

# **UHI | NORTH, WEST AND HEBRIDES A TUATH, AN IAR IS INNSE GALL**

Audit & Risk Management Committee Meeting

Tuesday 27<sup>th</sup> June 2025 – 1715 MS Teams

Chair – Neil Hope

## 1. Welcome, Quorum & Apologies

The meeting is quorate as per item 139 of the Terms of reference for one half or 50% of the Membership of the Committee be present.

### Apologies

Struan Mackie, Independent Board Member

### Committee Members present

Ian MacEachern, Independent Board Member

Lydia Rohmer, Principal & CEO from 1810

Neil Hope, Committee Chair and Independent Board Member

Sarah Fraser, Independent Board Member from 1742

### Also Present

Derek Bond, Interim Vice Principal Resources & Enterprise (CFO)

Ellen Campbell, Board Secretary

Tom Rotherham, Deloitte

Jim Hutton, Health & Safety Officer

Kevin Mallett, Head of Finance

Scott McCready, Wbg (SMcC)

Tracy Kerr, Head of Performance & Planning

## 2. Declarations of interest

No declarations were made

## 3. Minutes approved from previous meeting, 26<sup>th</sup> February 2025

Last page of minute Approved (spelling error – “stage” not “stag” to be corrected on last page)

## 4. External Audit (Deloitte) Tom Rotherham (TR) Derek Bond (DB) and Kevin Mallet (KM)

### Audit timeline

Deloitte were approximately 75% through the 2023/24 audit of North, West & Hebrides (NWH) by 2<sup>nd</sup> May 2025, when they removed the audit resource to their NHS audits. The audit will not resume until July 2025 which will leave a 3–4-week window for Deloitte to complete the task. There will be a requirement for a special joint meeting of the Finance and General Purposes & the Audit and Risk Management Committees to discuss the 2023/24 college accounts and meet with auditors prior to the September 2025 board of management meeting. It was anticipated that the 2023/24 accounts would be signed off by the board at this meeting.

TR advised that this would be Deloitte's busiest time of year and that although they did not have the resources for all the work outstanding, the NWH 2024/25 audit was quite well progressed and back on track to be ready for December 2025 Board of Management meeting. A joint meeting of F&GP and A&RM would be required to discuss the 2024/25 accounts and meet with auditors prior to the December 25 Board Meeting.

The Chair stressed the necessity for Deloitte to keep to their schedule to be ready for both the September 2025 and December 2025 Board of Management meetings. Firm dates were required on completion of the accounts, when they could then be scrutinised at both F&GP and A&RM Committees. The agreed dates for December 2025 were tight, NWH would require to be alerted at the earliest opportunity if the schedule encountered any drift. The 2023/24 audit was effectively out of date. As such, the 2024/25 audited accounts must be delivered on time to ensure that they are a meaningful document. A&RM and F&GP joint meetings would require to be scheduled for September and December 2025.

The Principal was disappointed that an inaccurate statement and comment to a parliamentary committee had led to an article in the Herald and that Deloitte, due to their lack of resources leading to unnecessary delays, should take public ownership for the late presentation of the 2022/23 accounts for two legacy colleges. There was a section 22 already in progress. She was also concerned that the NWH 2023/24 audited accounts were late, causing further and serious reputational risk to the college.

TR agreed to take the Principal's concerns back to Deloitte. He further advised that the delay to the NWH 2023/24 audit was due to finishing off the two legacy colleges, which were signed in March 2025. There had then been a knock-on effect on the progression of the subsequent audits. NWH 2023/24 audit would be completed by September 2025. The NWH 2024/25 audit, by Christmas 2025. TR accepted that there had been a level of inefficiency from Deloitte auditing the legacy accounts. A lot of it had been to do with lack of staffing and availability.

The Chair highlighted to the meeting that the continued delay from Deloitte in producing 2023/24 audited accounts meant that NWH had been unable to deliver up to date audited accounts to a lender in relation to a legacy loan. This could be construed as a breach of a financial covenant and whilst the lender was well aware of the situation, this was not a position the college wished to be in.

## **Noted**

*1741 TR Left the meeting*

*1742 Sarah Fraser (SF) joined*

5. Internal Audit report – Scott McCready (SMcC) Wbg

Health & Safety audit report

Although a weak level assurance had been given, overall, the report showed the college had constructed a robust action plan to bring things back in line.

New risk assessment development had been delayed as legacy risk assessments had been archived on a rolling basis. There had been a change in accountability since the merger. There had also been delays in implementing the new structure with roles and responsibilities only recently being finalised.

**Action – Identification of a Board Member H&S champion was still outstanding.**

**Noted**

Annual report

There was presented the follow up review which had been conducted hi-lighting 41 recommendations.

The Chair and committee were accepting of the points raised in the internal audit, adding that as the college evolved, it would be stronger in these areas.

There was to be an AI policy, structure & strategy drafted which would be completed for the next round of committees.

**Approved**

Internal Annual plan

There were three funding audits scheduled for August 2025, January 2026 (risk management) and April 2026 (payroll). The timings for some of these audits were still under a degree of discussion.

**Approved**

Budgetary and financial reporting

This report had received an overall grading of Substantial with six good practice points. Responses had been put in place to address the low risks.

**Approved**

6. Confidential item

Withheld

7. Confidential item

Withheld

8. Confidential item

Withheld

## **Noted**

### 9. Cnoc Soilleir (CS) – Lydia Rohmer

NWH had been working on reducing its share in CS to 20% which was hoped to be achieved by the end of this financial year.

## **Noted**

### 10. Approach to end of year 2 merger report – Lydia Rohmer

The Principal gave an overview of this report on the merger business case which would go to the SFC, specifically focussing on lessons learned and self-evaluation, contributing to the UHI transformation programme. The report would include the views of Stakeholders, board members, LACs and the local Councils. Resourcing would be required for an officer to be employed as a consultant strategic planning officer to assist in completing this large piece of work.

## **Endorsed.**

With reference to the recent Herald article and the current Section 22 report with regard to the treatment of the capital asset of CS, the Principal was considering the NWH response to the Auditor General requesting correction to the article which had clearly reflected the opinion of the external auditors. Potentially, the same situation could arise for the NWH 2023/24 accounts to be laid before parliament in July 2025. The Principal, Board Chair and the Chair of A&RM may be called to give evidence. She asked the committee for advice on how to best to move forward.

The CFO advised that NWH need to robustly defend its position. There was a possible second Section 22 and/or scrutiny of the sustainability plan. No guidance had been given from UHI on this matter, though Mike Baxter was drafting a letter to the Auditor General to make a case for a more balanced report of the circumstances. The public narrative required to be corrected as to why accounts were late. Multiple colleges were in the same position due to Deloitte's inadequacies. The same was true for many Councils. Communication was required with UHI RSB route in the first instance, before approaching the relevant MSPs. NWH raised a complaint against Deloitte's in December 2023, which to date had not been resolved.

**The Committee endorsed that a robust response was required.**

### 11. Terms of reference (TofR)

The Committee were content with the current TofR in the main, though asked that two minor amendments be made as taken from the Risk Management model terms of reference handbook.

1. Procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.
2. The Audit and Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer.

**Action - The Board Secretary is to update the Terms of reference as requested and circulate to this committee for endorsement prior to June Board approval.**

Meeting closed 1919