

Audit Committee Meeting, Quarter 2, 2023-2024

Wed 29 November 2023, 17:15 - 19:15

Attendees

Board members

- Lauren Doughton (Chair of Audit Committee)

Board Members

- Claire Christey (Vice Chair of Audit Committee)
- Valerie Nicolson (Independent Director)
- Mason Robbins (Independent Director)

Staff In Attendance

- Jane Lewis (Principal - Shetland UHI)
- Matt Sierocinski King (Board Secretary)
- Gemma MacGregor (Vice-Principal Operations)

Also In Attendance

- Chloe Main

Meeting minutes

Opening Items

1. Welcome, Apologies, and Announcements

Dr Doughton (Chair) welcomed everyone to the meeting. There were no apologies to be recorded.

The Chair announced that she had sought a short extension to her term of office as an Independent Director, with the intention to stand down from the Board of Management once her replacement had been appointed. She confirmed to the Committee that she would also stand down as Chair of Audit Committee once a successor had been found.

2. Declarations of Interest

The Chair of Audit Committee asked if any member of the Committee had made any declarations of interest in regard to items on the agenda of the meeting. No such declarations were made.

3. Minutes of the Previous Meeting

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

Decision: The Committee 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, and confirmed which actions were complete, and which actions were ongoing.

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 last academic year.

Action: Ms Main (Representative of Internal Auditors) shall present the Internal Audit report for General Financial Controls at the next meeting of Audit Committee.

Action: Ms Main (Representative of Internal Auditors) shall present the Internal Audit report for Research and Governance Management at the next meeting of Audit Committee.

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

Action: The Board Secretary shall check on which members of the Board of Management have completed the relevant training.

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

5. *Terms of Reference

Professor Lewis (Principal) confirmed that a new Finance Director will start in the new year, and will serve as the Committee's Management Team Member.

Committee Matters

6. Training for Members

Members of the Committee were reminded by Mx Sierocinski King (Board Secretary) to undertake Audit Committee Training on CDN, if they had not already done so, at their earliest convenience.

7. Co-Option - (Restricted)

Mx Sierocinski King (Board Secretary) spoke of the co-option opportunities before the Committee, including 4 referrals from Search and Nominations Committee of current members who are expected to stand down from the Board of Management shortly, along with the current outgoing Board Secretary of the former institution of UHI Outer Hebrides.

Action: The Board Secretary is to check the number of co-opted members the Committee can appoint, and whether such appointments have to have their applications referred to Search and Nominations Committee in the first instance.

Audits

8. Audit and Verification Activity

Professor Lewis (Principal) introduced the paper. She spoke about the SQA audit to the Committee. She explained to the Committee that Shetland UHI undertook 39 Audits in the 2022-2023 academic year, and asked if the Committee had any questions on the Audits undertaken last academic year. The Committee discussed the relationship between Shetland UHI and UHI, along with the matters of scale of Shetland UHI relative to the scale of organisational size that Further Education and Higher Education Audits are designed for.

9. Internal Audit

9.1. Research Governance Management

Ms Main (Representative of Internal Auditors) gave a verbal update on the development of the Research Governance Management Internal Audit, and noted that the draft report was with management, to which Professor Lewis (Principal) responded that the responses are complete, and will be sent to BDO imminently.

Action: The Principal shall send the management responses for the Research Governance Management Internal Audit to BDO.

9.2. 2023-2024 Timeline Update

Ms Main (Representative of Internal Auditors) gave an update as to the progress of the timeline on Internal Audits and their respective reports. The Committee discussed the timeline in relation to the Audit Committee Annual Report to the Board of Management. Mx Sierocinski King (Board Secretary) spoke about the timelines involved.

The Committee discussed the timelines for this academic year. Professor Lewis (Principal) spoke to the conversation had between Shetland UHI and BDO to enhance their working relationship. The Board Secretary spoke about the responsibilities of the Committee for the Annual Audit Committee Report to the Board of Management. The Representative of the Internal Auditors echoed the comments of the Principal with regards to an enhanced working relationship between BDO and Shetland UHI.

9.3. Follow-up Report

Ms Main (Representative of Internal Auditors) spoke to the Committee about the paper, and spoke in particular, about the recommendations implemented and the recommendations that remain outstanding.

Action: The Representative of Internal Auditors is to update the Committee on progress at the next meeting of Audit Committee.

9.4. 2022-2023 Annual Internal Audit Report

Ms Main (Representative of Internal Auditors) spoke to the Committee about the Annual Internal Audit Report, and confirmed that 5 reviews had been completed, with two reviews remaining outstanding. She spoke to the review of the audits undertaken in detail. Professor Lewis (Principal)

spoke to the concerns about some of the recommendations with regards to the nature of the size of the college, specifically those related to BCP actions, and the development of the risk register.

The Committee discussed whether the Annual Internal Audit Report should return to the next meeting once the final two outstanding Internal Audits from the 2022-2023 academic year had been completed.

Action: The Representative of Internal Auditors is to update the 2022-2023 Annual Internal Audit Report once the remaining Internal Audits had been completed.

Action: The Representative of Internal Auditors is to send the completed 2022-2023 Annual Internal Audit Report to Shetland UHI in the first week of February.

Action: Mx Sierocinski King (Board Secretary) shall, once the 2022-2023 Annual Internal Audit Report has been received, work with Dr Doughton (Chair of Audit Committee), draft the Audit Committee's 2022-2023 Annual Audit Report to the Board of Management.

Action: Mx Sierocinski King (Board Secretary) shall add the Audit Committee's 2022-2023 Annual Audit Report to the agenda to the next meeting of Audit Committee.

Action: The Representative of Internal Auditors shall present the completed 2022-2023 Annual Internal Audit Report to the next meeting of Audit Committee.

Action: Mx Sierocinski King (Board Secretary) shall add the 2022-2023 Annual Internal Audit Report to the agenda to the next meeting of Audit Committee.

10. FES Audit

Mrs MacGregor (Vice Principal Operations) spoke to the Committee about the report on the completed FES Audit, which was delivered by Orkney Islands Council in a 14 day timeline. She explained that 8 recommendations were made in the FES Audit, 7 of which were rated low, and one of which was rated medium. She also detailed the nature of these recommendations, and confirmed that the recommendations would be accepted.

The Committee discussed the report. The Vice Principal Operations confirmed to the Committee what a superclass was. The Committee also discussed the topic of overclaimed credits.

The Vice-Principal confirmed that the FES report had been submitted to SFC, and that Orkney Islands Council would undertake the FES Audit next year, and that Shetland UHI had been pleased with the relationship between Orkney Islands Council throughout the process.

Professor Lewis (Principal) added that a number of Further Education Colleges in Scotland benefited from an extended deadline granted by SFC due to the withdrawal of Auditors undertaking the FES Audit at a late stage.

Risk Management

11. Risk 6 - Governance Risk

Mx Sierocinski King (Board Secretary) updated the Committee on the development of the Governance Risk since the previous meeting of Audit Committee and detailed what actions had been undertaken. The Committee discussed the risk in detail with a focus on the recruitment of Independent Directors, with concerns raised on the impact of the organisation.

Decision: The Committee decided that an updated version of the Governance risk is to return to the next meeting of Audit Committee.

Action: The Board Secretary shall present an updated version of the Governance risk at the next meeting of Audit Committee.

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

12. Risk 2 - FE Student Numbers

Professor Lewis (Principal) spoke to this risk, and detailed the progress on Higher Education student numbers, but felt that Shetland UHI could fall just short of the Higher Education student numbers target, and was therefore red, and this was a similar picture across the partnership. The Principal pointed out that this low level of HE student numbers has an impact on future years. She also spoke to the positivity of the Further Education levels and Further Education credit levels, noting that over-delivery is very possible for Further Education this academic year.

The Committee discussed the presentation. The Principal spoke to the pressure on credits, and spoke to the fact that in the merger case the level of 5,000 Further Education credits was set, to which the Principal confirmed to the Committee that she had reminded SFC about on two occasions. The Principal spoke about the credit allocation differences of opinion between Shetland UHI and SFC, and confirmed that she was comfortable as to where Shetland UHI is.

The Committee discussed the impact of the restructure on credit delivery, to which the Principal confirmed would be covered in detail at the Board Workshop on Saturday 2nd December 2023. She also confirmed that the restructure of one of the sections affects less than 10% of the students.

13. Development of Business Continuity Risk as a Stand-Alone Risk

Mrs MacGregor (Vice Principal Operations) spoke to the development of the paper. She spoke about the causes of the risk, actions already to minimise the risk, and the planned actions to minimise the risk further, with each planned action having action owners. She confirmed that incident co-ordinators had already been appointed.

The residual risk pre-action was recorded as: 16

The residual risk post-action was recorded as: 9

Ms Nicolson (Independent Director) left the meeting during this agenda item.

The Committee discussed the risk, with a focus on what actions the internal auditors had recommended that were challenging for Shetland UHI to implement. Professor Lewis (Principal) spoke to these, including the Gold/Silver/Bronze command structure. She felt a greater focus would be involved in Shetland wide measures and co-ordinating with key local bodies.

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

Professor Lewis (Principal) spoke to the development of the paper, with the addition of the Business Continuity Planning risk. She confirmed that the Higher Education residual risk score had moved to the green. The Committee approved of the update date included next to each risk.

Other Items

15. Assignment to Regional Strategic Body

Mx Sierocinski King (Board Secretary) updated the Committee on the progress of Shetland UHI to becoming an assigned college of UHI. Professor Lewis (Principal) spoke about the response UHI

received from SFC about requesting the assignation of Shetland UHI to UHI, and that the response focused on developing the financial sustainability of Shetland UHI.

Decision: The Committee decided that the outstanding actions that had been added to the actions completed document ahead of this meeting of Audit Committee can now be removed from the actions completed document.

Decision: The Committee decided that, for the update on Assignation to the Regional Strategic Body at its next meeting, it would like to see the actions that are completed between the Quarter 2 meeting of Audit Committee, and the Quarter three meeting of Audit Committee in one document.

Decision: The Committee decided that all remaining outstanding actions should be placed in a separate document.

Action: The Board Secretary shall place the actions that are completed between the Quarter 2 meeting of Audit Committee and the Quarter three meeting of Audit Committee in one document.

Action: The Board Secretary shall place all remaining outstanding actions in a separate document.

Action: The Board Secretary shall add Assignation to the Regional Strategic Body, to the agenda of the next meeting of Audit Committee.

16. *Health and Safety Committee Minutes

Noted: The Committee noted the latest minutes of the Health and Safety Committee.

Closing Items

17. Any Other Business

The Committee gave their thanks Dr Doughton for her service as Chair of Audit Committee, and the development of Audit Committee since being appointed Chair of Audit Committee.

18. Date of Next Meeting

The date of the next meeting is Wednesday 6th March 2024.

Agenda Item	Action	Responsible	Progress
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	Present the Internal Audit report for General Financial Controls at the next meeting of Audit Committee.	Ms Main (Representative of Internal Auditors)	
4	Present the Internal Audit report for Research and Governance Management at the next meeting of Audit Committee.	Ms Main (Representative of Internal Auditors)	
4	Look at how other Boards of Management within the partnership demonstrate updates to their Risk Registers.	Board Secretary	
4	Check on which members of the Board of Management have completed the relevant training.	Board Secretary	
4	Add the Action list as part of the Audit and Verification Activity agenda item, once assignation has been obtained.	Board Secretary	
7	Check the number of co-opted members the Committee can appoint, and whether such appointments have to have their applications referred to Search and Nominations Committee in the first instance.	Board Secretary	
9.1	Send the management responses for the Research Governance Management Internal Audit to BDO.	Principal	
9.3	Update the Committee on progress at the next meeting of Audit Committee.	Representative of Internal Auditors	On Agenda
9.4	Update the 2022-2023 Annual Internal Audit Report once the remaining Internal Audits had been completed.	Representative of Internal Auditors	On Agenda

9.4	Send the completed 2022-2023 Annual Internal Audit Report to Shetland UHI in the first week of February.	Representative of Internal Auditors	On Agenda
9.4	Once the 2022-2023 Annual Internal Audit Report has been received, work with Dr Doughton (Chair of Audit Committee), draft the Audit Committee's 2022-2023 Annual Audit Report to the Board of Management.	Mx Sierocinski King (Board Secretary)	
9.4	Add the Audit Committee's 2022-2023 Annual Audit Report to the agenda to the next meeting of Audit Committee.	Mx Sierocinski King (Board Secretary)	Complete
9.4	Present the completed 2022-2023 Annual Internal Audit Report to the next meeting of Audit Committee.	Representative of Internal Auditors	On Agenda
9.4	Add the 2022-2023 Annual Internal Audit Report to the agenda to the next meeting of Audit Committee.	Mx Sierocinski King (Board Secretary)	Complete
11	Present an updated version of the Governance risk at the next meeting of Audit Committee.	Board Secretary	On Agenda
11	Add the Governance risk to the agenda of the next meeting of Audit Committee.	Board Secretary	Complete
15	Place the actions that are completed between the Quarter 2 meeting of Audit Committee and the Quarter three meeting of Audit Committee in one document.	Board Secretary	
15	Place all remaining outstanding actions in a separate document.	Board Secretary	
15	Add Assignment to the Regional Strategic Body, to the agenda of the next meeting of Audit Committee.	Board Secretary	Complete