UHI | MORAY MOIREIBH

AUDIT COMMITTEE
Minutes of Meeting held on
Thursday 03 October 2024 at 13.30pm
in the Boardroom and by MS Teams

Present:
James Walls (Convener)
Grenville Johnston
Jessie McLeman

In Attendance:

Murray Easton	Sean Morrison (BDO)
Derek Duncan	Nicola Wright (Deloitte – MS Teams)
Alex Hastings (Minutes)	Phil Mason (Deloitte – MS Teams)

Item		Action	Date
A.24.03.01	**(i) Resignations**		
1.1	It was noted that Jessie McLeman is now a co-opted member of the Audit Committee, having stepped down from the convener position.		
	(ii) Appointments		
1.2	There have been no new appointments.		
A.24.03.02	**Apologies for Absence**		
2.1	Apologies for absence were received from Eleanor Melton.		
A.24.03.03	**Any Additional Declarations of Interest including specific items on this Agenda**		
3.1	The Committee discussed Grenville's position given that he had agreed to be convener of the Finance and General Purposes Committee. Jessie agreed to review the Code of Good Governance as it was queried whether remaining a member of the Audit Committee was appropriate and also compliant with the College's own Terms of Reference. In the meantime, it was agreed that Grenville could be an observer of the Audit Committee, with James observing the Finance and General Purposes Committee.		
ACTION	Jessie to review the Code of Good Governance and report its position on a Finance Committee convenor being a member of the Audit Committee.	**JMc**	
A.24.03.04	**Draft Minutes of Previous Audit Committee meetings:**		
	(i) 16 May 2024		
4.1	The minutes of the meeting held on 16 May 2024 were accepted as a true and accurate record: Proposed: Grenville Johnston Seconded: Jessie McLeman		
	(ii) 22 August 2024		

4.2	Jessie requested that item A.24.03.03 stated that the Committee agreed to approve the report subject to final amendments. Following the agreed amendment, the minutes of the meeting held on 22 August 2024 were accepted as a true and accurate record: Proposed: Grenville Johnston Seconded: Jessie McLeman		
A.24.03.05	**Matters Arising from Previous Audit Committee meetings:**		
	(i) 16 May 2024		
5.1	**5.3.1** – Complete		
5.2	**5.3.2** – Complete – Murray reported this to the Board.		
5.3	**5.4** - Complete		
5.4	**5.10** - Complete		
5.5	**11.1** – Complete – on agenda for today.		
5.6	**12.1** - Complete		
5.7	**4.1 – Reserved** – Removed as no longer relevant.		
	(ii) 22 August 2024		
5.8	All actions from the meeting on 22 August 2024 were noted as complete.		
A.24.03.06	**Risk**		
	(i) Review of Risk Register		
6.1	Murray presented an updated risk profile along with a proposal to reduce the number of risks to a more meaningful and manageable number, determined by residual risk and consistent with the College's risk appetite. This included not actively managing items which were deemed common UHI-wide risks unless their generic nature evolved into a specific UHI Moray risk. Applying these principles had reduced the active risk set from 26 to 11 which was considered more in line with best practice. Murray also advised that the risk register system being used at the moment was a heavy-duty Excel based model which was cumbersome to keep up to date, consumes excessive time, and does not facilitate the process whereby the leadership team actively manages risk. Derek highlighted that it is not possible to assess how a risk has changed over time, using the current system. Jessie added that it would be important to see an auditable trail of risks. Concerns regarding the risk register system had previously been raised with EO but no actions had		

	resulted from this. Murray disclosed that the UHI Finance network had debated whether the system is fit for purpose. The UHI CFO has agreed to review this with College Finance Directors. Murray sought support of the Committee for the revised, simplified approach to risk management provided in the paper and for risk management being included in the BDO internal audit programme for 2024/25. The Committee agreed to support this proposal, on the basis that the paper be sent to Roger Sendall and Mike Baxter, to notify them of its intentions. Murray agreed to investigate whether the College's own risk management policy needs to be revised.		
ACTION	Murray to investigate any implications to the UHI Moray risk management policy from changing how the system is managed.	**ME**	
ACTION	Murray to advise Roger Sendall and Mike Baxter of the Committee's intentions to amend how the risk management system is operated.	**ME**	
	(ii) Risk Management Arrangements – Moray Growth Deal		
6.2	Murray advised the Committee that at this stage in the Moray Growth Deal, the only active risk is that the Business Enterprise Hub does not go ahead, and the resulting opportunity is lost. If and when it (or a revised MAATIC project) is approved, then a new risk profile will be prepared for the development phase. The Committee noted this update and agreed for the item to remain open with no actions to raise as of yet.		
A.24.03.07	**Review of Quality Assurance Framework and Risk Management**		
7.1	Derek provided an overview of the College Quality Assurance arrangements, including internal and external audit activity in this area and a discussion on key risks. The Committee noted Derek's report, adding that it was beneficial to gain insight into the overall framework. Jessie advised Derek that there are a number of new faces within the Learning, Teaching and Quality Committee, who would benefit from reading the document.		
ACTION	Derek to share framework document with the LTQ Committee.	**DD**	
A.24.03.08	**Internal Audit - BDO**		
	(i) Update on Internal Audit Plan 2023-24		

8.1	Sean notified the Committee that the majority of work was completed with regards to the internal audit. The outstanding work remaining is on IT General Controls. This is currently being worked on and is to be presented at the next Committee meeting. There were 7 outstanding actions in total reviewed in the Follow Up Report from the 2022/23 internal audit. 5 of these have now been closed off, with work underway on one, the EMA – 2022/23 audit, to review its implementation. Sean advised the Committee that as part of normal process, BDO maintain an audit register of outstanding recommendations in addition to a parallel tracker being prepared by the College. He asked if the Committee would approve of the use of the BDO system which would save duplication of work, meaning that College managerial staff would not have to maintain the additional spreadsheet. The Committee agreed to allow Sean to use the BDO system, as long as it was being actively tracked. Sean confirmed that this system would be monitored by himself and shared with the College FD.		
	(ii) Stock Control Audit Report		
8.2	Sean notified the Committee that two medium and two low significance findings were identified. The findings relate to gaps in the documented procedures, no clear management reporting on stock, areas for improvement in the annual stock count process, and enhancements to the stock control closure evidence. The Committee noted this update.		
	(iii) Student Support Audit Report		
8.3	Sean informed the Committee that BDO identified three findings: two of medium significance and one of low significance. The findings relate to a gap in the strategic framework due to the absence of measurable targets for student support services, the absence of a system to track and action feedback from Learning Development Worker (LDW) Takeover Sessions, and the inconsistent completion rates of staff training modules. Derek highlighted the work planned to rectify the findings from the Audit, noting that maintaining a very high student satisfaction rate is imperative. This update was noted by the Committee.		

	(iii) Disaster Recovery Audit Report		
8.4	BDO identified five findings: three of medium significance, and two of low significance. The findings relate to the need for a recent risk and business impact assessment to prioritise critical data, systems, and assets, and to set clear Recovery Time Objectives and Recovery Point Objectives. There is limited evidence of previous Disaster Recovery tests, which are crucial for validating the Business Continuity Plan's effectiveness. The completion rates for mandatory Information Security/GDPR and Data Protection training suggest many staff may not fully understand their roles in IT recovery procedures. The Committee noted this update.		
	(iv) Draft Internal Audit Plan 2024-25		
8.5	Sean provided a paper detailing the draft internal audit plan for 2024-25. Jessie queried whether it would be more beneficial to audit Quality Assurance in 2024-25, rather than Procurement, as the four proposed audits are internal facing. Sean advised that as Quality is regularly reviewed through audits such as external verification. James asked to what scale is procurement being audited. Murray explained that it will be more based on internal controls and efficiency with a view to eliminating any unnecessary bureaucracy. The Committee agreed to keep Procurement on the audit plan. Sean advised that this should be approved within BDO in the next few days.		
A.24.03.09	**Internal Audit – Wylie Bisset**		
	(i) Update on 2023-24 Statutory Audits		
9.1	Murray reported in Wylie Bisset's absence that the work was almost finished with no big updates to come. Final reports will be provided in the next meeting.		
A.24.03.10	**Audit Register**		
	(i) Review of Status		
10.1	A review of audit register spreadsheet was discussed by the Committee as per Sean's request in the BDO Internal Audit item.		
A.24.03.11	**External Audit - Deloitte**		
	(i) Final Audit Report 2022-23		
11.1	This update was noted by the Committee.		
	(ii) Final Annual Statements 2022-23		
11.2	This update was noted by the Committee.		

	(iii) Final Report to the Board from Audit Committee		
11.3	Nicola and Phil confirmed that all submissions had been received from Deloitte.		
	(iv) 2023-24 Audit Plan and Update		
11.4	Nicola Wright was introduced to the committee as the Deloitte partner replacing Pat Kenny who had retired. She confirmed that Deloitte staff have been lined up to start the audit from 14 October 2024, and the December deadline is expected to be met. Any concerns arising from this will be communicated to Murray, and Murray is to advise the Committee of any issues arising, noting the tight schedule. Nicola gave a brief outline of the audit plan, adding that resourcing is a priority for the 2023-24 audit plan. Nicola confirmed that property valuations is the main long leading audit item, as there are specific procedures, following audit quality arrangements becoming more onerous, and requiring additional challenging on assumptions made on valuations. Jessie asked if plans were in place for the long lead items like property valuations and the pension liability. Nicola confirmed that the valuation report had been shared with Deloitte specialists and is being investigated in order to raise questions to the valuers. Murray asked for there not to be delays in feedback arising from any challenges. Nicola added that Deloitte are keen to get started on work with property valuations early, and any help Murray, or the College can offer is appreciated. Jessie sought clarification on the target date set for December. Nicola confirmed that Deloitte were running a week behind schedule and would appreciate the Committee setting a date to review the report in December. The next meeting is the Joint Audit and FGP Committee on 26 November 2024. It was agreed that the date of this meeting would be changed to Thursday 5 December 2024 in the morning in order to accommodate Deloitte's request.		
ACTION	Date of Audit/FGP meeting to be moved to 5 December 2024 so Deloitte's report can be reviewed by the Committee.	**AH**	
A.24.03.12	**Annual Report on Fraud Matters**		
12.1	Murray confirmed that management were not aware of any fraud matters within the past year.		
A.24.03.13	**Policies due for Review 2024-25**		

	(i) Status Update		
13.1	Derek informed the Committee that five policies will be going to the FGP meeting next Thursday 10 November 2024 for approval. The Anti-Bribery Policy was approved by the Committee. The work done to get policies back on track was noted with thanks by the Committee.		
A.24.03.14	**Achieving Net Zero**		
	(i) Review of Assurance Framework		
14.1	Derek provided an update on the plans to achieve net zero. Overall, there are 78 sub-tasks to be completed towards achieving a total of 33 initiatives. The College has still not achieved the initial emerging maturity status and progress overall is behind target. The work will need to be reviewed going forward to decide how best staff resource can respond to the requirements. At present, progress is slow due to there being no dedicated person leading this. Derek advised that SLT will look at targets for the next year, with a view of planning ahead a way out of the emerging status of the framework. The Committee noted this update.		
A.24.03.15	**Cyber Security/Physical Security Update**		
15.1	Derek supported the paper submitted to the Committee. The update was noted by the Committee and discussions were held regarding the Windows 11 upgrade affecting devices in the College that will become incompatible as a result of Windows 10 no longer being supported. A number of options are being investigated in order to save costs in replacing outdated devices.		
A.24.03.16	**Governance**		
	(i) Compliance with Code of Good Governance v2022		
16.1	The final report for Compliance with the Code of Good Governance will be presented to the Committee by the Clerk at the next meeting.		
A.24.03.17	**Emerging Issues**		
	(i) Annual Report from the Committee to the Board - Verbal		
17.1	The annual report from the Committee to the Board will be reviewed for approval at the next meeting on 5 December 2024, for submission to the Board.		
	(ii) Audit Committees review of Assurance Framework		

17.2	As this has not been reviewed in recent years, it was agreed that Committee members would meet in February, prior to the meeting on 20 February 2025, to review the Terms of Reference.		
A.24.03.18	**Date of Next Meeting – 26 November 2024**		
18.1	As per A.24.03.11, it was agreed to move the Joint Audit/FGP to 5 December 2024 to allow for Deloitte's report to be submitted and reviewed by the Committee.		
RESERVED ITEMS			
A.24.03.19	**Draft Reserved Minutes of Previous Audit Committee meetings:**		
	(i) 16 May 2024		
19.1	This item is reserved, and the minute held in confidence.		
	(ii) 22 August 2024		
19.2	This item is reserved, and the minute held in confidence.		
	Meeting closed at 16.40pm		