

# Audit Committee Meeting, Quarter 3, 2023-2024

*Wed 6 March 2024, 16:30 - 18:30*

## Attendees

### Chair

- Claire Christey (Vice Chair of Audit Committee)

### Board Members

- Valerie Nicolson (Independent Director)
- Mason Robbins (Independent Director, Absent from 1, 2)

### Staff In Attendance

- Matt Sierocinski King (Board Secretary)
- Jane Lewis (Principal - Shetland UHI)

### Management Team Member

- Katrina Short (Head of Finance)

### Also In Attendance

- Sowmya Menon (Representative of Internal Auditors)

### Apologies

- Lauren Doughton (Interim Chair of Audit Committee)

## Meeting minutes

### Opening Items

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

Ms Christey (Vice Chair of Audit Committee) welcomed everyone to the meeting. She extended special welcoming remarks to Ms Short (Finance Director) and Ms Menon (Representative of Internal Auditors).

Apologies were noted from Dr Doughton (Interim Chair of Audit Committee).

## 2. Declarations of Interest

Ms Christey (Vice Chair of Audit Committee) asked if any member of the Committee wished to make any declarations with regards to items on the agenda. No such declarations were made.

## 3. Minutes of the Previous Meeting

Doctor Robbins (Independent Director) joined the meeting from this agenda item onwards.

### 3.1. Joint Meeting of Audit Committee with Finance and General Purposes Committee

Ms Christey (Vice Chair of Audit Committee) asked members of the Committee to review the Non-Confidential minutes of the Joint Meeting of Audit Committee with Finance and General Purposes Committee for matters of accuracy. She also asked members of the Committee to review the Confidential minutes of the Joint Meeting of Audit Committee with Finance and General Purposes Committee for matters of accuracy. Additionally, she asked members of the Committee to review the Confidential minutes of the closed session of the Joint Meeting of Audit Committee with Finance and General Purposes Committee for matters of accuracy. She further asked members of the Committee to review the Confidential minutes of the agenda items to which members of Finance and General Purposes Committee were not present at the Joint Meeting of Audit Committee with Finance and General Purposes Committee, for matters of accuracy.

**Decision:** The Committee approved the Non-Confidential minutes as a true and accurate record of the Joint Meeting of Audit Committee with Finance and General Purposes Committee.

**Decision:** The Committee approved the Confidential minutes as a true and accurate record of the Joint Meeting of Audit Committee with Finance and General Purposes Committee.

**Decision:** The Committee approved the Confidential minutes of the closed session as a true and accurate record of the Joint Meeting of Audit Committee with Finance and General Purposes Committee.

**Decision:** The Committee approved, as a true and accurate record, the Confidential minutes of the agenda items to which members of Finance and General Purposes Committee were not present at the Joint Meeting of Audit Committee with Finance and General Purposes Committee.

### 3.2. Quarter Two Meeting of Audit Committee

Ms Christey (Vice Chair of Audit Committee) asked members of the Committee to review the minutes of the previous meeting of Audit Committee for matters of accuracy.

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

## 4. Matters Arising

Mx Sierocinski King (Board Secretary) reviewed the matters arising and announced those that remained ongoing.

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

**Action:** The Board Secretary shall recirculate the Internal Audit plan from last academic year.

**Action:** Ms Menon (Representative of Internal Auditors) shall present the Internal Audit report for General Financial Controls 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

**Decision:** The Committee approved the deletion of "Shelly McInnes" and the insertion of "Katrina Short" into the Management Team Member box on the membership table.

**Action:** Mx Sierocinski King (Board Secretary) shall make the necessary amendments to the Terms of Reference and present them to the Board of Management for approval.

## Committee Matters

## 6. Chair of Audit Committee Recruitment

Ms Christey (Vice Chair of Audit Committee) introduced this agenda item. The Committee discussed the need to recruit a new Chair of Audit Committee, as Doctor Doughton (Interim Chair of Audit Committee) was serving in an interim capacity in the role until a replacement had been found, and was also due to resign as an Independent Director in the near future. Initially, no interest came forth from Independent Directors present at the meeting. The Vice Chair of Audit Committee then declared that when the Interim Chair of Audit Committee steps down from the role of Interim Chair of Audit Committee, Ms Christey (Vice Chair of Audit Committee) would step up to the role of Chair of Audit Committee.

**Decision:** The Committee decided to nominate Ms Christey (Vice Chair of Audit Committee) to Search and Nominations Committee to be recommended for appointment to the role of Chair of Audit Committee.

**Action:** The Vice Chair of Audit Committee and Interim Chair of Audit Committee shall agree a date of transition.

**Action:** Mx Sierocinski King (Board Secretary) shall support the transition and the handover of the role of Chair of Audit Committee between Doctor Doughton and Ms Christey.

**Action:** The Board Secretary shall, on behalf of Audit Committee, write to Search and Nominations Committee setting out the nomination of Ms Christey for the role of Chair of Audit Committee.

## 7. Vice-Chair of Audit Committee

Ms Christey (Vice-Chair of the Committee) suggested, that based on the decisions made in the previous agenda item, that this matter be delayed for a future meeting of Audit Committee.

**Decision:** The Committee agreed to delay the recruitment of the next Vice Chair of Audit Committee for a future meeting of Audit Committee.

**Action:** Mx Sierocinski King (Board Secretary) shall add the topic of Vice Chair of Audit Committee to the next meeting of Audit Committee.

## 8. Training for Members

Mx Sierocinski King (Board Secretary) reminded Doctor Robbins (Independent Director) to complete the Audit Committee training via this link:

<https://professionallearning.collegedevelopmentnetwork.ac.uk/course/view.php?id=159>

**Action:** Doctor Robbins (Independent Director) shall complete the training and then send a copy of the certificate of completion to the Board Secretary.

## 10. 2022-2023 Audit Committee Annual Report

Mx Sierocinski King (Board Secretary) gave a verbal update on this matter, and confirmed that the report could now be written as BDO had confirmed their final Audit opinion had been issued in their 2022-2023 Internal Audit Annual Report.

**Action:** The Board Secretary is to prepare a draft 2022-2023 Audit Committee Annual Report for circulation to the Committee, with the view that the amended report be recommended to go to the Quarter 3 Meeting of the Board of Management at the end of March.

## Audits

### 11. Audit and Verification Activity

Professor Lewis (Principal) updated on the progress, from the management perspective, on the Internal Audits that had taken place, both in terms of Internal Audits that had been undertaken by BDO, and the variety of other such audits undertaken on the academic side of Shetland UHI. She also asked if the Committee had any further comments to the document. No comments were made.

**Noted:** The Committee noted the update on the Shetland UHI Audit and Verification Activity for 2023-2024.

## **12. Internal Audit**

### **12.1. Research Governance Management**

Mrs Menon (Representative of Internal Auditors) introduced the report on the Research Governance Management and detailed the findings to the Committee. She then opened the floor to questions. No questions or comments were made.

### **12.2. GFC Internal Audit**

Mrs Menon (Representative of Internal Auditors) confirmed that the Internal Audit for General Financial Control was in progress, with hope for completion next week.

### **12.3. 2023-2024 Timeline Update**

Mrs Menon (Representative of Internal Auditors) updated the Committee on the progress of the Internal Audits for this academic year. She confirmed that she expected that the Payroll Internal Audit and the Student Recruitment Internal Audit are both close to closure, with the remaining Internal Audits ongoing.

The Committee discussed the timeline of the General Financial Control Internal Audit, and noted the progress based on the response given by the Representative of Internal Auditors.

### **12.4. Follow-up Report**

Mrs Menon (Representative of Internal Auditors) confirmed that the Follow-up Internal Audit was due to arrive with the Committee by July.

### **12.5. 2022-2023 Annual Internal Audit Report**

Mrs Menon (Representative of Internal Auditors) spoke to the Committee about the final version of the 2022-2023 Internal Audit Annual Report, the Internal Audits covered, and findings established. She also spoke about the conclusions reached. She confirmed that the Internal Audits covering Research Governance Management and General Financial Controls will be incorporated into the 2023-2024 Internal Audit Annual Report.

The Committee discussed the annual reporting process, the number of audits, and the process of Internal Audits for this academic year. Professor Lewis (Principal) conveyed the Shetland UHI perspective upon the lack of a satisfactory working relationship with BDO last academic year.

## **Risk Management**

### **13. Risk 6 - Governance Risk**

Mx Sierocinski King (Board Secretary) gave a presentation on Risk 6 - Governance Failure, and highlighted the Causes, Owner and Impacts of Governance Failure to the Committee. The Board Secretary detailed the actions in place to minimise the risk, and focused this part of the presentation on the progress made with both Internal and External Audits, with a forthcoming action to produce the 2022-2023 Annual Audit Committee report to the Board of Management.

The Board Secretary then spoke in detail on the progress since the last meeting of Audit Committee, upon the action regarding the Management of Turnover of Directors, noting the successful appointment of Staff and Student Directors, the implementation of the Board Extensions Policy, and the review of the Articles of Association to incorporate Trade Union Directors. The Board Secretary specifically highlighted to the Committee the ongoing attempts to complete recruitment for the following roles on the Board of Management:

- Chair of the Board of Management
- Vice-Chair of the Board of Management
- Independent Directors
- Seafood Industry Director
- Chair of Audit Committee (while noting that a nomination had now been made by Audit Committee)
- Chair of Finance and General Purposes Committee
- Chair of Human Resources and Remuneration Committee
- Vice-Chair of Finance and General Purposes Committee
- Vice-Chair of Human Resources and Remuneration Committee
- Vice-Chair of Learning, Teaching, and Research Committee

The Board Secretary stated that the pre-mitigation risk level of 20, and the post-mitigation risk level of 9 had not changed since the last meeting of Audit Committee.

Ms Christey (Vice Chair of Audit Committee) invited discussion from the Committee on the presentation given. No discussion was had.

## 14. Risk 7 - Financial Failure

Ms Short (Head of Finance) gave a presentation on Risk 7 - Financial Failure, to the Committee. She spoke about the causes and owners. She then detailed the actions to minimise the risk. She spoke about the action plan to mitigate the risks, which focussed on Employment Controls, Identification and implementation of efficiency savings, Growing the business through maximising existing resources, Restructuring/Recovery plan, Close communications with the RSB/SFC.

The Head of Finance stated that the residual risk level pre-action was 16, while the residual risk post-action was 12.

The Committee discussed the presentation. Mrs Menon (Representative from Internal Auditors) asked a question regarding the location of the topic of Fraud and whether it is included in Risk 7. The Committee discussed cost of living pay rises and how it is included in the Risk.

Professor Lewis (Principal) left the meeting temporarily during this agenda item due to technical difficulties.

**Action:** The Head of Finance is to confirm to the Committee which risk Fraud falls within.

## 15. Risk 5 - Non-Compliance

Professor Lewis (Principal) gave the presentation on Risk 5. She spoke to the Committee about the identified causes and impacts. She detailed the actions to minimise the risk which fell under the headings of: Staff training, Information available to staff, Document control, Data register and Annual Audit, Keeping up to date with new legislation and requirements.

The Principal identified the residual risk pre-action level to be 15, and the residual risk post-action level to be 10.

The Committee discussed the matter. Ms Christey (Vice Chair of Audit Committee) raised the matter of a register of laws that apply to Shetland UHI. The Principal responded, and accounted for why that was not the case for just now, but could come forth later in time. The discussion also covered the topic of Fraud, whether it should be included under either risk 5 or risk 7, and to substantiate the topic of fraud more under its designated risk.

**Action:** The Senior Management Team shall determine which risk the topic of fraud should fall under, and to substantiate it under its designated risk, accordingly.



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

**Noted:** The Committee noted the updates on the changes to the Risk Register as a whole.

## Other Items

### 17. Assignment to Regional Strategic Body

Mx Sierocinski King (Board Secretary) introduced the agenda item, and explained that the papers demonstrated the actions undertaken since the previous Audit Committee meeting to comply with the Code of Good Governance and enhance the progress of Shetland UHI towards assignment to UHI as the Regional Strategic Body, with the newly completed tasks highlighted accordingly in the completed actions document. The Board Secretary asked if in future, this agenda item, could be taken as a starred item for noting.

**Decision:** The Committee decided that in future the agenda item of Assignment to Regional Strategy Body, should return to the Committee as a starred item for noting.

**Action:** The Board Secretary shall add Assignment to Regional Strategic Body as a starred item for noting on the agenda of all Audit Committee meetings thereafter.

### 18. Companies House Update

Mx Sierocinski King (Board Secretary) introduced the agenda item, and explained that the paper demonstrated that all new Directors appointed since the Annual General Meeting had been registered with Companies House within the two week requirement. The Board Secretary asked if future updates could be taken as a starred item for noting.

**Decision:** The Committee decided that all future Companies House updates should return to the Committee as a starred item for noting.

**Action:** The Board Secretary shall add Companies House updates as a starred item for noting on the agenda of all Audit Committee meetings thereafter.

## 19. \*Health and Safety Committee Minutes

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

## Closing Items

### 20. Any Other Business

Professor Lewis (Principal) plugged the 12:30 Town Hall International Womens' Day event on Green Skills.

Ms Christey (Vice Chair of Audit Committee) gave thanks to Shetland UHI and Dynamic Earth for the Space Day event. The Principal confirmed that over 400 people attended.

Audit Committee thanked the Vice Chair of Audit Committee for her Chairing, and Dr Robbins (Independent Director) for attending from a different time zone.

### 21. Date of Next Meeting

The date of the next meeting is Wednesday 5th June 2024

Agenda Item	Action	Responsible	Progress
4	Recirculate the UHI risk management strategy and the workshop paperwork 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 Menon (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	
5	Make the necessary amendments to the Terms of Reference and present them to the Board of Management for approval.	Mx Sierocinski King (Board Secretary)	
6	Agree a date of transition.	Vice Chair of Audit Committee and	

		Interim Chair of Audit Committee	
6	Support the transition and the handover of the role of Chair of Audit Committee between Doctor Doughton and Ms Christey.	Mx Sierocinski King (Board Secretary)	Ongoing
6	On behalf of Audit Committee, write to Search and Nominations Committee setting out the nomination of Ms Christey for the role of Chair of Audit Committee.	Board Secretary	
7	Add the topic of Vice Chair of Audit Committee to the next meeting of Audit Committee.	Mx Sierocinski King (Board Secretary)	
8	Complete the training and then send a copy of the certificate of completion to the Board Secretary.	Doctor Robbins (Independent Director)	
10	Prepare a draft 2022-2023 Audit Committee Annual Report for circulation to the Committee, with the view that the amended report be recommended to go to the Quarter 3 Meeting of the Board of Management at the end of March.	Board Secretary	
14	Confirm to the Committee which risk Fraud falls within.	Head of Finance	
15	Determine which risk the topic of fraud should fall under, and to substantiate it under its designated risk, accordingly.	Senior Management Team	
17	Add Assignment to Regional Strategic Body as a starred item for noting on the agenda of all Audit Committee meetings thereafter.	Board Secretary	On Agenda
18	Add Companies House updates as starred items for noting on the agenda of all Audit Committee meetings thereafter.	Board Secretary	On Agenda