

# Audit Committee July Meeting

Wed 19 July 2023, 16:30 - 18:30

Teams

## Attendees

### Chair

- Lauren Doughton (Chair of Audit Committee)

### Board Members

- Valerie Nicolson (Independent Director)
- Mason Robbins (Independent Director)

### Staff In Attendance

- Matt Sierocinski King (Board Secretary)
- Jane Lewis (Principal - Shetland UHI, Absent from 13 onwards)
- Chloe Main (Representative of Internal Auditors)
- Gemma MacGregor (Vice Principal Operations)

### Management Team Member

- Shelly McInnes (Finance Director, Absent from 1-8)

### Apologies

- Claire Christey (Vice Chair of Audit Committee)

## Meeting minutes

### Opening Items

#### 1. Welcome, Apologies, and Announcements

Doctor Doughton (Chair of Audit Committee) welcomed everyone to the meeting.

Apologies were noted from Ms Christey (Vice-Chair of Audit Committee).

#### 2. Declarations of Interest

Doctor Doughton (Chair of Audit Committee) asked if anyone present had any conflicts of interest to declare. No such declarations were made.

### 3. Minutes of Previous Meetings

Doctor Doughton (Chair of Audit Committee) asked the Committee to review the minutes of the previous meeting for matters of accuracy. No matters were raised.

**Decision:** The Committee approved the minutes as a true and accurate record of the previous meeting.

### 4. Matters Arising

Mx Sierocinski King (Board Secretary) MSK went through the matters arising, and detailed as to whether each action had been completed, remained ongoing, or was to be discussed in the meeting.

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

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

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

**Action:** The Board Secretary shall add Risk Management Policy to the agenda of the next meeting of Finance and General Purposes Committee, to review clause 5.3 of the policy.

### 5. \*Terms of Reference

**Noted:** The Committee noted the Terms of Reference.

### Committee Matters

### 6. Training for Members

Mx Sierocinski King (Board Secretary) spoke to the Committee regarding training.

## 7. Co-Option - (Restricted)

Ms McInnes (Finance Director) joined the meeting during this agenda item.

Mx Sierocinski King (Board Secretary) explained the content and purpose of the pack to the Committee.

Professor Lewis (Principal) spoke about the need to include the UHI Shetland Strategy in the pack.

**Decision:** Subject to the amendments made, in line with the actions detailed below, the Committee approved the Audit Committee Co-opted Member Recruitment Pack for use and publication.

**Action:** Doctor Doughton (Chair) is to send a head and shoulders photo and a picture of her signature to the Board Secretary for use in the pack.

**Action:** The Board Secretary shall work with Mrs MacGregor (Vice-Principal Operations) to finalise the Audit Committee Co-opted Member Recruitment Pack in line with the suggestions made by Audit Committee and the Principal.

**Action:** The Board Secretary shall share the pack with Directors of Shetland UHI, and request that they circulate the Audit Committee Co-opted Member Recruitment Pack amongst their networks.

**Action:** The Board Secretary shall share the pack with other Board Secretaries in within and outwith the Partnership, and request that they distribute it to former members of their Boards of Management as well as other individuals in their networks.

**Action:** The Board Secretary shall work with Mrs MacGregor (Vice-Principal Operations) to advertise the Audit Committee Co-opted Member Recruitment Pack on the Shetland UHI website, to relevant organisations within Shetland, as well as beyond Shetland.

## Audits

### 8. Audit and Verification Activity

Professor Lewis (Principal) spoke to this agenda item, and highlighted the Education Scotland Report. She suggested that this document is closed for this academic year, save the update of the completion of the actions, which would set out in a separate document,

alongside a new document detailing Audits undertaken throughout the next academic year. The Committee agreed with these suggestions.

**Action:** The Principal is to create a document detailing the 2022-2023 Actions pertaining Audit and Verification Activity, including the progress of actions.

**Action:** The Principal is to create a 2023-2024 Audit and Verification Activity documentation, which details the Audits undertaken throughout the next academic year.

## 9. Internal Audit

### 9.1. Progress Report

Ms Main (Representative of Internal Auditors) spoke to the progress of the Internal Audit plan for this academic year. She drew attention to the fact that 3 out of 7 Internal Audit Reports had been completed, with 2 such reports being presented at this meeting of Audit Committee.

She confirmed that the Internal Audit on Business Continuity Planning is with management currently. She also confirmed that the Internal Audit Reports for General Financial Controls, Research and Governance, along with Health and Safety, are to follow, with the view that such reports be presented to the first Audit Committee meeting of the next academic year.

The Representative of Internal Auditors confirmed that the Follow-up Audit is to start next week.

The Committee discussed the timeline between closure of the report and issue of the report, to which the Representative of Internal Auditors confirmed to be 10 working days.

**Action:** The Representative of Internal Auditors shall present the Internal Audit report for Business Continuity Planning at the next meeting of Audit Committee.

**Action:** The Representative of Internal Auditors shall present the Internal Audit report for General Financial Controls at the next meeting of Audit Committee.

**Action:** The Representative of Internal Auditors shall present the Internal Audit report for Research and Governance Management at the next meeting of Audit Committee.

**Action:** The Representative of Internal Auditors shall present the Internal Audit report for Health and Safety at the next meeting of Audit Committee.

### 9.2. Risk Management Report

Ms Main (Representative of Internal Auditors) detailed the recommendations from the report, noting the responses from Management, which were agreed to and accepted. Professor Lewis (Principal) gave an explanation of the UHI framework and how UHI Shetland follow that framework with our own risk details.

Audit Committee discussed the report, and the Principal detailed the actions already undertaken. The Committee discussed that the audit was undertaken when the Committee was inquorate. The Representative of the Internal Auditors detailed to Audit Committee the BDO concern that Shetland UHI wasn't including risks beyond the the framework. The Committee also discussed a mini-Workshop on Risk Appetite, and training.

**Action:** At each Audit Committee meeting the Senior Management Team are to present the progress of Risk Management actions from the Risk Management Audit.

### **9.3. Student Recruitment Report**

Ms Main (Representative of Internal Auditors) spoke to the paper, and noted the strong level of best practice. She also spoke to the recommendation made. Professor Lewis (Principal) spoke in response to the recommendation, with regards to the financial viability of courses.

The Committee discussed the success of this audit in particular, in the context of other Internal Audit reports. the Committee also discussed the role of Shetland UHI in the development of the Shetland community, and whether that can be financially measured. The Committee discussed the value, financially and community beneficial, of courses, with a view to focus on improved funding support and community enhancement.

### **9.4. 2023-2024 Internal Audit Plan**

Ms Main (Representative of Internal Auditors) spoke to the 2023-2024 Internal Audit plan and the preparation activities undertaken in development of the plan. She spoke about the five Audits suggested to be undertaken in the 2023-2024 academic year, and the protocols for the development of such audits. She spoke about the implementation of the FES report and how they have raised their concerns with Scottish Funding Council, which remains ongoing.

The Committee discussed the criteria concerns of the FES report with concerns on the costs, and quotes from other colleges reported as unaffordable.

**Action:** The Senior Management Team are requested to undertake gentle exploration of audit quotes for the FES report to help avoid Shetland UHI to miss the FES deadline.

# Risk Management

## 10. Risk 6 - Governance Risk

Mx Sierocinski King (Board Secretary) gave a presentation on Risk 6 - Governance Failure, and detailed the actions to mitigate against this risk, with a particular emphasis on the turnover of Directors.

The Committee discussed the turnover of Independent Directors, and the Chairs of Committees, to which they noted their concerns of the bubble of former Transition Board members, who are all equally, the longest serving Directors on the Board of Management.

They also spoke of their concern of the Seafood Director recruitment, with suggestions that this role could be filled from seafood industry organisations outwith Shetland. The Committee also raised concerns regarding the HISA Depute Shetland President recruitment timeline.

**Action:** The Committee requested that Search and Nominations discuss the recruitment of Independent Directors, with a view to consider the geographic pool of which recruitment takes place within.

**Action:** The Board Secretary is to present the Governance Risk at the next meeting of Audit Committee.

## 11. Risk 13 - Emission Reduction/Net Zero

Mrs MacGregor (Vice-Principal Operations) spoke to the development of Risk 13 - Emissions Reduction/Net Zero Risk within the operational and management levels of Shetland UHI, and suggested that this risk return to the next meeting for a fuller discussion.

**Action:** The Vice-Principal Operations shall present Risk 13 – Emission Reduction/Net Zero at the next meeting of Audit Committee.

**Action:** Mx Sierocinski King (Board Secretary) shall add Risk 13 - Emission Reduction/Net Zero to the agenda of the next meeting of Audit Committee.

## 12. Risk 8 - College Estate Not Fit For Purpose

Mrs MacGregor (Vice-Principal Operations) spoke to the Committee regarding Risk 8 - College Estate not fit for Purpose, and how it interlinks with other risks. She spoke to the

actions to minimise the risk with a focus on Islands Deal, Capital Planning Group, Updated list of needs and wants from staff and students, Maintaining the planned and reactive repairs to maintain the condition of the buildings and other SUHI infrastructure, along with New funding streams.

She presented the Committee with a recommendation to record the residual risk pre-action at 12, and the residual risk post-action at 6.

The Committee discussed the impact of actions to mitigate against the risk. The Committee also discussed Student Accommodation as part of this risk, along with the number of campuses.

Professor Lewis (Principal) left the meeting during this agenda item due to connectivity challenges.

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

Mrs MacGregor (Vice-Principal Operations) spoke to the Committee on the updates to changes to the Risk Register as a whole, in the absence of Professor Lewis (Principal), and drew the Committee's attention to Risk 3 and Risk 8, highlighting that the actions for each risk have been encompassed into operational plans, along with Risk 9 and Risk 11.

The Committee expressed an interest to see the inclusions of risks into the operational plans.

**Decision:** The Committee requested an easier methodology to identify updates to the risk register outside of the table itself, for future committee meetings.

**Action:** The Senior Management Team shall present the Updates on any changes to the Risk Register as a whole at the next meeting with an easier methodology to identify updates to the risk register outside of the main table itself.

**Action:** Mx Sierocinski King (Board Secretary) shall look at how other Boards of Management within the partnership demonstrate updates to their Risk Registers.

**Action:** Ms Main (Representative of Internal Auditors) shall send the Board Secretary some examples of how other Boards of Management outwith the partnership demonstrate updates to their Risk Registers.

## Other Items

### 14. Assignment to Regional Strategic Body

Mx Sierocinski King (Board Secretary) gave an update on the progression to assignation, and explained that Professor Lewis (Principal) and the Board Secretary had received a draft report from Mr Thurlbeck (Head of Internal Audit at UHI). The Board Secretary added that they would review and recommend amendments to the report before bringing it to the Committee.

The Board Secretary also explained that a letter requesting for Shetland UHI to be assigned to UHI had been sent to UHI, but no response had been received.

**Action:** The Board Secretary shall bring the finalised version of the UHI Internal Auditor's Assignation Report to the next Audit Committee meeting.

### 15. \*Health and Safety Committee Minutes

There were no Health and Safety Committee minutes for Audit Committee to review since the previous meeting of Audit Committee.

## Closing Items

### 16. Any Other Business

There was no other business.

### 17. Date of Next Meetings

The next meeting of Audit Committee is: 13th September 2023 at 16:30

<b>Agenda Item</b>	<b>Action</b>	<b>Responsible</b>	<b>Progress</b>
4	Recirculate the UHI risk management strategy and the workshop paper work to the Committee.	Board Secretary	
4	Introduce the CDN training to Ms Nicolson (Independent Director) and Doctor Robbins (Independent Director).	Board Secretary	
4	Recirculate the Internal Audit plan from this year.	Board Secretary	
4	Add Risk Management Policy to the agenda of the next meeting of Finance and General Purposes Committee, to review clause 5.3 of the policy.	Board Secretary	
7	Send a head and shoulders photo and a picture of her signature to the Board Secretary for use in the pack.	Doctor Doughton (Chair)	
7	Finalise the Audit Committee Co-opted Member Recruitment Pack in line with the suggestions made by Audit Committee and the Principal.	Board Secretary and Mrs MacGregor (Vice-Principal Operations)	Complete
7	Share the pack with Directors of Shetland UHI, and request that they circulate the Audit Committee Co-opted Member Recruitment Pack amongst their networks.	Board Secretary	
7	Share the pack with other Board Secretaries in within and outwith the Partnership, and request that they distribute it to former members of their Boards of Management as well as other individuals in their networks.	Board Secretary	
7	Advertise the Audit Committee Co-opted Member Recruitment Pack on the Shetland UHI website, to relevant organisations within Shetland, as well as beyond Shetland.	Board Secretary and Mrs MacGregor (Vice-Principal Operations)	
8	Create a document detailing the 2022-2023 Actions pertaining Audit and Verification Activity, including the progress of actions.	Principal	
8	Create a 2023-2024 Audit and Verification Activity documentation, which details the Audits undertaken throughout the next academic year.	Principal	
9.1	Present the Internal Audit report for Business Continuity Planning at the next meeting of Audit Committee.	Representative of Internal Auditors	On Agenda
9.1	Present the Internal Audit report for General Financial Controls at the next meeting of Audit Committee.	Representative of Internal Auditors	Ongoing
9.1	Present the Internal Audit report for Research and Governance Management at the next meeting of Audit Committee.	Representative of Internal Auditors	Ongoing
9.1	Present the Internal Audit report for Health and Safety at the next meeting of Audit Committee.	Representative of Internal Auditors	On Agenda

9.2	At each Audit Committee meeting the Senior Management Team are to present the progress of Risk Management actions from the Risk Management Audit.	Senior Management Team	
9.4	Undertake gentle exploration of audit quotes for the FES report to help avoid Shetland UHI to miss the FES deadline.	Senior Management Team	
10	The Committee requested that Search and Nominations discuss the recruitment of Independent Directors, with a view to consider the geographic pool of which recruitment takes place within.	Search and Nominations Committee	Ongoing
10	Present the Governance Risk at the next meeting of Audit Committee.	Board Secretary	On Agenda
11	Present Risk 13 – Emission Reduction/Net Zero Present at the next meeting of Audit Committee.	Vice-Principal Operations	On Agenda
11	Add Risk 13 - Emission Reduction/Net Zero to the agenda of the next meeting of Audit Committee.	Mx Sierocinski King (Board Secretary)	Complete
13	Present the Updates on any changes to the Risk Register as a whole at the next meeting with an easier methodology to identify updates to the risk register outside of the main table itself.	Senior Management Team	
13	Look at how other Boards of Management within the partnership demonstrate updates to their Risk Registers.	Mx Sierocinski King (Board Secretary)	
13	Send the Board Secretary some examples of how other Boards of Management outwith the partnership demonstrate updates to their Risk Registers.	Ms Main (Representative of Internal Auditors)	Complete
14	Bring the finalised version of the UHI Internal Auditor's Assignation Report to the next Audit Committee meeting.	Board Secretary	Complete