

Audit & Risk Management Committee Meeting
Wednesday 13th November 2024 – 1615 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: Lydia Rohmer, Principal & CEO, Vicky Ferguson, Director of People and Culture, Ian Howse, Deloitte, Graham Gillespie, Wbg

Declarations of Interest

No declarations were made.

Committee Members present

Ian MacEachern, Independent Board Member
Neil Hope, Committee Chair and Independent Board Member
Sarah Fraser, Independent Board Member
Struan MacKie, Independent Board Member

Also Present

Derek Bond, Interim Vice Principal Resources & Enterprise (CFO)
Doug Rattray, Interim Head of Infrastructure
Ellen Campbell, Board Secretary
Fiona Grant, Interim Director of Curriculum & Student Experience
Giles Huby, Merger Programme Director
Hannah Ritchie-Muir, Interim Vice Principal Academic
Kevin Mallett, Interim Financial Controller (IFC)
Rebecca McConnachie, Deloitte
Scott McCready, Wbg
Tom Rotherham, Deloitte
Tracy Kerr, Interim Head of Performance & Planning

3. Minutes approved from previous meeting, 14th August 2024

Approved

4. External Audit (Deloitte)

Derek Bond (CFO) gave the opening brief on legacy college accounts. Lews Castle College had been completed and had been ready to be signed a few weeks ago. The Chair of the Board of Management has raised a few issues now with new engagement partner. These need to be dealt with in a separate meeting with Deloitte.

North Highland outstanding points were being picked up again with only a last couple of points outstanding. North, West & Hebrides (NWH) had a couple of dozen points being worked on which should be completed by the middle of next week.

Job evaluation re Scottish Funding Council (SFC) guidance with reference to a national review in 2018, aligning salary levels for support staff, will be a liability for the college if put in place. Funding has been accrued at £300k per year. SFC asked us to remove the asset from the accounts and make a contingent due to time lapse. There was a discrepancy as to how much had been accrued. Audit Scotland are not seeing this as a contingent liability and therefore it cannot recognise as an asset. Communication from SFC today states that we now must remove the asset and declare the cost.

CFO gave update on Cnoc Soilleir which is currently listed in Lews Castle accounts, currently valued as £1 (one pound). Deloitte will have to qualify the technical nature of the account. To avoid declaring a £5m asset in NWH accounts, we could reduce our stake in the property asset to 19%. A paper will be presented to F&GP Committee in the next few weeks, we can follow this course for 2024/25 accounts but will not be able to back date for 2023/24 accounts. The alternative is to declare an asset of £5m. We are awaiting a decision on this from Deloitte. The Board of Management will also need to decide on which is the best option at the next meeting on 11th December 2024. Tom Rotherham (TR) added that the qualified opinion is specific to the Joint Venture only and pinpointed to that.

Action – The CFO was requested to produce a paper for Board of Management decision at 11th December 2025 meeting as to asset value of Cnoc Soilleir.

The chair asked if both CFO and IFC were happy with scope and materiality of Deloitte document - both responded positively.

The chair added that dates for accounts were to be ready and forthcoming for arrangement of joint A&RM/F&GP Committee meetings, a reasonable assurance and timescale of the February date was required and the Chair requested as much advance notice as possible.

TR gave no further updates on the remaining two audits at this time.

A&RM agreed with Deloitte's approach to the proposed scope and structure of materiality of the audit.

Endorsed Committee endorsed the Deloitte audit plan.

1646 TR Left the meeting.

5. Confidential item

Confidential item, paper withheld.

Noted The Committee noted the updates to the Risk Register.

6. UHI impact assessment on UHINWH Year 1 Curriculum (Giles Huby)

The report assessed any change of service in curriculum activity. The format was the same as used for the organisation design impact assessment report. UHI had concluded that there had been no impact on the community in the past year. This report was approved by the UHI Executive last month and was now visible on their website. A Gaelic version of the report would also be published over the next few days.

Endorsed the Committee endorsed the impact assessment paper.

1655 Giles left

7. Performance & Planning Update (Tracy Kerr (TK))

Papers submitted cover 3 main areas, Compliance & Governance, DP & FOI and Health & Safety statistics reporting will require further work as this is still being done in the vein of the 3 legacy colleges.

6 of same red buttons not 23 different.

There will be no electronic recording of meetings until we can further investigate if there is a need for recording.

Chair, referring to Jennifers report noticed that procedures had not been signed off advised that a sound set of policies are required. Write directly to policy for signed off procedures underpinning policies. TK informed the Committee that the next steps will be discussed at ELT on 26 November 2024.

Ian MacEachern (IM) commented the paper was thorough with lots of stats allowing the drill down for information. IM questioned under the heading “On site incidents”, aggressive behaviour/vandalism if policies were in place and whether any students had been billed for acts of vandalism. TK affirmed that policies are in place, and that her team are in discussions with ELT, she was unsure of vandalism costs being billed to culprits.

Action TK will investigate if any students have been billed for vandalism.

The chair asked that the H&S Manager report to and attend next meetings going forward for internal audit processes.

Action H&S Manager to report to A&RM Committee quarterly.

Sarah Fraser (SF) noted that 6 students have reported the same incident which shows students are comfortable with the reporting structure. SF added that we need to ensure duty of care for staff in situations with aggressive students.

TK advised Fire Risk Assessments are currently being updated across all sites with designated Fire Wardens trained and undergoing refresher training. First Aid officers are also on site.

Action Chair asked that the H&S Manager bring a report to the next A&RM Committee detailing provision of First Aid and Fire Safety across all sites.

8. Internal Audit (Wbg)

8.1. Internal Audit Plan Scott McCready)

The plan has been developed from discussions with CFO for 2024/25
Page 9-13 are the key areas. Page 13 timelines reporting arrangements. High level scope of plans is detailed on pages 16 & 17, which we will revisit for 2025/26 plan and takeback to A&RM Committee.

Endorsed Committee endorsed the plan for onward to Board of Management Meeting 11th December 2024 for approval.

8.2. Student Support Funds

Noted by Committee

8.3. Student Support – EMA

Noted by Committee

8.4. Student Support – Credits

Page 4 of the report shows Wbg are content that reasonable controls are in place. Page 7 gives recommendations hi-lighted which have been accepted, we are currently looking to get checks in place.

The chair asked if the documentation mitigations were acceptable. SM confirmed.

Hannah Ritchie-Muir (HRM) advised that whilst working on recoding the 3 legacy colleges, a few errors had been identified which had now been resolved.

SM thanked the staff from NWH for all their hard work.

9. Risk Register (CFO). Report produced by the CEO/Principal

CFO advised that current year cash flow forecasts have been updated. There is an overlap of capital grant of £300k, which is more than had been originally forecast. Scot Gov will be covering costs of public sector. CFO and CEO met with UHI to secure figures which will be going to F&GP Committee next week.

The Committee were assured by the CFO's response.

Noted

10. Confidential item

Withheld

Noted

1735 Fiona Grant left the meeting

11. Dispute Update (CFO) Paper by Director of People & Culture

CFO gave brief that there are 4 points left in the local dispute including restructure of curriculum PL1 and islands impact. The Unions were given a back stop of October break, after them cancelling due to unavailability of staff. After having had a one-hour meeting with the Unions, Lydia gave them extra 2 weeks to respond in writing to mitigating actions. The response paper is lengthy with no agreement, the next stage would be to take this matter to Board. We have instead spoken to ACAS in an effort to reach conciliation. A positive outcome is hoped for. The dispute is causing issue of increase forecast staff costs as we cannot progress discussions for match in. Vacancies are not filled as those affected cannot engaged with redeployment process.

Noted

12. Climate Change Survey to SFC (Doug Rattray (DR) – joined meeting at 1746)

DR referred to the FOI paper in preparation for submission at end of this month. There is a statutory requirement to report on emissions. For governance, the college should currently be looking to develop sustainability to feed into college operations.

Emissions & Projects – each category stats showed 20-40% higher than in previous years.

This is accounted for by more reporting lines than there had been in previous years.

Climate change risk assessment may be prudent for onward actions on any changes we need to consider.

PPCD reporting is done annually, and a lot of work is involved, we need to think about how we source this going forward.

The Chair advised that these reports will be raised in external audits, therefore we need to have a sustainability lead within the colleges. An executive decision is required.

IM endorsed the Chair's advice adding that a thorough piece of work had been presented by Doug to this Committee including the time-consuming calculations of CO2 emissions re travel / expenses.

SF suggested that the College could academically research and develop tools for CO2 calculations which in turn may be a commercial source of revenue.

The Chair identified the need for a Sustainability lead role required within college as appointing someone in the role would be beneficial to college going forward. The Committee endorsed.

Endorsed Funding for Sustainability Lead role for the college to be taken forward to Human Resources for approval.

1801 DR left the meeting

13. Code of Good Governance, May 2024 (Board Secretary)

Endorsed

14. AOB

CFO asked the Committee to consider Board members not be subject to business insurance requirement in the driver mileage policy as they are volunteers, not staff.

Committee agreed.

Meeting closed 1810