



AUDIT COMMITTEE
Minutes of meeting held on
Tuesday, 28 November 2023
At 2.00pm in the Boardroom and via MS Teams

Present:

Jessie McLeman (Convener)
Dawn McKinstrey
Grenville Johnston

In Attendance

Shelly McInnes	Susan Brook (Wylie Bisset – MS Teams)
Derek Duncan	Sean Morrison (BDO – MS Teams)
Eleanor Melton (Clerk)	Phil Mason (Deloitte – MS Teams)
Alex Hastings (Minutes)	

NOTE: This meeting took place after a closed session of the Audit Committee and then a closed session of the Audit and F&GP Committees.

Item		Action	Date
A.23.04.01	(i) Resignations		
1.1	Resignation was received from Dawn McKinstrey.		
	(ii) Appointments		
1.2	There have been no new appointments.		
A.23.04.02	Apologies for Absence		
2.1	Apologies for absence have been received from Leigh Mair.		
A.23.04.03	Any Additional Declarations of Interest including specific items on this Agenda		
3.1	There were no additional declarations of interest.		
A.23.04.04	Draft Minutes of Audit Committee meeting held on 2 October 2023		
4.1	The minutes of the meeting held on 2 October 2023 were accepted as a true and accurate record: Proposed: Grenville Johnston Seconded: Jessie McLeman		
A.23.04.05	Matters Arising from Audit Committee meeting held on 2 October 2023		
5.1	<u>5.1</u> Ongoing - DD to arrange a live Business Continuity incident test in discussion with SLT; looking at a test next term, to be completed by Easter.		
ACTION	Derek to have test completed by Easter 2024.	DD	Easter 2024

5.2	5.2 Complete	Complete	
5.3	5.3 Ongoing – Requested amendment to the format of the Table of policies planned for review.	DD	February 2024 meeting
5.4	5.4 (Next Review) – Achieving Net Zero, Review of Assurance Framework; ensure local plan addresses the impact of climate change.	DD	Next review by the Committee
5.5	7.2 Complete – Derek updated the Committee and Wylie Bisset, this is now up to BDO to sign off Derek’s proposal.	Complete	
5.6	8.1 Audit Register ST.R2 and MS.R1, Shelly to follow up for May meeting.	SM	23-05-2024
5.7	9.1.3 Complete	Complete	
5.8	11.1 Ongoing - Shelly to publish a written request to colleagues to ask them to report back on instances of fraud. For next report.	SM	October 2024 meeting
5.9	12.1 Ongoing – Derek updated the Committee on his findings regarding the two policies. He is happy to keep them as they are, reporting that they are well aligned with links between them. Derek will take the Anti-bribery policy to the next FGP meeting. The Committee noted and accepted this update. Convenor; DD subsequently advised the Convenor of a proposed change to this view, so left open.	DD	February 2024 meeting
5.10	13.2 Sustainability Strategy; Ongoing - Derek notified the Committee that he is taking this paper to FGP meeting on 5 December 2023 and following that, the next full Board meeting on 14 December 2023.	DD	
5.11	14.1 Ongoing - Clerk to create fully accessible folder for Committee and Auditors linked to CoGG checklist.	EM	
5.12	14.2 Complete - Clerk forwarded note to GJ and Board with link to the communication which has gone out for recruitment of Board Members.	Complete	
5.13	15.1 Complete		
5.14	15.2 Complete		
A.23.04.06	Governance		
	(i) Statement of Compliance with Code of Good Governance checklist - Review of College Report for AY 2022-23 RESERVED		
6.1	This item is reserved, and the minute held in confidence.		
	Jessie updated the Committee. After discission with the Principal, the report on the checklist is not yet complete, with several elements still in motion, in particular, the financial input. It was agreed that the Principal will provide a report for the next meeting and present it then.		

ACTION	The Principal to provide the report on compliance with CofGG at the next Audit Committee meeting.	DP	February 2024 meeting
A.23.04.07	Risk		
	(i) Review of Risk Register		
7.1	<p>Shelly notified the Committee that there have been no significant changes to the Risk Register since the last meeting.</p> <p>Dawn queried the impact of Kenny McAlpine's secondment, as he has active actions on the Register. Shelly stated that discussions are ongoing regarding managing this workload as a result of Kenny being seconded to Executive Office. There are currently no direct answers as to who will pick up this work and this will need to be reviewed further. Jessie commented that the commentary on some risk items needed to be updated.</p> <p>Jessie commented that the change also raised wider queries and risks in relation to covering his responsibilities, eg in learning and teaching, and to provide assurance, the Principal should provide a brief update on arrangements at the next Board meeting. The Committee agreed, recognising it was not looking for detailed operational plans.</p>		
ACTION	The convenor to ask the Principal at the next Board, following the secondment of the Deputy Principal, to advise the board regarding cover arrangements.	Convenor	14-12-2023
A.23.04.08	Internal Audit – Wylie Bisset		
	(i) Credits Audit 2022-23		
8.1	<p>Susan summarised the report on the Credits Audit which was unqualified and submitted to the SFC on 3 October 2023.</p> <p>One 'low' grade recommendation was raised, with Wylie Bisset recommending that the College ensure care is taken when coding students on FES reports. This and the management response was noted by the Committee.</p> <p>Susan advised that the College had a lower number of recommendations in comparison to other colleges against which has been benchmarked.</p> <p>Grenville questioned the figures recorded in the Fee Waiver Analytical Review, as there had been a significant rise in two categories: student on a DPG 18 / PG 5 programme and school pupil. The Committee agreed to have this investigated.</p>		

ACTION	In relation to the Credits Audit, Derek to investigate the variations in the named categories and report back to the Committee.	DD	Next meeting
	(ii) Student Support Funds Audit 2022-23		
8.2	<p>Susan summarised the report, namely that the information set out in these forms agrees with the underlying records; that, in their opinion, the College used these funds in accordance with the guidance issued by the SFC; and they were satisfied that the systems and controls were adequate. The return to the SFC was made on 29 September 2023.</p> <p>No recommendations were raised.</p> <p>The Committee noted the report.</p>		
	(iii) EMA Audit 2022-23		
8.3	<p>Susan summarised the report on the audit of the Educational Maintenance Allowance for the year ended 31 July 2023. In summary, WB reported that the information set out agrees with the underlying records; in their opinion, the College used these funds in accordance with the Scottish Funding Council's conditions and the principles of the Education Maintenance Allowance programme; and were satisfied that the systems and controls are adequate. The audit certificate was submitted to SFC on 29 September 2023.</p> <p>There was one 'Low' grade recommendation relating to The Student Support Funds Policy 2020-2023. This policy has now expired, and it was recommended that it be subject to review to ensure it remains applicable. The management response noted that this is a partnership wide policy and will be updated centrally. UHI Moray will ensure that user access and authority will be appendixes in the future documentation.</p> <p>The report, recommendation and management response were noted by the Committee.</p>		
	(iv) Annual Internal Audit Report and Opinion 2022-23		
8.4	<p>Susan summarised the report. WB are satisfied that sufficient internal audit work has been undertaken to allow them to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control, and governance processes.</p> <p>In their opinion UHI Moray did have adequate and effective risk management, control, and governance processes to manage its achievement of the College's objectives at the time of their audit work; and the</p>		

	<p>College has proper arrangements to promote and secure value for money. Their fieldwork was carried out between January 2023 and September 2023.</p> <p>The College has a lower number of recommendations in comparison with the Colleges it has been benchmarked against.</p> <p>There were two KPIs noted as missed targets. Susan assured the Committee that these were nothing to be alarmed about and were circumstantial due eg to Christmas holidays.</p> <p>The Committee agreed that the grading structure provided was very clear and well set out. As this was Susan's last meeting as Internal Auditor, the Committee thanked Susan and her colleagues for all their work as Internal Auditors over the previous years.</p>		
A.23.04.09	Audit Register		
	(i) Review of Status		
9.1	<p>Shelly provided an update on the audit register, noting the two new recommendations made in the Annual Credit audit and the EMA audit had been added. There are currently 6 open recommendations.</p> <p>Jessie queried the change in target date for the marketing strategy. Shelly explained that the KPIs proposed in the document to meet this element were unreasonable therefore it is being reviewed further internally and should be signed off before Christmas. The remainder of the targets were described as achievable by the year end, providing that Kenny McAlpine's actions are redistributed and resolved.</p> <p>The Committee noted this update and will await the next iteration.</p>		
A.23.04.10	External Audit – Deloitte		
	(i) External Audit, update on status and timetable – verbal		
10.1	<p>Phil was welcomed, this being his first meeting. He provided an update on the status of the external audit, noting that the team are currently experiencing resourcing issues, and he has stepped in to provide support. He is based in the Newcastle office. Deloitte took the decision to delay the completion of the audit and their report until the meeting of 1 February 2024. Phil advised that Deloitte will be notifying Audit Scotland of this change and Shelly will notify the SFC.</p>		

	<p>Phil explained that progress is being made regarding the resourcing issues, and a lot of work is planned for December as a result of this.</p> <p>The Committee noted the requirement that Committee papers should be ready for distribution prior to the next Audit meeting, and Phil agreed that the papers will be ready for distribution by 25 January 2024.</p> <p>Phil asked about whether he should attend in person, given location. The Committee noted that while that is normally the ideal, the Committee does not know the contents of Deloitte’s report. A decision will be made closer to the time whether the Committee require Deloitte to attend the next meeting in person or via MS Teams.</p> <p>The Committee agreed the Clerk would need to follow up on a number of consequential actions, namely a joint Audit Committee and F&GP meeting on 1 February, followed by an Audit Committee meeting; a closed session between the Audit Committee and the External Auditor; and an extraordinary Board meeting two weeks later to approve the accounts, i.e. around 15 February 2024.</p> <p>Jessie raised the question that previously, it had been considered necessary to seek a letter of assurance from the Finance Director of the SFC in relation to going concern. Phil advised Deloitte’s view that this matter is already catered for in the public sector. Grenville expressed his sympathy with that view.</p>		
ACTION	El to arrange a joint meeting of the Audit Committee and F&GP for 1 February 2024, preceded by a closed session between the Audit Committee and the External Auditor, and followed by a meeting of the Audit Committee;	EM	ASAP
ACTION	El to arrange an extraordinary meeting of the Board to approve the accounts, two weeks after the 1 February meetings.	EM	ASAP
A.23.04.11	Internal Audit – BDO		
	(i) Internal Audit 2023-26		
11.1	Sean supported his paper, detailing the proposed delivery schedule for the 2023-2026 internal audit strategy, along with the proposed audits for this year. This led to discussions on the priority for this year, balancing the relevant factors, namely the need for sufficient audit work to be undertaken to allow the		

	<p>auditors to form an opinion for the year, and affordability.</p> <p>Two further candidate areas were nominated for inclusion, namely a review of Quality Arrangements following an internal assessment and recommendation; and a possible review of restructuring implementation, to ensure all the intended outcomes were met.</p> <p>It was agreed between the Committee and Sean that it would be appropriate to extend the strategic plan over four years, still allowing the audit areas to be covered, taking account of affordability.</p>		
ACTION	Sean to reissue the proposed internal audit delivery schedule to cover the period 2023-2027.	SM (BDO)	Next meeting
	(ii) Internal Audit Plan 2023-24		
11.2	<p>Sean confirmed that BDO would support the completion of 4 audits at the very least for the year, still allowing them to form an opinion for the year.</p> <p>Risk Management and General Financial Controls were discussed as less of a priority for this year, also taking account of recent audit work. Shelly advised that a Stock Control Audit would be preferred as a priority, and the Committee agreed with this.</p> <p>The need for an audit on IT General Controls was discussed. Sean advised that BDO could not support losing IT and Risk Management in the same audit year. The Committee agreed to keep IT on this year's audit list. All the recent – but separate - work on cyber security was noted.</p> <p>The Committee and Sean agreed for this year's audit to consist of the following: Stock Control, Disaster Recovery, Student Support, and IT General Controls.</p>		
ACTION	Sean to reissue the delivery schedule for the 2023-2024 Internal Audit Plan, as agreed at the meeting.	SM (BDO)	Next meeting
A.23.04.12	Policies due for Review 2023-24		
	(i) Status Update		
12.1	Derek supported his paper, updating the Committee on the plan agreed in the last meeting. Two additional policy reviews were added since then. For the CCTV Policy, an urgent modification has been made to incorporate the use of Body Worn CCTV cameras, in response to recent on-campus safety incidents. A minor change was presented to the LTQ Committee regarding the Malpractice and Maladministration policy which was accepted on 23 November 2023.		

	Derek advised that the FGP Committee were on track with their policy plans, ahead of the next meeting on 5 December 2023.		
A.23.04.13	GDPR and Cyber Security		
	(i) GDPR Annual Report		
13.1	Derek supported his paper. This year's report concluded that 4 breaches were detected resulting in 4 investigations, concluding that no breach of GDPR occurred. A complaint was raised to the ICO by a third party regarding to data sharing; after investigation, the ICO concluded that the data sharing was lawful. Derek stated that staff emails were still the number one risk of data breaches and work continues to ensure there are restrictions on what staff can distribute, such as the use of SharePoint.		
	(ii) Annual Report on Information Security Management System		
13.2	Derek updated the Committee on the status of the framework across all controls. The College is working towards green status on all components; however, work is required to update the Business Continuity Plan and the implementation of a new records management policy. The Committee discussed physical campus security in line with expected legal changes in the future, as detailed in Derek's report. In terms of proposals for improving security, there will be a need to establish any requirements because of Martyn's Law, should it be enacted. The Committee noted the report.		
	(iii) Update on UHI Partnership Cyber Essentials Plus Accreditation		
13.3	Derek notified the Committee that a Cyber Essentials test submission will be made by UHI by the end of the month for validation. Full accreditation of this is targeted for end December 2023. Audit Scope changes will have an effect on the College, as standalone PCs are now in scope of the audit. This will directly affect certain operations in the Technology Centre, with the audit now requiring these standalone devices to meet minimum security standards. A component of risk for future audits was discussed, as it is expected that Window's 11 will become a mandated standard. The bulk of the devices on the College PC estate have been deemed as incompatible		

	<p>with Windows 11. Backlog maintenance funding was discussed as means of affording replacements, however Derek explained that this is mainly used for the upkeep of buildings on the estate. Funding would require approval from the SFC before any changes can be made. This will be examined in next year's audit.</p> <p>The Committee noted Derek's update with an agreement that physical security is added to next meeting's agenda.</p>		
ACTION	Physical Security to be added to agenda of next meeting	EM	February 2024
A.23.04.14	Committee Effectiveness Review Analysis Report		
14.1	<p>Clerk notified the Committee that there had been system issues while conducting this review, but results have now been made available.</p> <p>The Committee noted this update, and the action remains open with the Clerk.</p>		
ACTION	Clerk to continue work on conducting the analysis of the Committee effectiveness returns.	EM	Next meeting
A.23.04.15	Emerging Issues		
	(i) Update on Recruitment		
15.1	<p>Clerk updated the Committee on the recruitment process of independent board members and a permanent chair. An interview is planned on Friday for an independent board member and there has been one enquiry regarding the chair position. The Committee discussed the issues in gaining more interest in these roles, with time commitment emerging as the top reason in which people are unwilling to apply.</p> <p>The Committee were reminded to promote these roles and put interested people in contact with the Clerk. Derek suggested getting in contact with Elgin BID as a potential recruitment source.</p> <p>The Committee noted this update as a work in progress.</p>		
ACTION	Derek to contact director of Elgin BID to gather interest for potential board members.	DD	Immediate
A.23.04.16	Date of next meeting – 1 February 2024		
RESERVED ITEMS			
A.23.04.17	Draft Reserved Minutes Audit Committee meeting held on 18 May 2023*		

	This item is reserved, and the minute held in confidence.		
A.23.04.18	Draft Annual Report to the Board from the Audit Committee		
	This item is reserved, and the minute held in confidence.		
	<i>Meeting closed at 15.50pm</i>		