UHI INVERNESS

Meeting	Audit Committee
Date and time	Tuesday 07 June 2022 at 8.30 a.m.
Location	Hybrid Meeting: In Person – Room 205, Inverness Campus Virtually – via Microsoft Teams

Board Secretary
31 May 2022

AGENDA

Welcome and Apologies
Declaration of Interests and/or any Statement of Connections or Transparency Statements.

ITEMS FOR DECISION

1. **MINUTES**

   a) Minutes of the Meeting of the Audit Committee held on 08 March 2022
   b) Minutes of the Joint Audit and Finance and General Purposes Committee held on 17 March 2022

2. **a. OUTSTANDING ACTIONS**
   b. RECOMMENDATIONS LIST – EXTERNAL AUDIT - FOR YEAR ENDED 31 JULY 2021

3. **EXTERNAL AUDIT PLANNING REPORT**
   Report by EY

4. **INTERNAL AUDIT**
   a) Procurement – March 2022
   b) Student Application, Enrolment and Induction – April 2022
   c) Covid-19 – Quality and Assessment – April 2022
   d) Staff Recruitment – April 2022
   e) Progress Report 2021-22 – June 2022

ITEMS FOR DISCUSSION

5. **INTERNAL AUDIT – FOLLOW UP ON RECOMMENDATIONS**
   Report by Assistant Principal – Finance and Audit

6. **PROCUREMENT OF INTERNAL AUDITORS**
   Verbal Update from Assistant Principal – Finance and Audit

7. **RISK MANAGEMENT**
   Report by Assistant Principal – Finance and Audit

8.   **COMMITTEE AND CHAIR EVALUATION**
        Report by Board Secretary

ITEMS FOR NOTING

9.   **AOCB**

10.   **DATE OF NEXT MEETING – 18 October 2022**

A closed session with Internal Auditors will take place directly after this meeting.

If any member wishes to add an item of business to the Agenda, please inform the Chair and the Board Secretary as soon as possible. Additional items of business will be considered for inclusion in the agenda in advance of and at the start of the meeting.

University of the Highlands and Islands
Inverness College

Board of Management

MINUTES of the HYBRID MEETING of the AUDIT COMMITTEE held via Microsoft Teams and Room 205 Inverness College Campus on Tuesday 08 March 2022

PRESENT:	Sally Blyth, Gillian Galloway, Amy Goodbrand, Samantha Cribb, Chris O'Neil, James Millar, and Innis Montgomery
CHAIR:	Gillian Galloway
APOLOGIES:	Tina Stones, Information Systems Manager, Claire Robertson, BDOLLP, Internal Auditors and Stephen Reid, EY, External Auditors
ATTENDING:	Assistant Principal – Finance & Audit Assistant Principal – Academic & Research Chloe Main, BDOLLP, Internal Auditors Olga Potapova EY, External Auditors Board Secretary
OBSERVERS:	Mark Sheridan Michael Beveridge

The Chair welcomed everyone to the meeting and introduced the new members to the Committee. The Chair highlighted that a private meeting between Committee Members and the External Auditors would take place directly after this meeting.

There were no declarations of interest noted.

1. **MINUTES**

   Minutes of the Meeting of the Audit Committee held on 19 October 2021

   Decision: The Minutes of the Meeting of the Audit Committee held on 19 October 2021 were **AGREED** as a correct record and were **APPROVED**.

2. **OUTSTANDING ACTIONS**

   Committee Outstanding Actions:

   - Internal Audit Procurement – the committee noted that this item would be discussed further within the agenda.

   - Cyber Security Audit – the Principal advised that the login process has been reviewed and is now subject to dual authorisation. The Committee welcomed the increased security and our continued caution following the cyber incident and the cyber security audit.
   Decision: It was **AGREED** that this item can be removed from the list.

   - Corona Virus Job Retention Scheme Grant Audit – The Assistant Principal – Finance and Audit advised that a paper would be shared with the Joint Audit and Finance and General Purposes Committee on 17 March 2022 which will address the demands placed upon the Shared Finance Team. The Chair advised that this

report provides both Committees with the background to a number of elements which impacted upon the Shared Finance Team and that she was content that this issue had been explored satisfactorily.
Decision: It was **AGREED** that this item can be removed from the list.

- Finance Team Restructure - the Committee noted that a report on the Shared Finance Service was to be discussed at the HR Committee on 10 March 2022. The Principal provided the Committee with a verbal update on the restructure. The Committee noted that stage 1 and 2 had been completed but that stage 3 had stalled due to union concerns. The Committee was advised that following discussions with unions they are considering the proposed job descriptions.

The Assistant Principal – Academic and Research joined the meeting.

- Internal Audit – Follow Up Report – the Committee noted that this item would be discussed further within the agenda.
Decision: It was **AGREED** that this item can be removed from the list.

- Internal Audit – Value for Money – the Committee noted that this item would be discussed further within the agenda.
Decision: It was **AGREED** that this item can be removed from the list.

- Business Continuity – The Principal highlighted his concerns over the additional work which inclusion of case studies to the Business Continuity Plan would demand. The Committee agreed that this would not be required.
Decision: It was **AGREED** that this item can be removed from the list.

- Audit Committee Annual Report and Letter for EY - the Committee noted that this item would be discussed further within the agenda.
Decision: It was **AGREED** that this item can be removed from the list.

Outstanding Recommendations from External Audits:

1. NPD Model – The Assistant Principal – Finance & Audit advised the Committee that he had met with an NPD Specialist from EY but highlighted that he required time to look at this issue to enable him to fully understand it. As a result, the model for year 2020-21 will remain as is. The Committee noted that it is hoped that the review of the NPD model would be completed prior to work being conducted in respect of year 2021-22. The Committee noted the complexity of this review.

2. NFI Exercise – The Assistant Principal – Finance and Audit advised that the External Audit carried out by EY for the year 2020-21 has confirmed that we have made substantial progress with regards this. EY confirmed that they are happy for this recommendation to be removed from the list.
Decision: It was **AGREED** that this item could be removed from the list.

3. **INTERNAL AUDIT**

   a) EMA 2020-21 – October 2021

BDO advised the Committee that one recommendation had been flagged within this

audit which related to the SFC requirement that we spot check 5% of claims throughout the year. The Principal advised that the first spot checks were conducted in November 2021 with further checks to be scheduled following this week's Education Scotland visit. The Committee noted that we are now fully compliant with this requirement. As such it was noted that this recommendation does not require to be included within the outstanding recommendations list.

b) FES Return 2020-21 – October 2021
c) Student Support Funds 2020-21 – October 2021

BDO advised that the FES Return and the Student Support Funds Return had found no recommendations.

BDO provided the Committee with an explanation over fees which span over 2 Academic Years.

d) Updated Internal Audit – Annual Report 2020-21

The Committee noted that the Internal Audit Report 2020-21 had previously been discussed at the meeting held on 19 October 2021 and that it has been updated to include references to Value for Money on pages 3 and 8 of the report.

4. **INTERNAL AUDIT – FOLLOW UP ON RECOMMENDATIONS**

The Assistant Principal – Finance and Audit spoke to his report and the Committee discussed the following recommendations:

2018-19 Business Continuity Review

1. **Decision:** The Committee **AGREED** that this item could be removed from the list.
2. **Decision:** The Committee **AGREED** that this item could be removed from the list.

2018-19 Curriculum Planning

3. **Decision:** The Committee **AGREED** that this item could be removed from the list.

2019-20 Business Planning and Performance Management

4. **Decision:** The Committee **AGREED** that this item could be removed from the list.
5. **Decision:** The Committee **AGREED** that this item could be removed from the list.

2019-20 Cash Handling

Nos 6-9. The Assistant Principal – Finance and Audit advised that progress is being made with regards cash handling. The Committee noted that this had been a lower priority due to the lack of cash being received on Campus within Academic Year 2020-21. The Committee was advised that further measures will be implemented, and an update would be provided to the Committee at the next meeting.
Decision: It was **AGREED** that these items would remain on the list.

2019-20 Health and Safety

Nos 10-11. The Committee noted that progress was being made with regards these recommendations.
Decision: It was **AGREED** that these items would be removed from the list.

2019-20 Estates Management

12. The Committee noted that plans for capital spends for this year were being agreed. It was reiterated to the Committee that delays with regards the allocation of spends is due to a third party managing the site. The Assistant Principal – Finance and Audit advised that a report on capital spend will be discussed at the Finance and General Purposes Committee Meeting being held on 17 March 2022 and that a draft Estates Plan is being agreed with GTFM. The Committee noted that this issue will continue to be monitored.
Decision: It was **AGREED** that this item could be removed from the list.

2020-21 Workforce Planning

Nos 13-16. The Committee noted that the Assistant Principal – Operations and External Relations is supporting the HR Team in respect of these recommendations. The Committee noted that since the Workforce Planning Audit was conducted a Talent Management Framework has been developed.
Decision: It was **AGREED** that these items would remain on the list.

2020-21 Finance System Upgrade

Nos 17-20. The Assistant Principal advised that the Finance Team had been working hard to ensure that the finance systems were functioning following the cyber incident. The Assistant Principal – Finance and Audit advised the Committee that he took on board points within the recommendations but advised that currently we are not able to deliver on all of these recommendations. The Committee were provided with an update in respect of the Cintra Upgrade, the changes made following the cyber incident and potential training requirements. A discussion on the Tech 1 system also took place. Following discussion the committee felt that these items were not Finance Team issues (apart from item 18 which has been delivered by the Finance Team) but rather wider College Project Management issues. The Committee discussed Project Management and the processes and systems which we have in place to monitor projects. It was noted that rather than the Finance Team the EMT would deliver these recommendations.
Decision: It was **AGREED** that these items would be considered under a new heading "Systems" and that our follow up tracker will be updated to reflect that the EMT would deliver on these recommendations.

5.   **PROCUREMENT UPDATE ON SELECTION OF INTERNAL AUDITORS**

The Assistant Principal – Finance and Audit spoke to his report and the Committee discussed the project milestones, the expected cost and quality split and estimated timelines.

Action: The Audit Chair will consult with members to agree membership of the procurement panel and then report back to the Assistant Principal – Finance and

Audit.

The Committee acknowledged the requirement to adhere to the timeline to ensure that the procurement exercise is conducted in a timely manner.

6. **RISK MANAGEMENT**

The Assistant Principal – Finance and Audit advised the Committee that the following risks had been increased:

- Risk 17 – this had been increased due to expected flat funding implications.
- Risk 18 – this has been increased due to the expected FE shortfall and SFC clawbacks.
- Risk 20 & 21 – these had been increased due to the expectation that we would not meet our credit targets.
- Risk 26 – this has been increased due to expected flat funding implications.
- Risk 35 – this has been increased due to the rising numbers of Covid-19 within the local community.

The Assistant Principal – Finance and Audit highlighted that risk 25 had been decreased due to the governance work being conducted by the Board of Management.

The Committee discussed the risk register and the matrix which is used. It was highlighted that we use both a matrix and a rag register system to quantify our risks.
Action: the Committee will be provided with an explanation of the matrix system.
Action: we will look at whether the register could be colour coded to reflect the rag rating system.

The Committee highlighted the risks associated with the conflict in Ukraine, the rise of cyber attacks and the rising costs of energy and resources and were advised that these risks were associated with our financial stability and had been considered. The Committee discussed the requirement for the risk register to have an outward perspective and the need to ensure that we capture this within it.
Action: It was noted that we would look at whether an additional category for global issues and how they are presented within the risk register is required.

7. **DRAFT ANNUAL AUDIT COMMITTEE REPORT AND DRAFT LETTER TO EY PROVIDING AN UNDERSTANDING OF OUR OVERSIGHT AND MANAGEMENT PROCESSES AND ARRANGEMENTS**

The Board Secretary advised that the Draft Annual Audit Committee Report had been updated to reflect the suggestion that the membership section includes the joining and leaving dates of members and that the report includes information on the restructuring of the Shared Finance Service, the roll out of new systems, reprioritisation of activities due to Covid-19 and issues which arose due to the cyber incident.

Action: It was noted that the annual audit committee report would be updated to provide clarification as to why there is a difference between the timeframe for the BDO audits and when they are discussed at Audit Committee. It was also noted that an amendment to the Audit Chair's joining date was required.

The Board Secretary advised that the letter to EY had been updated to provide them

with additional information with regards our oversight and management processes and arrangements with regards to fraud or error. The Assistant Principal – Finance and Audit provided the Committee with an update to the narrative within the letter.

Decision: Pending the above amendments to the Annual Audit Committee Report it was **AGREED** that this could be put forward to the Joint Audit and Finance and General Purposes Committee for recommendation for final approval by the Board of Management.

Decision: It was **AGREED** that the Audit Chair could sign the letter to EY.

8. **AOCB**

The Committee gave their thanks to the Assistant Principal – Finance and Audit and the Shared Finance Team for all their work.

9. **DATE OF NEXT MEETING – 07 June 2022**

Signed by the Chair: _____

Date: _____

University of the Highlands and Islands
Inverness College

Board of Management

MINUTES of the JOINT MEETING of the AUDIT & FINANCE AND GENERAL PURPOSES COMMITTEES held via Microsoft Teams on Thursday 17 March 2022

PRESENT:	Sally Blyth, Kelly MacKenzie, Chris O'Neil, Donald MacKenzie, Innis Montgomery, Gillian Galloway, James Millar, Amy Goodbrand
CHAIR:	Donald MacKenzie and Gillian Galloway
ATTENDING:	Chair of Board of Management
	Assistant Principal – Finance and Audit
	Assistant Principal – Operations and External Relations
	Assistant Principal – Academic and Research
	Shared Service Finance Manager
	Operations and Commercial Manager
	Stephen Reid, Ernst & Young
	Olga Potapova, Ernst & Young
	Chloe Main, BDO
	Board Secretary
OBSERVER:	Michael Beveridge
	Rojan Kumar Subramani
APOLOGIES:	Samantha Cribb, Russell Edwards, Tina Stones, Ruth McFadyen, Arvinder Kainth and Claire Robertson, BDO

The Chair of the F&GP Committee communicated to the Joint Committee that he would chair item one of the agenda with the Chair of the Audit Committee Chairing the remainder.

There were no declarations of interest noted.

1. DRAFT AUDITED ACCOUNTS AND ANNUAL AUDIT REPORT 2020/21

a) Covering Report by Assistant Principal – Finance and Audit

The Assistant Principal – Finance and Audit spoke to his report highlighting that we had received additional monies in respect of Covid-19, had out delivered in respect of the MicroRam, had benefited from work carried out in respect of debt control and that the Financial Recovery Plan had ensured the necessary savings that were required.

The Assistant Principal – Finance and Audit advised that some further work with regards reconciliation, the adjusted operating position and deferred grant release is still required.

Rojan Kumar Subramani joined the meeting.

The Assistant Principal spoke to the Balance Sheet and provided an explanation on the long-term liabilities in respect of pension funds.

The Joint Committee was advised that we had met with specialists in respect of NPD and that this remains a complex issue which the Assistant Principal – Finance and Audit will review in due course.

b) Draft Inverness College Annual Audit Report by Ernst and Young

Stephen Reid confirmed that Ernst and Young's independent auditor's report provided an unqualified opinion on our Financial Statements:
- gave a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council (SFC) of the state of the affairs of the College and Group as at 31 July 2021.
- had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- and had been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Stephen Reid gave his thanks to the Shared Finance Team for their work in ensuring that documentation was provided to them in a timely fashion.

It was highlighted to the Joint Committee that Ernst and Young's testing had not identified any material misstatements relating to revenue and expenditure and that having assessed the treatment of Covid-19 income related streams they concur with management's accounting treatment for these new streams.

The Joint Committee was provided with an update on the key focus for the upcoming years with pensions, value of property, plant and equipment, the sale of the Longman Site and NPD being highlighted to them.

The Joint Committee was advised that Ernst and Young were content that the College remains a going concern and that we have made the appropriate required disclosures within the financial statements.

The Joint Committee noted that in respect of wider scope and best value we had been scored as follows:
- Financial Sustainability – Amber
- Governance and Transparency – Amber
- Financial Management – Green

c) Letter of Representations

Stephen Reid confirmed that this was a standard letter in connection with the audit of the financial statements. No additional representation was sought as Ernst and Young had no areas of concern or adjustment.

d) Annual Report and Accounts for the Year Ended 31 July 2021

The Assistant Principal – Finance and Audit spoke to the Annual Report and Accounts for the Year Ended 31 July 2021 providing the Joint Committee with the background to capital budget spends, SFC monitoring and SFC draw downs.

e) End of Year Return to SFC

The Assistant Principal – Finance and Audit gave his thanks to the Shared Finance Manager and the Shared Finance Team for their work over the past year and provided the Joint Committee with an update in respect of staff budgets, the impact of the cyber incident and the impact of the installation of the new payroll system

The Joint Committee gave their thanks to the Shared Finance Team for all their work in respect of both the Annual Report and Accounts and the External Audit.

Decision: The Joint Committee **NOTED** the contents of the Annual Report and Accounts for the year ended 31 July 2021, the draft Annual Audit Report by Ernst and Young and the letter of representation and **RECOMMENDED** all be taken to the Board of Management for approval at their meeting being held on 31 March 2022.

2.   MEETING WITH EXTERNAL AUDITORS

The Board Secretary advised that Audit Committee Members had met privately with a representative from Ernst and Young on 08 March 2022 to ensure compliance with the Code of Good Governance and the Audit Committee Terms of Reference. The Joint Committee noted that this private meeting provided the External Auditor with an opportunity to deliver candid and confidential feedback about our performance and highlight any areas for development.

The Joint Committee noted that Ernst and Young provided positive comments with regards the audit, the attitudes of the Shared Finance Team and the relationship between the team and the auditors.

The Joint Committee welcomed this feedback.

3.   ANNUAL AUDIT COMMITTEE REPORT

The Board Secretary advised the Joint Committee that the Annual Audit Report had been reviewed by the Audit Committee during the meetings held on 19 October 2021 and 08 March 2022 and that the comments and feedback provided as part of these discussions had been incorporated into the report.

Decision: The Joint Committee **RECOMMENDED** that this report be taken for approval at the Board of Management Meeting being held on 31 March 2022.

4.   **UPDATE ON SHARED FINANCE SERVICE**

The Assistant Principal – Finance and Audit spoke to his report which provided the Joint Committee with an overview of the operating issues which had impacted the Shared Finance Service.

The Joint Committee was provided with a background to the creation of the Shared Finance Service.

The Assistant Principal – Finance and Audit provided the Joint Committee with an overview of his top end priorities in respect of:
- Ensuring the improvement of the top-level presentation of financial information provided to both the F&GP Committee and the Board of Management.
- Implementation of a new reporting system to ensure that the above can be carried out expeditiously.
- Review of the budget process so that this now includes budget holders.
- Ensuring the Year End Statutory Accounts are completed on time.

The Joint Committee noted the front-line work and systems which have been put in place by the Shared Finance Manager and were advised of their main priorities and workload.

The Joint Committee was provided with an update on the Shared Finance Team Restructure and the reasons behind the delay in progressing with this, the impact of the cyber incident and the payroll system update.

The Assistant Principal – Finance and Audit and the Shared Finance Manager spoke to the issues which have arisen from the Internal Auditors Outstanding Recommendations and acknowledged that whilst the Policies and Procedures required review these could not be carried out until the Finance Restructure has recommenced.

The Joint Committee acknowledged the problems which had been identified and commended the enormous amount of work which both the Assistant Principal – Finance and Audit and the Shared Finance Manager had put into the team to improve the effectiveness and efficiency of the Shared Finance Function especially in light of both the pandemic and the cyber incident.

The Committee welcomed the restructure of the Team and noted the reasons for the delay in this being completed.

The Chair of the Board of Management reassured the Assistant Principal – Finance and Audit and the Shared Finance Manager that they had the confidence of the Board of Management highlighting that the Board and its Committees were there to provide the teams with an assurance and that any issues raised is not a criticism.

Stephen Reid reiterated the considerable progress which has been made in terms of External Audit.

The Joint Committee welcomed the simplification of the Finance Team and finance systems.

Signed by the Chair: _____

Date: _____

Outstanding Actions from Audit Committee Meetings

Item	Action	Responsibility	Time Line	ACTIONED
01 June 2021				
Internal Audit Procurement	The Audit Chair to liaise with members outwith the meeting to agree membership of the procurement panel	Audit Chair	April 22	
08 March 2022				
Risk Register	The Committee to be provided with an explanation of the Risk Register Matrix System. We will look to see whether the register can be colour coded to reflect the rag rating system. We will look to see whether an additional category for global issues, and how these are presented, should be included within the Risk Register.	AP – F&A	April 22	

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Audit Committee – Audit Recommendations List

No	EY Finding for the period ended 31 July 2021	Recommendation	IC Response	Responsible Officer	Timeframe	Update on Actions
1	The College should continue to regularly monitor its forecast position.	Monitoring of forecast position should include delivery of required savings and cash position and future forecast. The impact that staff cost reductions and other savings are having on operational and strategic delivery should also be subject to ongoing review in conjunction with UHI as RSB and SFC.	Monthly budgets have been undertaken throughout the year and the Executive Group has been updated. Within the funding parameters the College has, especially poor rurality, sustaining the college financially continues to be a challenge.	Assistant Principal – Finance and Audi	Ongoing – throughout 2021/22	We have outlined our consideration around the College's future financial position and planning in respect of this in more detail in the financial sustainability section of our wider scope reporting. This will continue to be an area of focus for the College going forward. **Action Ongoing**
3	Governance – External Effectiveness Review	The College has noted that due to Covid-19 it has not been able to undertake an externally facilitated review in 2020 and planned to address this going forward in early 2021. This has been accordingly disclosed as an area of non compliance with the Code of Good Governance in the Governance Statement.	A full review was undertaken by College Development Network in January 2021. Management have continued to work on the implementation of the review and it's recommendations. They note it is an ongoing process with regular review required.	Board Secretary	June 2022	A subsequent review has been undertaken and an updated action plan is in place. Management are to ensure that they close the points within this action plan. **Action Ongoing**

| 7 | Service Concession Arrangements – to ensure it meets the requirements of FRS 102. | From 2016/17 we have recommended to management that it review the model and accounting treatment for Service Concession Arrangements to meet the requirements of FRS 102. This was specifically in respect of whether the model should contain contingent rent. This process has yet to be fully implemented. | The aim is to have this addressed for 2021-22. The College has received some information from EY on how it wants the College to proceed. | Assistant Principal – Finance and Audit | For inclusion in 2021-22 Statutory Accounts. | It is now in the process of being reviewed by the Finance Service.

Action Ongoing |

Inverness College

Annual Audit Plan
Year ending 31 July 2022

Audit Committee
7 June 2022

EY
Building a better
working world

Contents

About this report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 31 May 2016 through which the Auditor General for Scotland has appointed us as external auditor of Inverness College ("the College") for financial years 2016/17 to 2020/21. As a result of the impact of Covid-19 our appointment was extended by a further 12 months to include the financial year 2021/22. We undertake our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and our responsibilities as set out within Audit Scotland's Code of Audit Practice (the Code), issued on 26 May 2016.

This report is for the benefit of the College and is made available to the Auditor General for Scotland and Audit Scotland (together the Recipients). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with your professional institute. We can provide further information on how you may contact our professional institute.

1. Executive summary

Purpose of this report

In accordance with the Public Finance and Accountability (Scotland) Act 2000, Audit Scotland appointed EY as the external auditor of Inverness College ("the College") for the five year period 2016/17 to 2020/21. As a result of the impact of Covid-19 our appointment was extended by a further 12 months to include the financial year 2021/22.

This Annual Audit Plan, prepared for the benefit of College management and the Audit Committee, sets out our proposed audit approach for the audit of the financial year ending 31 July 2022, the sixth and final year of our appointment. In preparing this plan, we have updated our understanding of the College through planning discussions with management, review of relevant documentation and committee reports, and our general understanding of the environment in which the College is operating.

A key objective of our audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the College employs best practice and where processes can be improved. We use these insights to form our audit recommendations to support the College in improving its practices around financial management and control, as well as around key aspects of the wider scope dimensions of audit. These are highlighted throughout our reporting together with our judgements and conclusions regarding arrangements.

After consideration by the College's Audit Committee, the plan is provided to Audit Scotland and published on their website.

Scope and Responsibilities

This Annual Audit Plan covers the work that we plan to perform to provide you with our opinion on whether the College's financial statements (the financial statements) give a true and fair view of the College's affairs as at 31 July 2022 in accordance with applicable law and the financial reporting framework. We also report on the regularity of transactions, as required by the Scottish Funding Council.

We undertake our audit in accordance with the Code of Audit Practice ('the Code'), issued by Audit Scotland in May 2016; International Standards on Auditing (UK); relevant legislation; and other guidance issued by Audit Scotland. The Code sets out the responsibilities of both the College and the auditor, more details of which are provided in Appendix A.

EY

Our Financial Statement Audit

We are responsible for conducting an audit of the financial statements of the College. We provide an opinion as to:

▶ whether they give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the College's affairs as at 31 July 2022 and its surplus or deficit for the year then ended;

▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102: The Financial Reporting Standard applicable in the UK and Ireland; and

▶ whether they have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder issued by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

We also review and report on the consistency of the other information prepared and published by the College along with the financial statements.

Materiality

Materiality levels have been set at the planning stage of the audit as follows:

Planning Materiality	Tolerable Error	Nominal amount
£579,000	**£289,500**	**£28,950**
2% of the College's gross prior year expenditure	Materiality at an individual account level	Level that we will report misstatements to committee

Based on considerations around the expectations of financial statement users and qualitative factors, we apply a lower materiality level to the audited section of the Remuneration Report. We also apply professional judgement to consider the materiality of related party transactions to both parties.

Wider Scope audit

Our responsibilities extend beyond the audit of the financial statements. The Code requires auditors to provide judgements and conclusions on the dimensions of wider scope public audit that are applicable to small bodies:

▶ Financial sustainability; and

▶ Governance and transparency.

We will continue to extend our work to consider financial management arrangements at the College in 2021/22.

Our audit work over the wider scope audit dimensions complements our financial statements audit. We have updated our understanding of the risks impacting the College through discussions with management, review of relevant committee reports, and our knowledge of the education sector.

EY

Audit Risk Dashboard

Key Financial Statement Risks

Fraud Risk: Risk of fraud in revenue and expenditure recognition	In accordance with ISA (UK) 240, we consider the presumed fraud risk in respect of improper income recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.
Fraud Risk: Misstatement due to fraud or error	As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud due to the ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Inherent risk: Valuation of property, plant and equipment	The value of property, plant and equipment (PPE) represent significant balances in the College's financial statements. Management is required to make material judgemental inputs, including the assessment of any required impairment, and to apply estimation techniques to calculate the year-end balances recorded in the balance sheet.
Inherent risk: Capital financing arrangements	Capital financing arrangements and the associated accounting is assessed as an inherent risk, due to the material value of the liability and the complexity of the associated accounting. We will utilise our specialists, as appropriate, to support the core audit team in the performance of audit procedures on this area.
Inherent risk: Valuation of pension assets and liabilities	Accounting for the Local Government Pension Scheme (LGPS) involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts, the assumptions underlying fair value estimates, and the valuation of the College's share of scheme assets and liabilities at the year end.

Wider Scope Risks

| **Financial Sustainability:** Financial Position | The College has an established budget setting and monitoring framework which includes presentation of financial updates to the Board and Finance and Audit committees throughout the year. However, the consequences of the global pandemic on the College's education and financial plans have become clearer during 2021/22. Like many other colleges, the level of enrolments against target has been challenging to achieve as a result of changed student behaviour including, for example, the attractiveness of applying directly to higher education institutions. Admissions data shows a decline in student numbers, though admissions are higher than previously anticipated for 2021/22. The Forecast Financial Return (FFR) submitted by the College in October 2021 projected a £0.57 million surplus for the year to 31 July 2022 which will be sufficient to offset the impact of reduced student numbers, but many uncertainties remain.

In the medium to longer term, the impact of challenging student numbers, together with inflationary pressures and national pay bargaining will continue to exacerbate an already challenging financial position. Our work in this area will draw upon the College's going concern assessment, including cash flow projections. |
|---|---|

2. Sector developments

In accordance with the principles of the Code, our audit work considers key developments in the sector. We obtain an understanding of the strategic environment in which the College operates to inform our audit approach.

Financial sustainability in the sector

In June 2021, the Scottish Funding Council (SFC) released their latest report as part of a three phase review considering the future coherence and financial sustainability of colleges and universities. This was subsequently updated in a further report in March 2022. The review considers how best the SFC can fulfil its mission of securing coherent provision by post-16 education bodies, and the undertaking of research. The review covered future provision, delivery, outcomes and targets, funding models, and support for research activity across the college and university sector in Scotland.

The updated analysis reflected on the impact of Covid-19 on the sector. The analysis noted that colleges managed the impact of Covid-19 more positively than anticipated, assisted by the one-off £15 million SFC grant to colleges, no recovery of funds for shortfalls against outcome agreement targets (where the shortfall related to Covid-19), additional capital funding, discretionary funds, enhanced flexibility in drawdowns, and the Coronavirus Job Retention Scheme (CJRS) lowering staff and other operating costs. However, it noted that there were still challenges around longer-term financial sustainability.

It noted that key risks and challenges for the sector included cost pressures from cost of living pay awards, self-funding of staff restructuring, the continuing Covid-19 pandemic, the UK's exit from the European Union, backlog estates maintenance and modernisation of the ICT/digital capabilities of the colleges, the cost of staff restructuring and efficiencies made and the subsequent impact on the student experience, student outcomes, and college staff.

The final funding announcement for academic year 2021/22 highlighted that:

▶ The SFC's revenue budget increased by 10.8% (£70.2 million), which has resulted in an increase to teaching funding (£40 million), student support funding (£2.6 million) and other funding (£13 million).

▶ Student activity (credit) volume has increased by 3.6%.

▶ Capital funding decreased by £2 million.

▶ A one-off value of £10 million has been allocated to allow students whose studies were disrupted by Covid-19 to complete their courses in AY 2021-22.

We will continue to review the full impact of the 2021/22 funding announcement on the College's financial performance as part of our work on financial management.

EY

2022/23 Budget

The SFC announced the indicative funding allocations for the Academic Year 2022/23 on 24 March 2022. The indicative funding allocations set out are based on the Scottish Government's draft budget 2022/23 announcement on 9 December 2021, which was approved by the Scottish Parliament on 10 February 2022. The approved Scottish Budget 2022/23 set a College Resource (Revenue) budget for the financial year 2022/23 of £675.7 million, maintained from the 2021/22 budget.

The SFC provides indicative funding allocations to help colleges plan for the forthcoming academic year, with final funding allocations to be published by the end of May 2022. The SFC's indicative funding announcement notes that:

▶ The SFC's revenue budget for 2022/23 has decreased by 1.9% (£13.1 million) from AY 2021/22;

▶ Teaching funding has been increased by 1.9% (£9.6 million);

▶ Student support funding has reduced by 4% (£5.6 million), and there is additional student support contingency funding of £2 million set aside;

▶ The other programme funding budget, which includes national sector-wide services and strategic projects, has decreased by £10.5 million;

▶ Student activity (credit) volume for the sector is unchanged from the baseline AY 2021-22 target of 1.73 million credits; and

▶ Capital funding has increased by £41 million (121.7%), with sector-wide capital maintenance increasing by 6.1% (£1.8 million).

We will continue to review the full impact of the financial savings requirements outlined in the Financial Forecast Return (FFR) against the College's strategic objectives as part of our work on financial sustainability.

EY

3. Financial Statement Risks

Introduction

The annual financial statements allow the College to demonstrate accountability for, and its performance in the use of its resources. They are prepared in accordance with proper accounting practice and applicable law.

Audit Opinion

We are responsible for conducting an audit of the financial statements of the College. We will provide an opinion on the financial statements as to:

▶ whether they give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the College's affairs as at 31 July 2022 and its surplus or deficit for the year then ended;

▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102: The Financial Reporting Standard applicable in the UK and Ireland; and

▶ whether they have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder issued by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

We also report on the regularity of transactions, as required by the Scottish Funding Council, and review and report on the consistency of the other information prepared and published by the College along with the financial statements.

Climate Change Reporting

Public interest in climate change is increasing. Scotland has set a legally binding target of becoming net zero by 2045, five years earlier than the rest of the UK, and has set several interim targets including a 75 per cent reduction in greenhouse gas emissions by 2030. In March 2022, Audit Scotland published a briefing (available on Audit Scotland's website) to draw out key themes and recommendations for public bodies in Scotland. The recommendations were compiled from a series of key reports, including those from Scotland's Climate Assembly and Committee on Climate Change.

The College was an early signatory to the Universities and Colleges Climate Commitment for Scotland and, as a public body, is required to participate in mandatory climate change reporting under the Climate Change (Scotland) Act 2019. In our view climate-related risks and disclosures are likely to be increasingly relevant in the preparation and audit of the financial statements and we will therefore support management's improvements and reporting in this area.

EY

Audit Approach

We determine which accounts, disclosures and relevant assertions could contain risks of material misstatement. Our audit involves:

▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.

▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.

▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the College.

▶ Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Audit Committee reporting appropriately addresses matters communicated by us to the committee and reporting whether it is materially inconsistent with our understanding and the financial statements.

▶ Maintaining auditor independence.

▶ Substantive tests of detail of transactions and amounts. For 2021/22 we plan to follow a predominantly substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

EY

Materiality

For the purposes of determining whether the financial statements are free from material error, in accordance with ISA (UK) 320 we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements.

Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss expectations regarding our detection of misstatements in the financial statements if required.

Materiality Level	Rationale
Planning Materiality **£579,000**	**Planning materiality (PM)** – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements. For planning purposes, materiality for 2021/22 has been set at £579,000. This represents approximately 2% of the College's gross expenditure in 2020/21.
Tolerable Error **£289,500**	**Tolerable error (TE)** – materiality at an individual account balance, which is set so as to reduce to an acceptably low level that the aggregate of uncorrected and undetected misstatements exceeds PM. We have set it at £289,500 which represents 50% of planning materiality.
Summary of Audit Differences **£28,950**	**Summary of Audit Differences (SAD) Nominal amount** – the amount below which misstatements whether individually or accumulated with other misstatements, would not have a material effect on the financial statements. The Code requires that auditors report at no more than £250,000. We have set it at £28,950, which represents 5% of planning materiality.

The bases for the materiality outlined are consistent with our approach in previous years. Factors which we consider include the perspectives and expectations of users of the financial statements as well as our risk assessment as to the likelihood of material misstatements arising in the financial statements.

Based on these considerations, we apply lower materiality levels to the following areas we consider to be material by nature rather than size:

▸ Remuneration Report; and

▸ Related Party Transactions.

We will therefore review the disclosures related to the above areas in greater detail compared to the materiality thresholds outlined above.

The amount we consider material at the end of the audit may differ from our initial determination. At the end of the audit we will form, and report to you, our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

EY

Going Concern compliance with ISA 570

We outlined in our 2020/21 reporting to the committee the impact that the Covid-19 pandemic has continued to have on the further education sector, and the increased levels of uncertainty within the forecasts used as part of the College's going concern assessment. As a result, since 2019/20, we have placed additional focus on significant judgements made to conclude whether events or conditions indicate that a material uncertainty existed that may cast significant doubt on the College's ability to continue as a going concern. The judgements made determined the appropriate disclosures to be made in the financial statements, and allowed us to consider the impact on our audit opinion.

A revised auditing standard relating to our work on going concern, ISA 570, requires:

▶ challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;

▶ greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the College obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;

▶ improved transparency with a new reporting requirement for public interest entities, listed and large private companies to provide a clear, positive conclusion on whether management's assessment is appropriate, and to set out the work we have done in this respect. While the College is not one of these three entity types listed, we will ensure compliance with any updated reporting requirements;

▶ a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and

▶ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

As in prior years, due to the anticipated continuation of service provision, the going concern basis of accounting will continue to be appropriate for the College.

Covid-19 – Impact on the reporting process

Audit Scotland has set its reporting deadline for colleges in 2021/22 at 31 December 2022, recognising that any deadlines are secondary to the primacy of audit quality and ensuring completeness of work regardless of the environment in which audit takes place.

We have outlined the planned timing for the key deliverables of the audit process in Appendix D. We intend to take a hybrid approach to the 2021/22 audit with a blend of on-site and remote working. We will continue to work closely with management to identify the most efficient and pragmatic approach and will keep timeframes and logistics for the completion of the audit in 2021/22 under review.

EY

Significant Risks

We have set out the significant risks (including fraud risks) identified for the current year audit along with the rationale and expected audit approach. The risks identified may change to reflect any significant findings or subsequent issues we identify during the audit.

Significant Risk - Risk of fraud in income and expenditure recognition

Under ISA 240 there is a presumed risk that income may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which means we also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We rebut the risk of improper recognition of Scottish Funding Council ("SFC") core grant funding because there is no judgement in respect of this income stream. With regards to expenditure, we rebut the risk of improper recognition of payroll expenditure.

Other than income and expenditure recognition, we have not identified any specific areas where management override will manifest as a significant fraud risk, however we will continue to consider this across the financial statements throughout the audit.

We consider there to be a specific risk around SFC income and expenditure recognition through:

- Incorrect income and expenditure cut-off recognition to alter the College's financial position around the financial year end.
- Incorrect recognition applied to grant income with conditions.

We also recognise a revenue recognition risk for other SFC grants where performance conditions are in place, tuition fee income and other grants and operating income in respect of possible manipulation of cut-off around the financial year end.

We recognise the same risk around incorrect recognition of other operating expenditure in line with Practice Note 10.

Work we will undertake:

- review and test all relevant income and expenditure policies against the relevant accounting standards and SORP
- review, test and challenge management around any accounting estimates on income and expenditure recognition for evidence of bias
- develop a testing strategy to test all material income and expenditure streams
- test all material grant income with performance conditions to ensure the income is recognised correctly in line with the outlined requirements
- review and perform focused testing on income and expenditure around the year end to ensure correct recognition around cut-off between financial periods
- perform testing for any evidence of clawback of income where conditions for entitlement have not been met
- review and develop a testing strategy for any Covid-19 related income streams, including furlough income and additional Covid-19 related grant income
- assess and challenge manual adjustments or journal entries by management around the year end for evidence of management bias and evaluation of business rationale and evidence

EY

Fraud Risk – Misstatement due to fraud or error

Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

The risk of management override is pervasive to the audit and impacts the testing of all areas. Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditor, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk. This takes account of the fact that management are in a unique position to override controls which otherwise appear to be operating effectively.	Based on the requirements of auditing standards our approach will focus on: ▶ identifying fraud risks during the planning stages ▶ inquiry of management about risks of fraud and the controls put in place to address those risks including segregation of duties ▶ consideration of the effectiveness of management's controls designed to address the risk of fraud ▶ determining an appropriate strategy to address those identified risks of fraud ▶ performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements ▶ specific focus on the accounting for any identified key areas of judgement and estimates in the financial statements and significant and unusual transactions. This will include consideration of any provisions requiring to be made as at the balance sheet date for any restructuring arrangements entered into by the College, as applicable.

We will report our findings in these areas to you within our 2021/22 Annual Audit Report.

EY

Inherent Risk – Valuation of Property, Plant & Equipment

The College's property portfolio totalled £52.3 million as at 31 July 2021 (*2019/20 £53.3 million*), with the major elements of this being in respect of land and buildings. The College undertakes a full revaluation at least every five years and an interim valuation at year 3.

The valuation of property, plant and equipment is assessed as an inherent risk. Management involves specialists in the preparation of these accounting valuations. We use our own specialists, as appropriate, to support the core audit team in the performance of audit procedures on these balances.

The College is required to consider annually that the valuation of the College estate remains appropriate outside of formal revaluation cycles. With the last formal revaluation taking place in 2018/19, an interim revaluation will be commissioned in 2021/22 to ensure that the carrying value in the financial statements is not materially different to the updated fair value.

The Longman site is classified as an asset held for sale and was valued in 2020/21 at £2 million. We understand that the asset remains unsold and therefore we will revisit the value as at 31 July 2022.

Given the significance of the balance within the financial statements, and the number of assumptions that are made in the valuation, we assign a higher inherent risk to property, plant and equipment. The impact of the pandemic on the use of assets and future plans means that we place significant scrutiny on management's assessment of impairment.

We do not, however, at this stage, have any specific concerns in relation to management's approach to property valuations.

Our approach will focus on:

- analysis of the source data and inquiries as to the procedures used by management's specialist to establish whether the source data is complete
- assessment of the reasonableness of the assumptions and methods used, including their compliance with the SORP
- consideration of the appropriateness of the timing of when the specialist carried out the work
- assessment of whether the substance of the specialist's findings are properly reflected in the financial statements
- assessment of the potential for impairment across the College estate that has not been reflected in the financial statements
- assessment of whether the categorisation and therefore basis of valuation of assets is appropriate, particularly whether there has been a material change in use.
- assessment whether assets sold or held for sale have been correctly processed in the financial statements through testing of accounting entries
- assessment of the College's backlog maintenance estates plans, including consideration of whether backlog maintenance expenditure in the year has been correctly accounted for as capital or revenue expenditure.

EY

Inherent Risk – Capital Financial Arrangements

Capital financing arrangements and the associated accounting is assessed as an inherent risk, due to the material value of the liability and the complexity of the associated accounting.

Capital financing arrangements and the associated accounting is assessed as an inherent risk, due to the material value of the liability and the complexity of the associated accounting.

We will utilise our specialists, as appropriate, to support the core audit team in the performance of audit procedures on this area.

In 2015 the College took possession of its new campus buildings, using the Scottish Futures Trust's Non-Profit Distributing (NPD) model.

Under the NPD arrangement, the College makes monthly service charge "unitary charge" payments which include the capital element of the loan funding together with interest, facilities management and building lifecycle costs. As at 31 July 2021 the present value of future lease payments was reported as £35.6 million.

Given the material value of the NPD liability as well as the complexity of the associated accounting treatment we consider this as an area of higher inherent risk.

Our approach will include:

▶ reviewing the College's NPD accounting and disclosures against the requirements of the SORP and FRS102 and against the underlying contracts

▶ auditing the NPD agreements and accounting model to consider the reasonableness of the NPD disclosure within the financial statements

▶ discussion with management against our recommendation made in our 2016/17 Annual Audit Report, which remained outstanding during 2020/21 audit. In particular, we recommended management review the current accounting model to consider the assumptions contained therein, whether these remain appropriate and in particular whether the model should incorporate contingent rent within the calculation.

EY

Item 03

Inherent Risk – Valuation of Pension Liabilities

The College participates in two pension schemes: the Local Government Pension Scheme (LGPS), and the Scottish Teachers Superannuation Scheme (STSS). While both are defined benefit pension schemes, the College is unable to identify its share of the underlying assets and liabilities of the STSS scheme on a consistent and reasonable basis and therefore, the scheme is accounted for as if it were a defined contribution scheme.

The Further and Higher Education SORP and the SFC Accounts Direction require the College to make extensive disclosures within the financial statements regarding its membership of the Highland Pension Fund.

The information disclosed is based on the report issued by the College's actuary.

At 31 July 2021, the College's share of the pension scheme net liability totalled £16.28 million (2019/20: £17.98 million) and the present value of the unfunded obligation in relation to early retirements agreed in previous years was £2.1 million (2019/20: £2.3 million).

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. The information disclosed is based on the FRS 102 report issued to the College by the actuary. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our approach will include:

▶ obtaining an actuarial report at the year end date for the scheme and considering the reasonableness and consistency of assumptions underpinning such reports, in light of guidance available

▶ performing substantive testing on the verification of the pension assets, by engaging with the auditor of Highland Pension Fund in line with the assurance protocols laid out by Audit Scotland for IAS 19

▶ engage our actuarial specialists to assess the work of the actuary, including the assumptions they have used and their assessment of the liability due to recent legal rulings including McCloud and Goodwin

▶ we will also review the calculation of the College's valuation of future early retirement liabilities at 31 July 2022

▶ performing testing over asset valuations to ensure they are appropriately valued

▶ review and test the accounting entries and disclosures made within the College's financial statements in relation to pensions ensuring compliance with the SORP.

EY

Other audit considerations

We also plan and perform certain general audit procedures on every audit which may not be directly related to financial statement account assertions. Examples of such procedures includes compliance with applicable laws and regulations, litigation and claims and related parties.

Accounting Framework: Updated SFC Accounts Direction

The SFC's Accounts Direction is published annually in July and provides colleges with guidance on disclosure requirements for the financial statements. We will work with management during 2021/22 to ensure the correct application of any new requirements.

Use of specialists

When auditing key judgements, such as the valuation of property, plant and equipment, defined benefit pension scheme assets and liabilities, or certain assets and liabilities, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the College's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable.

- Assess the reasonableness of the assumptions and methods used.

- Consider the appropriateness of the timing of when the specialist carried out the work.

- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

Internal audit

We will review the internal audit plan and the results of internal audit's work, including the discussion of audit findings at the Audit Committee and management's response to findings. We will reflect the findings from internal audit reports, together with reports from any other work completed in the year, in our plan for the audit, where they raise issues that could have an impact on the financial statements or our wider responsibilities.

EY

Cyber Security

As outlined by Audit Scotland within their report *Fraud and Irregularity Report 2020/21*, the Covid-19 pandemic has brought significant challenges across the public sector as bodies have sought to continue to deliver services during extremely difficult times. In such emergency situations, existing controls may be compromised and it can be difficult to put in place robust controls for new processes. It was recommended that auditors should ensure appropriate governance structures are in place for the prevention and detection of fraud and that appropriate reviews and amendments to controls have taken place in light of remote working and that those controls are sufficiently strong.

The report highlights that there has been an increase in cybercrime, as more public sector staff connect remotely, including the use of various online video conferencing services for meetings which pose security issues. The report also highlights an increase in phishing emails and scams which, if accessed, allow fraudulent access to public sector systems. We will review management's assessment of whether internal controls at the College are sufficiently robust to mitigate the risk of cyber attacks.

Other audit responsibilities

Under the terms of our appointment, our role and responsibilities include a number of other assurance activities. This includes the provision of information to support Audit Scotland national reports and studies.

Anti-money laundering

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on 26 June 2017 and replace The Money Laundering Regulations 2007. The regulations impose an obligation on the Auditor General to inform the National Crime Agency if he knows or suspects that any person has engaged in money laundering or terrorist financing. As appointed auditor we will consider arrangements for the College to identify and report any instances of money laundering in line with Audit Scotland reporting arrangements.

Data analytics

Where possible and appropriate, we will use our bespoke data analysers to enable us to capture whole populations of your financial data, in particular covering journal entries and payroll transactions. These analysers help identify specific exceptions and anomalies within populations of data to focus substantive audit tests more effectively than traditional audit sampling.

We will report the findings of our work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee through the yearend audit reporting process.

4. Wider Scope Dimensions: Risk assessment and approach

Together the Accounts Commission and the Auditor General for Scotland agreed the two dimensions set out in the Code which comprise the wider scope audit for small public sector bodies in Scotland. These are:

▶ Financial Sustainability; and

▶ Governance and Transparency.

We will continue to extend our work to consider financial management arrangements at the College in 2021/22.

The Code sets out an expectation that 'significant' risks identified through our planning process that relate to the wider scope dimensions will be communicated with you. As part of our risk assessment procedures, we have reviewed each dimension to assess potential areas of risk. We set out our areas of focus, along with any specific significant risks relating to each dimension below.

Financial Sustainability

Financial sustainability considers the medium and longer term outlook for the College to determine if planning is effective to support service delivery. We focus on the arrangements to develop viable and sustainable financial plans.

In 2020/21, the College prepared a three-year financial forecast for the period 2021 to 2024 and submitted these to the SFC in the form of the template Financial Forecast Return ('FFR'). The forecast is based on assumptions provided by the SFC in addition to College specific assumptions for areas such as other income and staff numbers, as included within the College's Budget 2021/22 and Financial Plan 2022/23 to 2023/24.

Financial position	The College has an established budget setting and monitoring framework which includes presentation of financial updates to the Board and Finance and Audit committees throughout the year. However, the consequences of the global pandemic on the College's education and financial plans have become clearer during 2021/22. Like many other colleges, the level of enrolments against target has been challenging to achieve as a result of changed student behaviour including, for example, the attractiveness of applying directly to higher education institutions. Admissions data shows a decline in student numbers, though admissions are higher than previously anticipated for 2021/22. The Forecast Financial Return (FFR) submitted by the College in October 2021 projected a £0.57 million surplus for the year to 31 July 2022 which will be sufficient to offset the impact of reduced student numbers, but many uncertainties remain.
	In the medium to longer term, the impact of challenging student numbers, together with inflationary pressures and national pay bargaining will continue to exacerbate an already challenging financial position. Our work in this area will draw upon the College's going concern assessment, including cash flow projections.

EY

Financial Management

In 2020/21, the College reported an adjusted operating surplus of £2.1 million, representing a favourable increase of £1.7 million compared to 2019/20. We reported in our 2020/21 Annual Audit Report that we were satisfied that the College's financial monitoring and reporting was clear and consistent throughout the year. We were satisfied that the core financial management arrangements were not materially impacted as a result of Covid-19.

Significant variances against budget were identified in 2020/21 through the College's management accounting, however, we were satisfied that this was largely as a result of Covid-19 and funding awarded late in the financial year.

We do not anticipate any significant issues in relation to the capacity of the College's Director of Finance, but note the importance of ongoing review.

Within the Annual Governance Statement, the College concluded that the system of internal control was operating effectively during the year with no exceptions or issues identified. Our audit work did not identify any significant weaknesses in the College's systems of internal control. We note that there is a joint working arrangement in place between Inverness College and North Highland College, with the two bodies sharing the same Director of Finance. Mitigating actions have been put in place to reduce capacity pressures on the Director of Finance, and we are working with the College to confirm our year-end audit timetable.

Our work on Financial Management for the year will consider:

- The adequacy of financial monitoring and reporting arrangements throughout 2021/22, including the adequacy of budgetary forecasting;
- The operating effectiveness of the College's internal control environment and joint working arrangements between the Inverness and North Highland Colleges;
- The extent to which the College engaged with the 2020/21 National Fraud Initiative exercise administered by Audit Scotland and the response to any outcomes from this;

EY

Governance and Transparency

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

In our 2020/21 Annual Audit Report we concluded that the College had in place the key requirements for good governance, and concluded that these key features of good governance remained in place and were operating effectively throughout the Covid-19 lockdown. We concluded that the Annual Governance Statement materially complied with the SFC's 2020/21 Accounts Direction.

The Board commissioned an Effectiveness Review from an external consultant which was published in January 2021, in accordance with the requirement in the Code of Good Governance for Scotland's Colleges to undertake an Effectiveness Review at least every three years. Some areas of good practice were identified, with the report noting that the Board benefits from the contribution of its two student members and two staff members.

However, a number of areas for improvement were identified, with many of the recommendations relating to the Board's strategic vision and the arrangements in place to achieve this. An action plan is in place to take forward the recommendations made in the review. Key elements of the action plan relate to the achievement of a strategic business report which supports the implementation of the board's strategic objectives, a review of the committee structure, and development of senior College staff. The extent to which the Board have improved the arrangements in place to develop their strategic direction will be an area of focus to allow the College to demonstrate compliance with the Code of Good Governance for Scotland's Colleges. Our work for the year will consider:

▶ If the Annual Governance Statement within the financial statements is complete and reflects key matters arising during the year;

▶ Progress against recommendations in the action plan derived from the externally commissioned Effectiveness Review;

▶ Progress against prior year audit recommendations from both internal and external audit, including the College's arrangements for ensuring these are monitored and reported on a routine basis.

In line with auditing standards, as part of our consideration of the College's governance arrangements, we will be writing to the College Audit and Risk Management Committee to confirm how those charged with governance ensure oversight of management and appropriate governance arrangements are in place. This is not reflective of specific risks identified at the College, but rather in line with our process to annually make formal inquiries beyond standard management meetings and representations.

> Progress against actions stemming from the College's Effectiveness Review will be reviewed to help determine how the College complies with the Code of Good Governance.

EY

Appendices

A – Responsibilities under the Code of Audit Practice

B – Independence and audit quality

C – Required communications with the Audit Committee

D – Timing and deliverables of the audit

E – Audit fees

F – Additional audit information

EY

Appendix A: Responsibilities under the Code of Audit Practice

Audited Body's Responsibilities

Corporate Governance	Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including Audit Committees or equivalent) in monitoring these arrangements.
Financial Statements and related reports	Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for: ► preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation. ► maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support their financial statements and related reports disclosures. ► ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority. ► maintaining proper accounting records. ► preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body. ► Management, with the oversight of those charged with governance, should communicate clearly and concisely relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal Audit-management functions.
Standards of conduct / prevention and detection of fraud and error	Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.
Financial Position	Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to: ► such financial monitoring and reporting arrangements as may be specified ► compliance with any statutory financial requirements and achievement of financial targets ► balances and reserves, including strategies about levels and their future use ► how they plan to deal with uncertainty in the medium and longer term ► the impact of planned future policies and foreseeable developments on their financial position.
Best Value	The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure best value.

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Appendix B: Independence Report

The FRC Ethical Standard and ISA (UK) 260 "Communication of audit matters with those charged with governance", requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
► The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ► The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ► The overall assessment of threats and safeguards; ► Information about the general policies and process within EY to maintain objectivity and independence. ► Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard	► In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ► Details of non-audit services provided and the fees charged in relation thereto; ► Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ► Written confirmation that all covered persons are independent; ► Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ► Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ► An opportunity to discuss auditor independence issues

We confirm that we have undertaken client and engagement continuance procedures, which include our assessment of our continuing independence to act as your external auditor.

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Stephen Reid, your audit engagement partner, and the audit engagement team have not been compromised.

EY

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment	Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Stephen Reid, your audit engagement partner, and the audit engagement team have not been compromised.
Self interest threats	A self interest threat arises when EY has financial or other interests in the College. Examples include where we have an investment in your company; where we receives significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.
	We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.
	None of the services are prohibited under the FRC's Ethical Standard and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC Ethical Standard, and if necessary agree additional safeguards or not accept the non-audit engagement. At the time of writing, we provide no non-audit services. This will continue to be monitored through the audit engagement. No additional safeguards are required.
	A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you.
	There are no other self interest threats at the date of this report.
Self review threats	Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.
	There are no self review threats at the date of this report.
Management threats	Partners and employees of EY are prohibited from taking decisions on behalf of management of the College. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.
	There are no management threats at the date of this report.
Other threats	Other threats, such as advocacy, familiarity or intimidation, may arise.
	There are no other threats at the date of this report.

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Appendix C: Required Communications

Required communication	Our reporting to you
Terms of engagement / Our responsibilities Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties. Our responsibilities are as set out in our engagement letter.	Audit Scotland Terms of Appointment letter – audit to be undertaken in accordance with the Code of Audit Practice
Planning and audit approach Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Annual Audit Plan
Significant findings from the audit - Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures - Significant difficulties, if any, encountered during the audit - Significant matters, if any, arising from the audit that were discussed with management - Written representations that we are seeking - Expected modifications to the audit report - Other matters if any, significant to the oversight of the financial reporting process	Annual Audit Plan Annual Audit Report
Going concern Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: - Whether the events or conditions constitute a material uncertainty - Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements - The adequacy of related disclosures in the financial statements	Annual Audit Report
Misstatements - Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation - The effect of uncorrected misstatements related to prior periods - A request that any uncorrected misstatement be corrected - Corrected misstatements that are significant - Material misstatements corrected by management	Annual Audit Report

Fraud
 	
   - Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity   - Any fraud that we have identified or information we have obtained that indicates that a fraud may exist   - Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:
  a. Management;
  b. Employees who have significant roles in internal control; or
  c. Others where the fraud results in a material misstatement in the financial statements   - The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected   - Any other matters related to fraud, relevant to Audit Committee responsibility
	Annual Audit Report

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Required communication	Our reporting to you
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the entity	Annual Audit Report or as occurring if material.
Consideration of laws and regulations ▸ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▸ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of	Annual Audit Report or as occurring if material.
Independence Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.	Annual Audit Plan Annual Audit Report
Internal controls Significant deficiencies in internal controls identified during the audit	Annual Audit Report
Representations We will request written representations from management and/or those charged with governance.	Annual Audit Report
Subsequent events Where appropriate, asking the Audit Committee whether any subsequent events have occurred that might affect the financial statements.	Annual Audit Report
Material inconsistencies and misstatements Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Annual Audit Report
Fee Reporting ▸ Breakdown of fee information when the audit plan is agreed ▸ Breakdown of fee information at the completion of the audit ▸ Any non-audit work	Annual Audit Plan Annual Audit Report

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Appendix D: Timing and deliverables of the audit

We deliver our audit in accordance with guidance from Audit Scotland. We will work with management and the committee secretariat to agree a timetable for the completion of the audit that ensures a smooth governance process.

Audit Activity	Deliverable	Timing
Walkthrough Visit	Completion of internal documentation	April 2022
Audit planning and setting scope and strategy for the 2021/22 audit	Annual Audit Plan	May 2022
Review of reported frauds	Quarterly fraud return submission	Quarterly
Year-end substantive audit fieldwork on unaudited financial statements	Audited Financial Statements	Oct – Dec 2022
Conclude on results of audit procedures	Issue Annual Audit Report	Dec 2022
Issue opinion on the College's financial statements	Submit Audit Scotland minimum dataset request	Dec 2022

APR
MAY
JUN
SEP
OCT
NOV
DEC
JAN

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Appendix E: Audit fees

The audit fee is determined in line with Audit Scotland's fee setting arrangements, set out in recent communications to all audited bodies in line with their publication on '*Our Approach to setting audit fees*' (http://www.audit-scotland.gov.uk/uploads/docs/um/audit_fee_approach.pdf).

Audit Fees		2021/22	2020/21
	Component of fee:		
	Auditor remuneration – expected fee	£17,210	£16,850
	Additional audit procedures (see below)	£2,000	£2,000
	Audit Scotland fixed charges:		
	Pooled costs	£960	£1,090
	Contribution to Audit Scotland costs	£860	£710
	Total fee	£21,030	£20,650

The expected fee for each body, which for 2021/22 has been set centrally by Audit Scotland, and assumes that the College has sound governance arrangements in place and operating effectively throughout the year, prepares comprehensive and accurate draft financial statements and supporting schedules, and meets the agreed timetable for the audit. It also assumes there is no major change in respect of the scope of work in the year and an unqualified audit opinion resulting from the audit.

Should any of these circumstances not be in place throughout the audit, it is expected that additional costs will be incurred through the course of the audit which will be subject to recovery in line with the agreed process and rates set out by Audit Scotland. Under this process, fees can be agreed between the auditor and audited body by varying the auditor remuneration by up to 20% above the level set, or more with the approval of Audit Scotland. As such we have included in the fee estimate for the year our current estimate of the costs related to additional work which can be reasonably estimated at this stage of our planning. The fee variation of £2,000 reflects our additional work which will be required around going concern under the new ISA 570 standard as outlined on page 11. The amount is consistent with the prior year.

Any fee variation would be agreed with management prior to finalisation of the audit. Should additional audit requirements arise we will raise these with management through the course of the audit and agree variations as appropriate, and report the final position to the Audit Committee within our Annual Audit Report.

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Appendix F: Additional audit information

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards	▸ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
	▸ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.
	▸ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
	▸ Conclude on the appropriateness of the going concern basis of accounting.
	▸ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
	▸ Read other information contained in the financial statements, the Audit Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
	▸ Maintaining auditor independence.
Purpose and evaluation of materiality	For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.
	Materiality determines the locations at which we conduct audit procedures and the level of work performed on individual account balances and financial statement disclosures.
	The amount we consider material at the end of the audit may differ from our initial determination. At this stage it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.
Audit Quality Framework / Annual Audit Quality Report	Audit Scotland are responsible for applying the Audit Quality Framework across all audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team responsible are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.
	We support reporting on audit quality by proving additional information including the results of internal quality reviews undertaken on our public sector audits. The most recent audit quality report can be found at: Quality of public audit in Scotland annual report 2020/21	Audit Scotland (audit-scotland.gov.uk)
	EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details can be found in our annual Transparency Report: EY UK 2021 Transparency Report	EY UK

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About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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INVERNESS COLLEGE
INTERNAL AUDIT REPORT

PROCUREMENT
MARCH 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

INVERNESS COLLEGE, PROCUREMENT

DISTRIBUTION	
Roddy Ferrier	Director of Finance
Gillian Hossack	Finance Manager
Members of the	Audit Committee
REPORT STATUS LIST	
Auditors:	Tom O'Hara
Dates work performed:	25 January – 16 March 2022
Draft report issued:	1 April 2022
Final report issued:	19 May 2022

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EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	■	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	■	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	▲	0
Medium	■	3
Low	●	4

TOTAL NUMBER OF RECOMMENDATIONS: 7

BACKGROUND:

As part of the 2021-22 Internal Audit Plan, it was agreed that Internal Audit would perform a review of the procurement arrangements in place within Inverness College ('the College').

The College's Procurement Team comprises the Contracts and Procurement Coordinator and an Advanced Procurement for Universities and Colleges (APUC) Supply Chain Manager. The Procurement Team also receives support from the University of Highlands & Islands (UHI) shared procurement service and APUC.

Although the College does not meet the required spend threshold to produce a Procurement Strategy under the Procurement Reform (Scotland) Act 2014, it produced a Procurement Strategy in 2017. The Procurement Strategy sets out the College's strategic procurement objectives, how the College's procurement activities will deliver the College's Strategic Plan and outlines the general responsibilities of staff in relation to procurement. The objectives of the current Procurement Strategy include delivering value for money, considering environmental and social issues related to procurement and ensuring the College's compliance with the Procurement Reform (Scotland) Act 2014. The College is currently developing an updated Procurement Strategy which will align with the College's updated Strategic Plan.

The College's Financial Regulations outline the roles and responsibilities of staff in relation to procurement. It outlines that the Director of Finance is responsible for overseeing the College's procurement activities, budget holders must comply with the Financial Regulation's procedures on procurement and that the Procurement Team is responsible for the evaluation of bids and formal contracts.

The annual Forward Contracting Plan is the principal process that identifies and consolidates the College's procurement needs and activities. The plan itemises all contracts, the annual contracted spend, the forecasted contracted award date and the tendering start date of

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each contract. It is generated from the Hunter System, which is a contract register and contract performance management system. The plan is included within the College's Annual Procurement and Value for Money reports which is distributed to the Board and approved annually.

The Procurement Team identify non-compliant spend within their annual Spend Analysis Report. The report tracks all supplier spend over the past four financial years and identifies if the spend is reoccurring or one-off and if the supplier spend is arising from a complaint contract. Non-complaint spend can be scheduled for tendering in the Forward Contracting Plan. This report is distributed to the Board alongside the annual Procurement and Value for Money Reports.

College staff and budget holders can flag requirements for contract tendering throughout the year. The Procurement Team add these identified procurement requirements into the Hunter System, and it will appear in the succeeding Forward Contracting Plan.

The Financial Regulations outline the College's devolved procurement procedures, which enable staff within the College to conduct purchasing independently of the Procurement Team. There are four procurement thresholds in place at the College, two of which are devolved. The thresholds, including the staff able to raise the purchase and the required evidence to be submitted, is summarised in the table below:

Devolved Procurement Route 1 (<£3,000)		
<£500	All Staff	One quote or catalogue or internet print which is approved by Budget Holder to be submitted on PECOS
>£500 <£1,000	Technicians or Delegates	Two quotes or catalogue or internet print outs which are approved by Budget Holder to be submitted on PECOS
>£1,000 <£3,000	Budget Holders or Delegate	Evidence of market research – including catalogues, internet print outs and two formal written quotes to be submitted on PECOS
Devolved Procurement Route 2 (>£3,000 <£9,999)		
>£3,000 <£9,999	Budget Holder or Delegate	Three formal written quotes to be submitted on PECOS
Regulated Procurement Route 3 (>£10,000 <£49,999)		
>£10,000 <£49,999	College Procurement Team	Competitive tendering
Regulated Procurement Route 4 (>£50,000)		
>£50,000	APUC or College Procurement Team	Competitive tendering

The College use a purchasing system, PECOS, a Scottish Government devolved procurement system for public sector bodies. Staff use PECOS to raise purchase order requests and are required to attach evidence of market research and quotes. PECOS has inbuilt delegated authority levels. Budget holders approve purchase orders raised through the first two devolved procurement routes.

In addition to the Financial Regulations, the College's staff intranet has a procurement toolkit which provides procurement guidance and training documents to staff. A step-by-step

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guide that outlines the College's procurement thresholds and PECOS guidance documents are contained within the toolkit.

The Procurement Team follow a risk-based approach to contract performance management following the UHI's contract risk matrix to determine if contracts require a high, medium or low level of contract performance management. The Procurement Team sets KPIs, SLAs and other contract performance monitoring parameters for individual contracts based on their size, strategic importance, and longevity. The College uses the Hunter system as contracts register and to record and schedule contract performance management review meetings with suppliers.

The roles and responsibilities of staff in relation to contract performance management is outlined in the UHI Contract and Supplier Management document. The College's contract performance management duties are split between Operational Contract Managers, who are the individual College stakeholders of the contract, and Strategic Contract Manager, who is the APUC Supply Chain Manager based at the College.

The Procurement Team produces annual Procurement and Value for Money Reports, which are reviewed by the Board of Management. The report provides a high-level overview of the College's procurement activities, providing an overview of the College's total spend, its national framework spend, the number of PECOS orders processed and the College's credit card spend. It also details any incidents of non-compliance found throughout the year. In the 2020-21 Procurement and Value for Money Report, the College reported influential spend of £2.3mill of which £1.4mill was National Framework spend (60.1%).

Upon joining the College, staff receive Procurement Awareness Training and Financial Regulations Awareness and PECOS Training as part of their induction. The Procurement Awareness Training covers the College's procurement regulatory requirements, non-compliance risks and the roles and responsibilities of staff, budget holders and the procurement team. The Financial Regulations Awareness and PECOS Training outlines the threshold tendering process, how to access procurement documentation and resources on SharePoint and provides a guide on how to use the PECOS system for raising purchase orders. These training sessions are delivered by the Contracts and Procurement Coordinator.

Ongoing training and support on the Procurement Awareness Training and Financial Regulations Awareness and PECOS Training is available from the Procurement Team where College staff have identified a need for this. Additional training is available for the Procurement Team, budget holders and the Estates Management Team. Examples of these training sessions include contract management, procurement tips and high-level procurement training sessions.

Procurement training delivered to staff is recorded and monitored in the College's Procurement Training Schedule by the Contracts and Procurement Coordinator.
In addition, the College distributes monthly Supply Chain Bulletins prepared by the UHI shared procurement service and quarterly procurement bulletins prepared by the Advanced Procurement for Universities & Colleges (APUC) to its staff on the College' staff intranet.

The College's Procurement Team have a target of 40% of the College's non-pay spend going through National Framework agreements, which represent best value for money. Currently, 62% of the College's non-pay spend is through national framework agreements. Individual cost savings are defined on a per contract basis by the Procurement Team's contract performance management and through the College's budgeting process.

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SCOPE AND APPROACH:

The scope of our review was to assess whether:

- A standardised process is in place in order to identify, ingather and consolidate College procurement needs;
- An appropriate strategy, and clear policies and procedures are in place and comply with good practise, and these have been communicated to all relevant staff;
- Roles and responsibilities in relation to procurement and contract management are clear;
- Staff are appropriately trained to discharge their roles effectively and are supported to make effective purchasing and procurement decisions;
- Procurement procedures are being followed consistently; approved suppliers are used for all purchases where applicable;
- Appropriate contracts, including appropriate terms and conditions and signed by authorised individuals, are in place with key suppliers;
- Supplier performance is being monitored effectively with effective use of KPIs and SLAs, and confirmation gained that agreed rates are being charged; and
- Anticipated cost savings, where appropriate, from supplier procurement and contracting activities are realised.

Our approach was to conduct interviews to establish the controls in operation for each of our areas of audit work. We then sought documentary evidence that these controls are designed as described, and evaluated these controls to identify whether they adequately addressed the risks. We also sought to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the controls through use of a range of tools and techniques.

GOOD PRACTICE:

We identified multiple areas of good practice during our review. These include:

- The College produces a Procurement Strategy broadly aligned with the requirements of the Procurement Reform (Scotland) Act 2014, despite the College's regulated procurement spend being less than the required threshold.
- The College's procurement management system, Hunter, can produce a calendar of scheduled re-tenders and can store individual contract details for contract management purposes.
- The College's Procurement Team produce an annual spend analysis report which can aid in identifying non-complaint spend.
- The College receives and distributes monthly UHI supply chain bulletins and quarterly APUC procurement bulletins to staff.
- The Scottish Government expect College's to have 40% of its non-pay spend going through National Framework Agreements. Currently, over 60% of the College's non-pay spend is through National Framework Agreements.

KEY FINDINGS:

Notwithstanding the elements of good practice noted above, we have identified several opportunities where improvements could be made to the College's Procurement, which are summarised below:

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- **Devolved Procurement Compliance:** A sample test of ten devolved purchases found that three had not followed the College's devolved procurement procedures.
- **Non-Contracted Spend:** The College has 7 suppliers with a total spend of £50,000 that do not have a contract in place. In addition, a key legal services supplier listed on the College's contract register does not have a contract in place.
- **Invoice Processing:** During a sample test of five invoices to test if they agreed to the contracted pricing schedule, we identified one invoice that was provided by the supplier with the incorrect delivery charge. This was not identified by the College and processed.
- **Training:** The College has delivered PECOS and Financial Regulations Awareness training to 2022, however, multiple training sessions, such as the contract management training, have not been delivered since 2018.
- **Financial Regulations:** The College's Financial Regulations were last reviewed in 2018, with another review scheduled to take place once the Finance Team restructure is complete. However, there is no indication of when the restructure will finish.
- **Procurement Strategy:** The College's Procurement Strategy was due to be updated in 2020, however, the COVID-19 pandemic disrupted the College's strategy review process, and the new Procurement Strategy will not be finalised until July 2022.
- **Contract Sign-off:** Although the Director of Finance has the authority to sign off contracts at the College, this responsibility is not documented in the Financial Regulations or Procurement Strategy.

CONCLUSION:

At this stage, we are able to offer moderate assurance over the design and operational effectiveness of the arrangements in place at the College in relation to procurement.

OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

✔ A standardised process is not in place in order to identify, ingather and consolidate College procurement needs

✔ An agreed procurement strategy and appropriate policies and procedures are not in place to guide staff on making purchasing decisions

✔ Staff have not been trained in procurement, or do not receive appropriate procurement support

✔ Supplier performance is not monitored effectively, and no use has been made of performance measures and service level agreements

✔ Anticipated cost savings from supplier procurement and contracting activity are not realised

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DETAILED FINDINGS

RISK: AGREED PROCUREMENT PROCEDURES ARE NOT CONSISTENTLY FOLLOWED, LEADING TO POOR VALUE BEING ACHIEVED FROM PURCHASES

Ref	Sig.	Finding
1	🟧	**Devolved Procurement Compliance**

The Financial Regulations outlines which when delegates raise purchase orders on PECOS they should submit supporting procurement evidence for the purchase in line with the devolved procurement route.

Internal Audit conducted a sample test of ten devolved procurement purchases made within the past year at the College to determine if they followed the procurement procedures as set out in the College's Financial Regulations and Step-by-step Procurement Guide. Three of the ten purchases sampled did not follow the College's procurement procedures:

· One sample should have had three formal quotes attached to the purchase order request. However, no quotations were attached to the purchase.

· One sample should have had two formal quotes attached to the purchase request alongside evidence of market research. However, the evidence supplied with the purchase did not take the form of two formal quotes and no market research was provided.

· One sample did not have a quote attached to the purchase request, despite it being required to do so.

There is a risk that the College's documented devolved procurement procedures are not being followed consistently by purchasers when raising an order and value for money is not being achieved from purchases.

RECOMMENDATION:

We recommend that the College ensures budget holders do not approve devolved procurement purchases unless the buyers have complied with the documented procurement procedures and supplied appropriate evidence on PECOS.

MANAGEMENT RESPONSE:

A communication from the Principal to be sent out to Budget Holders to remind them of their responsibility on approving PECOS orders.

The Procurement Team will do random spot checks each month on POs and document their findings. Further training will be made available if required.

Responsible Officer:	Assistant Principal, Finance and Audit
Implementation Date:	31st July 2022 (checks on going)

INVERNESS COLLEGE, PROCUREMENT

RISK: AGREED PROCUREMENT PROCEDURES ARE NOT CONSISTENTLY FOLLOWED, LEADING TO POOR VALUE BEING ACHIEVED FROM PURCHASES

Ref	Sig.	Finding
2	🟧	**Non-Contracted Spend** It is good practice to have contracts in place with key suppliers and to ensure favourable terms and value for money is achieved. Review of the Spend Analysis report prepared by the Procurement Team identified the College had 7 suppliers with a total spend of £50,000 or more where there is no contract in place. This is the threshold for a public contract under the Procurement Reform (Scotland) Act 2014. The College also lists a legal services provider as a key supplier on its contract register, despite there not being a contract in place and the College already has a contract in place with another supplier to provide legal services. In addition, as there is no contract in place between the College and the legal service provider, no contract performance management is being performed by the College on this key supplier. There is a risk that the College has unfavourable terms with key suppliers and is not achieving value for money with its spend.

RECOMMENDATION:

We recommend that the College ensures contracts are in place with all key contracts, including those with a total spend of over £50,000.

Additionally, we recommend the College ceases to procure legal services from the legal services supplier where there is no contract in place, until it establishes a contract between itself and the provider or uses the other legal services provider where there is a contract in place.

MANAGEMENT RESPONSE:

The 7 Suppliers will be investigated and where contracts are required the Procurement Team will add these onto the forward contracting plan.

Mini competition exercise is about to be undertaken for the legal service provider.

Responsible Officer:	Assistant Principal, Finance and Audit
Implementation Date:	31st October 2022

INVERNESS COLLEGE, PROCUREMENT

RISK: THERE ARE NO AGREED CONTRACTS, OR THERE ARE CONTRACTS IN PLACE WITH UNFAVOURABLE TERMS WITH KEY SUPPLIERS

Ref	Sig.	Finding
3	🟧	**Invoice Processing** The Financial Regulations outline that the Finance Department is responsible for inspecting and approving an invoice for payment. We performed testing on a sample of five contracts in place at the College to assess whether purchases were in line with contracted rates. For one sample, we identified that the delivery charge listed did not agree to the supplier pricing schedule used by the College. A delivery charge of £99.50 had been included when it should have been £9.95. Although this invoice was supplied incorrectly by the supplier, the College had not identified that the invoice was inaccurate and processed it. There is a risk that incorrect supplier invoices are being processed by the College.

RECOMMENDATION:

We recommend that the budgetholders and requisitioners ensure that all supplier invoices are checked against the supplier pricing schedule to ensure they are accurate before they are processed.

MANAGEMENT RESPONSE:

 This is on the requisitioner and Budget Holder to ensure the PECOS order is correct according to the supplier pricing schedules. Finance Department check that the invoice matches the PO raised.
This is human error and may happen occasionally.

Responsible Officer:	Assistant Principal, Finance and Audit
Implementation Date:	n/a

INVERNESS COLLEGE, PROCUREMENT

RISK: STAFF HAVE NOT BEEN TRAINED IN PROCUREMENT, OR DO NOT RECEIVE APPROPRIATE SUPPORT

Ref	Sig.	Finding
4	🟢	**Training**

It is important for procurement training to be provided regularly to staff to ensure they receive appropriate support and guidance to discharge their duties effectively.

The provision of many of the College's procurement training sessions have been significantly disrupted by COVID-19. Although the PECOS and Financial Regulations awareness training has continued to be delivered into 2022, many other training sessions, such as contract management training and procurement awareness training have not been delivered since 2018.

There is a risk that the College is not providing regular procurement training to its staff.

RECOMMENDATION:

We recommend that the College provides the additional training sessions to relevant staff included within its training schedule, such as the contract management, procurement tips and procurement awareness training sessions as soon as practicable, and that the training schedule is updated to record the training that is delivered.

MANAGEMENT RESPONSE:

When staff development days resume, we will continue to provide procurement training.
We will review the induction process for new starts to ensure they are provided with procurement training.

Responsible Officer:	Assistant Principal, Finance and Audit
Implementation Date:	31 August 2023

INVERNESS COLLEGE, PROCUREMENT

RISK: AN AGREED PROCUREMENT STRATEGY AND APPROPRIATE POLICIES AND PROCEDURES ARE NOT IN PLACE TO GUIDE STAFF ON MAKING PURCHASING DECISIONS

Ref	Sig.	Finding
5	🟢	**Financial Regulations**

It is important to regularly update and review the Financial Regulations to ensure they are fit for current use and accurate.

Currently, the College's Financial Regulations were last reviewed in 2018, with another review scheduled to take place once the Finance Team restructure is completed. However, the Financial Regulations do not state an expected review date and there is currently no indication of when the restructure will finish, and consequently the Financial Regulations will be reviewed.

There is a risk that the College's Financial Regulations may not be fit for current use or accurate as four years has elapsed from its previous review.

RECOMMENDATION:

We recommend that the College review and update the Financial Regulations as soon as it is practicable and are reviewed on a regular basis.

We also recommend that the College ensures all policies and procedure documents include an expected review date to align with best practice.

MANAGEMENT RESPONSE:

Financial Regulations will be reviewed. (Director of Finance and Audit has reviewed half of the current regulations but look to include as a joint exercise across two colleges).

Responsible Officer:	Assistant Principal, Finance and Audit
Implementation Date:	31st January 2023

INVERNESS COLLEGE, PROCUREMENT

RISK: AN AGREED PROCUREMENT STRATEGY AND APPROPRIATE POLICIES AND PROCEDURES ARE NOT IN PLACE TO GUIDE STAFF ON MAKING PURCHASING DECISIONS		
Ref	Sig.	Finding
6	🟢	**Procurement Strategy** The Procurement Reform (Scotland) Act 2014 requires all public bodies with a regulated spend of £5 million or more to develop and annually review a Procurement Strategy. Whilst the College does not meet this legislative requirement, it has prepared a Procurement Strategy to align with best practice. The College's Procurement Strategy was due to be updated in 2020 but has yet to be updated. This has consequently meant that the Strategy does not reflect the College's current circumstances. For instance, the Strategy states that the Director of Corporate Services oversees the College's procurement activities, despite the post no longer being filled at the College. Currently, the College's Procurement Strategy action plan is updated in line with the Procurement Strategy. As the Procurement strategy is out of date, so too is the Procurement Strategy action plan, being last prepared in 2017. We note that the COVID-19 pandemic significantly delayed the College's update of the Strategic Plan, from which the Procurement Strategy is based. We also note that the updated Procurement Strategy is currently in development and will be completed in July 2022. There is a risk that the College's Procurement Strategy does not reflect current conditions or practices and that the strategy's objectives are not being effectively monitored.

RECOMMENDATION:
We recommend that the 2022-25 Procurement Strategy and Procurement Strategy Action Plan is updated as soon as practicable and that it is appropriately approved
MANAGEMENT RESPONSE:
First Draft of Procurement Strategy ready for review and will be formalised by end of July.

Responsible Officer:	Assistant Principal, Finance and Audit
Implementation Date:	31st July 2022

INVERNESS COLLEGE, PROCUREMENT

RISK: AN AGREED PROCUREMENT STRATEGY AND APPROPRIATE POLICIES AND PROCEDURES ARE NOT IN PLACE TO GUIDE STAFF ON MAKING PURCHASING DECISIONS

Ref	Sig.	Finding
7	🟢	**Contract Sign-off** It is good practice for roles and responsibilities in relation to contract approval and sign off to be documented to allow for an effective audit trail and prevent contracts being entered into fraudulently or incorrectly. The Director of Finance has delegated authority to sign contracts on behalf of the College, however this responsibility is not documented in the Financial Regulations. In addition, the Financial Regulations does not outline the threshold at which a contract requires Board sign-off. There is a risk that the College is not allowing for an effective audit trail, and that contracts may be entering into fraudulently and incorrectly.

RECOMMENDATION:

We recommend that the College documents who has delegated authority to sign-off contracts as soon as practicable.

MANAGEMENT RESPONSE:

 Financial Regulations will be updated.

Responsible Officer:	Assistant Principal, Finance and Audit
Implementation Date:	31st January 2023

INVERNESS COLLEGE, PROCUREMENT

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Roddy Ferrier	Director of Finance
Gillian Hossack	Finance Manager
Amanda Mackenzie	Head of Procurement – UHI Shared Service
Swarna Bhargava	Contracts and Procurement Co-ordinator
Derek Cowie	APUC Supply Chain Manager

INVERNESS COLLEGE, PROCUREMENT

APPENDIX I – DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial ●	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate ■	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited ⬣	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No ▲	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
High ▲	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium ■	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low ●	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

INVERNESS COLLEGE, PROCUREMENT

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review will be to conduct a high-level review of the procurement arrangements in place from identifying procurement needs and forming a sourcing strategy, through to appraising options and contracting with suppliers. We will also undertake a review of the detailed contract management arrangements in place to monitor supplier performance and ensure contracts are successfully executed.

This will include a value for money consideration of the use of added value performance measures and service level agreements, and a review of the extent to which anticipated savings are realised.

KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- A standardised process is not in place in order to identify, ingather and consolidate College procurement needs;
- An agreed procurement strategy and appropriate policies and procedures are not in place to guide staff on making purchasing decisions;
- Staff have not been trained in procurement, or do not receive appropriate procurement support;
- Agreed procurement procedures are not consistently followed, leading to poor value being achieved from purchases;
- There are no agreed contracts, or there are contracts in place with unfavourable terms with key suppliers;
- Supplier performance is not monitored effectively and no use has been made of performance measures and service level agreements; and
- Anticipated cost savings from supplier procurement and contracting activity are not realised.

INVERNESS COLLEGE, PROCUREMENT

SCOPE OF REVIEW:

The scope of the review is to assess whether:

- A standardised process is in place in order to identify, ingather and consolidate College procurement needs;
- An appropriate strategy, and clear policies and procedures are in place and comply with good practise, and these have been communicated to all relevant staff;
- Roles and responsibilities in relation to procurement and contract management are clear;
- Staff are appropriately trained to discharge their roles effectively and are supported to make effective purchasing and procurement decisions;
- Procurement procedures are being followed consistently; approved suppliers are used for all purchases where applicable;
- Appropriate contracts, including appropriate terms and conditions and signed by authorised individuals, are in place with key suppliers;
- Supplier performance is being monitored effectively with effective use of KPIs and SLAs, and confirmation gained that agreed rates are being charged; and
- Anticipated cost savings, where appropriate, from supplier procurement and contracting activities are realised.

Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

During the course of the review we will keep management informed of any issues which arise as a result of our testing.

A de-brief meeting will be undertaken before completing the review on-site to discuss findings and initial recommendations.

FOR MORE INFORMATION:

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INVERNESS COLLEGE
INTERNAL AUDIT REPORT

**STUDENT APPLICATION, ENROLMENT & INDUCTION
APRIL 2022**

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

DISTRIBUTION	
Georgie Parker	Assistant Principal
Roddy Ferrier	Director of Finance
Members	Audit committee
REPORT STATUS LIST	
Auditors:	Joe Reid
Dates work performed:	04 April 2022 – 21 April 2022
Draft report issued:	25 April 2022
Final report issued:	10 May 2022

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	■	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	■	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	▲	0
Medium	■	1
Low	●	2

TOTAL NUMBER OF RECOMMENDATIONS: 3

BACKGROUND:

As part of the 2021-22 Internal Audit Plan, it was agreed that Internal Audit would carry out a review of the application, enrolment, and induction processes at Inverness College (the College).

The College have a centralised applications process managed by the Applications Team. Applications for courses at HND level or below are made through the College website. Applications for higher education are made through the University and Colleges Application System (UCAS).

Entry requirements for each course are stated on the College website. The entry requirements for Further Education (FE) are set by the individual course teams and programme leads at the College. Higher Education (HE) entry requirements are set by The University of the Highlands and Islands (UHI) and are consistent across all UHI Partner Colleges.

When an application is made, the student will receive an automatically generated email confirming that their application has been received. The College or UCAS will then acknowledge receipt of the application to the applicant before their offer or rejection is communicated.

Interviews are conducted only for the more specialised courses at the College, for example Health Sciences. Interviews are carried out by academic staff. The Applications Team will organise the interview time and location and provide an Interview Questions document to interviewers as well as an interview record document to ensure fairness and consistency in the interview process. The interview record document is kept by the academic department following the interview and should an unsuccessful student request feedback, this will be passed onto the department to respond directly using the interview document.

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

Data that is collected throughout the application process is stored on the UHI central 'SITS' system.

Applications from international students follow the same entry process, however they require an additional check for their visa to confirm they can study in the UK. This check is performed by the Applications Team.

If an application is made by a mature student who does not possess the required qualifications for entry, they will be referred to the course team who will assess the skills and experience of the applicant and make an admissions decision. Additionally, applications made for some of the more leisure based and evening classes have a shortened application process due to the reduced need for prior academic qualifications to be presented for entry.

To gain feedback on the admissions process, the College issue an Early Experience Survey to all new joiners at the College which, among other things, covers the applications process.

The College have in place a student recruitment plan and a detailed curriculum plan which is broken down into the seven different schools of the College listing with student recruitment and retention targets for each. Curriculum Plans are reviewed by the Heads and Deputies of each school for adequacy and suitability.

The College primarily recruit students from their local area and do so working in close partnership with UHI. The College target school careers fairs, engage in digital marketing campaigns to generate interest and utilise slots on local radio stations. Interest from prospective students is measured using social media metrics and which posts or web pages are getting most attention. Monthly snapshots of social media metrics are generated by the Marketing and Communications Manager and delivered to the EMT as part of the monthly update. Weekly meetings are had between the Recruitment and Admissions team to discuss progress and how this interest is translating into actual applications.

The Admissions Team in collaboration with the Access and Progression Manager begin planning the induction week in May. This planning will take into consideration previous induction weeks, current course numbers and any courses that may have been cancelled or restructured. Once the provisional plan is created, it will be sent to the Heads and Deputies of the relevant schools for review and approval. Once this review is completed the plan is 'locked down' and cannot be changed as when communicated to students, this cannot be retracted.

The standard timeline that the induction process will follow is one week for FE, one week for HE and then an additional week for catch-up. The delivery of the induction sessions to students is a collaborative effort between Personal Development Advisors (PDA's) and academic members of staff. The PDAs are responsible for delivering general information about the College and the support services that are on offer to students. The academic staff deliver course specific information relating to the curriculum, teaching staff and initial lectures. The Access and Progression Manager is responsible for coordinating the PDAs at the College and to ensure a consistent and structured induction process has created induction summary documents and checklist that are to be followed.

Following the completion of the induction week, a debrief meeting is had within the Induction Team to discuss what went well, what needs work and the proposed key actions moving forward. Feedback on the induction students receive when joining the College is included within the Early Experiences Survey.

Most enrolments at the College begin when a student gains an offer through their application to study. The enrolment process begins with students confirming their personal details which are drawn from either their UCAS or direct application. Students then make their class

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

allocations for the year and inform the College of any special requirements that they may have for the year. The enrolment process then determines the fee status of the student and informs the Finance Department of whether the student is to be invoiced for their studies or if funding is to be claimed. This path is for most of the full time and structured part time courses. Modern apprentices will not be required to complete the same enrolment process and will instead be issued a quick enrolment form which only requires very basic details of the student. Supported education students are given the option of a hard copy enrolment form if they are unable to complete digitally and are also given support in completing the form should they not have access to a carer to do so on their behalf. All the support for these students is provided by the Additional Support Needs (ASN) team.

To track enrolments at the College, an enrolment dashboard is utilised. This dashboard allows the Student Records Team to see who is yet to complete their enrolment and can then issue reminders to do so. If a student hasn't enrolled, they will be reminded to do so via email, except for modern apprentices who will have their assessors or responsible organisation contacted to chase up the enrolment completion. Students are given the first two weeks of term to enrol and there will be constant reminders to do so throughout this time. If the student has still not enrolled, the below process of marking a student as 'DNS' will be followed.

If the College is made aware that a student who has accepted their place on the course is not going to be attending the course, or if the student fails to enrol following attempted contact from the College, that student will be marked at 'Did not start' (DNS). Marking as DNS then allows the College to assess how many additional offers may be given to students who missed out on a place at the first round of admissions. In terms of planning for enrolments and reporting on enrolment progress, the College have in place an Enrolment Induction Schedule, Step by Step enrolment guides, Enrolment processes and timelines, as well as monthly reporting to the EMT on enrolment progress.

Feedback on the enrolment to courses at the College is captured through the early experience survey. When asked 'It was easy to enrol onto my course', over 90% of respondents replied agree or strongly agree.

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

SCOPE AND APPROACH:

The scope of the review was to assess whether:
- The student application process is clearly defined, consistent and customer focused;
- Recruitment processes are efficient, consistent and appropriate to the subject area and support the conversion of interest into appropriate offers;
- Recruitment processes support the achievement of College activity targets;
- The student recruitment process is embedded well within the College and staff in different areas work together effectively and efficiently to support overall student recruitment;
- Induction processes support the student in their transition to College; and
- The College enrolment processes are clearly defined and allow students to be enrolled timeously.

Our approach was to conduct interviews to establish the controls in operation for each of our areas of audit work. We sought documentary evidence that these controls are designed as described. We evaluated these controls to identify whether they adequately address the risks. We sought to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

GOOD PRACTICE:

As a result of this review, the following points of good practice are raised:

- **Recruitment Planning Documentation -** The recruitment plan and curriculum plan are useful tools which provide a basis for efficient, consistent, and appropriate student recruitment activities.

- **Staff Communication -** The 'Wee Connect' newsletters are an effective method of communication to staff with regards to student recruitment and aid the embedding of the student recruitment process into the College.

- **Induction Planning -** The induction planning document is comprehensive and thorough in outlining all the student induction activities that will take place at the College. The documentation clearly outlines to students and staff what induction events will be happening and what support will be offered to them by the University induction and enrolment team.

- **Induction Resources -** The checklists and guides created by the Access and Progression Manager for student induction sessions provide the basis for inductions being consistent across the College and that all students will receive the information that is essential to their induction to the College.

KEY FINDINGS:

Notwithstanding the points of good practice stated above, the following findings are raised from this review:

- **Applicant Data Retention -** Currently, the College, in line with the UHI data retention policy, store unsuccessful applicant data for 7 years. Whereas JISC (higher education IT and Digital support services organisation) recommends, data for unsuccessful students should be destroyed after 1 year of retention
- **Missing Data -** The Application Retention Success document has large sections with no data. It was explained by management that this is due to courses either not existing at that stage in time or being discontinued.
- **Policy Review -** The HE Admissions, FE Admissions and FE Regional Admissions Policies were due for review in July 2020, February 2018 and May 2020 respectively and are therefore out of date.

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

CONCLUSION:

In conclusion, we can provide a moderate level of assurance over the Applications, Recruitment and Enrolment arrangements in place at the College. We found Applications, Recruitment and Enrolment related controls to be sound, with some exceptions.

OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

✔ Recruitment processes may not be efficient, consistent and appropriate to the subject area and support the conversion of interest into appropriate offers

✔ Recruitment processes may not support the achievement of College activity targets

✔ The student recruitment process may not be embedded within the College effectively and efficiently to support overall student recruitment

✔ Induction processes may not support students in their transition to College

✔ The College enrolment processes may clearly defined and allow students to be enrolled timeously.

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

DETAILED FINDINGS

RISK: THE STUDENT APPLICATION PROCESS MAY NOT BE CLEARLY DEFINED, CONSISTENT AND CUSTOMER FOCUSED

Ref	Sig.	Finding
1	🟧	**Applicant Data Retention** GDPR regulations require that the College holds personal data for no longer than necessary. JISC (higher education IT and Digital support services organisation) recommends, data for unsuccessful students should be destroyed after 1 year of retention. Currently, the College, in line with the UHI data retention policy, store unsuccessful applicant data for 7 years. There is a risk the College are not complying with GDPR regulations.

RECOMMENDATION:

It is recommended that the College, in unison with UHI, review and update the data retention policy for unsuccessful student applications to reflect the JISC recommendation of destruction after 1 year of retention.

MANAGEMENT RESPONSE:

We understand that this is a JISC recommendation and that there is no term specified in the regulations. We will provide this audit feedback to colleagues and have sought support from our Data Controller to take this forward.

Responsible Officer:	Suzanne Stewart, Data Controller
Implementation Date:	Information passed to Data Controller 10/05/2022

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

RISK: RECRUITMENT PROCESSES MAY NOT SUPPORT THE ACHIEVEMENT OF COLLEGE ACTIVITY TARGETS

Ref	Sig.	Finding
2	🟢	**Missing Data** The Application Retention Success document is used to plan student numbers for each course and the achievement of these targets. The Application Retention Success document has large sections with no data. It was explained by management that this is due to courses either not existing at that stage in time or being discontinued. There is a risk that staff do not know which courses have been discontinued and which are yet to be updated. This could lead to users of the data misinterpreting or being unable to draw conclusions from the information presented.

RECOMMENDATION:

It is recommended that cells that are empty due to the course either not being active or being discontinued are marked to show such. This then allows for a clear picture of the status of a course and if there actually is missing data.

MANAGEMENT RESPONSE:

The feasibility of filling empty cells is being investigated by our MIS Manager. If a fix can be applied without causing knock on problems which are greater or more time consuming than the issues raised, then this will be implemented by June 2022.

Responsible Officer:	Jane MacLennan, MIS Manager
Implementation Date:	Request passed to MIS Manager 10/05/22 Expected Implementation date 30 June 2022

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

RISK: THE STUDENT APPLICATION PROCESS MAY NOT BE CLEARLY DEFINED, CONSISTENT AND CUSTOMER FOCUSED

Ref	Sig.	Finding
3	🟢	**Policy Review**

Policy Review

Policies should be kept up to date and reviewed as per the review date stated at the point of last review to ensure that policies are adequate and reflective of current practices at the College.

The HE Admissions, FE Admissions and FE Regional Admissions Policies were due for review in July 2020, February 2018, and May 2020 respectively and are therefore out of date.

There is a risk that the information contained within the policies is no longer current and could lead to errors in the applications process occurring.

RECOMMENDATION:

It is understood that these policies are owned by UHI, however it is recommended that actions are taken to prompt the review of these policies to ensure their adequacy and accuracy.

MANAGEMENT RESPONSE:

We have reported this issue to UHI and requested that the policies are reviewed.

Responsible Officer:	Sheree Grant
Implementation Date:	Forwarded to UHI Admissions Manager 10/5/22

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Georgie Parker	Assistant Principal
Sheree Grant	Admissions and Student Funding Team Leader
Carol Sutherland	Marketing and Communications Manager
Donna Rae	Student Records Team Leader
Jane MacLennan	Information Systems Manager
Louise Martin-Theyers	Access and Progression Manager

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

APPENDIX I – DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial 🟢	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 🟦	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 🟧	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 🔺	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
High 🔺	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 🟧	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 🟢	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to provide assurance to management and the Audit Committee regarding the adequacy and effectiveness of the College's application, enrolment, and induction processes and to recommend improvements to those arrangements as necessary.

KEY RISKS:

- The student application process may not be clearly defined, consistent and customer focused

- Recruitment processes may not be efficient, consistent and appropriate to the subject area and support the conversion of interest into appropriate offers

- Recruitment processes may not support the achievement of College activity targets

- The student recruitment process may not be embedded within the College effectively and efficiently to support overall student recruitment

- Induction processes may not support students in their transition to College

- The College enrolment processes may clearly defined and allow students to be enrolled timeously.

SCOPE OF REVIEW:

The scope of the review is to assess whether:

- The student application process is clearly defined, consistent and customer focused;
- Recruitment processes are efficient, consistent and appropriate to the subject area and support the conversion of interest into appropriate offers;
- Recruitment processes support the achievement of College activity targets;
- The student recruitment process is embedded well within the College and staff in different areas work together effectively and efficiently to support overall student recruitment;
- Induction processes support the student in their transition to College; and
- The College enrolment processes are clearly defined and allow students to be enrolled timeously.

Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

INVERNESS COLLEGE, STUDENT APPLICATION, ENROLMENT & INDUCTION

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

During the course of the review, we will keep management informed of any issues which arise as a result of our testing.

A de-brief meeting will be undertaken before completing the review on-site to discuss findings and initial recommendations.

FOR MORE INFORMATION:

Claire Robertson

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INVERNESS COLLEGE

INTERNAL AUDIT REPORT

COVID-19 - QUALITY & ASSESSMENT
APRIL 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Substantial

INVERNESS COLLEGE, COVID-19 – QUALITY & ASSESSMENT

DISTRIBUTION	
Lindsay Snodgrass	Assistant Principal Student Experience & Quality
Natalie Kelly	Quality Manager
Roddy Ferrier	Director of Finance
Members of the	Audit Committee
REPORT STATUS LIST	
Auditors:	Sean Morrison
Dates work performed:	04 April - 13 April 2022
Draft report issued:	26 April 2022
Final report issued:	13 May 2022
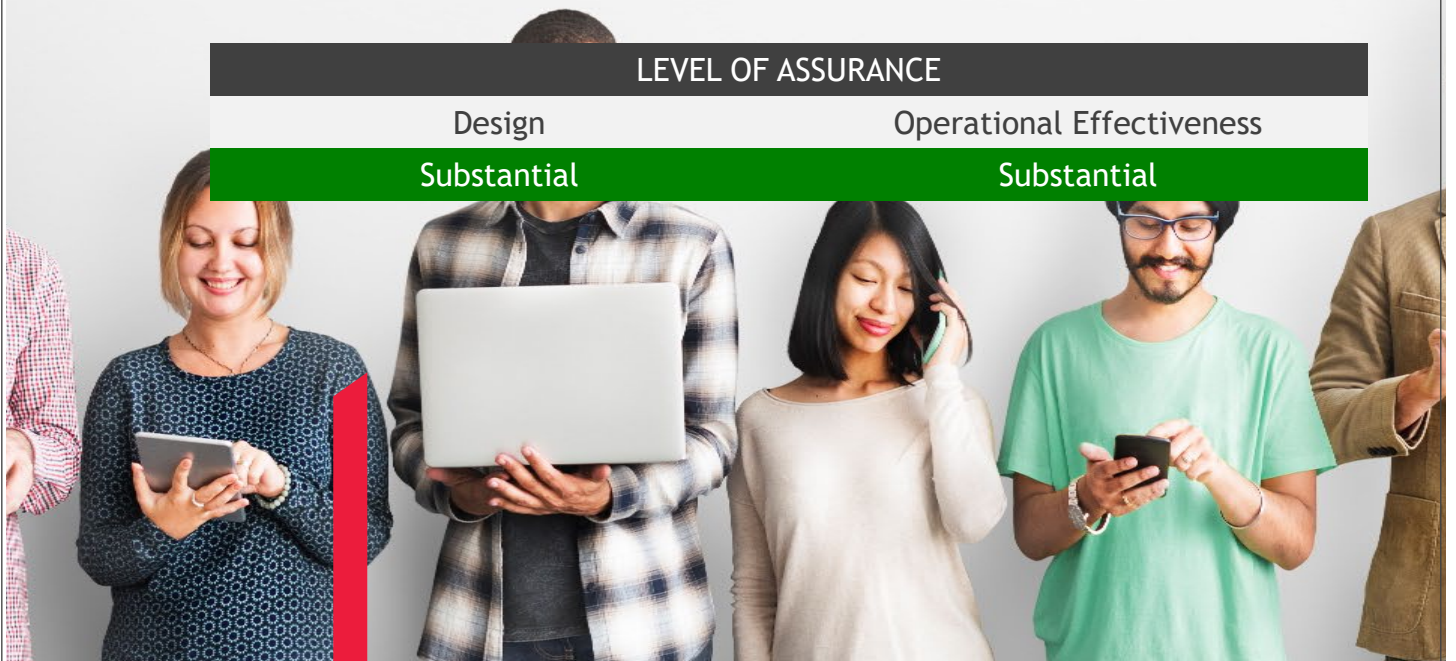
INVERNESS COLLEGE, COVID-19 – QUALITY & ASSESSMENT

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	🟢	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	🟢	The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	▲	0
Medium	■	0
Low	●	1

TOTAL NUMBER OF RECOMMENDATIONS: 1

BACKGROUND:

As part of the 2020-21 Internal Audit Plan, it was agreed that Internal Audit would perform a review of the arrangements in place for assessing and grading students, as amended as a result of Covid-19.

Initially, as Covid-19 began to affect the country, the College followed Government guidance by closing campuses and moving to remote teaching where possible. Assessment and examination methods were adjusted as required. Examples of changes to assessment arrangements included moving to online assessments, open book assessments, extended submission windows, and coursework-based grading. Prior to Covid-19, assessments and examinations were predominantly conducted on site at the College or on location for work based learning. As Covid-19 restrictions eased and time passed the College adopted a blended approach of online and in person teaching and assessments.

An Internal Quality Assurance (IQA) panel was set up to provide oversight of the quality measures taken in regards to assessments, to sign off on proposed changes and decisions being made, and on student result estimations, and to provide challenge where these were not deemed fit for purpose. This challenge and oversight was important for maintaining standards throughout the College, and to ensure that the College could meet the needs and expectations of the awarding bodies.

The Learning, Teaching and Research Committee (LTRC) was provided with regular updates at their quarterly meetings on the impact of Covid-19 on students. This included information on the actions being taken in regards to student assessments, adjustments to teaching methods, awarding body guidance and compliance, and contingency planning.

Other internal groups that had oversight and input in regards to student assessment and Coid-19 response decisions included the; Executive Management Team (EMT), who agreed the College SQA statement of assurance which outlined the quality arrangements around the

INVERNESS COLLEGE, COVID-19 – QUALITY & ASSESSMENT

SQA qualifications; Academic Management and Quality Committee (AMQC), who provided oversight of the assessment decisions being taken; and the Higher and National 5 Steering Group, which considered SQA assessment guidance, understanding standards, subject specific guidance, and evidence gathering for assessments.

The College considered awarding body guidance, for example the SQA published decision tree guidance to direct education bodies on the assessment requirements for the respective qualifications. Any requirements within the guidance to be followed for course delivery and assessment were identified and adopted by the College, and the assessment decision tree process was completed by the Quality Team and the school Heads/Deputy Heads. This process was used to determine the appropriate and viable delivery method of assessment for all courses and units. To track completion of these choices a master spreadsheet was utilised, and monitored on an ongoing basis, including at monthly meetings between School Heads and their assigned quality leads.

All guidance, including subject specific guidance, was reviewed by the Quality Team to determine what impacts it would have, and who should be provided with the information. Once reviewed, the guidance was directly distributed to the Heads and Deputy Heads for each of the schools. Guidance materials were also made available to staff via the College SharePoint.

Key communications were sent to students via the College intranet; Brightspace; email; social media, the College website; and directly from lecturers during lessons. Communications covered expected areas, such as actions being taken by the College, key dates, appeals process, imposed restrictions, policy changes, health and safety guidance, and assessment guidance. Students were also able to get information from the student support teams, who provided information relating to key frequently asked questions addressing common themes and concerns.

Student feedback which can include thoughts on communications and assessments are captured during the Early Engagement Satisfaction Survey and the student satisfaction engagement survey. These surveys are conducted by the quality team, and student thoughts on assessment processes and communications can also be captured at course committee meetings.

SCOPE AND APPROACH:

The scope of our review was to assess whether:

- Appropriate assessment arrangements have been introduced in response to Covid-19 restrictions and awarding body requirements.
- The College has considered assessment options and has adopted the most suitable approach for students across the College.
- The arrangements adopted are compliant with all awarding body requirements.
- The College has accessed, considered and adopted best practice in its approach to academic performance assessment and grading.
- There is clear justification for the approaches taken by the College, and this is made available to all students as appropriate.
- All students are provided with regular and clear updates as to the amended ways of working and the procedures that the College will be adopting, and can access information relating to their academic performance.

INVERNESS COLLEGE, COVID-19 – QUALITY & ASSESSMENT

- The arrangements are reported to and monitored by the Board of Management.

Our approach was to conduct interviews to establish the controls and processes in operation, and to review documentary evidence that these controls are designed as described. We then evaluated these controls to identify whether they adequately address the risks. We also conducted sample testing to assess the operational effectiveness of the controls.

GOOD PRACTICE:

We noted a number of areas of good practice being demonstrated in relation to quality and assessment practices following the emergence of Covid-19. These included:

- Assessment practices were updated to ensure that students could still attain their qualifications. For example, changes to assessments included moving online, based on coursework, or moving to open book.
- A quality control process was introduced to ensure that assessment standards were maintained, this included utilising the IQA panel and guidance from the quality team.
- The College followed guidance issued by the awarding bodies in relation to the assessment practices to be followed in response to Covid-19.
- Internal groups for example the EMT, AMQC and IQA provided oversight and approval for the decisions made regarding assessment alterations and ensuring quality is maintained. Status reports and guidance were also considered by the respective groups.
- Assessment changes were communicated to students via a range of channels including, email, via student portals, social media, and by lecturers.

KEY FINDINGS:

Notwithstanding the areas of good practice noted above, we have noted one area where the college could look to adopt good practice, summarised below:

- **Lessons Learned -** It was explained by management that a formal lessons learned review has not yet been conducted on the actions taken in response to Covid-19, including communication methods with students, assessment processes and overall performance. We recognise that an Education Scotland review as well as this internal audit were opportunities to assess some aspects of performance and the controls in place, and that student engagement is an opportunity for feedback to be provided.

CONCLUSION:

We are able to provide substantial assurance over the design and operational effectiveness of the arrangements and controls implemented to assure that College quality and assessment standards were maintained following the emergence of Covid-19.

INVERNESS COLLEGE, COVID-19 - QUALITY & ASSESSMENT

OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

✓ Assessment practices have not been evolved to address the challenges posed by the Covid-19 restrictions.

✓ No emergency procedures have been introduced to ensure assessment and grading can be carried out under the restricted circumstances.

✓ The arrangements adopted are not compliant with the requirements of awarding bodies.

✓ The College is not considering best practice and could be found wanting in terms of the approach it is taking to academic performance assessment and grading.

✓ Students are not being kept informed or do not have access to information relating to their academic performance under the changed circumstances.

INVERNESS COLLEGE, COVID-19 – QUALITY & ASSESSMENT

DETAILED FINDINGS

RISK: THE COLLEGE IS NOT CONSIDERING BEST PRACTICE AND COULD BE FOUND WANTING IN TERMS OF THE APPROACH IT IS TAKING TO ACADEMIC PERFORMANCE ASSESSMENT AND GRADING.

Ref	Sig.	Finding
1	🟢	**Lessons Learned**

A lessons learned review provides an opportunity for issues to be identified and actions to be taken to address those, as well as for good practice to be considered.

A formal lessons learned review has not yet been conducted on the actions taken in response to Covid-19, including communication methods with students, assessment processes and overall performance.

We recognise that an Education Scotland review as well as this internal audit were opportunities to assess some aspects of performance and the controls in place, and that student engagement is an opportunity for feedback to be provided.

However, to align with good practice a College wide lessons learned process would mitigate the risk of important learnings from the College response to Covid-19 in regards to assessment and quality matters from being lost.

RECOMMENDATION:

We recommend that management conduct a lessons learned review on the College response to Covid-19, particularly in regards to assessment processes, quality controls and procedures, and student communications.

MANAGEMENT RESPONSE:

The college have conducted an on-going evaluation of the lessons learned during the pandemic with regards to assessment and quality processes and in line with awarding body guidance. Our evaluations have informed various changes between AY 20-21 and 21-22. We have not yet been able to formally report on this but intend to do so as part of our end of year reflective reporting. This will then inform further changes which may be required in AY 22-23.

Responsible Officer:	Assistant Principal Student Experience & Quality
Implementation Date:	30 September 2022

INVERNESS COLLEGE, COVID-19 – QUALITY & ASSESSMENT

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Carrie Higgins	Deputy Head of School of Construction and the Built Environment
Lindsay Snodgrass	Assistant Principal Student Experience & Quality
Natalie Kelly	Quality Manager
Nicola MacDonald	Programme Development Manager for Business and Computing
Sharon MacFarlane	Tertiary Education Leader

INVERNESS COLLEGE, COVID-19 – QUALITY & ASSESSMENT

APPENDIX I – DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial ●	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate ■	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited ⬢	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No ▲	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High ▲	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium ■	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low ●	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

INVERNESS COLLEGE, COVID-19 – QUALITY & ASSESSMENT

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to provide management and the Audit Committee with assurance over the arrangements and controls in place to assess and grade students throughout the period affected by Covid-19. We will consider whether the process is compliant with the requirements of awarding bodies.

KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Assessment practices have not been evolved to address the challenges posed by the Covid-19 restrictions.

- No emergency procedures have been introduced to ensure assessment and grading can be carried out under the restricted circumstances.

- The arrangements adopted are not compliant with the requirements of awarding bodies.

- The College is not considering best practice and could be found wanting in terms of the approach it is taking to academic performance assessment and grading.

- Students are not being kept informed or do not have access to information relating to their academic performance under the changed circumstances.

SCOPE OF REVIEW:

The scope of the review is to assess whether:

- Appropriate assessment arrangements have been introduced in response to Covid-19 restrictions and awarding body requirements.
- The College has considered assessment options and has adopted the most suitable approach for students across the College.
- The arrangements adopted are compliant with all awarding body requirements.
- The College has accessed, considered and adopted best practice in its approach to academic performance assessment and grading.
- There is clear justification for the approaches taken by the College, and this is made available to all students as appropriate.
- All students are provided with regular and clear updates as to the amended ways of working and the procedures that the College will be adopting, and can access information relating to their academic performance.
- The arrangements are reported to and monitored by the Board of Management.

INVERNESS COLLEGE, COVID-19 – QUALITY & ASSESSMENT

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

During the course of the review we will keep management informed of any issues which arise as a result of our testing.

A de-brief meeting will be undertaken before completing the review on-site to discuss findings and initial recommendations.

FOR MORE INFORMATION:

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INVERNESS COLLEGE
INTERNAL AUDIT REPORT

STAFF RECRUITMENT
APRIL 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Limited

DISTRIBUTION	
Georgie Parker	Assistant Principal - Operations & External Relations
Roddy Ferrier	Director of Finance
Audit Committee	Members
REPORT STATUS LIST	
Auditors:	Kara Flannigan
Dates work performed:	23 November 2021 – 15 February 2022
Draft report issued:	01 April 2022
Final report issued:	30 May 2022

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	🟧	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	🟧	Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	🔺	0
Medium	🟧	6
Low	🟢	0

TOTAL NUMBER OF RECOMMENDATIONS: 6

BACKGROUND:

As part of the 2021-22 Internal Audit Plan, it was agreed that Internal Audit would carry out an evaluation of the processes in place in relation to staff recruitment, to verify that a fair and consistent recruitment process is in place and consistently applied, which complies with relevant employment legislation and promotes equality of opportunity. The review is also intended to verify that the necessary pre-employment checks are being carried out prior to staff being appointed.

The purpose of this review was to provide management and the Audit Committee with assurance on the design and effectiveness of the recruitment and selection procedures applied to both permanent and temporary staff appointments to assess whether a fair, consistent, lawful, well-controlled and cost-effective approach to recruitment is being applied.

To support the recruitment and selection process, Inverness College maintains a Staff Recruitment and Selection Policy and a Staff Recruitment and Selection Procedure. Both documents are reviewed every three years, or sooner if required by a specific change in legislation or other circumstances. The Policy was last reviewed in 2021 and is due for review in October 2023, while the Procedure was last reviewed in August 2020 and is next due for review in August 2023.

The HR Manager, with the support of the HR team, has responsibility for drafting revisions required to the policy and procedures. As part of this process, the HR team consider Legislative frameworks, best practice and recent research in the sector to propose the relevant changes to the policies and procedures.

Proposed changes are put forward to the Policy and Procedure Review Panel (PPRP) Committee for approval and are then shared for both staff and trade union consultation. The revised policy and procedures are reviewed by the Executive Management Team and Human Resources Committee. The Policy is also subject to approval by the Board of Management.

Additionally, there is a range of guidance available to staff on all aspects of the recruitment processes, which includes an extensive set of guidance for managers, interview guidance and assessment templates, guidance for HR staff, and other general information. This is made available to staff at Inverness College on HR's SharePoint site.

Within the HR team there are three HR Business Partners who are dedicated to a particular school within the College, or in Professional Services. The HR Business Partners are responsible for ensuring any amends to staff recruitment policies or procedures are clearly communicated to each line manager and to ensure they are fully aware of the latest processes. The HR Business Partners also provide ongoing support to line managers at every stage in the recruitment process and help ensure the process is carried out in accordance with the set policy and procedures.

Each year, staffing requirements are reviewed in line with the annual curriculum which informs the required staff recruitment budget. Department Managers will monitor the annual curriculum and budget to ensure they have sufficient resources, and skills gaps will be filled either through redeployment from other resources within the College or via external recruitment.

All resource requests are passed to the Staffing Resource Panel (SRP), with a detailed person specification and job description. A discussion will take place within the SRP as to what is the most suitable course of action.

If a vacancy is approved by the SRP, the College will advertise the post. SRP will recommend whether a post be advertised internally and/or externally. All vacancies are advertised through the College website as well as on the University of the Highlands and Islands (UHI) website. The Marketing Team also advertise job vacancies across the College's social media. The College tailor their approach to advertising depending on the type of role to be filled. For example, S1 Jobs is typically used for filling Professional Services vacancies, while jobs.ac.uk is favoured for academic vacancies. For more specialist roles, the College engages a specific agency in the sector (for example, when hiring Health & Safety specialists).

The College requests an application form is completed and submitted for all vacancies. This allows applicants to be assessed against the job criteria and shortlisted objectively for interview. The shortlisting panel must complete a shortlisting form and evidence why candidates have or have not been shortlisted. Candidates invited to interview will be invited to attend a panel interview, with the selection panel consisting of the recruiting manager and at least one other member of staff, where possible ensuring gender balance. All candidates invited to interview for a particular vacancy are asked the same questions and assessed consistently.

Following final interviews, the selection panel will discuss to reach a consensus on the most suitable candidate for the role. Successful candidates will receive a verbal offer from the recruiting manager, which is conditional on completion of satisfactory pre-employment checks. A conditional offer letter will be issued to the successful candidate to sign and return. Unsuccessful candidates must be notified in writing by the recruiting manager as soon as possible, and within five working days following the interview process. Further, unsuccessful internal candidates must be notified in person or by telephone by the recruiting manager.

Any offer of employment made by the College is conditional upon receipt of satisfactory pre-employment checks and this is mandatory for all new recruits. These include identification checks, eligibility to work in UK checks, Protection of Vulnerable Groups (PVG) checks,

employment references, and qualification checks. For certain roles further pre-employment checks may also be required, including health surveillance or a finance credit check.

All checks performed are required to be evidenced, documented, and saved in a secure area for access by HR employees. Each employee has a file containing their contract, onboarding documents and evidence of all pre-employment checks.

An Equality of Opportunities Statement is included within the College Staff Recruitment Policy, which states that the College will provide equality of opportunity within the recruitment and selection process, and ensure applicants are treated on the basis of merit and ability, and will be free from discrimination on any unfair or unlawful grounds. Personal and equal opportunities data are omitted as part of the shortlisting process. Additionally, the College will ensure any disabled applicant who meets the minimum required criteria is guaranteed to be invited to interview for the role. The College will also make reasonable adjustments to ensure all applicants can fully participate in the selection process.

The College also regularly monitors and reports equal opportunities data, which is published on the College website within the Equality Mainstreaming report.

Annual budgets for staff recruitment costs are set ahead of each new financial year. The budget for each department is prepared by the finance team and will be reviewed by the corresponding department managers. Following the first review, the staffing and resource budget is put forward for approval by the EMT and the Board of Management.

Total budgeted staff costs for 2021-22 are £16.8m, and are presented by staffing type, with the most significant costs being teaching staff costs (£10.0m), followed by Administration and Support staff costs (£3.3m). Other personnel related costs are also included in the budget, such as agency and external, pension, travel, and staff training costs.

During the fortnightly SRP meetings, the Director of Finance will review whether approved recruitment spend is in line with budget, or whether additional budget was secured to accommodate the spend. The Operations and Commercial Manager is also in attendance at the SRP meetings to monitor spend and total hours against those required to deliver the curriculum plan.

Cost effectiveness is considered as part of the recruiting process and the SRP assess the best course of action for obtaining the additional resource. As part of the vacancy approval process, the SRP will consider whether work can instead be reallocated across the existing workforce, or whether temporary workers or part-time positions would be suitable. For vacancies required to be advertised externally, the College has negotiated value discounts with S1 Jobs and jobs.ac.uk which allows for cost savings to be realised on purchasing a minimum number (bundle) of advertising credits. This allows the College to simultaneously target their recruitment approach while also realising enhanced value for money.

SCOPE AND APPROACH:

The scope of our review was to assess whether:
- Policies and procedures for staff recruitment are adequate and followed consistently;
- Staff involved in recruitment are provided with effective training and support;
- There is a consistent approach taken for the recruitment of staff, and all supporting documentation is maintained to support recruitment decisions;

- Sufficient controls are in place to prevent discriminatory practices and to ensure equality of opportunities with regards to recruitment;
- The approach to staff recruitment is cost effective; and
- Pre-employment checks are carried out on staff members prior to their appointment.

Our approach was to conduct interviews to establish the controls and processes in operation, and to review documentary evidence that these controls are designed as described. We then evaluated these controls to identify whether they adequately address the risks.

GOOD PRACTICE:

We noted a number of areas of good practice being demonstrated at the College in relation to the staff recruitment process. These included:

- **Equal opportunities** - As part of the College's commitment to equal opportunities, any disabled applicant who meets the essential minimum criteria on the person specification for the post is guaranteed to be interviewed. Further, the College will ensure reasonable adjustments are made to enable all applicants to fully participate in the selection process.
- **Policies & Procedures** – The Staff Recruitment and Selection Policy and Procedure clearly identifies the policy owner, lead officer, review officer, and the previous and future review dates of the documents. Proposed revisions to the policy and procedures are also subject to thorough consultation with a wide range of parties and through the Policy and Procedure Review Panel (PPRP) Committee.
- **Policy Tracker** – The College maintains a policy tracker which identifies when a policy is next due for review and due to be published.
- **HR Business Partners** – The College has three HR Business Partners, of which a key responsibility is to support hiring managers through the recruitment and selection process to ensure this is conducted in adherence with policy and regulations.
- **Advertising Discounts** – The College has negotiated value discounts with external advertisers (S1 Jobs and jobs.ac.uk) where a minimum number of advertising spaces are purchased, which helps ensure cost effectiveness and value for money is being achieved where possible.

KEY FINDINGS:

Notwithstanding the areas of good practice noted above, we have noted a number of areas where further improvements are required to the staff recruitment process at the College, summarised below:

- **Person Specification Scoring** - Sample testing of new joiners identified that a person specification scoring form was not completed for six of seven new joiners tested;
- **Interview Scoring** - The College has an Interview Panel Questions scoring form however there is no mention of when it should be completed in the Staff Recruitment and Selection Procedure. Internal audit were unable to obtain evidence of interview scoring for two of seven job vacancies tested:
- **Employment Contracts** - Sample testing performed over new joiners identified three instances where copies of signed employment contracts were not retained, and two instances where employment contracts were signed after employment had already commenced;
- **Recruitment & Selection Training** - There is currently no formal or structured training provided on the staff recruitment process. We note support is provided to hiring managers by the HR Business Partners, and there is a range of guidance and templates available to staff regarding the recruitment process.

- **References -** Sample testing performed over seven new joiners identified one instance where references had not been returned as part of the required pre-employment checks. We acknowledge HR are in ongoing discussions with the employee to obtain alternative references.
- **Procedure Documentation** - There are areas of the Staff Recruitment and Selection procedure which could be improved to add further clarity to the recruitment and selection process: the procedure does not clearly outline who is responsible for certain stages of the recruitment process between the recruiting manager or HR. There are many template forms, however the procedure does not outline when these should be completed, including vacancy requisition forms, person specification scoring, shortlisting forms. Further, the policies and procedures do not clearly state what documentation panel members are required to return to HR as part of the recruitment process, such as completed interview scoring forms.

CONCLUSION:

We are able to provide limited assurance over the design and operational effectiveness of the staff recruitment process in place at the College. We have provided recommendations below to improve the control environment further.

OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

✓ There may be insufficient controls in place to prevent discriminatory practices and to ensure equality of opportunity.

✓ The approach to recruitment may not be cost effective.

DETAILED FINDINGS

RISK: THERE MAY BE INCONSISTENCIES IN THE APPROACH TAKEN FOR THE RECRUITMENT OF STAFF, AND DOCUMENTATION TO SUPPORT RECRUITMENT DECISIONS MAY NOT BE MAINTAINED.

Ref	Sig.	Finding
1	🟧	**Person Specification Scoring** The Staff Recruitment and Selection Procedure outlines the shortlisting panel must complete a Shortlisting Form to ensure applicants are shortlisted objectively against the job specification and evidence why candidates have or have not been shortlisted. Sample testing of new joiners identified that a person specification scoring form was not completed for six of seven new joiners tested. There is a risk that the most suitable candidates are not shortlisted for interviews, which may prevent the recruitment process from being fair, transparent or effective.

RECOMMENDATION:

We recommend that recruiting managers are reminded to complete Shortlisting Forms and return completed Forms to HR.

The Staff Recruitment & Selection Procedure should be updated to reflect that the shortlisting panel should return the completed shortlisting forms to HR.

MANAGEMENT RESPONSE:

As noted, there is a range of guidance available to recruiting managers on all aspects of the recruitment processes, which includes an extensive set of guidance for managers and interview guidance and assessment templates as well as a recruitment process chart outlining who is responsible for completion of each key stage. This is made available on the HR SharePoint site. The the HR team continue to support recruiting managers on all aspects of the process.

Management proposes that links to these guidance documents are added to the Staff Recruitment & Selection Procedure.

Responsible Officer:	HR Manager
Implementation Date:	• Staff Recruitment & Selection Procedure to be updated by 30 June 2022. • Implementation to be determined by PPRP dates which have yet to be set for the AY 2022-23.

RISK: THERE MAY BE INCONSISTENCIES IN THE APPROACH TAKEN FOR THE RECRUITMENT OF STAFF, AND DOCUMENTATION TO SUPPORT RECRUITMENT DECISIONS MAY NOT BE MAINTAINED.

Ref	Sig.	Finding
2	🟧	**Interview Scoring**

It is important that interviews held for all job vacancies are assessed consistently, and that results are documented, to ensure fairness and transparency within the recruitment and selection process.

The College has an Interview Panel Questions scoring form however there is no mention of when it should be completed in the Staff Recruitment and Selection Procedure.

Internal audit were unable to obtain evidence of interview scoring for two of seven job vacancies tested:

- In one instance, the Interview Panel Questions Form was not returned to HR by the recruiting manager, who has since left the College
- In one instance, where an internal candidate was interviewed, the Interview Panel Questions form was not completed, and written notes were recorded instead.

There is a risk that a fair and transparent interview process is not followed at the College, which could prevent the most suitable candidate from being recommended for the role.

RECOMMENDATION:

We recommend management require all interview panel members to complete and return an Interview Panel Questions Form following interview assessments. Completed forms should be returned as early as possible from the date interviews were held.

We recommend the Staff Recruitment and Selection Procedure is updated to reflect when the Interview Panel Question Scoring Form is required to be completed and returned to HR.

MANAGEMENT RESPONSE:

As noted, there is a range of guidance available to recruiting managers on all aspects of the recruitment processes, which includes an extensive set of guidance for managers and interview guidance and assessment templates. This is made available on the HR SharePoint site. The the HR team continue to support recruiting managers on all aspects of the process.

Management proposes that links to these guidance documents are added to the Staff Recruitment & Selection Procedure.

In addition, HR commit to a completion check of the relevant interview forms and marking, and reject/return these to the recruiting manager if not fully completed.

Responsible Officer:	HR Manager

Implementation Date:	- Staff Recruitment & Selection Procedure to be updated by 30 June 2022. - Implementation to be determined by PPRP dates which have yet to be set for the AY 2022-23.

RISK: THERE MAY BE INCONSISTENCIES IN THE APPROACH TAKEN FOR THE RECRUITMENT OF STAFF, AND DOCUMENTATION TO SUPPORT RECRUITMENT DECISIONS MAY NOT BE MAINTAINED.

Ref	Sig.	Finding
3	🟧	**Employment Contracts**

It is good practice that an organisation obtains a signed employment contract before a new starter commences employment and retains copies of the signed contract to evidence that terms of the contract were agreed by both the College and the employee.

Sample testing performed over seven new joiners identified three instances where copies of signed employment contracts were not retained, and two instances where employment contracts were signed after employment had already commenced.

There is a risk that the College could be vulnerable to tribunals or disputes surrounding the terms of employment if contracts are not agreed and signed in advance, and evidence of a signed contract is not recorded.

RECOMMENDATION:

We recommend employment contracts are signed and dated by both the College and the employee at the earliest possible opportunity following verbal acceptance of an offer of employment.

The original and copies of signed employment contracts should be retained securely and should also be available digitally.

MANAGEMENT RESPONSE:

Following verbal acceptance of an offer of employment, writing confirmation of a conditional offer of employment (including a provisional start date) is issued. Upon completion of all satisfactory pre-employment checks, the conditional offer and start date are confirmed and the employment contracts are signed and dated by both the College and the employee at the earliest possible opportunity.

In the event that not all pre-employment checks are completed prior to the provisional date, a risk assessment will be undertaken and if it is recommended to proceed with the provisional start date, the contract of employment will still be issued, conditionally as above. Upon completion of all satisfactory pre-employment checks, a letter will be issued to confirm.

As a consequence of remote working, all copies of signed employment contracts are retained securely digitally. Hard copies are not held.

The risk assessment provision is to be included within the Staff Recruitment & Selection Procedure.

Responsible Officer:	HR Manager and HR Business Partners

Implementation Date: Staff Recruitment & Selection Procedure to be updated by 30 June 2022. Implementation to be determined by PPRP dates which have yet to be set for the AY 2022-23.

RISK: STAFF INVOLVED IN RECRUITMENT MAY BE PROVIDED WITH INADEQUATE TRAINING AND SUPPORT TO APPLY THE PROCEDURES.

Ref	Sig.	Finding
4	🟧	**Recruitment & Selection Training**

It is important all staff involved in recruitment receive regular training to ensure they have sufficient awareness and understanding of the process and can adhere to set procedures.

There is currently no formal or structured training provided on the staff recruitment process. We note support is provided to hiring managers by the HR Business Partners, and there is a range of guidance and templates available to staff regarding the recruitment process.

There is a risk that staff may not have the suitable knowledge of the recruitment and selection process, which may prevent the College from compliance with employment regulations or adhering to a fair and consistent selection process.

RECOMMENDATION:

We recommend regular training sessions are provided to all staff who may be involved in the hiring process, and that anti-bias training is included as part of these sessions. Staff should be required to attend refresher staff recruitment training sessions every three years, or sooner if there are changes to policy.

We also recommend that training attendance is recorded and monitored on an ongoing basis.

MANAGEMENT RESPONSE:

Our new on-line recruitment system (I-Recruit) is now in place.

I-Recruit is a recruitment management system that has provided a new improved service for candidates and recruiting managers. Due to the COVID-19 pandemic, the HR team have continued to support recruiting managers on all aspects of the process.

Due the College's Financial Recovery Plan, HR phased in the system and processes, as vacancies arose.

As noted, there is a range of guidance available to recruiting managers on all aspects of the recruitment processes, which includes an extensive set of guidance for managers and interview guidance and assessment templates. This is made available on the HR SharePoint site. The the HR team continue to support recruiting managers on all aspects of the process. The HR Manager and HR Business Partners have already commenced discussions in regard to the reviewing and revising the HR support provided for line managers which includes tailored training and guidance of key HR policies and procedures, including Staff Recruitment and Selection.

Management would therefore agree with the recommendation of regular training sessions are provided to all staff who may be involved in the hiring process.

Responsible Officer:	HR Manager and HR Business Partners

Implementation   2022 – 2023 Academic Year
Date:

RISK: PRE-EMPLOYMENT CHECKS MAY NOT BE CARRIED OUT ON STAFF MEMBERS PRIOR TO THEIR APPOINTMENT

Ref	Sig.	Finding
5	🟧	**References** The Staff Recruitment and Selection Procedure states that as part of pre-employment requirements, all posts will be subject to the completion of satisfactory reference checks. This is normally expected to comprise two references from the candidate's most recent employers. Sample testing performed over seven new joiners identified one instance where references had not been returned as part of the required pre-employment checks. We acknowledge HR are ongoing discussions with the employee to obtain alternative references. There is a risk that the College is breaching employment policy by employing new starters prior to completion of satisfactory pre-employment checks.

RECOMMENDATION:

We recommend new staff do not start until completion of satisfactory pre-employment checks.

MANAGEMENT RESPONSE:

Following verbal acceptance of an offer of employment, writing confirmation of a conditional offer of employment (including a provisional start date) is issued. Upon completion of all satisfactory pre-employment checks (including two references, the conditional offer and start date are confirmed and the employment contracts are signed and dated by both the College and the employee at the earliest possible opportunity.

In the event that not all pre-employment checks are completed prior to the provisional date, a risk assessment will be undertaken and if it is recommended to proceed with the provisional start date, the contract of employment will still be issued, conditionally as above. Upon completion of all satisfactory pre-employment checks, a letter will be issued to confirm. The risk assessment provision to be included within the Staff Recruitment & Selection Procedure.

Responsible Officer:	HR Manager and HR Business Partners
Implementation Date:	Staff Recruitment & Selection Procedure to be updated by 30 June 2022. Implementation to be determined by PPRP dates which have yet to be set for the AY 2022-23.

RISK: INADEQUATE POLICIES AND PROCEDURES MAY BE IN PLACE FOR STAFF RECRUITMENT.		
Ref	Sig.	Finding
6	🟧	**Procedure Documentation**

It is important that adequate procedures are in place surrounding the staff recruitment process to ensure those involved have a clear understanding of their responsibilities.

There are areas of the Staff Recruitment and Selection procedure which could be improved to add further clarity to the recruitment and selection process:

- The procedure does not clearly outline who is responsible for certain stages of the recruitment process between the recruiting manager or HR
- There are many template forms, however the procedure does not outline when these should be completed, including vacancy requisition forms, person specification scoring, shortlisting forms

Further, the policies and procedures do not clearly state what documentation panel members are required to return to HR as part of the recruitment process, such as completed interview scoring forms.

There is a risk that staff are unaware of their responsibilities regarding staff recruitment which could prevent key requirements of the process from being adhered to.

RECOMMENDATION:

We recommend the Staff Recruitment and Selection procedure is updated:

- to clearly outline who is responsible for completion of each key stage within the recruitment process, including the separate responsibilities of HR and recruiting management.
- to clearly states the documentation that must be returned to HR by the recruiting manager and shortlisting panel as part of the recruitment process.

MANAGEMENT RESPONSE:

As noted, there is a range of guidance available to recruiting managers on all aspects of the recruitment processes, which includes an extensive set of guidance for managers and interview guidance and assessment templates as well as a recruitment process chart outlining who is responsible for completion of each key stage. This is made available on the HR SharePoint site.

Management proposes that links to these guidance documents are added to the Staff Recruitment & Selection Procedure.

Responsible Officer:	HR Manager

| Implementation Date: | • Staff Recruitment & Selection Procedure to be updated by 30 June 2022. |
| | • Implementation to be determined by PPRP dates which have yet to be set for the AY 2022-23. |

OBSERVATIONS

INTERVIEW SCORING

Internal audit were unable to obtain evidence to verify that the highest scoring applicant was recommended for the role for two of seven role vacancies tested, due to interviews being held over six months previously and therefore being outside of the College's data retention policy.

SHORTLISTING

Internal audit were unable to obtain evidence of a shortlisting scoring form being completed for one of seven job vacancies tested, as the role was filled over 6 months previously, thus was outside the College's data retention policy.

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Georgie Parker	Assistant Principal - Operations & External Relations
Nicola Quinn	HR Manager

APPENDIX I – DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial ●	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate ■	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited ⬡	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No ▲	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High ▲
A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.

Medium ■
A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.

Low ●
Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to provide management and the Audit Committee with assurance on the design and effectiveness of the recruitment and selection procedures applied to both permanent and temporary staff appointments to assess whether a fair, consistent, lawful, well-controlled and cost effective approach to recruitment is being applied.

KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Inadequate policies and procedures may be in place for staff recruitment;
- Staff involved in recruitment may be provided with inadequate training and support to apply the procedures;
- There may be inconsistencies in the approach taken for the recruitment of staff, and documentation to support recruitment decisions may not be maintained;
- There may be insufficient controls in place to prevent discriminatory practices and to ensure equality of opportunity;
- The approach to recruitment may not be cost effective; and
- Pre-employment checks may not be carried out on staff members prior to their appointment.

SCOPE OF REVIEW:

The scope of the review is to assess whether:

- Policies and procedures for staff recruitment are adequate and followed consistently;
- Staff involved in recruitment are provided with effective training and support;
- There is a consistent approach taken for the recruitment of staff, and all supporting documentation is maintained to support recruitment decisions;
- Sufficient controls are in place to prevent discriminatory practices and to ensure equality of opportunities with regards to recruitment;
- The approach to staff recruitment is cost effective; and
- Pre-employment checks are carried out on staff members prior to their appointment.

Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

During the course of the review we will keep management informed of any issues which arise as a result of our testing.

A de-brief meeting will be undertaken before completing the review on-site to discuss findings and initial recommendations.

FOR MORE INFORMATION:

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Inverness College

INTERNAL AUDIT PROGRESS REPORT 2021-22

June 2022

BDO

CONTENTS

EXECUTIVE SUMMARY

Introduction

The purpose of this report is to *advise* the Audit Committee of the progress of the Internal Audit Plan for 2021-22. This paper together with progress and assignment updates are discussed with management and the Audit Committee throughout the year. These reports will form the basis of information to support our Annual Internal Audit Report for 2021-22.

Internal Audit Plan 2021-22

Since the last Audit Committee meeting, the following internal audits have been completed:

- Staff Recruitment

- Procurement

- Student Application, Induction and Enrolment

- Covid-19: Quality and Assessment

Conclusion

The Audit Committee is asked to *note* this report.

WORK COMPLETED

Reports Issued	Overall Report Conclusions – see appendix I				
	▲	■	●	Design	Operational Effectiveness
Staff Recruitment	0	6	0	Limited	Limited
Procurement	0	3	4	Moderate	Moderate
Student Application, Induction and Enrolment	0	1	2	Moderate	Moderate
Covid-19: Quality and Assessment	0	0	1	Substantial	Substantial

PERFORMANCE AGAINST OPERATIONAL PLAN

Visit	Date of visit	Proposed Audit	Planned Days	Actual Days	Status
1	November 2021	Staff Recruitment	5	5	Completed
2	January 2021	Procurement	5	5	Completed
3	April 2022	Student Application, Induction and Enrolment	6	6	Completed
4	March 2022	Covid-19: Quality and Assessment	6	6	Completed
5	May 2022	Student Representation	5	-	In progress
6		Follow Up	3	-	Scheduled July 2022

AUDIT PERFORMANCE

AUDIT	COMPLETION OF FIELDWORK	DRAFT REPORT	FINAL MANAGEMENT RESPONSES	FINAL REPORT
Staff Recruitment	15 February 2022	1 April 2022	27 May 2022	30 May 2022
Procurement	16 March 2022	1 April 2022	19 May 2022	19 May 2022
Student Application, Induction and Enrolment	21 April 2022	25 April 2022	10 May 2022	10 May 2022
Covid-19: Quality and Assessment	13 April 2022	26 April 2022	13 May 2022	13 May 2022

On average:

• All reports were issued in draft within 10 working days of completion of our fieldwork and a debrief meeting with management.

• Final reports were issued within 1 working day of final management responses being received.

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial (green circle)	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate (blue square)	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited (orange octagon)	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No (red triangle)	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
High (red triangle)	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium (orange square)	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low (green circle)	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

UHI | INVERNESS

Title:	Internal Audit Follow Up Recommendations
Meeting and date:	07 June 2022
Author:	Roderick M Ferrier, Assistant Principal, Finance and Audit
Link to Strategic Plan:	No
Resource implications:	**If yes, please specify:** No
Risk assessment:	**If yes, please specify:** Yes – failure to implement accepted Internal Audit Recommendations
Equality and Diversity Issues:	N/A
Status – Confidential / Non Confidential	Confidential
Freedom of Information Can this paper be included in "open" business	No

If a paper should **not** be included within "open" business, please highlight below the reason.

Its disclosure would substantially prejudice a programme of research (S27)	☐	Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	☐
Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)	☐ Y	Its disclosure would constitute a breach of confidence actionable in court (S36)	☐
Its disclosure would constitute a breach of the Data Protection Act (S38)	☐	Other (Please give further details)	☐
For how long must the paper be withheld? (Express as either the time which needs to pass or a condition which needs to be met.)			

Recommendation(s):
That members note the progress on the College addressing Internal Audit Recommendations. The Tracker has been updated deleting previously agreed items to be removed from it; its numbering ties into the most recent update from the Internal Auditors' update. Note the following comments on this report.

UHI INVERNESS

Title:	Risk Register
Meeting and date:	07 June 2022
Author:	Roderick M Ferrier, Assistant Principal, Finance and Audit
Link to Strategic Plan:	No
Resource implications:	No **If yes, please specify:**
Risk assessment:	**If yes, please specify:** Yes – Risk Register
Equality and Diversity Issues:	N/A
Status – Confidential / Non Confidential	Confidential
Freedom of Information Can this paper be included in "open" business	No

If a paper should **not** be included within "open" business, please highlight below the reason.

Its disclosure would substantially prejudice a programme of research (S27)	☐	Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	☐
Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)	☒	Its disclosure would constitute a breach of confidence actionable in court (S36)	☐
Its disclosure would constitute a breach of the Data Protection Act (S38)	☐	Other (Please give further details)	☐
For how long must the paper be withheld? (Express as either the time which needs to pass or a condition which needs to be met.)			

Recommendation(s):
That members note the current version of the College's Risk Register.

Purpose of report
Update Committee on quarterly basis.

UHI | INVERNESS

Subject/Title:	Committee & Chair Evaluation
Author: [Name and Job title]	Lisa Ross, Board Secretary
Meeting:	Audit Committee
Meeting Date:	07 June 2022
Date Paper prepared:	04 May 2022
Brief Summary of the paper:	Annual Audit Committee and Committee Chair Evaluation Exercises
Action requested: [Approval, recommendation, discussion, noting]	The committee is requested to collectively complete the Committee self-evaluation exercise. The Chair will leave the room and the members will complete the committee chair evaluation exercise.
Link to Strategy: Please highlight how the paper links to, or assists with:: • compliance • partnership services • risk management • strategic plan • new opportunity/change	The Code of Good Governance for Scotland's Colleges establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework. One of the five principles around which the code has been developed is effectiveness. Paragraph D24 states that "The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs"
Resource implications:	
Risk implications:	Yes/No Operational: required for the proper Governance of the College
Equality and Diversity implications:	N/A
Consultation: [staff, students, UHI & Partners, External] and provide detail	

Status – [Confidential/Non confidential]	Non-Confidential
Freedom of Information Can this paper be included in "open" business* [Yes/No]	Yes

*If a paper should **not** be included within "open" business, please highlight below the reason.

Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)		Its disclosure would constitute a breach of confidence actionable in court (S36)	
Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	

For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)	

Further guidance on application of the exclusions from Freedom of Information legislation is available via

http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp and

http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf

UHI INVERNESS

Audit Committee Evaluation (to be completed by the Audit committee collectively).

Date:

Good Practice	Yes	No	N/A	Comments/Action
Composition, Establishment and Duties of the Committee				
Does the Committee meet regularly in accordance with the Board Standing Orders?				
Does the Committee consistently have a quorum?				
Do all Committee members attend meetings regularly?				
Does the Committee have enough members?				
Does at least one of the Committee members have a background relevant to the remit of the Committee?				
Have new Committee members received all necessary training?				
Does the Committee report regularly to the Board?				

Good Practice	Yes	No	N/A	Comments/Action
Terms of reference				
Does the Committee have written terms of reference?				
Do the terms of reference include all aspects of the Committee's role?				
Does the membership of the Committee need to be changed?				
Are the terms of reference adopted by the full Board and reviewed annually?				

Good Practice	Yes	No	N/A	Comments/Action
Compliance with the Law and Regulations				
Does the Committee have a mechanism to keep it aware of topical legal and regulatory issues?				

Good Practice	Yes	No	N/A	Comments/Action
Internal Control				
Does the Committee monitor to ensure that risk is controlled?				
Does the Committee regularly review relevant strategic plans?				
Does the Committee consider the level of detail and information it receives appropriate?				
Are appropriate internal performance measures monitored by the Committee?				
Is the Committee addressing all matters delegated to it by the Board and under its terms of reference?				

Good Practice	Yes	No	N/A	Comments/Action
Administrative arrangements				
Does the Committee have an independent secretary?				
Are Committee papers distributed in sufficient time for members to give them due consideration?				
Are Committee meetings scheduled prior to important decisions on specific matters being made?				
Is the timing of Committee meetings discussed with all involved?				

UHI | INVERNESS

Evaluation of Audit Committee Chair

Chair being evaluated: Gillian Galloway

Circle to indicate
← Tendency →

Keeps members on topic and to the agenda	1	2	3	4	5	6	Tends to criticise the ideas and values of members
Summarises discussions and decisions impartially and confirms action points	1	2	3	4	5	6	Tends to force ideas on to the group
Spots likely problems early and states them in a constructive way	1	2	3	4	5	6	Makes decisions without consulting the group or despite the group's views
Suggests solutions	1	2	3	4	5	6	Leaves decisions 'hanging'
Ensures adequate time is given to the different areas of the agenda	1	2	3	4	5	6	Talks too much and gets too involved
Facilitates the expression of all views and opinions	1	2	3	4	5	6	Allows individuals to dominate discussion
Communicates information to Board members	1	2	3	4	5	6	Fails to inform Board members of important information
Supports individual Board members	1	2	3	4	5	6	Is too distant or directing

Comments

Completed by Audit Committee ……………………………………..

Date:……………………………………..