

# Audit Committee Meeting, Quarter 1, 2023-2024

*Wed 13 September 2023, 16:30 - 18:30*

## Attendees

### Board members

- Lauren Doughton (Chair of Audit Committee)

### Board Members

- Claire Christey (Vice Chair of Audit Committee)
- Valerie Nicolson (Independent Director, Absent from 12, 13, 14, 15, 16)
- Mason Robbins (Independent Director)

### Staff In Attendance

- Matt Sierocinski King (Board Secretary)
- Gemma MacGregor (Vice Principal - Tertiary)
- Gemma MacLeod (Representative of Internal Auditors)

### Apologies

- Chloe Main (Representative of Internal Auditors)
- Jane Lewis (Principal - Shetland UHI)

## Meeting minutes

### Opening Items

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

Dr Doughton (Chair) welcomed everyone to the meeting. Apologies were noted from Professor Lewis (Principal) and Ms Main (Representative of Internal Auditors). Mrs MacLeod (Representative of Internal Auditors) was attending the meeting instead.

#### 2. Declarations of Interest

Dr Doughton (Chair) asked members of the Committee if they had any declarations of interest to make with regards to items on the agenda. No such declarations were made.

### 3. Minutes of the Previous Meeting

Dr Doughton (Chair) asked members of the Committee to review the minutes from the previous meeting for matters of accuracy.

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

### 4. Matters Arising

Mx Sierocinski King (Board Secretary) updated the Committee on the actions not marked as incomplete, and noted any action still live, as part of the minute of this agenda item.

The Committee discussed the FES Audit, with differing perspectives from Mrs MacLeod (Representative of Internal Auditor) and Mrs MacGregor (Vice Principal Operations) presented to the Committee. The Vice-Principal Operations spoke about alternative providers for the FES Audit, the challenges of meeting the deadline of two weeks, and the communication to SFC on the matter.

The Representative of Internal Auditors outlined the challenges of meeting the new compliance requirements, and detailed the impact of the compliance requirements on costs. She also confirmed that BDO was not providing a FES Audit Service to any Scottish College.

The Committee discussed this matter further with a focus around the costs, timeline, and the Committee's responsibilities to manage the fact the FES Audit was not completed in the timescale that was set by SFC.

**Action:** Doctor Doughton (Chair) shall raise the FES Audit matters to the Board of Management.

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

**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.

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

**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:** The Board Secretary shall look at how other Boards of Management within the partnership demonstrate updates to their Risk Registers.

## 5. \*Terms of Reference

Mx Sierocinski King (Board Secretary) explained that there was a change in Finance Director at Shetland UHI.

**Action:** Professor Lewis (Principal) shall determine who the Management Team member for the Committee will be.

**Action:** Once the Principal has determined who the Management Team member shall be, the Board Secretary shall make the necessary changes to the Terms of Reference, and add the Terms of Reference to the agenda of the subsequent meeting of the Board of Management for the change to be considered for approval by the Board of Management.

## Committee Matters

## 6. Training for Members

Ms Nicolson (Independent Director) confirmed that she had completed the CDN Audit Committee Training module

**Action:** Mx Sierocinski King (Board Secretary) shall check on which members of the Board of Management have completed the relevant training.

## 7. Co-Option - (Restricted)

Mx Sierocinski King (Board Secretary) updated the Committee on the level of interest in Co-option, and outlined a suggested change to the person specification for the Shetland community criteria.

**Decision:** The Committee agreed that a new application deadline should be set, and that the Shetland community criteria to move from essential to preferred.

**Action:** The Board Secretary shall work with Mrs MacGregor (Vice Principal Operations) to complete the amendments necessary and reissue the co-option pack.

## Audits

### 8. Audit and Verification Activity

Mrs MacGregor (Vice Principal Operations) updated the Committee on the content of the Audit and Verification Activity paper and asked the Committee what areas they saw as priorities.

No questions were asked.

**Decision:** The Committee agreed that updates on remaining actions from last academic year are to come to the next meeting of Audit Committee.

**Action:** The Senior Management Team are to present updates on remaining actions from last academic year at the next meeting of Audit Committee.

## **9. Internal Audit**

### **9.1. Health and Safety Report**

Mrs Macleod (Representative of Internal Auditors) updated the Committee on the report's findings, along with the level of assurance for the audit as a whole. She spoke about each level of findings and explained the conclusions reached.

The Committee discussed the report. Mrs MacGregor (Vice-Principal Operations) spoke about the management responses to each finding. The Committee discussed the workings of Peninsula risk system and how the challenges of the Peninsula system could be overcome, with expressed concerns regarding the lack of a dedicated Health and Safety Manager at Shetland UHI.

The Committee also discussed the Committee's role in the oversight of Audits produced by Internal Auditors, along with the knock on effects of merger in the management of health and safety risks.

### **9.2. Business Continuity Planning Report**

Mrs Macleod (Representative of Internal Auditors) detailed the Business Continuity Planning recommendations and findings for each level. The Committee were asked to discuss the rejection of the final recommendation.

The Committee discussed whether the Business Continuity Planning risk was embedded elsewhere within the risk register, with comments in regards to having a definition of what a Business Continuity Planning risk is. The Committee were asked to review whether Business Continuity Planning should be separate risk or weaved in to all existing risks.

**Action:** Audit Committee were asked to consider and review any documentation from UHI with regards to the risk mitigation for IT.

**Action:** The Vice-Principal Operations is to email the documentation to Mx Sierocinski King (Board Secretary).

**Action:** The Board Secretary is to email the documentation supplied by the Vice-Principal Operations to the Committee.

**Decision:** Audit Committee requested that at the next Audit Committee meeting, the Vice-Principal Operations present how the Business Continuity Planning risk is embedded into each of the existing risks within the risk register.

**Action:** The Vice-Principal Operations is to bring a paper demonstrating how Shetland UHI embed the Business Continuity Planning risk within other risks already on the risk register, to the next meeting.

**Decision:** Audit Committee requested that at the next Audit Committee meeting, the Vice-Principal Operations present the Business Continuity Planning risk as a single risk, overruling their previous request to the Vice-Principal Operations.

**Action:** The Vice-Principal Operations is to bring a paper demonstrating how Shetland UHI can manage the Business Continuity Planning risk as a stand-alone risk, on the risk register, to the next meeting.

### **9.3. Follow-up Report**

Mrs Macleod (Representative of the Internal Auditors) updated the Committee that this report was still ongoing and awaiting management responses, and explained that this was a consequence of the fact that two audits were still ongoing from last academic year.

## 9.4. 2022-2023 Annual Internal Audit Report

Mrs Macleod (Representative of the Internal Auditors) updated the Committee that this report was still ongoing, and explained that this was a consequence of the fact that two audits were still ongoing from last academic year. along with the follow-up report.

The Committee discussed the timeline of the Annual Report, and the impact on the Annual Report of one Internal Audit report from the previous academic year, was running late. The Committee discussed the density of Internal Audit reports from the last academic year.

**Decision:** The Committee accepted that the General Financial Controls report may not make it to the Annual Internal Auditors report, however the Committee requested for the Research Governance Management report to be included in the Annual Internal Auditors report.

**Action:** Mx Sierocinski King (Board Secretary) shall check with other Board Secretaries as to what the consequences are upon an Annual Internal Auditors Report, if not all the Internal Audit reports from one year, are not completed in time for the submission of the Annual Internal Auditors report.

**Decision:** The Committee agreed that the Annual Internal Audit report is to come to Audit Committee's meeting in November.

**Action:** The Board Secretary shall add Annual Internal Audit report to the agenda of Audit Committee's meeting in November.

## Risk Management

### 10. Risk 6 - Governance Risk

Mx Sierocinski King (Board Secretary) spoke to the Committee about this risk, including its causes, owners, and impacts. The Board Secretary detailed the actions to minimise the risk in place with a focus on:

- Training records
- Annual Development Reviews

- Implementation of the Code of Good Governance
- Completing Assignment to the Regional Strategic Body
- The undertaking of Audits and Review of Audits by Audit Committee
- The updating of the register of interest

The Board Secretary gave additional focus to the management of the Turnover of Directors, to which was extremely prevalent to the Board at this time. The Board Secretary explained that letters had been sent out to the 6 Independent Directors who were also Transition Board Directors, in order to determine whether they wished to extend their term of office to the end of their first term of office, and added that all such Directors were currently Committee Chairs. The Board Secretary added further that such a letter would also be sent to the Student Director, and that Staff Director elections were scheduled after the October school holidays.

The Board Secretary added that the final paperwork elements were being completed for the incoming Fisheries Director, and that the Students' Association were currently undertaking a by-election to fill the role of the Depute President position. The Board Secretary further informed the Committee that the Board of Management will be invited to discuss trade union directors at its next meeting.

The Board Secretary concluded that only once the 2023 Board Extensions process was complete, would it be realistic to reduce the pre-mitigation risk level.

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

Mrs MacGregor (Vice-Principal Operations) spoke about the risk, including its description, causes and owners.

She detailed the action plans, as follows:

1. Ensure UHI Shetland has clear plans and associated targets in place to reduce carbon emissions
2. Ensure UHI Shetland has clear plans in place to adapt to climate change
3. Ensure UHI Shetland has embedded sustainability within all activities and is making a clear contribution to local and national efforts to enhance sustainability

The Committee discussed the decarbonisation of the estate at Scalloway and the potential costs. The Vice-Principal Operations spoke further on this in detail for both campus, and the potential work involved.

Ms Nicolson (Independent Director) left the meeting at the end of this agenda item.

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

Mrs MacGregor (Vice-Principal Operations) updated the Committee on the changes to the risk register as a whole with a focus on Risk 13 and Risk 10. She also spoke about the embedding of the risks in operational plans.

**Noted:** The Committee noted the changes to risk 1 and 2.

**Decision:** The Committee requested that a Colour coding system be established in the risk register ahead of the next meeting of Audit Committee to make it easier for the Committee to find and understand where changes to the risk register are made between meetings of Audit Committee.

**Decision:** The Committee requested that risk 2 is to presented on at the next meeting of Audit Committee.

**Action:** The Senior Management Team shall establish a Colour coding system in the risk register ahead of the next meeting of Audit Committee that makes it easier for the Committee to find and understand where changes to the risk register are made between meetings.

**Action:** The Senior Management Team shall present risk 2 at the next meeting of Audit Committee.

## Other Items

## **13. Assignment to Regional Strategic Body**

Mx Sierocinski King (Board Secretary) spoke to the Committee about this paper, and explained how the paper was prepared, and that it would also form part of the agenda for UHI's Audit Committee later this month. The Committee discussed the paper, along with the plans for monitoring actions set out in the paper.

**Action:** The Board Secretary shall add the Action list as part of the Audit and Verification Activity agenda item, once assignation has been obtained.

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

The Health and Safety Committee had not met since the last meeting of Audit Committee.

## **Closing Items**

### **15. Any Other Business**

Mx Sierocinski King (Board Secretary) offered support and time to Directors should they wish to discuss the 2023 turnover of Directors, regardless of whether they themselves had received a letter regarding an extension to their term of office.

### **16. Date of Next Meetings**

The date of the next meeting, was scheduled for 22nd November 2023 at 16:30. Between the meeting, and the completion of these minutes, the meeting was moved to 29th November at 16:30.

<b>Agenda Item</b>	<b>Action</b>	<b>Responsible</b>	<b>Progress</b>
4	Raise the FES Audit matters to the Board of Management.	Doctor Doughton (Chair)	Complete
4	Recirculate the UHI risk management strategy and the workshop paper work to the Committee.	Board Secretary	
4	Recirculate the Internal Audit plan from last academic 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	Complete
4	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	
4	Present the Internal Audit report for General Financial Controls at the next meeting of Audit Committee.	Representative of Internal Auditors	
4	Present the Internal Audit report for Research and Governance Management at the next meeting of Audit Committee.	Representative of Internal Auditors	
4	The Committee requested that Search and Nominations Committee discuss the recruitment of Independent Directors, with a view to consider the geographic pool of which recruitment takes place within.	Search and Nominations Committee	
4	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	On Agenda
4	Look at how other Boards of Management within the partnership demonstrate updates to their Risk Registers.	Board Secretary	
5	Determine who the Management Team member for the Committee will be.	Professor Lewis (Principal)	Complete

5	Once the Principal has determined who the Management Team member shall be, the Board Secretary shall make the necessary changes to the Terms of Reference, and add the Terms of Reference to the agenda of the subsequent meeting of the Board of Management for the change to be considered for approval by the Board of Management.	Board Secretary	
6	Check on which members of the Board of Management have completed the relevant training.	Mx Sierocinski King (Board Secretary)	
7	The Board Secretary shall work with Mrs MacGregor (Vice Principal Operations) to complete the amendments necessary and reissue the co-option pack.	Board Secretary and Vice-Principal Operations	Complete
8	Present updates on remaining actions from last academic year at the next meeting of Audit Committee.	Senior Management Team	
9.2	To consider and review any documentation from UHI with regards to the risk mitigation for IT.	Audit Committee	
9.2	Email the documentation to Mx Sierocinski King (Board Secretary).	Vice-Principal Operations	
9.2	Email the documentation supplied by the Vice-Principal Operations to the Committee.	Board Secretary	
9.2	Bring a paper demonstrating how Shetland UHI embed the Business Continuity Planning risk within other risks already on the risk register, to the next meeting.	Vice-Principal Operations	Superseded by the action below
9.2	Bring a paper demonstrating how Shetland UHI can manage the Business Continuity Planning risk as a stand-alone risk, on the risk register, to the next meeting.	Vice-Principal Operations	Complete
9.4	Check with other Board Secretaries as to what the consequences are upon an Annual Internal Auditors Report, if not all the Internal Audit reports from one year, are not completed in time for the submission of the Annual Internal Auditors report.	Mx Sierocinski King (Board Secretary)	

9.4	Add Annual Internal Audit report to the agenda of Audit Committee's meeting in November.	Board Secretary	Complete
12	Establish a Colour coding system in the risk register ahead of the next meeting of Audit Committee that makes it easier for the Committee to find and understand where changes to the risk register are made between meetings.	Senior Management Team	On Agenda
12	Present risk 2 at the next meeting of Audit Committee.	Senior Management Team	On Agenda
13	Add the Action list as part of the Audit and Verification Activity agenda item, once assignation has been obtained.	Board Secretary	