arrange a meeting for Jessie, Derek and others interested with Roger Sendall to discuss the potential to make changes to the UHI risk register and for developing reports for the college (and any others). The meeting to take place before the Committee's next meeting in May.	ES	ASAP
A.22.01.11	Internal Audit – Wylie Bisset		
	(i) Internal Audit Plan 2021-22		
11.1	Scot reported that work on the Internal Audit Plan for 2021/22 was progressing as it should, and WB were where they expected to be at this stage.		
	(ii) Income Collection and Credit Control Audit 2021/22		
11.2	Scott reported that WB had assigned the highest level of assurance to the college's arrangements for income collection and credit control. They had identified eight areas of good practice, compared to an average of three in similar audits, and one low grade recommendation relating to the creation of a Grant Register Document for implementation by June 2022. The audit had also looked at the processing and issuing invoices through the SITS system and found that this was operating as required. Shelly confirmed that she was happy with the recommendation and the timescale.		
11.3	Grenville expressed concern at the level of outstanding debt due from SAAS, which he felt was worthy of complaint to SAAS, and asked whether the £66k of non-		

	SAAS debt that is 120+ days overdue is to be recovered. Scott confirmed that WB had looked at the debt recovery process. Shelly explained that the college recoverability rates are high but that the debtors concerned were notoriously slow payers. However, the college had recovered £88k of overdue debt two weeks ago.		
	(iii) SITS System Audit – Scope and Approach		
11.4	The committee agreed the scope and proposed approach to the review of the use of the SITS system at the College, which will look to ensure that there are appropriate controls in place. In response to a question from Jessie, it was noted that SITS is a UHI-wide system and that the College had different categories of SITS users within SITS but all were tightly controlled.		
	(iii) Cyber Security Audit – Scope and Approach		
11.5	Scott outlined the objectives of the cyber security audit which would assess the security arrangements surrounding the College’s use of information technology, focusing on the improvements made to arrangements following last year’s cyber incident. WB would only look at areas under college control. In response to a question from Dawn, Derek advised that the College has not formally adopted ISO 27001 for information security, although the cyber assurance template (referred to in item 14 of these minutes) is loosely based on it. Dawn also referred to the successful outcome of the recent external QA audit of the WB IA Department and congratulated everyone involved.		
11.6	Dawn having questioned why the proposed cyber security assurance template was not mentioned in the audit scope, it was confirmed that it will be included within the audit scope. The scope was agreed as proposed and including the assurance template.	WB	Immediate
A.22.01.12	Audit Register		
	(i) Review of Status		
12.1	The Committee noted an update on the status of the audit register. It was noted that as of today there are three overdue audit recommendations, while one that sits with UHI remains and one is complete although the evidence from APUC relating to non-compliance spend is to be provided to the March SLT meeting before going to the IAs for sign-off. In response to a question from Jessie regarding the recommendations arising from the Board Effectiveness Review, Shelly confirmed that although some are still open, they are in hand. They are not overdue because the implementation date was moved to 31 July.	SM	19-05-22

12.2	Dawn proposed that the process agreed by Shelly and Scott for closing out audit actions in a timely way should be documented. Shelly agreed to draft a paper, in consultation with Scott, for presentation to the Committee's next meeting.	SM, WB	19-05-22
A.22.01.13	Policies Due for Review		
	(i) Update on Plan for Review of College Policies		
13.1	The Committee noted that good progress is finally being made on the policies due for review, although three policies are behind schedule and have revised committee dates.		
13.2	Derek agreed to provide a further update on progress to the next meeting of the Committee.	DD	19-05-22
	(ii) Gifts, Hospitality & Entertainment Policy		
13.3	It was noted that following periodic review, no changes were proposed to the gifts, hospitality, and entertainment policy, including to the values. Following a brief discussion, during which Dawn commented that she considered the values were actually rather high, i.e. the £100 overall limit, the policy was approved, subject to one amendment, namely, to require that all offers of hospitality accepted or declined must be declared and fully recorded in the Gifts and Hospitality Register.	SM	Immediate
	(iii) Risk Management Policy and Procedures		
13.4	Jessie proposed that consideration of this item be deferred until the Committee's May meeting, as the document circulated for review was not the current version.		
13.5	Elaine to find the Risk Management Procedure and Policy as approved by the Board in May 2019, for Shelly to review prior to the Committee's next meeting in May. In the meantime, the risk register would not be shared with other committees until the position has been clarified.	ES SM	19-05-22
A.22.01.14	Cyber Security		
	(i) Assurance Template		
14.1	Derek outlined the proposal for the development of a cyber security assurance template to provide local assurance on the information security areas for which the College is responsible. It was based on ISO27001 certification. The paper included a RAG status for each area and a summary of any improvements required.	DD	06-10-22
14.2	Dawn queried if risks associated with the supply chain lay with UHI or the College. Derek advised that the risks were predominantly UHI's because of the scale of services they procure on our behalf. Also, much of the College's procurement was done through framework agreements, where the suppliers have already been assessed. In response to a suggestion by Dawn that narrative include		

	references to policies underpinning it, Derek confirmed that he intended to include hyperlinks to these documents.		
14.3	Jessie asked whether the template would include any relevant UHI-wide risks because the Committee does not get to see those. Derek indicated that this could be done annually.	DD	06-10-22
14.4	Dawn also questioned whether the proposed template would obviate the need for a detailed policy document. In response, Derek agreed to develop a brief policy document to accompany the assurance template, setting out the context for its development as well as its aims and objectives.	DD	06-10-22
14.5	The Committee welcomed the proposal and approved the development of an Information Security Management System (ISMS) template based on the proposal outlined in the paper and that it should be in operation in time to provide a report to the Committee's October meeting.	DD	06-10-22
A.22.01.15	Emerging Issues		
	(i) Joint AP Audit Chairs and UHI Committee meeting to be held on 22-05-22		
15.1	Jessie asked members to let her know if there are any issues, they wish her to raise at the next Audit Chairs meeting.		
	(ii) Committee Evaluation Questionnaire		
15.2	Elaine agreed to contact the Board Chair to get his view on whether to use the UHI survey or the College survey for this year's self-evaluation of the Board and its committees.	ES	Immediate
	(iii) Student Attendance at Audit Committee – Terms of Reference		
15.3	The Audit Committee terms of reference was circulated but it was noted that it not the most recent version.		
15.4	Elaine agreed to look out the committee's current Terms of Reference (TOR), as approved by the Board in March 2021. It was also noted that, at the time of the previous review, the Audit Committee agreed that a student member of the Board may be a member of the Audit Committee although there was no obligation to become a member of the Audit Committee. However, the TORs are silent on this point and this should be made clear when the TORs are next reviewed.	ES	Immediate
15.5	Elaine also undertook to check when the Board's Standing Orders are due for review (December 2022).	ES	Immediate
A.22.01.16	Date of next meeting		
16.1	It was noted that the next meeting was scheduled for 19 May 2022.		

RESERVED ITEMS			
A.22.01.17	Draft Reserved Minutes arising from Audit Committee held on 25 November 2021		
17.1	This item is reserved, and the minute held in confidence.		
A.22.01.18	Draft Reserved Matters arising from Audit Committee held on 25 November 2021		
18.1	This item is reserved, and the minute held in confidence.		
A.22.01.19	Code of Good Governance		
	(i) Statement of Compliance with Code of Good Governance checklist		
19.1	This item is reserved and the minute held in confidence.		
A.22.01.20	Draft Annual Report from Audit Committee to the Board		
20.1	This item is reserved and the minute held in confidence.		
	<i>The meeting ended at 16:04.</i>		