



**AUDIT COMMITTEE**  
**Draft Minutes of meeting held on**  
**Monday 2 October 2023**  
**At 1.00pm in the Boardroom and via MS Teams**

**Present:**

Jessie McLeman (Convener)  
Leigh Mair  
Grenville Johnston

**In Attendance:**

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

Item		Action	Date
<b>1.00pm – 1.30pm</b>			
	<b>Closed session - Committee members and Wylie Bisset</b>		
<b>From 1.30pm</b>			
<b>A.23.03.01</b>	<b>(i) Resignations</b>		
1.1	There have been no resignations received.		
	<b>(ii) Appointments</b>		
1.2	There have been no new appointments.		
<b>A.23.03.02</b>	<b>Apologies for Absence</b>		
2.1	Apologies for absence have been received from Dawn McKinstrey.		
<b>A.23.03.03</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.23.03.04</b>	<b>Draft Minutes of Audit Committee meeting held on 18 May 2023</b>		
4.1	The minutes of the meeting held on 18 May 2023 were accepted as a true and accurate record: Proposed: Leigh Mair Seconded: Jessie McLeman		
<b>A.23.03.05</b>	<b>Matters Arising from Audit Committee meeting held on 18 May 2023</b>		
	<u>5.1</u> Ongoing – The Business Continuity Plan is still being worked upon; Derek is looking to create a live exercise, and for external support to go through the plan; final version of plan will be presented to FGP for approval, now planned for March 2024.		
<b>ACTION</b>	DD to arrange a live Business Continuity incident test in discussion with SLT; looking at a test next term, to be completed by Easter.	<b>DD</b>	<b>Easter 2024</b>
	<u>5.2</u> Internal Effectiveness Reviews - Ongoing		
<b>ACTION</b>	EM/SM to continue to plan for Internal Effectiveness Review of Committees and distribute;	<b>EM/SM</b>	<b>ASAP</b>
5.3	<u>5.3</u> Review of TORs, Deferred as DM unavailable. Continue to hold open;  <u>6.2</u> Complete – Board reviewed Risk Appetite and approved.  <u>6.3</u> Amendment to paper on Risk Management in the Nursery; Complete  <u>12.1</u> Requested amendment to the format of the Table of policies planned for review; Ongoing	<b>DD</b>	<b>Nov 2023</b>
5.4	<u>13.1</u> Achieving Net Zero, Review of Assurance Framework; ensure local plan addresses the impact of climate change; Ongoing  <u>14.1</u> Complete – Terms of Reference approved by Board	<b>DD</b>	<b>Next review</b>
<b>A.23.03.06</b>	<b>Risk</b>		
	<b>(i) Review of Risk Register</b>		
6.1	Shelly reported that there have been no significant changes to the Risk Register. Two items on the Register have now become Issues.  <b>Risk 14 - College does not achieve allocated HE student number targets.</b> HE enrolments are around 100 lower than estimated, which equates to approximately £500k on the FY 2023/24 budget. The Committee discussed the reasons as to why numbers are the lowest ever recorded; one explanation is that virtual learning, which was a popular selling point for the College, is now the norm across the sector. Also,		

	<p>Universities such as Aberdeen and RGU have lowered their entry requirements in order to combat their fall in HE numbers. The fall is a concern across the sector generally.</p> <p><b>Risk 27 – Poor Employee Relations/ Industrial action.</b> Both unions – EIS-FELS (academic staff) and Unison (support staff) have commenced industrial action, with the first day of joint strike being the 7 September.</p> <p>Jessie commented that in some places on the Risk Register, the comments relating to mitigations not seem current and suggested they be reviewed further, such as the Governance risk area. Shelly would review further for the next iteration.</p> <p>The Committee noted the Risk Register.</p>		
<b>A.23.03.07</b>	<b>Internal Audit – Wylie Bisset</b>		
	<b>(i) Update on Internal Audit Plan 2022-23</b>		
7.1	<p>Susan advised the Committee that the plan for the year 2022-23 was now complete, pending finalised funding reviews and the final Internal Audit Opinion for the year. WB were looking to submit their certificates for the credits audit to the SFC that day, with the EMA and SSF certificates already submitted. The formal reports and copies of certificates on these would also be presented to the next Audit Committee meeting.</p> <p>A draft annual audit opinion has also been issued, which will be finalised for the Committee at its next meeting. There were no items to raise from these activities.</p>		
	<b>(ii) Policy Review Awareness Audit Report</b>		
7.2	<p>Susan supported WB's Policy Review &amp; Awareness Report. WB's overall conclusion is that there are 'Substantial' controls in the area reviewed, (the 2nd level of grading). They noted 3 areas of good practice, made one medium grade recommendation and one observation. The recommendation related to the communication of changes to staff and follow up. No exercise was carried out to ensure staff are reading the renewed policies to identify any changes needed and to track that.</p> <p>The Committee discussed this recommendation and the proposed management action. Jessie queried if the proposed changes to communication would address the comments about knowing whether staff have read the policy changes. Derek explained that there are over 80 policies, therefore alternatives to the current communication would not be simple. The Committee discussed introducing questions into end of year appraisals, as an example. Susan explained that the new</p>		

	<p>auditors would look at how the College have responded to this recommendation.</p> <p>The Committee agreed to accept the recommendation and actions as set out for the moment, and to reflect further at its next meeting on communication and follow up of changes to policies.</p> <p>The Committee noted WB's observation relating to the planning of policy reviews.</p>		
<b>ACTION</b>	DD to reflect further on WB's comments and recommendation re communication of changes to policies, for further discussion at the next meeting of the Committee.	<b>DD</b>	<b>Next meeting</b>
<b>A.23.03.08</b>	<b>Audit Register</b>		
	<b>(i) Review of Status</b>		
8.1	<p>Shelly supported the paper provided, detailing that 2 recommendations are now past their due date since the last meeting. Whilst both are significantly progressed, work continues to complete them, and therefore an extension to end December was sought.</p> <p>Given that work is significantly progressed, the Committee queried why an extension to end December was being sought and suggested these be completed before the Committee's next meeting at the end of November. Shelly agreed that should be achievable.</p> <p>The Committee agreed a revised date for completion of these recommendations (ST.R2) and (MS. R1) of mid-November.</p>		
<b>ACTION</b>	Shelly to follow up recommendations ST.R2 and MS.R1 to ensure completion by mid-November.	<b>SM</b>	<b>Mid - November</b>
8.2	The Committee noted 1 new recommendation has been accepted as part of the Policy Awareness review and added to the register. Including those noted above, there are currently 5 open recommendations.		
<b>A.23.03.09</b>	<b>Internal Audit - BDO</b>		
	<b>(i) Planning for Internal Audit Plan 2023-24 and matters arising</b>		
9.1	<p>Sean presented a PowerPoint setting out candidate areas for internal audit, with a view to developing an Internal Audit Strategy for 2023-2026 and plan for each of the years.</p> <p>The Committee discussed with Sean the matters they thought may be a priority for review.</p> <p>Grenville proposed that the Moray Growth Deal project relating to the Business Enterprise Hub be added to the candidate areas, citing that it should be an audit priority</p>		

	<p>due to its high-risk nature, which the Committee agreed with.</p> <p>Due to MAATIC being a UHI led project, our ability to audit this is uncertain but would need to be considered further, due to the interdependencies.</p> <p>Jessie noted that the Board must undertake a periodic external review of effectiveness, that is normally undertaken by the internal auditors, and it would need to be undertaken in the plan period.</p>		
<b>ACTION</b>	Shelly to send the Full Business Case for the Business Enterprise Hub project to Sean.	<b>SM</b>	<b>Immediate</b>
<b>ACTION</b>	Shelly to discuss the MAATIC project with the Principal, to clarify what areas are the responsibility of the College and what are the responsibility of UHI, to inform a discussion of possible audit areas.	<b>SM</b>	<b>Next Meeting</b>
<b>ACTION</b>	Clerk to send Sean the Wylie Bisset Report of 2020/21 following their Review of Board Effectiveness.	<b>EM</b>	<b>Immediate</b>
<b>A.23.03.10</b>	<b>External Audit - Deloitte</b>		
	<b>(i) Update on Audit 2022-23 and matters arising – Verbal</b>		
10.1	<p>Enid provided an update, explaining that Deloitte are generally on track in terms of the audit, the draft paper is due to be issued on the 14 November followed by the approved version on the 28 November.</p> <p>Enid noted the key risks, previously set out in Deloitte’s audit plan, including management over-ride of controls, property valuations, fee income completeness and pensions. There may be a delay in receiving information from pension fund auditors, but no red flags were raised.</p> <p>Karlyn would schedule calls with the Committee members as needed.</p> <p>In terms of the financial position of the College, Jessie asked if Deloitte envisaged that the SFC Finance Director would have an involvement in providing a letter of support as an input to the audit opinion. Enid explained it is the view of Deloitte that this would not be required.</p>		
<b>A.23.03.11</b>	<b>Annual Report on Fraud Matters</b>		
11.1	<p>Shelly notified the Committee that The College/SLT are unaware of any instance of fraud during FY2022/23. In addition, the College/SLT can confirm that it/they are unaware of any instances of non-compliance with regards to the relevant laws and regulations the College is required to comply with during FY2022/23.</p> <p>Jessie queried staff knowledge on how to report instances of fraud within the College, given that there have been no instances reported of late. The Committee discussed the best possible way to make this information from the</p>		

	Policy clear. It was agreed that for next year a written request will be published to colleagues to ask them to report on instances of fraud.		
<b>ACTION</b>	Shelly to publish a written request to colleagues to ask them to report back on instances of fraud.	<b>SM</b>	<b>2024 Fraud Report</b>
<b>A.23.03.12</b>	<b>Policies due for Review 2023-24</b>		
	<b>(i) Status Update</b>		
12.1	Derek supported his paper, including a plan of the policies due for approval in session 2023/24. There are less policies to review than last year and therefore the plan is considered more achievable. Some policies that will be straightforward to review and others that may require more consideration. The Committee discussed potential overlap /the alignment between the Fraud and the Bribery Policies, while recognising they address different issues. Currently the fraud policy is approved by the Audit Committee, while the bribery policy is approved by the F&GP. There was a query as to the alignment and potential for overlap.		
<b>ACTION</b>	Shelly/Derek to investigate alignment/ differences between the fraud and bribery policies and report their findings to the Committee.	<b>SM/DD</b>	<b>Next meeting</b>
<b>A.23.03.13</b>	<b>Achieving Net Zero</b>		
	<b>(i) Review of Assurance Framework</b>		
13.1	Derek provided an update on the Assurance Framework. There has only been limited progress since the last report. In line with the use of the Environmental Association for Universities and Colleges (EAUC) framework, it was noted that the college is still at entry level rating, working towards emerging maturity.  The focus from October 2023 is: <ul style="list-style-type: none"> <li>- To update and publish the 2023/24 targets from the local carbon management plan on the College website.</li> <li>- Continue to gather data for the 2022/23 annual climate change PBCCD return (Public Bodies Climate Change Duties Reporting - due November).</li> <li>- Establish a local sustainability group, including staff and student champions.</li> </ul> The Committee noted the position, and that this area raises resource considerations.		
	<b>(ii) Update on UHI Sustainability Strategy and Policy</b>		
13.2	Derek notified the Committee that UHI have approved a new policy and strategy for sustainability which will directly impact work going forward.		

	<p>The Committee discussed how the UHI policy sits with what the College is currently planning and how achievable this strategy will be for the college. While the Committee recognised the need to make progress, the targets set out by UHI are very demanding given the existing financial strain on the college, with added timeframe challenges.</p> <p>The Committee also queried whether the UHI Sustainability Manager should attend a future meeting to clarify the work required to be done by 2030, noting that the goals are very specific. For example, the Committee asked about the requirement on all partners to sign the UN Sustainable Development Goals Accord by December 2023, and the need for Boards to understand the implications of signing such a commitment. It would benefit the Committee to know what other boards are doing in this area.</p> <p>Derek explained that he is writing a paper for the next board meeting on problems we may encounter aligning with the UHI strategy.</p>		
<b>ACTION</b>	Derek to progress with a paper for next Board Meeting and publish following the next FGP Meeting, noting the strategic importance this holds.	<b>DD</b>	<b>Next meetings</b>
<b>A.23.03.14</b>	<b>Governance</b>		
	<b>(i) Compliance with Code of Good Governance v2022 - Review of Draft College Report</b>		
14.1	EM updated the Committee; the draft checklist has been updated to align with the version of the Code which applied from 2022, and that will be circulated at the end of the meeting. The checklist is being assessed against that.		
<b>ACTION</b>	EM to create fully accessible folder for Committee and Auditors linked to CoGG checklist.	<b>EM</b>	<b>Immediate</b>
14.2	<p>Clerk notified the Committee that the College is currently recruiting Independent Board Members. The closing date for applications is the 27 October, with a possibility for extension if there is a lack of interest.</p> <p>We are looking to recruit 6 Board Members. Recruitment of a permanent Chair is currently under review.</p> <p>It was noted that a new SIM will need to be appointed after 31 October.</p>		
<b>ACTION</b>	Clerk to forward note to GJ and Board with link to the communication which has gone out for recruitment of Board Members.	<b>EM</b>	<b>Immediate</b>
	<b>(ii) Proposed changes to Code of Good Governance v2023 – Verbal</b>		
14.3	A further change to the Code is being implemented, namely to bring about the election of trade union representatives to the boards of colleges. Clerk is currently working with SLT on proposed changes and is to keep the Committee up to date on work being completed.		

	The elections will be conducted by the unions, while the Clerk will be responsible for board induction training on completion of the elections. It was noted by the Committee that this is a work in progress with further work to be done.		
	<b>(iii) Audit Scotland Report on Colleges</b>		
14.4	Clerk provided the Committee with the Audit Scotland Report on Colleges paper. The paper was noted as read.		
<b>A.23.03.15</b>	<b>Emerging Issues</b>		
	<b>(i) Feedback from Joint Meeting of UHI and AP Audit Chairs – Verbal</b>		
15.1	Jessie updated the Committee. A new Chair of the Court F&GP has been appointed and there will be no meeting this November to allow the new Chair to settle in.		
<b>ACTION</b>	Jessie to follow up with Roger regarding the Cyber Resilience Report.	<b>JM</b>	<b>ASAP</b>
	<b>(ii) Committee Schedule and Workplan for 2023-24*</b>		
15.2	The Committee Schedule and Workplan for 2023-24 was noted by the Committee.		
	<b>(iii) Annual report from the Committee to the Board – Verbal</b>		
<b>ACTION</b>	The first section of the annual report from the Audit Committee deals with meetings and attendees. Clerk to complete this section to submit to Jessie, who will in turn seek inputs from Shelly and Derek.	<b>EM</b>	<b>End of October</b>
<b>A.23.03.16</b>	<b>Date of Next Meeting – 28 November 2023.</b> Commencing with the closed session with the external auditors at 1.00pm. This will be followed by the joint meeting with F&GP at 1.30pm, then the meeting of the Audit Committee.		
<b>RESERVED ITEMS</b>			
<b>A.23.03.17</b>	<b>Draft Reserved Minutes of Audit Committee meeting held on 18 May 2023*</b>		
17.1	This item is reserved, and the minute held in confidence.		
	<i>Meeting closed at 3.30pm</i>		