

**AUDIT COMMITTEE**

**Including joint reporting to Finance and General Purposes members through to agenda item 5**

**Minutes of Meeting held on Thursday 16 May 2024**

**At 1:30pm in the Boardroom and by MS Teams**

**Present:**

Jessie McLeman (Convener)

Caroline Webster (FGP Committee - left at 2:45pm)

Grenville Johnston

David Patterson (FGP Committee - left at 2:45pm)

**In Attendance:**

Murray Easton

Pat Kenny (Deloitte – MS Teams)

Derek Duncan

Phil Mason (Deloitte – MS Teams)

Eleanor Melton (Clerk)

Sean Morrison (BDO – MS Teams)

Alex Hastings (Minutes)

Item		Action	Date
<b>A.24.02.01</b>	<b>(i) Resignations</b>		
1.1	The Committee noted that this is Jessie McLeman’s final meeting, and the formal resignation will be noted in the next meeting.		
	<b>(ii) Appointments</b>		
1.2	There have been no new appointments.		
<b>A.24.02.02</b>	<b>Apologies for Absence</b>		
2.1	There were no apologies for absence received.		
<b>A.24.02.03</b>	<b>Any Additional Declarations of Interest including specific items on this Agenda</b>		
3.1	There were no additional declarations received.		
<b>A.24.02.04</b>	<b>Risk - RESERVED</b>		
	<b>(i) Review of Risk Register</b>		
4.1	This item is reserved, and the minute held in confidence.		
	<b>(ii) Financial Sustainability – Status update</b>		
4.2	This item is reserved, and the minute held in confidence.		
<b>A.24.02.05</b>	<b>External Audit and Reporting Update - Verbal</b>		
	<b>(i) External Audit 2022-23 Status</b>		
5.1	Phil updated the Committee on the current status of the 2022-23 External Audit, detailing factors that have contributed to the delay in signing off the College’s accounts. Phil explained that the pensions actuary has produced an updated report which has been shared with Deloitte’s specialists and processed internally. Phil indicated that a draft report is expected by the end of next week, with the		

	<p>finalised report to be completed by the end of the month. Murray sought an insight into the post balance sheet events, querying why there was no draft or semi-final format produced by Deloitte. Phil notified the Committee that he was required to perform additional procedures as per Audit Scotland’s instruction and is awaiting their further input.</p> <p>The wider scope audit was then discussed as the second item causing delays from Deloitte. Phil stated that the financial sustainability issues have required further input than is usually expected. David asked if there were any issues with the senior staff changes at the College affecting the report. Phil stated that there were no issues in terms of the report. Pat followed this up by stating that Leadership and Governance is a key part of the scope, with the Deputy Principal’s departure being a focus as the circumstances relating to the departure appeared unusual. The text of the wider scope audit report has not been formatted into the final report and that needs to be completed. Pat and Phil explained that Deloitte have other priorities due to the busy season of NHS work commencing.</p> <p>Grenville asked if the triennial valuation identified any difficulties for the College. Phil stated that there are some changes in the schedule required, and these will need to be put through the College accounts. Grenville asked what impact this will have on the accounts to which Phil explained that he has not yet seen the accounts to be able to comment on this.</p> <p>Jessie asked what timescales Deloitte are working towards in terms of signing off their report. Murray stated that from his earlier meeting with Phil, that would not be signed off until the Board meeting on 20 June 2024. Phil stated that 20 June meeting is a realistic target, however is unwilling to commit to this due to outstanding tasks. Pat highlighted that a key element to complete is the audit quality process and that he will only be able to sign off the report when this is finalised. Pat reiterated that he cannot be pressured to sign the report before it is ready but will expedite the outstanding tasks as much as possible.</p> <p>Jessie advised Deloitte she had written to Audit Scotland in connection with the delay. Pat was</p>		
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	<p>aware and had been informed by Audit Scotland. Murray advised he had received a follow up email from Audit Scotland and would be participating in a call/ meeting.</p> <p>The Committee highlighted its displeasure with the situation. Grenville emphasised that if the 2022-23 audit had been kept up to date, the additional tasks would have never been an issue. Pat disagreed with this, detailing that the audit manager had resigned unexpectedly and although it is factually correct that the additional items would not have become an issue in this audit, the relevant circumstances have to be reflected. The Committee agreed on the need for close working between Murray and Deloitte to ensure completion of the report by the Board meeting on 20 June 2024.</p>		
	<b>(ii) Implications for College Report</b>		
5.2	The Committee noted that the text of the draft Annual Report from the College shared with the joint meeting in February would all need to be reviewed and updated as needed.		
	<b>(iii) OSCR Reporting 2022/23</b>		
5.3	<p>Murray notified the Committee that the OSCR reporting deadline was 30 April 2024, but the report could not be submitted due to the delay. The College received a formal letter from OSCR noting the non-compliance due to the failure to file its report and asking what steps are being taken to rectify this. It was agreed that Murray would make sure the SFC and Executive Office are aware of the delay in both the External Audit Report and the annual report to OSCR.</p> <p>David highlighted that the reminders for the OSCR Report are extremely damaging to the College's reputation. Pat stated he understands this and apologised.</p>		
<b>ACTION</b>	Murray to advise the SFC and the Executive Office of the further delay to the external audit report for 2022-23 and, as a consequence, to the submission of the annual report to OSCR.	<b>ME</b>	
<b>ACTION</b>	Murray to report information from meeting with Audit Scotland back to the Committee.	<b>ME</b>	
	<b>(iv) Plan for External Audit 2023-24</b>		
5.4	Jessie stated that the Committee normally would have received at this meeting a plan by for the 2023-24 external audit, and queried whether this has been discussed with the College as yet. Phil confirmed that this will not take place until the 2022-23 accounts are signed off. Jessie notified Phil		

	<p>that this will have to come to the October meeting's agenda with the plan circulated prior to this.</p> <p>David asked if Deloitte had any confidence that next year's External Audit will be completed on time. Pat stated that they would be unlikely to complete this by December due to the knock-on impact from the 22-23 audit but is hopeful for completion by next year's OSCR deadline. Pat also confirmed that Audit Scotland have requested a mandatory improvement in the 23-24 audit operations.</p> <p>Murray pointed out the issues with delaying the audit plan, it sets negative expectations, and he does not understand why the two audits cannot be run in parallel. Pat illustrated that he is not confident of putting a plan in place without the accounts from the previous year being signed off. Jessie asked if Audit Scotland have set out their requirements for the audit to Deloitte. Pat explained that they have received the set requirements, and that Deloitte would be willing to have a discussion on the plan as there are no major changes on the scope.</p> <p>Grenville suggested that it is time the College have discussions with Audit Scotland regarding these timelines. Murray confirmed that a meeting has been lined up with Audit Scotland, initially to discuss communications with Deloitte, but will additionally discuss the Committee's concerns in relation to the 2023-24 audit.</p>		
<b>ACTION</b>	Murray to raise the timetable for the 2023-24 audit in his discussions with Audit Scotland.	<b>ME</b>	
<b>A.24.02.06</b>	<b>Draft Minutes of Previous Meetings:</b>		
	<b>(i) Joint Audit-FGP Meeting held on 1 February 2024</b>		
6.1	The minutes of the meeting held on 1 February 2024 were accepted as a true and accurate record: Proposed: Grenville Johnston Seconded: Jessie McLeman		
	<b>(ii) Audit Committee Meeting held on 1 February 2024</b>		
6.2	The minutes of the meeting held on 1 February 2024 were accepted as a true and accurate record: Proposed: Grenville Johnston Seconded: Jessie McLeman		
<b>A.24.02.07</b>	<b>Matters Arising from Committee meetings held on 1 February 2024</b>		
7.1	<b>5.12</b> Complete		

7.2	<b>5.13</b> Complete		
7.3	<b>7.1</b> Complete - Derek to send to Clerk to circulate	<b>DD/EM</b>	
7.4	<b>7.2</b> Complete		
7.5	<b>9.1</b> Complete		
7.6	<b>10.1</b> Ongoing – on the agenda at this meeting.		
7.7	<b>10.2</b> Ongoing		
7.8	<b>13.1</b> Complete		
<b>A.24.02.08</b>	<b>Governance</b>		
	<b>(i) Statement of Compliance with Code of Good Governance checklist - Review of College Report for AY 2022-23 - RESERVED</b>		
8.1	This item is reserved, and the minute held in confidence.		
<b>A.24.02.09</b>	<b>Audit Register</b>		
	<b>(i) Review of Status</b>		
9.1	Murray confirmed that there has been no change to the status of the audit register, therefore there are no new recommendations to be added. Sean was asked if every item noted as completed on the register has been signed off by BDO. Sean confirmed that the items have not been signed off as yet. However, the Terms of Reference for completion of actions have been agreed and the actions will be closed in time for the next meeting. The Committee noted this update.		
<b>A.24.02.10</b>	<b>Internal Audit - BDO</b>		
	<b>(i) Internal Audit 2023-24 Progress Report</b> <b>(ii) Review of outstanding scopes</b>		
10.1	Sean updated the Committee on the progress of the internal audit. Sean confirmed that progress will be made on the stock control audit over the next few weeks. Jessie asked why the audit was in delay compared to plan. Sean reported that engagement by the College had dropped off, but further improvements have been made since and required documentation provided.  Jessie asked Sean if BDO are in a comfortable position with the student support audit. Sean confirmed that he is tying up the files requested from the College and progress is being made.  Jessie raised a question about the disaster recovery audit. Following recent attacks in schools, the police had recommended that plans that should be in place across educational institutions for dealing with such events. Derek confirmed that Prevent duty training was in place at the College, however the		

	<p>procedures currently in place do not relate well to the new national guidance. Sean explained that review of the new guidance is to be kept separate from the audit and the ongoing work being undertaken on the entrances and exits of the College estate. Sean also confirmed that the disaster recovery audit will be starting tomorrow 17 May 2024.</p> <p>The Information Security Assurance Framework was briefly discussed by the Committee, to ensure it would be included in the documents reviewed by BDO. That was confirmed and it was agreed that the Clerk would circulate the framework document to Sean.</p> <p>Sean confirmed that the reports from all the audits, along with the annual report will be presented to the Committee at the next meeting.</p>		
<b>ACTION</b>	Clerk to circulate Information security Assurance Framework to Sean.	<b>EM</b>	<b>ASAP</b>
<b>A.24.02.11</b>	<b>Risk Register Deep Dive</b>		
	<b>(i) Review of Quality Assurance Framework and risk management</b>		
11.1	Derek confirmed that he has not yet had time to complete a review of the Quality Assurance Framework and risk management. It was agreed that this item will remain as an action and be added to the next meeting's agenda for Derek to provide an update.		
<b>ACTION</b>	Deep Dive review of Quality Assurance Framework to remain on Agenda for next Audit Committee meeting.	<b>EM</b>	
<b>A.24.02.12</b>	<b>Achieving Net Zero Assurance Framework</b>		
	<b>(i) Report on status - Verbal</b>		
12.1	<p>Derek notified the Committee of a positive update that a travel survey was conducted by UHI, and the College had the largest number of participants providing information on how they travel to work.</p> <p>Derek also confirmed that staff participated in climate change literacy training in January and key staff will be requested to undertake further training in staff development sessions taking place in August.</p> <p>Jessie asked when the Board members will be updated on the UHI Strategy. Derek stated that it would be too challenging to provide an update in the June meeting. The Committee agreed that new</p>		

	Board members will be included in the development day to be arranged in August and in June a Board awareness update will be given.		
<b>ACTION</b>	Assurance framework for monitoring progress in achieving net zero to be presented to the next meeting of the Committee.	<b>DD</b>	
<b>A.24.02.13</b>	<b>Cyber Security/Physical Security Update – RESERVED</b>		
13.1	This item is reserved, and the minute held in confidence.		
<b>A.24.02.14</b>	<b>Policies due for Review 2023-24</b>		
	<b>(i) Status Update</b>		
14.1	<p>Derek supported the paper, notifying the Committee of the disruptions arising from key staff departures and Committee meeting cancellations, slowing the progress of certain items. Derek confirmed that SLT will update and review policies due to be circulated to relevant Committees or the Board for approval. Derek stated that the Anti-Bribery Policy should be approved at the next Committee meeting.</p> <p>Derek also informed the Committee of the delays to the HR Policy Review Group schedule due to the non-availability of Trade Union representatives. The HR Manager is currently re-planning the reviews and it is hoped an event can be scheduled before the end of the session.</p> <p>This update was noted by the Committee, noting also the progress required to be made by other Committees.</p>		
<b>A.24.02.15</b>	<b>Emerging Issues</b>		
	<b>(i) Update on Board Recruitment - Verbal</b>		
15.1	<p>The Clerk provided an update on Board recruitment, notifying the Committee that two applicants have been successful following the interview process and have been invited to the Board meeting on 20 June. A further interview is taking place tomorrow 17 May. It was confirmed that the Clerk would conduct an induction for the incoming Board members.</p> <p>This update was noted by the Committee and the skill sets of the incoming members were discussed for future planning.</p>		
	<b>(ii) Committee Schedule and Workplan 2024-25</b>		
15.2	The Committee Schedule and Workplan for 2024-25 was circulated to all Board members today, although		

	<p>it was noted that this is a draft, and the final version will go to the Board at the next meeting.</p> <p>It was agreed that any feedback from members is to be submitted to the Clerk by the end of the month for eventual approval by the Board. Sean advised that the current proposed dates suit his schedule and Phil will also provide feedback on availability.</p>		
<b>A.24.02.16</b>	<b>Date of next meeting – TBC</b>		
<b>RESERVED ITEMS</b>			
<b>A.24.02.17</b>	<b>Draft Reserved Minutes OF Previous Meetings:</b>		
	<b>(i) Joint Audit-FGP Committee meeting held on 1 February 2024</b>		
17.1	This item is reserved, and the minute held in confidence.		
	<b>(ii) Audit Committee meeting held on 1 February 2024</b>		
17.2	This item is reserved, and the minute held in confidence.		
<b>A.24.02.18</b>	<b>Reserved Matters Arising of Audit Committee meeting held on 1 February 2024</b>		
18.1	This item is reserved, and the minute held in confidence.		
<b>A.24.02.19</b>	<b>Internal Statutory Audit Services Update - Verbal</b>		
19.1	This item is reserved, and the minute held in confidence.		
<b>A.24.02.20</b>	<b>Annual Committee Report to Board</b>		
20.1	This item is reserved, and the minute held in confidence.		
	<i>Meeting closed at 15.45pm</i>		