

**Final Version Minutes of the Audit Committee
held at 11.00am on Friday 11th December 2020
via Microsoft Teams**

Present: Scott Matheson (SM) Chair, Elodie Nowinski (EN), Billie Smith (BKS), Tony Dalgaty (TD)

Apologies:

In Attendance: David Archibald (DA) MHA Henderson Loggie, Steven McNaught (SMcN) MHA Henderson Loggie, Martin Jones (MJ), Ailsa Close (AEC), Elaine Munro (EM), Vicky Daveney (VD)(Secretary)

No	Item	Action
20.4.1	Welcome and apologies for absence The chair welcomed members and David Archibald and Steven McNaught of MHA Henderson Loggie.	
20.4.2	Declaration of interest & to identify if any items deemed to be confidential. AEC reported that BKS employer had been instructed by the college in relation to the nursery lease. BKS confirmed she is not involved in the engagement and internal safeguards in place. There are confidential items under 20.4.7.	
20.4.3	Minutes of the meeting held on 18th September 2020 were approved. The minutes to be signed by Chair as an accurate record of the meeting.	VD/SM
20.4.4	Outstanding Actions <ul style="list-style-type: none"> • Capital Expenditure Plan – on track for completion February 2021. 	
20.4.5	Matters arising (a) Nursery update – AEC reported that the Council wants to rent the building, signing of the lease has been delayed as they have had numerous detailed requests for information about the building. MJ stated that another party has also expressed an interest in renting the building. SM asked if the building is vacant and alarmed. EM confirmed it is and that she visits the site periodically. SMcN asked if it has been revalued on the balance sheet. AEC responded that it has not, but this will be discussed with the external auditors.	
20.4.6	Risk Register SM asked the committee for any comments. MJ confirmed that it had not changed since the last committee meeting, it includes covid-19 and the potential disruption to delivery if staff off sick as well as displacement of strategic activities and priorities, but it does not capture the problem of maintaining timelines and core activities. SM agreed that the risks around this need reporting. A risk is to be identified concerning resourcing which is impacting on the ability to follow up on audit report actions. SM asked TD for any comments on the inclusion of health & safety on the report. TD approved of the inclusion of health & safety. SM asked for an update on the position on NRPA, risk 7. MJ reported that since the last meeting the college has moved to signing up to NRPA with most actions now implemented. There are risks around quantifying the potential gap in funding, around promoted lecturers and the potential for preserved salaries. The existing promoted posts are still to be mapped to those in the national bargaining structure. SM asked whether line 25, the outcome of EU	

	<p>referendum will impact the college. MJ stated that most students are from local communities and are not EU based, however, capital investment will be adversely affected as EU structural funds are no longer available. Successor funding arrangements are unclear which may hinder the ambition for a new building in Dunoon. DA pointed out that supply chains may be impacted by Brexit and suggested an exercise to find out how the college may be affected. SMCN remarked that as funding dries up there may be an increase in people returning to education to upskill or retrain. MJ replied that the college has that in mind, particularly in relation to interruptions to the hospitality and catering industries.</p> <p>ACTION: MJ to add 'resourcing' to risk register.</p>	
<p>20.4.7</p>	<p>Internal Audit reports SM invited David Archibald to give the committee an overview of the reports. DA reassured the committee that although they were receiving all the reports at once, going forward they would be spread out over the year. To put the reports in context, it has been a difficult year and the issues identified and resulting recommendations have been agreed by the management and improvement actions are already in motion.</p> <p>Staff Development:- DA outlined the key points</p> <ul style="list-style-type: none"> • Induction training requires some improvement. • There are a range of learning and development opportunities. • There was a dedicated L&D Co-ordinator. • Online training modules are accessible for learning and training. <p>Recommendations:-</p> <ul style="list-style-type: none"> • Develop workforce plan – medium term look at requirements, factor in age profile and retirement. • Staff Development Committee – to meet regularly. • Appraisals – a staff development policy would focus learning and development. • Staff development request form – document expected learning outcomes to facilitate evaluation of training. • Staff appraisal form and guidance notes – clear link to deeper strategic objectives is required to help with decision makes process regarding training requirement. <p>Health & Safety:- DA outlined the key points</p> <ul style="list-style-type: none"> • Health & Safety framework to be developed. • Need to develop a culture of ensuring agreed framework is operating properly and with consistency. • There is a policy documented and disseminated to staff. • Reporting is working correctly. • Formal risk identification process requires tightening up, in particular reporting to the board. <p>Recommendations:-</p> <ul style="list-style-type: none"> • Risk assessment – require action plans to make sure areas identified are taken forward. Must be signed and dated with review date. • Training – already integral part of induction training but process and evidence needs implementing. • Health and Safety committee – in place and standing agenda item but more formal reporting and flagging of ongoing work required. <p>AEC confirmed that a health & safety report has now been devised and will be put forward to the board meeting later in the day. A quarterly report will be provided for the board by the committee chair going forward. MJ stated that in the broader context health & safety is a resource which would be suited to alignment across UHI. SMCN agreed with this.</p> <p>Payroll:- DA reported that there are some issues to be flagged up. SMCN gave an overview of the report:-</p> <ul style="list-style-type: none"> • Authorisation of additional hours and overtime – not evidenced. • Review of NEST pension scheme calculations required • Authorisation of travel claims – essential to have authorisations and receipts. 	<p>Noted</p>

	<ul style="list-style-type: none"> • Secondary checking of employee data which may affect payroll. • Leaver and starters forms need more information – currently set up for HR purposes but not finance. • Authorisation of payments – second member of staff must authorise payments. • Payroll exception reports – to be run every month. <p>AEC confirmed that authorisation is sent to MJ before payments are made but documenting this has been difficult this year. AEC explained that travel and subsistence has the same issue in that access to staff is limited, the aim is to move this responsibility to finance.</p> <p>ACTION: AEC to review NEST pension scheme calculations</p> <p>Follow-up Report</p> <p>DA reported that 4 of the 17 recommendations have been fully completed with 13 to be carried forward. Those taken forward are priority 2 recommendations, demonstrating the focus has been on completing the more important recommendations. This is described as limited progress, but is not uncommon this year.</p> <p>Annual Report</p> <p>DA reported that as issues have been noted in all areas and limited progress has been made in carrying through the recommendations from the previous internal audit, positive assurance cannot be given around control and governance. MHA Henderson Loggie will work with the external auditors to avoid duplication of effort. The three areas planned for year 2 are: student retention, procurement and invoicing processes and business development. DA asked the committee if these areas are still appropriate for next year. AEC commented that it may not be the right time for business development due to covid-19. SM agreed this may need to be reconsidered.</p> <p>The management team left the meeting at this point and discussions carried on between the audit committee and the internal auditors.</p>	
20.4.8	<p>External Audit Plan</p> <p>AEC will get draft accounts to the auditors before Christmas. SMcN will make the internal audit reports available to them.</p>	
20.4.9	<p>Terms of Reference</p> <p>Approved by the committee.</p>	Approved
20.4.10	<p>AOCB – there was no other business.</p>	
	<p>Signed by</p> <p>..... Date</p> <p>Chair of Audit Committee</p>	



Outstanding Actions – Audit

		Responsibility	Deadline
September 2020			
Capital Expenditure Plan	<i>To be produced for committee's information as requested</i>	AEC	Feb 2021
November 2020			
Internal audit reports	NEST pension scheme – historical calculations to be verified.	AEC	Feb 2021
Capital Expenditure Plan	To be produced for committee's information as requested.	AEC	Feb 2021
Risk Register	Resourcing to be added to risk register.	MJ	Jan 2021