

**BOARD OF MANAGEMENT  
Audit Committee  
Draft Minutes of Meeting on  
Wednesday, 5 October 2022  
at 13.30 by MS Teams**

Present :       Jessie McLeman       Convenor  
                  Dawn McKinstrey  
                  Grenville Johnston  
                  Leigh Mair

In attendance: Shelly McInnes  
                  Derek Duncan  
                  Grace Scanlin               Ernst Young – External Auditors  
                  Scott McCready             Wylie Bisset – Internal Auditors  
                  Graham Gillespie         Wylie Bisset – Internal Auditors  
                  Elaine Sutherland         Clerk  
                  Eleanor Melton             Minute Secretary

		<b>ACTION</b>	<b>DATE</b>
<b>A.22.03.01</b>	<b>(i) Resignations</b>		
1.1	Resignation has been received from Rhiannon Stradling whose term with HISA has come to an end.		
	<b>(ii) Appointments</b>		
1.2	There has been a new appointment, Leigh Mair.		
<b>A.22.03.02</b>	<b>Apologies for Absence</b>		
2.1	There were no apologies for absence received prior to the meeting.		
<b>A.22.03.03</b>	<b>Any Additional Declarations of Interest including specific items on this Agenda</b>		
3.1	There were no additional declarations of interest.		
<b>A.22.0.04</b>	<b>Draft Minutes of Audit Committee meeting held on 19 May 2022</b>		
4.1	The minutes were accepted as a true and accurate record and approved by the Committee: Proposed: Dawn McKinstrey Seconded: Grenville Johnstone		
<b>A.22.03.05</b>	<b>Draft Matters Arising of meetings held on 19 May 2022</b>		
5.1	Most actions were noted as complete or are to be discussed as part of the agenda, those noted as ongoing are set out below:  Action 7.1 Ongoing – Will be presented at meeting to be held on 1 December 2022		

	Action 7.2 Ongoing – Postponed to December  Action 8.2 Ongoing – Partly resolved, to be updated in December		
<b>A.22.03.06</b>	<b>Review of Risk Register</b>		
	<b>(i) Revised Risk Register</b>		
6.1	The version of the risk register presented to the Committee was the same one as discussed at the recent Board Development Day and was provided here for any further comments and for noting. It was explained that the risk register has now been aligned with the College’s Strategic Plan for the next five-year period, now agreed by the Board.  A new iteration of the Risk Register will be presented at the next meeting of the Audit Committee. Any further comments should be communicated to Shelly via email.		
	<b>(ii) Review of Risk Appetite</b>		
6.2	Following the discussion at the Board Development Day, the SLT and Audit Committee were asked to consider Risk Appetite further. This matter will be presented and discussed at the next meeting of Audit Committee on 1 December, with a view to the Committee agreeing a recommendation to the Board.		
<b>ACTION</b>	<b>Risk Appetite to be reviewed at the December meeting.</b>	<b>Shelly</b>	<b>December 2022 meeting.</b>
	<b>(iii) NAO Good Practice Guide – Managing Climate Change Risks</b>		
6.3	Derek briefed committee members following an initial review of the guide and framework set out within that.. Derek also noted his intentions of setting out a risk register item relating to achieving the Net Zero targets. As the college does not have a dedicated sustainability officer, the role is embedded within a number of separate roles , and there is also a lack of skills in certain specialist areas. The framework as set out by the NAO is very comprehensive and further work needs to be undertaken on how it could apply at the College. Members agreed that there is an awareness of the obligations as a committee, but would like to be confident that there is a plan in place to address these.  It was suggested that as Audit Scotland has produced their own plan, it may be helpful to have sight of this. It was agreed that Derek will have further discussions with Jessie with a view to update the committee in February.		
<b>ACTION</b>	<b>Following on from the NAO guide, Derek to provide an update to the February meeting of the Committee on the College’s approach to managing climate change risks and achieving Net Zero.</b>	<b>Derek</b>	<b>February meeting</b>

<b>A.22.03.07</b>	<b>Internal Audit Matters</b>		
	<b>(i) Update on Internal Audit Plan for 2021/22</b>		
7.1	The internal audit plan for 2021/22 is on track for completion, with the funding audit due for sign off on Friday. Scottish Funding Council extended the deadline for completions due to an issue at the SFC. WB's year-end report will be presented to the next meeting of the Committee.		
	<b>(ii) Estates Strategy Report</b>		
7.2	Scott presented the findings of an audit of Estates Strategy, reporting a 'strong' level of assurance. Scott highlighted key points within the report provided. There are several good practice points, one observation and no recommendations. Overall, WB were able to provide a strong level of assurance relating to the development of the strategy, and in relation to the content when benchmarked with other clients.		
	<b>(iii) Marketing Report</b>		
7.3	WB's audit of Marketing reported a 'strong' level of assurance. The report comments on on marketing initiatives, website, social media, roles, and budgeting. Several good practice points were noted, one low grade recommendation and two observations. The recommendation is that the College develop a Marketing Strategy that is linked to the Strategic and Operational Plans. . The date of December 2022 has been agreed in the management response. The observations related to assessing skill gaps within the marketing team, in particular graphic design skills; and the second noted the increase in marketing spend compared to budget over 2021-22. The Committee raised a concern as to why the budget was increased with no plan in place. Shelly reassured the committee that a strategy is produced and signed off by SLT, it just isn't produced in one single document. Leigh suggested it could be worthwhile looking at marketing effectiveness against alternative parameters (other than student enrolments) – due to the number of concerns and comments raised about marketing. Jessie commented that scarce skills such as graphic design might be suitable as UHI shared services. Grenville mentioned that local marketing campaigns have been noticeable and impressive.		
7.4	The Committee noted both of the Internal Audit reports and the recommendation arising.		
	<b>(iv) Internal Audit Plan for 2022/23</b>		
7.5	Graham (WB) supported the draft Internal Audit plan for 2022/23 as presented in the documentation. He highlighted key points including the proposed changes to the original three-year plan at the start of WB's engagement.		

	<p>The proposed plan for 2022-23 is now; Student Retention; Purchasing and Payments; Equality, Diversity and Inclusion; Student Experience; and Review and Awareness of College policies. These five areas are discretionary audits that are performed in addition to the annual mandatory audits of credits and funding.</p> <p>The committee discussed whether aspects of cyber security should be assessed annually on a rolling basis, and whether there is comfort that there is no audit of these areas at this time. Derek confirmed that there is confidence behind this decision due to the last audit being recent.</p> <p>A brief explanation was provided on how the plan is devised and agreed, for newer members of the committee. The committee agreed the proposed internal audit plan for 2022/23. The decision on whether to hold individual audits in person or by remote means will be made case by case, noting the Committee's preference that some work be undertaken in person, depending on the nature of the audit</p>		
<b>A22.03.08</b>	<b>Review of Audit Register</b>		
8.1	<p>The audit register was provided. There are currently 6 recommendations outstanding, 4 of which are overdue. An extension to 31 December 2022 was requested on the four, for the reasons set out to the Committee. Five recommendations have been closed off since the last Committee meeting.</p> <p>The committee agreed to the four extension dates.</p>		
<b>A.22.03.09</b>	<b>External Audit: Annual Audit by EY for AY 2021/22</b>		
	<b>(i) Any update and any matters arising</b>		
9.1	<p>Grace informed members that EY are on schedule and are planning on the basis of providing their Report to the December meeting of the Committee. All information has been requested by the end of October, ready to begin at the start of November. In response to questioning, there is hope that a letter of support will come from the SFC regarding financial sustainability matters; other colleges are seeking similar letters.</p> <p>There are currently ongoing conversations with actuaries regarding recent pension issues and CPI rates (LGPS).</p>		
	<b>(ii) Letter from EY to those charged with Governance</b>		
9.2	<p>The questions to the Committee are mostly the same as previously, apart from the removal of the question on furlough. In view of the need for the response to be with EY around mid-November, the draft response will need to be reviewed and agreed by the Committee by email correspondence, prior to the next audit committee meeting.</p>		
<b>ACTION</b>	Devise schedule and provide inputs so as to submit response to EY by mid-November.	<b>ES/JM/SM</b>	

	<i>Shelly left at 14.55pm</i>		
<b>A.22.03.11</b>	<b>Information Security</b>		
	<b>(i) Report to Committee on Information Security Management System</b>		
11.1	<p>Derek supported the report provided. The Information Security Management System report has been prepared at the request of the committee, outlining the security measures and plans in place. However, it still requires SLT approval and will be presented to the committee in December.</p> <p>A self-assessment exercise on campus physical security is due to be carried out shortly, following the College insurer's loss prevention standards.</p> <p>Members discussed the security of the campus; many other colleges and educational settings have gone down the route of card access for security reasons and mindful of the age of many of the users – the question of whether this should this be considered for Moray was raised.</p> <p>It was agreed that once the physical assessment has been undertaken, card security access can be looked at again.</p>		
<b>ACTION</b>	<b>Derek to update the Committee on considerations regarding security arrangements and card access.</b>	<b>Derek</b>	<b>February 2023</b>
	<i>Shelly returned 15.10pm</i>		
	<b>(ii) Cyber Essential Plus Accreditation</b>		
11.2	This item is reserved, and the minutes held in confidence.		
<b>A.22.03.10</b>	<b>Fraud</b>		
	<b>(i) Annual Paper on Fraud</b>		
10.1	The annual report was provided for noting. There was no further information to provide.		
	<b>(ii) National Fraud Initiative</b>		
10.2	Feedback will not be received until January. Shelly will provide an update at the meeting in February.		
<b>A.22.03.12</b>	<b>College Policies</b>		
	<b>(i) Status of all College Policies, Plan for Review and Updating</b>		
12.1	<p>In updating members, Derek advised that there will soon be a SharePoint site that will hold all policies and procedures in one place, rather than several as hitherto</p> <p>The report circulated to the Committee provided information on the status of policies, which were planned to be reviewed in 2021-22. The report showed 13 had been approved, and 8 were at various stages of review but not completed.</p> <p>The Policy Review Plan for 2022—23, to include those held over from the above report and the further policies due for review, had not been presented to the Committee due to some confusion. As this is needed to allow the Committee to monitor the position for the coming year, Derek was requested to circulate the Policy Review Plan for 2022-23 to the Committee by end October.</p>		

	In relation to HR policies, a Professional Review and Development Procedure has been circulated to all staff.		
<b>ACTION</b>	Policy Review Plan for 2022-23 to be circulated to committee members by end October.	<b>DD</b>	<b>31/10/2022</b>
<b>A.22.03.13</b>	<b>Governance</b>		
	<b>(i) Review of Compliance with Code of Good Governance Checklist for AY2021/22</b>		
13.1	This item is reserved, and the minutes held in confidence.		
<b>A.22.03.14</b>	<b>Audit Committee Planning/Emerging Issues</b>		
	<b>(i) Matters Arising from Audit Scotland' report on Scotland' Colleges 2022</b>		
14.1	Jessie noted that the comments and concerns in the report had been noted by the committee in particular financial pressures. The comments on the impact of Covid on Equality/Diversity were also noted.		
	<b>(ii) UHI Audit Chairs' Meeting – 9 November 2022</b>		
14.2	Any comments are to be communicated to Jessie prior to the meeting date.		
	<i>Leigh Mair left at 15.40pm</i>		
	<b>(iii) Review of Committees Work Planning</b>		
14.3	This is as presented previously. Clarification was provided on a question from Dawn regarding OSCR.		
	<b>(iv) Draft Audit Committee Annual Report to the Board</b>		
14.4	This will be brought to the next committee meeting in December.		
<b>ACTION</b>	Elaine/ Jessie/ Shelly to prepare annual report from the Committee to the Board for presentation to December meeting.	<b>JM/ES</b>	
	<i>Grace, Scott and Graham left at 15.50pm</i>		
	<b>RESERVED ITEMS</b>		
<b>A.22.03.15</b>	<b>Draft Reserved Minutes of Audit Committee held on 19 May 2022</b>		
15.1	This item is Reserved, and the minutes held in confidence.		
<b>A.22.03.16</b>	<b>Reserved Matters Arising from Audit Committee held on 19 May 2022</b>		
16.1	This item is Reserved, and the minutes held in confidence.		
<b>A.22.03.17</b>	<b>Draft Response to EY's Letter to Those Charged with Governance</b>		
17.1	This item is Reserved, and the minutes held in confidence.		
<b>A.22.03.18</b>	<b>Date of Next Meeting of Audit Committee</b>		
18.1	This item is Reserved, and the minutes held in confidence.		
<b>A.22.03.19</b>	<b>Date of Joint Audit Committee and Finance and General Purposes Committee</b>		
19.1	This item is Reserved, and the minutes held in confidence.		

	<i>Meeting closed at 16.00pm</i>		
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