

**Final Version Minutes of the Joint Meeting of the
Audit and Finance & General Purpose Committees
held at 2.15 pm on Friday, 26th February 2021
via Microsoft Teams**

Present: Scott Matheson (SM) Audit Chair; Maggie Tierney (MT) F&GP Chair; Elodie Nowinski (EN); Billie Smith (BKS); Tony Dalgaty (TD); Jim Findlay (JF); Bettina Sizeland (BS); Martin Jones (MJ); Andrew Campbell (AMC)

Apologies:

In Attendance: Steven McNaught (SMcN) MHA Henderson Loggie; Ailsa Close (AEC); Elaine Munro (EM); Vicky Daveney (VD)(Secretary)

No	Item	Action
21.1.1	Welcome and apologies for absence MT introduced herself as the new F&GP Chair and welcomed members and Steven McNaught of MHA Henderson Loggie (Internal audit).	
21.1.2	Declaration of interest & to identify if any items deemed to be confidential. BKS reported that her 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 are in place. JF declared his position as a local authority councillor. 21.1.14 contains a confidential item.	
21.1.3	Minutes of the meetings held on 11th December and 27th November 2020 were approved. The minutes to be signed by Chairs as an accurate record of the meeting.	VD/SM/MT
21.1.4	Outstanding Actions <ul style="list-style-type: none"> • Capital Expenditure Plan – deadline extended. Noted that the management accounts has note seeking approval for purchase of IT equipment for staff working from home and to comply with GDPR. 	
21.1.5	Matters arising <p>(a) Nursery update – AEC reported that the tenants are now in the building. Auditors seeking Boards view of how the building should be handled on the balance sheet. The auditors suggest it should possibly be viewed as an investment property, and that it would be valued on the basis of eg 10 years rental income. Since the current lease is only short term though, suggestion was made that the valuation is revisited at each balance sheet date and amended in line with that. It was agreed AEC should discuss further with the external auditors and prepare a paper for the Board meeting.</p> <p>ACTION: AEC to prepare paper</p>	AEC
21.1.6	Capital Infrastructure Investment – New Dunoon Centre Update MJ reported no significant progress, although the Rural Growth Deal for Argyll & Bute has now been signed off by Holyrood and Westminster Governments which may increase momentum. MJ to attend a meeting in 3 weeks.	

21.1.7	<p>Risk Register</p> <p>SM asked the committees for comments on the risk register and whether any risk should be increased to red. MJ reported that Covid risks had been separated into specific lines, ie danger to strategic projects and risks to staff through burnout. MT agreed that Covid risks should all be red but was surprised they were not included in the draft annual report. AEC confirmed that a discussion has taken place with the auditors and Covid and Brexit will be added to the annual report, including EM's Covid measures report. SM added that any red risks relating to the UHI change programme should feature in the annual report. MT asked why viability of delivery is a risk. MJ explained that this is a long-standing risk which reflects the precarity of our courses and the difficulty of recruiting sufficient numbers to allow courses to run viably.</p> <p>JF suggested it was important to also review the amber risks and the likelihood of them becoming red risks. MJ stated that some of the red risks may be resolved as part of structural change. JF added that lines 35-40 will change in line with Covid restrictions but preparing for a new way of working will be key.</p>	
21.1.8	<p>Internal Audit Reports 19/20 – Review of reports and actions to date</p> <p>AEC confirmed that investigations into the NEST pension showed the error had occurred during a payroll system upgrade in April 2017. The calculation for potentially underpaid PAYE is £11,815. A voluntary disclosure has been submitted to HMRC. There is a risk of a fine of maximum £3,500. SM requested this item be kept on the agenda until fully resolved.</p>	
21.1.9	<p>Internal Audit Plan 20/21 – presentation by HLCA</p> <p>SMcN reported that the 3 year plan had been presented last year, but due to lack of opportunity for business development in the last year it has been deferred, with building maintenance review replacing it. SM queried the relevance of recruitment for this year. AEC explained that the same processes are in place so it seems sensible. SMcN added that student recruitment is the colleges primary function, there may be some adaptations due to Covid, but it is a key process of Argyll College. SM asked the committee for any other comments, the committee were happy to adopt the Draft Audit Plan.</p>	
21.1.10	<p>Draft audited accounts for year ended 31 July 2020</p> <p>SM asked whether a final draft would be brought to the Board. AEC stated the auditors need to review the file first, and may not be in a position to deliver these for the Board meeting on 12 March. AEC asked the committees if any member would like to add to the Directors Report. SM suggested that any comments be emailed to AEC by end of play Wednesday 2 March. AEC confirmed that the accounts look healthy with costs well controlled, but income is always difficult to predict going forward. Support side of college is currently too lean although there are discussions about changing this. AMC stated that funds should be used to take pressure off over-worked teams and thanked staff for their work during the pandemic.</p>	
21.1.11	<p>Draft Union Recognition – update</p> <p>MJ reported that Joe Wright has ongoing meetings with EIS, including the local branch and area but a final draft has not yet been agreed. AEC added that UNISON has been contacted several times but there has been no response.</p>	
21.1.12	<p>Health & Safety</p> <p>i) Quarterly health & safety report</p> <p>SM was pleased to see the new quarterly report. TD commented that usually near misses would be higher, but during the current climate fewer recorded incidents were to be expected. MJ stated that the process of coming out of lockdown is/will be difficult and has involved the Health & Safety Consultant and individual discussions with lecturers. JF added that there should be an awareness of health & safety in the home working environment. TD commented that these can be more difficult as people are less likely to report on them. MJ reported that he has been talking to Inverness College who employ a full-time health & safety person, with a view to importing working</p>	

	<p>practices and closer sharing of resource. TD agreed this was a positive step, stressing the importance of involving all staff in safety discussions and audits.</p> <p>ii) Health & Safety Policy for approval</p> <p>TD commented that the policy was very thorough and comprehensive. The policy was approved.</p>	
21.1.13	<p>Management Accounts to 31 January 2021</p> <p>AEC confirmed that a surplus is being reported at the halfway point in the year. Income has been higher and expenditure lower than forecast, although waiting for confirmation of increase to support staff pay. The employer pension contribution is increasing significantly from 21.6-29.9% from 1 April 2021.</p> <p>£133k has been committed for improvements over the last 2 years:</p> <ul style="list-style-type: none"> • Islay is still outstanding as quotes were higher than expected, the requirement for the work may be revisited as a result of Covid. • Improvements are planned for Lochgilphead and CERC. <p>AEC asked the committees to consider proposal to buy laptops for use by all college staff and upgrading desktops in centres, partly to assist in ensuring compliance with GDPR requirements is a reasonable use of funds. AEC added that forecasted figures have changed to reflect no commercial income and no vending or catering income before end July. MT asked the committee for questions or comments. AMC was in favour of spending on IT to make sure centres are up-to-date and enable staff to work from home. MT and BS added their support. MT commented on the significant increase to the employer pension contribution. JF asked if laptops had been supplied to staff previously. AEC confirmed that staff had been loaned centre laptops. JF asked whether appropriate policies and procedures are already in place. MJ confirmed that acceptable use policies are in place. SMCN asked what the impact of furlough will be on staff costs and whether student needs for IT have been identified. AEC confirmed that no staff are currently furloughed and all students who require a laptop have been issued with one.</p>	
21.1.14	<p>AOCB</p> <p>a) RAM Consultation – MJ reported that the consultative period has ended and it is moving forward but nothing substantive to report currently.</p> <p>b) UHI 'Financial Recovery Plan' – MJ reported plan is based around each partner making significant savings. A draft paper will go to Partnership Council w/c 1 March then to Court of UHI. The figure includes the EO deficit and extra funds to create a fund for distribution to partners. The new Vice Chancellor will decide how to proceed.</p> <p>c) UHI Aligned Common Finance Service – AEC reported this has apparently been put on hold for the moment.</p> <p>d) CCTV Policy – AEC reported that CCTV is placed in the centres but not intrusive. CSCS testing requires the individual taking the test is recorded. This is a UHI policy. SM recommended the policy be reviewed for covert recording.</p> <p>e) Review of accounting procedures – AEC asked for the committee to agree to the review being postponed for 6 months as many of the procedures currently in place require reviewing and changes in a number of areas. The committee approved this course of action.</p> <p>ACTION: AEC to review CCTV policy for covert recording.</p>	<p>AEC</p> <p>AEC</p>
	<p>Date of next meeting</p> <p>Committee Meetings – Friday 21st May</p> <p>Board Meeting – Friday 4th June</p>	
	<p>Signed by</p> <p>..... Date</p> <p>Chair of Audit Committee</p>	

