

Audit Committee

Wed 17 May 2023, 16:30 - 18:30

Teams

Attendees

Chair of Audit Committee

- Lauren Doughton (Chair of Audit Committee)

Board Members

- Claire Christey (Independent Director, Absent from 1-9.2)
- Valerie Nicolson (Independent Director)
- Mason Robbins (Independent Director)

Management Team Member

- Shelly McInnes (Finance Director)

Also In Attendance

- Jane Lewis (Principal - Shetland UHI)
- Gemma MacGregor (Vice Principal Operations)
- Chloe Main (Representative of Internal Auditors)
- Matt Sierocinski King (Board Secretary)
- David Sandison (Chair of the Board of Management, Chair of Search and Nominations Committee, Present for 10 only)

Meeting minutes

Opening Items

1. Welcome, Apologies, and Announcements

Doctor Doughton (Chair) welcomed everyone to the meeting. Everyone introduced themselves, what their role was, to each other. Mx Sierocinski King (Board Secretary) announced that Ms Christey (Independent Member) had given notice that she will join the meeting later on.

2. Declarations of Interest

Doctor Doughton (Chair) asked if any member had any conflicts with items on the agenda. No declarations were made.

3. Minutes of Previous Meetings

3.1. Previous Audit Committee Meeting

Mx Sierocinski King (Board Secretary) reported that Professor Lewis (Principal) had highlighted that the focus of the question raised in agenda item 8.2 of the previous meeting was data retention policy, not data protection policy, as stated in the minutes.

The Board Secretary also reported to the committee, the Principal's underrepresentation of the length of the Data Retention Policy. The Board Secretary informed the committee that the Principal requested the Board Secretary inform the Committee that the Principal had discovered after the previous meeting of Audit Committee, that the policy's length was in fact 176 pages, and not 80 pages, as stated during the previous meeting.

Decision: As amended, the Committee approved the minutes as a true and accurate record of the previous meeting of Audit Committee.

3.2. Joint Meeting of Audit Committee with Finance and General Purposes Committee

Doctor Doughton (Chair), asked the Committee to review the Confidential Minutes of the Joint Meeting Audit Committee with Finance and General Purposes Committee for matters of accuracy. No matters were raised.

The Chair asked the Committee to review the Non-Confidential Minutes of the Joint Meeting Audit Committee with Finance and General Purposes Committee for matters of accuracy. No matters were raised.

The Chair asked the Committee to review the Confidential Minutes (without Finance and General Purposes Committee) of the Joint Meeting Audit Committee with Finance and General Purposes Committee for matters of accuracy. No matters were raised.

The Chair asked the Committee to review the Confidential Minutes of the Closed Session of the Joint Meeting Audit Committee with Finance and General Purposes Committee for matters of accuracy. No matters were raised.

Decision: The Committee approved the Confidential Minutes of the Joint Meeting Audit Committee with Finance and General Purposes Committee as a true and accurate record of the joint section of the meeting.

Decision: The Committee approved the Non-Confidential Minutes of the Joint Meeting Audit Committee with Finance and General Purposes Committee as a true and accurate record of the joint section of the meeting.

Decision: The Committee approved the Confidential Minutes (without Finance and General Purposes Committee) of the Joint Meeting Audit Committee with Finance and General Purposes Committee as a true and accurate record of the Audit Committee-only section of the meeting.

Decision: The Committee approved the Confidential Minutes of the Closed Session of the Joint Meeting Audit Committee with Finance and General Purposes Committee for matters of accuracy as a true and accurate record of the Closed Audit Committee-only section of the meeting.

Action: Mx Sierocinski King (Board Secretary) shall add the Confidential Minutes of the Joint Meeting Audit Committee with Finance and General Purposes Committee to the agenda of the next meeting of Finance and General Purposes Committee, for their review and approval of these minutes.

Action: Mx Sierocinski King (Board Secretary) shall add the Non-Confidential Minutes of the Joint Meeting Audit Committee with Finance and General Purposes Committee to the agenda of the next meeting of Finance and General Purposes Committee, for their review and approval of these minutes.

4. Matters Arising

Mx Sierocinski King (Board Secretary) reported that there were two ongoing actions from the previous meeting to be completed.

Action: The Board Secretary shall introduce Ms Nicolson (Independent Director) to the CDN training resources and in particular, the Audit Committee Training.

Action: The Board Secretary shall recirculate the UHI risk management strategy and the workshop paper work to the Committee.

5. Terms of Reference

Mx Sierocinski King (Board Secretary), informed the Committee that the UHI Internal Auditor had made the recommendation that, with the membership table of each Committee of the Board of Management, a box entitled 'Management Team Member' be included, in order to comply with the Code of Good Governance more clearly. The Board Secretary explained that, in the case of Audit Committee, the named Management Team Member would be Ms McInnes (Finance Director).

Decision: The Committee approved the recommended amendment advance to the Board of Management for ratification.

Action: The Board Secretary shall add the Terms of Reference to the agenda of the next meeting of the Board of Management.

Committee Matters

6. Training for Members

Mx Sierocinski King (Board Secretary) highlighted the Audit Committee training module as provided by CDN via this link: <https://professionallearning.collegedevelopmentnetwork.ac.uk/course/view.php?id=159>

Action: The Board Secretary shall introduce the CDN training to Ms Nicolson (Independent Director) and Doctor Robbins (Independent Director).

7. Vice-Chair of Audit Committee

Doctor Doughton (Chair) introduced this item, and explained its purpose, and asked for nominees.

The committee paused this item and returned to it at the end of the meeting.

Decision: The Committee agreed to nominate Ms Christey (Independent Director) to the Board of Management to be appointed Vice-Chair of Audit Committee.

Action: Mx Sierocinski King (Board Secretary) shall add this nomination to the agenda of the next meeting of the Board of Management, for approval.

Audits

8. Audit and Verification Activity

Mrs MacGregor (Vice Principal Operations) and Professor Lewis (Principal) joined the meeting for this agenda item. Ms McInnes (Finance Director) joined during this agenda item.

The Principal explained the purposes of the item, its history, and the benefit of the item to the committee. She highlighted the audits on education, internal audits, and compliance audits to which Shetland UHI is required to complete.

The Committee discussed the paper, with a focus on areas that were blank in the table and as to why they were. The Principal responded that progress on these audits was yet to be made and explained why.

Decision: The Committee requested to receive updates from the Senior Management Team on audits and their corresponding actions, at each meeting of the Committee, as both the audits, and the completion of corresponding actions, progress.

Action: At each meeting of Audit Committee, the Senior Management Team are to provide details on audits and their corresponding actions, the progress of both the audits, and the completion of corresponding actions.

9. Internal Audit

1. 9.1. Audit Plan Update

Ms Main (Representative of Internal Auditors) gave a presentation. She noted that the Risk Management report and the Student Recruitment report are due to be completed shortly, while other Internal Audits are in progress.

She raised the issue of the Internal Audit Plan for next academic year. The Committee discussed the content for next year's plan, with comments from Professor Lewis (Principal) and Mx Sierocinski King (Board Secretary) to delay the Corporate Governance Audit for an additional year.

Action: The Board Secretary shall recirculate the Internal Audit plan from this year.

Action: The Representative of Internal Auditors shall present the Internal Audit plan for the next academic year, at the next meeting of the Committee.

9.2. Staff Recruitment Report

Ms Main (Representative of Internal Auditors) presented the report, and explained the format of the report. She also spoke to the appendices of the report, and their format. Professor Lewis (Principal) explained that this audit covered the first two years of the existence of Shetland UHI starting from the very first appointment made of staff. The Chair gave her thanks on behalf the committee regarding the strength of the report.

Noted: The report's findings and recommendations, were noted by the Committee.

Risk Management

10. Risk 6 - Governance Risk

Mx Sierocinski King (Board Secretary) gave the presentation on the Governance Risk. The Board Secretary highlighted the causes, owner and impact of the risk to the Committee. The Board

Secretary also detailed the Actions to minimise the risk that had taken place and that were ongoing, before confirming that the risk levels both pre-mitigation and post mitigation remained unchanged since reporting on the risk at the Quarter 3 Board of Management Meeting.

The Committee discussed the presentation, with focus on the concern of losing HISA Deputes quickly and their level of attendance and input to the Board of Management and its Committees. Professor Lewis (Principal) mentioned that this was not unique to Shetland UHI amongst the UHI Partnership, noting the success of Sue Beer's format of nomination. Mr Sandison (Chair of the Board of Management) mentioned the nature of the challenges and the ongoing work with HISA for recruitment of Student Directors. The Committee continued to discuss on the structure of reps in HISA. The Principal gave the context of the structure of HISA officers, along with the history of the success of Florence Jansen (former HISA President) as a Student Director, and the challenges of recruiting a HISA Regional Officer as a Student Director. The Principal and Mx Sierocinski King (Board Secretary) gave also context to the change of Chief Executives at HISA this calendar year.

The Committee also discussed Annual Development Reviews with the Chair of the Board of Management and the potential onerous nature of the role of Director due to the nature of governance requirements of assignment. The Chair of the Board of Management also discussed learning from other Boards of Management. The Board Secretary responded with regards to the governance requirements of Further Education Colleges in Scotland. The Committee also discussed co-option for the committee based on new advice received.

Ms Christey (Independent Director) joined the meeting during this item. The Chair of the Board of Management was present in the meeting, for this agenda item only.

Decision: The Committee agreed to watch this space as HISA goes through its current period of flux.

Action: The Board Secretary shall add this risk to the agenda of the next meeting of the Committee.

Action: The Board Secretary shall add Co-option with a pack to the next meeting of the Committee.

11. Risk 3 - Reputational Risk

Mrs MacGregor (Vice-Principal Operations) introduced the presentation to Risk 3 - Reputational Risk. She spoke about the causes of this risk and the impacts of this risk. She spoke further on the issues of reputation and perception, how this risk was linked to other risks, and how it was linked to strategy.

She also spoke about the actions to minimise this risk, which focused on:

- managing expectations and perceptions,
- improving weak internal co-ordination,
- the role of employees,
- creating a strong positive reputation amongst stakeholders,
- the complaints handling process.

She highlighted the 5 specific operational actions planned for 2023-2024.

She informed the Committee that the pre-action risk level was set at 12, and the post-action risk level was set as 9, noting that the likelihood for both was set at a score of 3 out of a possible 5, while the impact post-actions was set out a score of 3 out of a possible 5, compared to 4 out of a possible 5 pre-action.

The Committee discussed the complaints aspect of the risk, along with the promotion of the college with the Promote Shetland organisation. Mx Sierocinski King (Board Secretary) also mentioned the work that the Vice-Principal Operations and the Board Secretary will be doing in the next few days, to mitigate against both the Governance Risk and the Reputational Risk, simultaneously. Doctor Doughton (Chair) disclosed that she worked in a similar role with Promote Shetland before Shetland College UHI, NAFC Marine Centre UHI, and Train Shetland merged to form Shetland UHI.

The Committee also discussed the relationship with UHI in regard to this risk. Professor Lewis (Principal) updated the Committee that UHI is looking at its wider perceptions by students, employers and others. She felt that the rebrand, the recruitment and the UHI2024 way of working, was helping Shetland UHI to contribute to the mitigation work of this risk. The Principal informed the Committee that more work related to this is upcoming, with many actions already in process. The Committee also discussed student satisfaction, and the related surveys, noting that results of such surveys come to Learning, Teaching, and Research Committee.

12. Risk 11 - Research Outputs

Professor Lewis (Principal) gave the presentation on Risk 11 - Research Outputs, explaining the causes, and outlining who the owner of this risk. She outlined the actions in place to minimise the risk, with the supporting action plans, with recent actions highlighted in red. The Principal concluded the presentation by explaining to the Committee that the risk is rated as amber, with a score of 9, and noted that it may be reduced at the next assessment by the Research Committee.

13. Update on any changes to the Risk Register as a whole

Professor Lewis (Principal) introduced this paper, noting that there were no backward trajectories, for any risk since the last meeting of Audit Committee. No further discussion took place on this agenda item.

14. Risk Strategy/Policy Development

Professor Lewis (Principal) introduced this paper, giving history as to its development. She asked for feedback, noting that followed other similar examples in other Academic Partners. She explained that the level of Project-Based Risk (as detailed in clause 5.3) will be put to Finance and General Purposes Committee for consultation. She also explained the process for this policy becoming live.

Action: Members of the Committee are to send any feedback they have on the Risk Management Policy to the Principal before 14th June.

Decision: The Committee recommended the Risk Management Policy to the Board of Management subject to any other comments that reach Principal before 14th June.

Action: Mx Sierocinski King (Board Secretary) shall add this item to the agenda of the next meeting of Finance and General Purposes Committee, to review clause 5.3 of the policy.

Action: Mx Sierocinski King (Board Secretary) shall add this item to the agenda of the next meeting of Board of Management, for the Board of Management to ratify the Policy and to set the risk appetite for Shetland UHI.

Other Items

15. Assignment to Regional Strategic Body

Mx Sierocinski King (Board Secretary) gave an update on the work undertaken to support Shetland UHI's assignment to UHI as the Regional Strategic Body, including the time spent with UHI's Head of Internal Audit, and exemplified the nature of the actions needed to give further reassurance that Shetland UHI has met each requirement of the Code of Good Governance.

Action: The Board Secretary shall provide progress on this matter at the next meeting of Audit Committee.

16. Health and Safety Committee Minutes

Professor Lewis (Principal) gave the committee context that this item is for regular oversight by the Committee. No matters on this were raised by the committee in conjunction with this agenda item.

Decision: This item will be a starred item at future meetings.

Closing Items

17. Any Other Business

There was no additional business for the meeting.

18. Date of Next Meetings

Decision: The next meeting of Audit Committee is agreed as 14th June 2023 at 16:30

Action: Mx Sierocinski King (Board Secretary) shall send out invitations to the meeting.

Agenda Item	Action	Responsible	Progress
3.3	Add the Confidential Minutes of the Joint Meeting Audit Committee with Finance and General Purposes Committee to the agenda of the next meeting of Finance and General Purposes Committee, for their review and approval of these minutes.	Mx Sierocinski King (Board Secretary)	Complete
3.3	Add the Non-Confidential Minutes of the Joint Meeting Audit Committee with Finance and General Purposes Committee to the agenda of the next meeting of Finance and General Purposes Committee, for their review and approval of these minutes.	Mx Sierocinski King (Board Secretary)	Complete
4	Introduce Ms Nicolson (Independent Director) to the CDN training resources and in particular, the Audit Committee Training.	Board Secretary	
4	Recirculate the UHI risk management strategy and the workshop paper work to the Committee.	Board Secretary	
5	Add the Terms of Reference to the agenda of the next meeting of the Board of Management.	Board Secretary	Complete
6	Introduce the CDN training to Ms Nicolson (Independent Director) and Doctor Robbins (Independent Director).	Board Secretary	
7	Add this nomination to the agenda of the next meeting of the Board of Management, for approval.	Mx Sierocinski King (Board Secretary)	Complete
8	At each meeting of Audit Committee, the Senior Management Team are to provide details on audits and their corresponding actions, the progress of both the audits, and the completion of corresponding actions.	Senior Management Team	On Agenda
9.1	Recirculate the Internal Audit plan from this year.	Board Secretary	
9.1	Present the Internal Audit plan for the next academic year, at the next meeting of the Committee.	Representative of Internal Auditors	On Agenda
10	Add this risk to the agenda of the next meeting of the Committee.	Board Secretary	Complete
10	Add Co-option with a pack to the next meeting of the Committee.	Board Secretary	To Follow
14	Send any feedback they have on the Risk Management Policy to the Principal before 14th June.	Members of the Committee	
14	Add this item to the agenda of the next meeting of Finance and General Purposes Committee, to review clause 5.3 of the policy.	Mx Sierocinski King (Board Secretary)	

14	Add this item to the agenda of the next meeting of Board of Management, for the Board of Management to ratify the Policy and to set the risk appetite for Shetland UHI.	Mx Sierocinski King (Board Secretary)	Complete
15	Provide progress on this matter at the next meeting of Audit Committee.	Board Secretary	On agenda
18	Send out invitations to the meeting.	Mx Sierocinski King (Board Secretary)	Complete