

AUDIT COMMITTEE
Draft Minutes of Meeting held on
Thursday 18 May 2023
At 1330 in the Board Room and by MS Teams

Present:

Jessie Mcleman (Convener)
Dawn McKinstrey (MS Teams)
Leigh Mair

In Attendance:

Shelly McInnes	Susan Brook (Wylie Bisset – MS Teams)
Derek Duncan	Karlyn Watts (Deloitte)
Eleanor Melton (Clerk)	Ellen Kingham (Minutes)

Item		Action	Date
A.23.02.01	(i) Resignations		
1.1	There have been no resignations received.		
	(ii) Appointments		
1.2	There have been no new appointments.		
A.23.02.02	Apologies for Absence		
2.1	Apologies for absence have been received from Grenville Johnston.		
A.23.02.03	Any Additional Declarations of Interest including specific items on this Agenda		
3.1	There were no additional declarations of interest.		
A.23.02.04	Draft Minutes of Audit Committee meeting held 16 February 2023		
4.1	The incorrect spelling of Grenville Johnston’s name was noted and corrected. The minutes of the meeting held on 16 February 2023 were then accepted as a true and accurate record: Proposed: Leigh Mair Seconded: Jessie McLeman		
A.23.02.05	Draft Matters Arising of meeting held on 16 February 2023		
5.1	Action 6.1 (i) Complete Action 6.1 (ii) Ongoing - Derek is to take the updated BCP to SLT in the next week and FGP 8 June		
ACTION	Derek to take Business Continuity Plan to SLT and FGP	DD	June 2023
5.2	Action 7.2 (ii) Complete Action 8.4 (iv) Complete		

	Action 9.1 (i) Complete Action 10.1 Complete Action 13.1 (i) Ongoing		
ACTION	EM/SM to continue	EM/SM	Ongoing
	Action 13.2 (ii) (a) Complete Action 13.2 (ii) (b) Ongoing		
ACTION	EM to continue with action	EM	Oct 2023
A.23.02.06	Risk		
	(i) Review of Risk Register		
6.1	An overview paper on the updated Risk Register was presented by Shelly.. It was noted that employee relations pose an increasing risk. Both academic and support staff unions have voted for strike action over pay. The job evaluation for support staff is stalling, creating an increased risk of adverse impact on staff goodwill. Shelly reported that SFC funding is still indicative and not confirmed; however, EO have found an additional £600K, not previously indicated, for the college. The Committee noted the latest version of the Risk Register.		
	(ii) Review of Risk Appetite		
6.2	A revised text was presented to the Committee, taking on board the comments on the previous version. This has now been modified. The Committee supported the revised draft text as presented and agreed to recommend that to the Board for its consideration.		
ACTION	Committee proposed the revised Business Appetite is taken to the next full board meeting.	EM	June 2023
	(iii) Review of Risk Management arrangements relating to the nursery		
6.3	Derek commented that if the names could be removed from the paper, it would cease to be a reserved paper.		
6.4	It was noted that risk is fundamentally controlled through having appropriately qualified, staff at levels finely calibrated to the need. It is difficult for the College to obtain top ratings due to the building and the limited outdoor space. The Committee noted that the paper provided a very useful and helpful report on the matter. There was some discussion about the purpose and the financial position. Financial stability is extremely difficult to achieve, and the actions being followed to mitigate risk are to manage staff levels and increase fees. Grenville Johnston had submitted a related question which Shelly will respond to offline.		

ACTION	Derek Duncan to amend paper relating to nursery risk management so it can be included in the non-reserved minutes	DD	Immediate
A.23.02.07	Internal Audit – Wylie Bisset		
	(i) Update on Internal Audit Plan 2022-23		
7.1	Paper presented by Susan Brook The next report is due to be undertaken in July. The year-end report is due in November, following completion of the remaining audits.		
	(ii) Audit Report on Student Experience		
7.2	WB concluded there was a ‘Strong’ level of assurance (their highest level), with one low grade recommendation. The comment was made that it is hard to get HISA to engage and what was the effect of this on the report. It was noted that the processes were reviewed as well as the various measures in place at the College, and that informed the assessment.		
	(iii) Equality, Diversity and Inclusion Report		
7.3	WB concluded here also there was a ‘Strong’ level of assurance, with no recommendations and one observation, namely that some of the links on the website did not work. This has now been fixed. Positive comments were made regarding the way in which arrangements at the College were implemented.		
A.23.02.08	Audit Register		
	(i) Review of Status		
8.1	Nothing has fallen due for completion since the last meeting. Only 4 actions are currently outstanding.		
A.23.02.09	External Audit - Deloitte		
9.1	The plan was presented by Karlyn Watts. This represented Deloitte’s first year of auditing. The scope of the audit will be in two parts, the financial and the wider scope audit. The financial audit includes review of management over-ride of controls, property valuations, operating within the funding provided, and completeness of income. The plan for the wider scope audit includes financial management, financial sustainability, leadership, and governance including the recruitment of Chair of the Board, use of resources to improve outcomes, climate change, cyber security and anti-fraud matters. Deloitte will not be writing to Those Charged with Governance as previously with a list of questions but is instead looking to meet. This needs to be set in motion, given the tension on diaries, EI was asked to coordinate		
ACTION	Clerk to contact Deloitte with a view to setting up session with Audit Committee as those charged with Governance.	EM	

9.2	There was a question as to whether Deloitte will be following up with the relevant authorities re the letter received from SFC on previous occasions, in view of the funding position. Shelly to advise Deloitte of the wording used previously and Karlyn will look into this.		
ACTION	Shelly to provide copy of text of previous letter from SFC.	SM	
9.3	It was requested that the report be available in good time before the next meeting.		
A.23.02.10	National Fraud Initiative		
10.1	The College undertakes an exercise every two years, as part of the National Fraud Initiative. A paper was presented by Shelly setting out the results of this year's exercise in relation to payroll and trade creditors. There were no issues to report as a result and indeed the number of queries investigated was low (55 on c10k lines of data). The Committee noted the report.		
A.23.02.11	OSCR Return Report - Verbal		
11.1	Shelly advised the Committee that the OSCR return was submitted in a timely way and there were no issues arising.		
A.23.02.12	Policies Due for Review 2022-23		
	(i) Status Update		
12.1	Derek presented a paper setting out the current status Those which have fallen behind are expected to be presented to the final committee meetings of the session. The HR policy has been delayed due to staff availability but will catch up by end of session. Dawn requested the addition of a column showing when a policy is due, to be included next iteration. In connection with the Business Continuity Policy, there was concern that no live exercise was planned. Derek was asked to undertake a live exercise for the College.		
ACTION	Derek to include an extra column in the Table of Policies showing when a policy is due for review.	DD	03-10-23
ACTION	Derek to arrange a live exercise test of the Business Continuity Plan, devising a suitable scenario.	DD	This Calendar year?
A.23.02.13	Achieving Net Zero		
	(i) Review of Assurance Framework		
13.1	Derek presented a status update on the Assurance Framework. An incorrect date was noted in the paragraph – Next Steps, it should be December 2023 NOT 24. Derek to correct. The Committee noted the position.		

	There was discussion about planning for the impact of climate change, whether or not Net Zero is achieved. The Risk Register notes this risk, but it is silent on mitigations to address this.		
ACTION	Re Climate Change, ensure the local plan addresses the impact of climate change (i.e. separate from achievement of net zero).	DD	Next Meeting
A.23.02.14	Governance		
14.1	Compliance with updated Code of Good Governance, Review of Audit Committee Terms of Reference (TORs). A paper was presented by Jessie, setting out proposed textual changes to the TORs to align with the recent changes to the Code of Good Governance. The committee supported the proposed changes, for presentation to the full board for final approval.		
ACTION	Clerk to present proposed changes of ToRs to the next full board	Clerk	June 2023
A.23.02.15	Emerging Issues		
	(i) Feedback from Joint Meeting of UHI and AP Audit Chairs - Verbal		
15.1	Jessie gave a verbal update. The cyber action is still outstanding but nearly complete. Audit Scotland is increasing its scrutiny on achievement of Net Zero. EO's plans for internal audits for the year were discussed.		
	(ii) Draft Committee Plan		
15.2	Some of the proposed dates were not convenient for Dawn		
ACTION	EI to propose alternative dates for the meetings where there is a clash.	EM	ASAP
A.23.02.16	Date of Next Meeting – 3 October 2023		
RESERVED ITEMS			
A.23.02.17	Draft Reserved Minutes Audit Committee meeting held on 16 February 2023		
17.1	This item is reserved, and the minute held in confidence.		
A.23.02.18	Reserved Matters Arising Audit Committee meeting held on 16 February 2023		
18.1	This item is reserved, and the minute held in confidence.		
A.23.02.19	Internal Audit Services - Verbal		
19.1	This item is reserved, and the minute held in confidence.		
	<i>The meeting closed 3.40pm</i>		

