

Meeting	Audit Committee
Date and time	Tuesday 03 June 2025 at 4.30 p.m.
Location	Virtually – via Microsoft Teams

Governance Officer  
29 May 2025

## **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 held on 04 March 2025
- b.) Confidential Note of the Meeting (CN-01-032025) held on 04 March 2025
- c.) Confidential Note of the Meeting (CN-02-032025) held on 04 March 2025
- d.) Confidential Note of the Meeting (CN-03-032025) held on 04 March 2025
- e.) Confidential Note of the Meeting (CN-04-032025) held on 04 March 2025

### **2. a. OUTSTANDING ACTIONS - INTERNAL & EXTERNAL AUDIT**

- b.) External Audit Recommendations 2023/24 (CONFIDENTIAL)**  
Report by Director of Finance and Estates

### **3. INTERNAL AUDIT**

- a.) Fraud Strategy – Final Report**  
Report by BDO
- b.) Internal Audit Progress Report – May 2025**  
Report by BDO

## **ITEMS FOR DISCUSSION**

### **4. EXTERNAL AUDIT**

Updates and Audit plans  
Report by Director of Finance and Estates & Deloitte

### **5. RISK MANAGEMENT (CONFIDENTIAL)**

Report by Director of Finance and Estates

- 6. ANNUAL REVIEW OF BUSINESS CONTINUITY (CONFIDENTIAL)**  
Report by Director of Finance and Estates
  - 7. KPI MATRIX**  
Report by Operations and Commercial Manager
  - 8. COMMITTEE EVALUATION**  
Report by Governance Officer
- 

**ITEMS FOR NOTING**

- 9. AOCB**
- 9.a INTERNAL AUDIT CONTRACT UPDATE (CONFIDENTIAL)**  
Director of Finance and Estates
- 10. DATE OF NEXT MEETING – 02 September 2025 at 4.30 p.m.**

If any member wishes to add an item of business to the Agenda, please inform the Chair and the Governance Officer 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.

**Outstanding Actions from Audit Committee Meetings**

Item	Action	Responsibility	Timeline	ACTIONED
<b>12 March 2024</b>				
<b>Longman Site sold December 2023</b>	Audit Committee will monitor for next two years any future sales of the site.	GO	December 2025	<b>ONGOING</b>
<b>04 March 2025</b>				
<b>Internal Audit Follow Up Final Report 23-24</b>	All outstanding BDO recommendations to be provided with a detailed update in June 2025.	GO, EMT & Principal	June 2025	<b>ONGOING</b>
<b>Internal Audit Recommendations - December 2024</b>				
<b>1 Cash handling Finding 2 Significance: Medium</b>		Director of Finance and Estates	March 2025	<b>COMPLETE</b>
<b>2 Cash handling Finding 2 Significance: Low</b>		Director of Finance and Estates	March 2025	<b>COMPLETE</b>
<b>3 Workforce planning Finding 2 Significance: Medium</b>		HR Manager	July 2025	<b>ONGOING</b>
<b>4 Finance system upgrade Finding 1 Significance: Medium</b>		EMT	July 2025	<b>SUPERSEDED</b>
<b>5 Finance system upgrade Finding 2 Significance: Medium</b>		EMT	July 2025	<b>SUPERSEDED</b>
<b>6 Finance system upgrade Finding 3 Significance: Medium</b>		EMT	July 2025	<b>SUPERSEDED</b>

7 Finance system upgrade Finding 4 Significance: Medium		EMT	July 2025	<b>SUPERSEDED</b>
8 Cyber security Finding 2 Significance: Medium				<b>SUPERSEDED</b>
9 Staff recruitment Finding 4 Significance: Medium		HR Manager & HR Business Partners	July 2025	<b>ONGOING</b>
10 Procurement Finding 2 Significance: Medium		Director of Finance and Estates	March 2025	<b>COMPLETE</b>
11 Procurement Finding 4 Significance: Low		Director of Finance and Estates	July 2025	<b>COMPLETE</b>
12 Strategic planning Finding 1 Significance: Medium		Principal and Vice Principal Operations & External Relations	March 2025	<b>SUPERSEDED</b>
13 Payroll Finding 1 Significance: Low		Director of Finance and Estates	March 2025	<b>COMPLETE</b>
14 Professional development Finding 1 Significance: Medium		Professional Development Manager	May 2025	<b>ONGOING</b>
15 Professional development Finding 2 Significance: Medium		Professional Development Manager	August 2025	<b>COMPLETE</b>
16 Professional development Finding 3 Significance: Medium		Professional Development Manager	August 2025	<b>ONGOING</b>

<b>External Audit Recommendations - February 2025</b>				
<b>Final Report 2023/24 Audit by Deloitte Recommendation 1</b>	It is recommended that a fixed asset register is created and maintained going forward.	Director of Finance and Estates	June '25	<b>ONGOING</b>
<b>Final Report 2023/24 Audit by Deloitte Recommendation 2</b>	It is recommended that floor plans are maintained annually and provided to the College's external valuer ahead of each valuation per the rolling valuation cycle.	Director of Finance and Estates	June '25	<b>ONGOING</b>
<b>Final Report 2023/24 Audit by Deloitte Recommendation 3</b>	It is recommended that the College seek to source a copy of the original NPD service concession agreement and retain this going forwards.	Director of Finance and Estates	June '25	<b>ONGOING</b>
<b>Final Report 2023/24 Audit by Deloitte Recommendation 4</b>	It is recommended that the College looks to source original grant income documentation from the relevant party and moving forward, we would suggest that they retain any relevant documentation.	Director of Finance and Estates	June '25	<b>ONGOING</b>

Inverness College  
Fraud Strategy

INTERNAL AUDIT REPORT - FINAL

November 2024

LEVEL OF ASSURANCE:

DESIGN	MODERATE
EFFECTIVENESS	MODERATE

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## RESTRICTIONS OF USE

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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FOR NOTING	Georgie Parker	Vice Principal
	Niall McArthur	Director of Finance & Estates
	Mo Jarvis	Accountant
FOR INFORMATION	Members of the	Audit & Risk Committee

## REPORT STATUS

LEAD AUDITOR(S):	Henry Newman
DATES WORK PERFORMED:	01/10/2024 - 30/10/2024
DRAFT REPORT ISSUED:	20/11/2024
MANAGEMENT RESPONSES RECEIVED:	12/03/2025
FINAL REPORT ISSUED:	12/03/2025



# EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

DESIGN	MODERATE	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.
EFFECTIVENESS	MODERATE	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

## SUMMARY OF FINDING

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M	4	<div></div>
L	1	<div></div>

TOTAL NUMBER OF FINDINGS: 5

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

- The College may not have a culture which promotes fraud awareness
- The processes in place for the detection and reporting of fraud activity are unclear

## BACKGROUND

In accordance with the 2024-25 Internal Audit Plan, it was agreed that Internal Audit would undertake a review of Fraud strategy within Inverness College. Fraud is referred to as the deliberate use of deception or dishonesty to disadvantage or cause loss (usually financial) - in simple terms, it's a crime in which some kind of deception is used for personal gain. As information systems increase in complexity and public finances tighten there is a risk that internal controls are compromised. This increases the risk of fraud, error and corruption.

The College has signed up to the National Fraud Initiative (NFI). The NFI helps organisations tackle fraud by conducting proactive data matching exercises designed to identify and prevent fraudulent activities. It operates under the oversight of the Public Sector Fraud Authority (PSFA) and is led by Audit Scotland in Scotland. The College has an Anti-fraud & Corruption Policy in place which was approved in December 2023.

The College's Financial regulations and Finance manual, amongst other documents set out its internal controls and processes to prevent and detect fraud. The College have not had any reported instances of fraud or potential fraud in the recent past. The Fraud Response Plan is currently in draft, and management recognise the need for review and update of the document.

## PURPOSE

The purpose of this review is to provide assurance over the design and operational effectiveness of the key controls in Fraud Strategy in the following areas:

- Policy framework
- Risk assessment
- Detection and reporting
- Fraud response
- Training and communication

## CONCLUSION

Based on the work we undertook internal audit noted five findings with four being medium findings and one being a low finding.

There are policies and procedures in place that are accessible through staff and public internets. There is a strong culture around fraud awareness with the principal taking responsibility for all instances of fraud and using the NFI to improve detection of fraud. The college maintains a zero tolerance to fraud and has programmes in place for staff awareness.

The findings relate to the detection and response plan, staff mandatory fraud training, operational fraud risk assessments and audit committee oversight over fraud risk.

We can provide moderate assurance over the control design and moderate assurance over the control effectiveness of the fraud strategy processes within the college.





# EXECUTIVE SUMMARY

## SUMMARY OF GOOD PRACTICE

- ▶ Policies and procedures are in place for anti-fraud, whistleblowing, code of conduct and declaration of interests. These are available through the staff intranet and through the College website.
- ▶ The College's key anti-fraud measures include use of procurement thresholds and national framework agreements to limit the College's exposure to fraudulent suppliers; approval of expense forms by the budget holder and Finance Director to detect potential instances of expenses fraud; establishment of a gifts and hospitality register to provide senior management an opportunity to identify potential cases of bribery.
- ▶ The College make use of the National Fraud Institute (NFI) which is used to highlight potential instances of fraud from the trade creditors and payroll data. An annual report is produced listing all potential cases of fraud to be investigated.
- ▶ IT send round regular emails to staff reminding them how to spot a phishing email along with common themes and trends. Along with this they send round instructions on how to submit emails to the IT department that staff are unsure of so that they can be reviewed.
- ▶ The College's bank prepares a fraud and operational service review report every year that includes common fraud trends and the actions to take to mitigate the impact of these.

## SUMMARY OF FINDINGS


- ▶ **Policies and procedures** - the current suite of policies and procedures does not include the Fraud response plan or the College's NFI-related activities. Moreover, it was noted that the Finance manual that outlines the College's anti-fraud controls has not been reviewed since 2022.
- ▶ **Fraud response plan** - There is no approved fraud response plan. Further, the draft plan could include measures to mitigate reputational damage caused by an instance of fraud.
- ▶ **Training** - We noted that there is no mandatory anti-fraud, anti-bribery or anti-corruption training in place.
- ▶ **Risk assessment** - While management has an awareness of fraud, the College has not formally assessed or documented areas that are most susceptible to fraud and mitigating actions to address these.
- ▶ **Fraud reporting** - It was also noted that there is no formal reporting to Audit committee around fraud measures, results of the National Fraud Institute report or informing them of updates on new and emerging fraud risks.

## Detailed Findings



## Detailed Findings


**RISK:** The College may not have appropriate policies in place which reflect current good practice in the prevention and detection of fraud.

FINDING 1 - Policies and procedures			TYPE
<p>It is important that the fraud policies and procedures are clearly documented, and members of an organisation should be aware of how to detect and respond to fraud.</p> <p>Whilst there is an Anti-Fraud and Corruption policy in place, it was noted that:</p> <ul style="list-style-type: none"> <li>▶ It does not include the College's Fraud response plan.</li> <li>▶ There is no reference made to the College's involvement with the National Fraud Institute and related activities and reporting.</li> </ul> <p>The Finance manual documents the processes within the College that help detect and prevent fraud, however it was noted that the manual has not been reviewed since 2022.</p> <p>It should also be mandatory for all staff to read the policies and procedures on induction and when they are updated.</p>			<p>Design and Effectiveness</p> 
IMPLICATION			SIGNIFICANCE
There is a risk that staff are not aware of the procedures to detect and mitigate fraud within the college.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that:</p> <ul style="list-style-type: none"> <li>▶ The Anti-fraud policy be updated to include the fraud response plan.</li> <li>▶ The College's involvement in the National Fraud Institute should be documented in the Anti-Fraud policy.</li> <li>▶ The Finance Manual should be reviewed and updated</li> <li>▶ Staff should be made aware of any changes to policies and procedures, and it should be mandatory to read and understand them.</li> </ul>	Director of Finance & Estates	The anti-fraud policy will be updated with the fraud response plan & NFI involvement, the finance manual will also be updated with these details and staff will be made aware of changes to these policies.	July 2025



## Detailed Findings


**RISK:** The College may not have established an adequate Fraud Response Plan, to investigate and respond to appropriately to any reports of suspected fraud, resulting in inconsistent responses to fraud.

FINDING 2 - Fraud Response Plan			TYPE
<p>An organisation should have a Fraud response plan in place that shows the step-by-step process to notify management and those charged with governance of instances of fraud and how to respond to limit losses. Whilst the College has developed a draft Fraud response plan that outlines how they will respond to fraud and the processes in place to investigate cases of fraud, it was noted that the document has been in draft since early 2024 and has not been approved by the Audit committee or the Board of Management.</p> <p>Also, the Fraud response plan could be enhanced to include how the College would respond to any reputational damage and manage press, and publicity should they be affected by a fraud incident.</p>			Design and Effectiveness 
IMPLICATION			SIGNIFICANCE
There is a risk that staff members are not aware of the process on how respond to instances of fraud leading to increased losses.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that:</p> <ul style="list-style-type: none"><li>▶ The fraud response plan be presented to and approved by the Audit committee and the board of management and then made accessible to staff.</li><li>▶ The response plan include information on how to respond to and mitigate reputational damage and manage press and publicity that may be caused by fraud.</li></ul>	Director of Finance & Estates	The fraud response plan will be presented to Audit committee and Board for approval.	June 2025



## Detailed Findings


**RISK:** Staff may not receive appropriate training on fraud awareness resulting in instances not being reported

FINDING 3 - Fraud training and staff awareness			TYPE
<p>It is important that an organisation provides adequate training to staff to effectively detect and respond to potential instances of fraud, to protect the College from potential financial losses and reputational damage.</p> <p>The College currently does not have any specific anti-fraud training that would make staff aware about the different types of fraud, common red flags, and how to respond to and report fraud within the College. Whilst there is Information Security and GDPR training that covers cyber fraud, there is limited communication around other types of fraud. The College should consider also including anti-money laundering and anti-bribery training.</p>			Design 
IMPLICATION			SIGNIFICANCE
There is a risk that staff members do not have adequate knowledge to effectively detect and respond to instances of fraud, corruption and bribery.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend the College develops an anti-fraud, anti-bribery and anti-money laundering training programme that includes:</p> <ul style="list-style-type: none"><li>▶ Educating staff on what fraud is, including different types of fraud such as financial, cyber, and identity fraud.</li><li>▶ Recognising red flags and early warning signs</li><li>▶ Providing clear instructions on how to report suspected fraud, including who to contact and what information to provide.</li><li>▶ Use of real-life examples to illustrate how fraud can occur and the impact it can have on the College.</li><li>▶ Ensuring staff understand their legal obligations and the ethical importance of preventing fraud.</li></ul> <p>Also consider preparing an annual Fraud Newsletter that details new fraud trends that can be communicated to staff to improve their awareness.</p>	Director of Finance & Estates	Fraud training will be developed and staff will be made aware and encouraged to complete the training.	September 2025



## Detailed Findings


**RISK:** The College may not have fully assessed the fraud risks presented by their activities

FINDING 4 - Fraud risk assessments			TYPE
<p>It is important for the College to identify, record and assess general and specific fraud risks that may affect the College, so that management and Board are aware of any gaps in its prevention, detection and response controls.</p> <p>Whilst there are controls in place, such as around payroll fraud and expenses fraud, the College would benefit from taking a more holistic approach to managing fraud risks that can then be reviewed regularly to add any new emerging fraud risks and add new controls. This would enable management to have oversight over what are the main risks to the organisation and what is being done to respond to these.</p> <p>The failure to prevent fraud offence under the Economic Crime and Corporate Transparency Act (ECCTA) does not apply to the College, however its principles may be applied as good practice. There is an expectation to have clearly documented fraud risk assessment and established procedures to prevent and detect fraud.</p>			Design 
IMPLICATION			SIGNIFICANCE
In the absence of a proper assessment, the College may be vulnerable to fraudulent activities that could lead to significant financial loss, reputation damage and/or compliance issues.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that the College carry out a fraud risk assessment that includes identifying areas where fraud could occur, considering both internal and external fraud risks; evaluation of the likelihood and impact of identified risks, and assessing existing controls to determine their effectiveness in preventing or detecting fraud.	Director of Finance & Estates	The college will carry out a fraud risk assessment.	September 2025



## Detailed Findings

**RISK:** The College may not have fully assessed the fraud risks presented by their activities

FINDING 5 - Fraud reporting			TYPE
<p>Management should be aware of any cases fraud that are affecting or may have affected an organisation so that they can respond by implementing procedures to mitigate against these instances in the future and understand the risk profile of the organisation.</p> <p>The Audit Committee has oversight over fraud risk as part of their terms of reference, however there are no updates provided to Committee around the effectiveness of the College's anti-fraud controls or instances of potential or actual fraud.</p> <p>Given that fraud risks have not been added to the risk register, there is limited oversight and scrutiny in relation to fraud risks.</p>			Design 
IMPLICATION			SIGNIFICANCE
There is a risk management are not aware of the risk of fraud to the college.			Low
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that the Audit committee receive:</p> <ul style="list-style-type: none"><li>▶ A regular update on any new and emerging fraud risks.</li><li>▶ The outcomes and actions from the National Fraud Initiative (NFI) report.</li><li>▶ A statement that there has been no instances of fraud detected during the period.</li></ul>	Director of Finance & Estates	An update report will be completed for the audit committee on an annual basis, the first one being for the AY 2024/25.	September 2025

# APPENDICES





## 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
<b>SUBSTANTIAL</b>	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.
<b>MODERATE</b>	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.
<b>LIMITED</b>	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.
<b>NO</b>	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	
<b>HIGH</b>	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.
<b>MEDIUM</b>	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.
<b>LOW</b>	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.
<b>ADVISORY</b>	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.



## Appendix II: Terms of reference

### TERMS OF REFERENCE EXTRACT

#### PURPOSE

The purpose of this review is to provide assurance over the design and operational effectiveness of the key controls in the Fraud Strategy of the College.

#### KEY RISKS

- The College may not have appropriate policies in place which may reflect current good practice in the prevention and detection of fraud
- The College may not have fully assessed the fraud risks presented by their activities
- The processes in place for the detection and reporting of fraudulent activity are unclear
- Management may not have sufficient oversight of fraud risks and instances of fraud
- The College may not have established an adequate Fraud Response Plan, to investigate and respond appropriately to any reports of suspected fraud, resulting in inconsistent responses to fraud.
- Staff may not receive appropriate training on fraud awareness resulting in instances not being reported
- The College may not have a culture which promotes fraud awareness

#### SCOPE AREAS

The scope of the audit focuses on:

- Policy framework
- Risk assessment
- Detection and reporting
- Fraud response
- Training and communication



## Appendix III: 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.

Niall McArthur	Director Of Finance And Estates	Audit Lead
Mo Jarvis	Accountant	Key Contact



## Appendix IV: Limitations and responsibilities

### MANAGEMENT RESPONSIBILITIES

The Audit & Risk Committee is responsible for deciding the action to be taken on the outcome of our findings from our work. The Committee is also responsible for ensuring the internal audit function has:

- The support of the management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit & Risk Committee.

The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Organisation.

Internal controls covers the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the College in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

### LIMITATIONS

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

## FOR MORE INFORMATION:

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INVERNESS COLLEGE

INTERNAL AUDIT PROGRESS  
REPORT

MAY 2025

IDEAS | PEOPLE | TRUST



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## Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.



# EXECUTIVE SUMMARY

## INTRODUCTION

The purpose of this report is to **advise** the Audit & Risk Committee of the progress of the Internal Audit Plan for 2023-24 and 2024-25. This paper together with progress and assignment updates are discussed with management and the Audit & Risk Committee throughout the year. These reports will form the basis of information to support our Annual Internal Audit Report for 2024-25.

## INTERNAL AUDIT PLAN 2024-25

- Fraud Strategy - Complete
- Core Financial Controls - Draft report issued
- Staff Wellbeing - In progress, Fieldwork is underway
- Cyber Review - In progress, Fieldwork is underway
- Incidents Management - In progress, Fieldwork is underway
- Follow Up - Audit scheduled for Q4 of the audit year




## CONCLUSION

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





# WORK COMPLETED

REPORTS ISSUED	OVERALL REPORT CONCLUSIONS - SEE APPENDIX I				
				DESIGN	OPERATIONAL EFFECTIVENESS
Fraud Strategy	0	4	1	MODERATE	MODERATE
Core Financial Controls	TBC	TBC	TBC	TBC	TBC
Staff Wellbeing	TBC	TBC	TBC	TBC	TBC
Cyber Review	TBC	TBC	TBC	TBC	TBC
Incidents Management	TBC	TBC	TBC	TBC	TBC
Follow Up	NA	NA	NA	NA	NA



# PERFORMANCE AGAINST OPERATIONAL PLAN

VISIT	DATE OF AUDIT WORK	PROPOSED AUDIT	PLANNED DAYS	ACTUAL DAYS INCURRED	DAYS BILLED	STATUS
1	Commenced October 2024	Fraud Strategy	6	6	6	Complete
2	Commence December 2024	Core Financial Controls	6	19	6	Complete
3	Commenced March 2025	Staff Wellbeing	5			In progress
4	Commenced April 2025	Cyber Review	7			In progress
5	Commenced May 2025	Incidents Management	6			In progress
6	Scheduled July 2025	Follow Up 2024-25	3			TOR to be drafted
TOTAL			33			



# AUDIT PERFORMANCE

AUDIT	COMPLETION OF FIELDWORK	DRAFT REPORT ISSUED	FINAL MANAGEMENT RESPONSES	FINAL REPORT ISSUED
Fraud Strategy	30/10/2024	20/11/2024	12/03/2025	12/03/2025
Core Financial Controls	13/03/2025	31/03/2025	TBC	TBC
Staff Wellbeing	TBC	TBC	TBC	TBC
Cyber Review	TBC	TBC	TBC	TBC
Incidents Management	TBC	TBC	TBC	TBC
Follow Up 2024-25	TBC	TBC	TBC	TBC

On average:

- Draft reports are issued within ten working days of fieldwork completion. Please note that the Fraud Strategy and Core Financial Controls were delayed due to annual leave and the need for clarifications.
- Management responses provided within 15 working days of draft report being issued.
- Final reports issued within 3 working days of management responses being received.







# INTERNAL AUDIT SCHEDULE - 2024-2025




The chart below sets out the proposed delivery schedule for the 2024-2025 Internal Audit plan.

REF	INTERNAL AUDIT	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AC DATE
IC/FY24/01	Fraud Strategy													JUN 2025
IC/FY24/02	Core Financial Controls													JUN 2025
IC/FY24/03	Staff Wellbeing													SEP 2025
IC/FY24/04	Cyber Review													SEP 2025
IC/FY24/05	Incidents Management													SEP 2025
IC/FY24/06	Follow Up													SEP 2025



# 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
<b>Substantial</b> 	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.
<b>Moderate</b> 	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.
<b>Limited</b> 	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.
<b>No</b> 	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	
<b>High</b> 	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.
<b>Medium</b> 	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.
<b>Low</b> 	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.

## FOR MORE INFORMATION:

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## Audit Committee

<b>Subject/Title:</b>	Draft External Audit Planning Report – 2024/25
<b>Author:</b>	Niall McArthur – Director of Finance & Estates
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	3 June 2025
<b>Date Paper prepared:</b>	27 May 2025
<b>Brief Summary of the paper:</b>	To provide the audit committee with the draft external audit planning report for the 2024/25 external audit.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Approval

<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li><input type="checkbox"/> compliance</li> <li><input type="checkbox"/> partnership services</li> <li><input type="checkbox"/> risk management</li> <li><input type="checkbox"/> strategic plan</li> <li><input type="checkbox"/> new opportunity/change</li> </ul>	Risk Management Strategic Plan
---	--------------------------------

<b>Resource implications:</b>	No <b>If yes, please specify:</b>		
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Financial Operational		
<b>Equality and Diversity implications:</b>	N/A		
<b>Student Experience Impact:</b>	None		
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	None		
<b>Status –</b> [Confidential/Non confidential]	Non-Confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should <b>not</b> 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 confident actionable in court (s36)	
Its disclosure would constitute a breach of the Data Protection Act (s38)		Other (Please give further details)	

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](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

## Recommendation

For committee members to discuss the report and approve the external audit planning report for 2024/25.

## Purpose of report

To provide committee members with the draft external audit planning report for the 2024/25 external audit.



**External Audit Planning Report for 2024/25**

The draft external audit report provided by our external auditors, Deloitte, is attached to this report. This is the third year of the five-year contract we have with Deloitte, which was procured by Audit Scotland.

The key areas covered in their report are noted below:

- Planning report – this section includes an explanation of the external audit and the scope of work and approach, the audit materiality level, highlights the significant risks in the audit, the wider scope requirements, audit quality, the purpose of the report and the responsibility statement.
- Appendices – this includes the responsibilities of the Audit Committee, other responsibilities explained and audit independence, the timing of the audit, sector developments and the audit fee for 2024/25. The proposed external audit fee is £32,380 compared to the 2023/24 audit fee of £31,770, an increase of £610 or 2%.



**Planning report to the Audit Committee on the 2024/25 audit – Issued on 26<sup>th</sup> May 2025 for the meeting on 3<sup>rd</sup> June 2025**

## 01 Planning report

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<u>Introduction</u>	<a href="#"><u>3</u></a>
<u>Our audit explained</u>	<a href="#"><u>4</u></a>
<u>Scope of work and approach</u>	<a href="#"><u>5</u></a>
<u>Significant risks</u>	<a href="#"><u>7</u></a>
<u>Other areas of audit focus</u>	<a href="#"><u>11</u></a>
<u>Wider scope requirements</u>	<a href="#"><u>12</u></a>
<u>Purpose of our report and responsibility statement</u>	<a href="#"><u>15</u></a>

## 02 Appendices

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<u>Responsibilities of the Audit Committee</u>	<a href="#"><u>17</u></a>
<u>Continuous communication and reporting</u>	<a href="#"><u>18</u></a>
<u>Your control environment</u>	<a href="#"><u>20</u></a>
<u>Our approach to quality</u>	<a href="#"><u>21</u></a>
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# Introduction

ITEM 04.b

## The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

### Introduction

I have pleasure in presenting our planning report to the Audit Committee ("the Committee") of Inverness College ("the College") for the 2024/25 audit. I would like to draw your attention to the key messages of this paper:

### Audit approach

#### Materiality

The concept of materiality is fundamental to the audit. It is applied throughout the audit to evaluate the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements.

We have determined preliminary materiality of £583k (2023/24: £566k) for the 2024/25 audit. This represents 2% (2023/24: 2%) of forecast expenditure. Based on the operations of the College we selected expenditure as the most appropriate benchmark.

Performance materiality has been set at £408k (2023/24: £396k), representing 70% (2023/24: 70%) of materiality. We will report misstatements found above £29k, or those below £29k if we consider them qualitatively material.

#### Audit risks

We plan our audit of the financial statements to respond to the risks of material misstatement to transactions and balances and irregular transactions. Based on our initial risk assessment we have identified the following (page 7):

- Operating within funding provided;
- Property valuations; and
- Management override of controls.

In the prior year we also included the completeness of non-recurrent grant income as an audit risk. Reflecting on our understanding and findings from our prior year audit work

#### Audit risks (continued)

we have concluded that this is no longer a significant risk.

We will update the Audit Committee on any changes concerning our identification of risks.

#### Areas of Audit Focus

We have identified the pension liability as an area of audit focus.

#### Audit timetable

Our timetable is summarised on pages 18 and 19, we understand the financial statements are to be approved on 8 December 2025.

#### Controls

We do not plan to rely on any controls as part of our audit.

### Wider Scope and Best Value requirements

As public money is involved, public audit is undertaken from a wider perspective than in the private sector. The wider-scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects and risks.

In our risk assessment, we have considered the arrangements in place for each area, building on any findings and conclusions from prior year, planning guidance from Audit Scotland and developments within the organisation during the year. Our wider scope risks are presented on pages 14 and 15.

Additionally, we will consider the arrangements in place to secure Best Value (BV).

#### Team

Taking over from Nicola Wright, Sarah McGavin will be the audit engagement lead.

**Sarah McGavin**  
Director

# Our audit explained

## What we consider when we plan the audit

### Responsibilities of management

We expect management and those charged with governance to recognise the importance of a strong control environment and take proactive steps to deal with deficiencies identified on a timely basis.

Auditing standards require us to only accept or continue with an audit engagement when the preconditions for an audit are present. These preconditions include obtaining the agreement of management and those charged with governance that they acknowledge and understand their responsibilities for, amongst other things, internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of auditors

Our responsibilities are set out on page [24](#).

### Responsibilities of the Audit Committee

As explained further in the Responsibilities of the Audit Committee slide on page [17](#), the Audit Committee is responsible for:

- Reviewing internal financial controls and internal control and risk management systems (unless expressly addressed by a separate risk committee or by the Board itself).
- Monitoring and reviewing the effectiveness of the internal audit function.
- Reporting in the annual report on the annual review of the effectiveness of risk management and internal control systems.
- Explaining what actions have been or are being taken to remedy any significant failings or weaknesses.

# Scope of work and approach

We have the following key areas of responsibility under the Code of Audit Practice

## Opinion on Financial statements

We will conduct our audit in accordance with International Standards on Auditing (UK) ("ISA (UK)") and the Code of Audit Practice issued by Audit Scotland. The College will prepare its accounts in accordance with the Applicable law and UK Generally Accepted Accounting Practice (UK GAAP), FRS 102, 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).

## Reporting on other requirements

Our responsibilities also include:

- an opinion on the regularity of expenditure and income;
- an opinion on the audited parts of the Remuneration and Staff Report;
- under the Code of Audit Practice to read the information included in the Performance Report and the Governance Statement, and opine whether they are consistent with the financial statements; and
- In accordance with ISAs (UK) to read the other information accompanying the financial statements and report by exception any material misstatements we identify.

Our reporting will be addressed to the College, the Auditor General for Scotland, and the Scottish Parliament.

## Wider-scope requirements, including considering and reporting on Best Value arrangements

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider-scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in respect of:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

As part of this wider-scope audit work, we also are required to consider whether there are appropriate organisation arrangements in place to secure Best Value in public services. Our approach to our wider-scope audit work is detailed on page [12](#).

## Other reporting requirements

**Anti-money laundering** - We are required to ensure that arrangements are in place to be informed of any suspected instances of money laundering at audited bodies. Any such instances will be advised to Audit Scotland.

**Fraud returns** - We are required to prepare and submit fraud returns to Audit Scotland for all frauds at audited bodies:

- Involving the misappropriation or theft of assets or cash which are facilitated by weaknesses in internal control.
- Over £5,000.

# Scope of work and approach (continued)

## Our approach

### Liaison with internal audit and local counter fraud

Auditing Standards Board's version of ISA (UK) 610 "Using the work of internal auditors" prohibits use of internal audit to provide "direct assistance" to the audit. Our approach to the use of the work of Internal Audit has been designed to be compatible with these requirements.

We will review their reports and where they have identified specific material deficiencies in the control environment, consider adjusting our testing so that the audit risk is covered by our work.

### Impact of your control environment on our audit

We expect management and those charged with governance to recognise the importance of a strong control environment and take proactive steps to deal with deficiencies identified on a timely basis.

**Reliance on controls:** Our risk assessment procedures will include obtaining an understanding of controls considered to be 'relevant to the audit'. This involves evaluating the design of the controls and determining whether they have been implemented ("D&I"), page [20](#) summarises the controls we plan to examine. We do not take a controls reliance approach to our audit.

**Performance materiality:** We set performance materiality as a percentage of materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed materiality. We determine performance materiality with reference to factors such as the quality of the control environment and the historical error rate.

Given the findings from our previous audit, we have maintained the same performance materiality benchmark for the current year.

### IT environment

A quality IT environment underpins a good control environment, particularly as IT controls are configurable and often preventative in nature. In the prior year our IT specialists concluded that the College's IT environment applicable to financial processes is simple in nature and none of our significant audit risk areas are impacted by IT systems.

### Promoting high quality reporting to stakeholders










We view the audit role as going beyond reactively checking compliance with requirements: we seek to provide advice on evolving good practice to promote high quality reporting.




We use and continually update Financial Reporting Standards ("FRS102") disclosure checklists in conjunction with the requirements of the Further and Higher Education SORP and FReM to support Colleges in preparing high quality drafts of the Annual Report and Accounts, which we would recommend the College complete during drafting.

# Significant risks

## Significant risk dashboard

ITEM 04.b

Risk	Fraud risk	Planned approach to controls	Level of management judgement	Management paper expected	Page no.
Management override of controls		DI			<u>8</u>
Operating within funding provided		DI			<u>9</u>
Property valuations		DI			<u>10</u>

- Level of management judgement**
-  Significant management judgement
  -  A degree of management judgement
  -  Limited management judgement

- Controls approach adopted**
- DI Assess design & implementation



# Significant risks

## Management override of controls

<b>Risk identified</b>	<p>In accordance with ISA (UK) 240 management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the Report and Financial Statements as well as the potential to override the College's controls for specific transactions.</p> <p>Key sources of judgement and estimation uncertainty are inherently the areas in which management has the potential to use their judgment to influence the Report and Financial Statements. We have determined property valuations to be a significant risk.</p>
<b>Our response</b>	<p>In considering the risk of management override, we plan to perform the following audit procedures that directly address this risk:</p> <ul style="list-style-type: none"> <li>• We will consider the overall control environment;</li> <li>• We will test the design and implementation of controls relating to journals and accounting estimates;</li> <li>• We will make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;</li> <li>• We will test the appropriateness of journals and adjustments made in the preparation of the Annual Report and Financial Statements.</li> <li>• We will use Spotlight data analytics tools to select journals for testing, based upon identification of items of potential audit interest;</li> <li>• We will review accounting estimates for biases that could result in material misstatements due to fraud and perform testing on key accounting estimates as discussed above;</li> <li>• We will obtain an understanding of the business rationale of significant transactions that we become aware of that are outside of the normal course of business for the entity, or that otherwise appear to be unusual, given our understanding of the entity and its environment.</li> </ul>

# Significant risks (continued)

## Operating within the funding provided

### Risk identified

In accordance with Practice Note 10 (Audit of Annual Accounts of public sector bodies in the United Kingdom), in addition to the presumed risk of fraud in revenue recognition set out in ISA (UK) 240, auditors of public sector bodies should also consider the risk of fraud and error on expenditure. This is on basis that most public bodies are net spending bodies, therefore the risk of material misstatement due to fraud related expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition.

We consider this fraud risk to be focused on how management operate within the funding available. The risk is that the College could materially misstate expenditure in relation to year end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

The significant risk is therefore pinpointed to the completeness of accruals and the existence of prepayments made by management at the year end and invoices processed around the year end as this is the area where there is scope to manipulate the final results. Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals and prepayments around year end.

### Our response

We will evaluate the results of our audit testing in the context of the achievement of the limits set by the Scottish Funding Council (SFC). Our work in this area will include the following:

- Evaluating the design and implementation of controls around monthly monitoring of financial performance and the estimated accruals and prepayments made at the year-end;
- Obtain independent confirmation of the funding allocated to the College by SFC and UHI;
- Perform focused testing of a sample of accruals and prepayments made at the year end; and
- Performing focused cut-off testing of a sample of invoices received and paid around the year end.

# Significant risks (continued)

## Property Valuation

<b>Risk identified</b>	<p>The College held £57.6m of property assets (land and buildings) at 31 July 2024.</p> <p>The College is required to hold property assets within Property, Plant and Equipment at existing use value provided that an active market for the asset exists. Where there is no active market, because of the specialist nature of the asset, a depreciated replacement cost approach may be needed which provides the current cost of replacing an asset with its modern equivalent asset. The valuations are by nature significant estimates which are based on specialist and management assumptions, and which can be subject to material changes in value.</p> <p>The College's land and buildings are revalued every five years for the purposes of the financial statements with an interim valuation after three years. Land and buildings were valued as at 31 July 2024 (full valuation) on the basis of depreciated replacement cost by the Colleges appointed external valuer. In a year with no revaluation, an impairment review will be performed by the Director of Finance &amp; Estates.</p>
<b>Our response</b>	<ul style="list-style-type: none"> <li>• We will test the design and implementation of key controls in place around the property valuation and impairment assessment performed by management.</li> <li>• We will engage early with the College, using our valuation specialists to challenge/test the assumptions applied by management in the valuations.</li> </ul>

## Other areas of audit focus

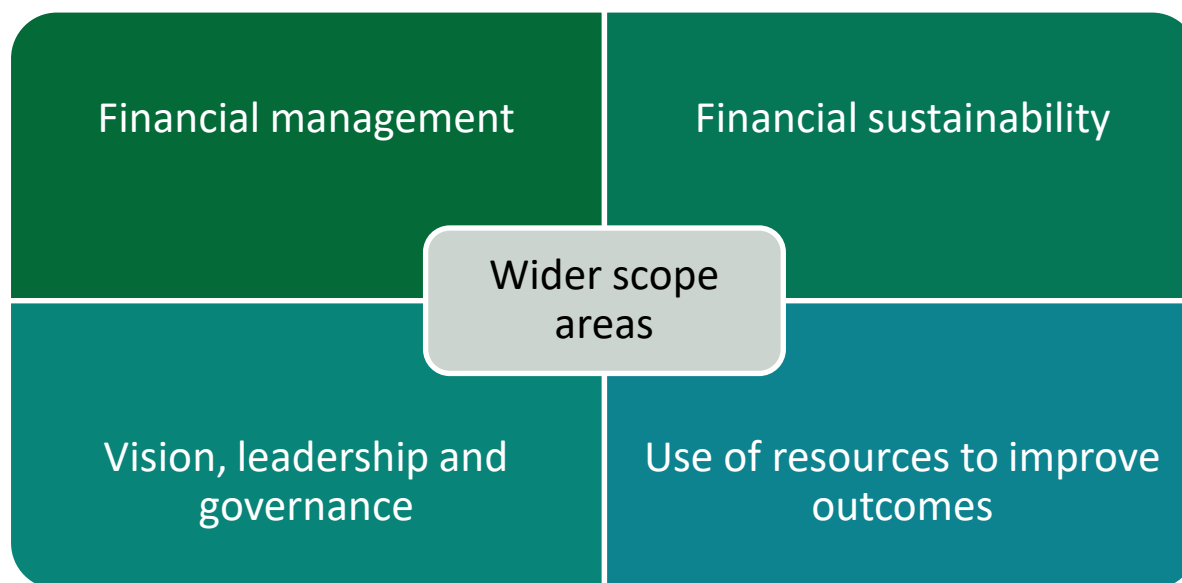
We have identified the below areas of audit interest, although do not consider these to be significant risks

Area of audit focus	Pension Liability
<b>Summary</b>	<p>Retirement benefits to employees of the College are provided by the Highland Council Pension Fund (HCPF), which administers the Local Government Pension Scheme (LGPS) and managed by Highland Council, and the Scottish Teachers Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency (SPPA).</p> <p>Hymans Robertson are the College's appointed actuary, who produce a detailed report outlining the estimated liability at the year-end along with the associated disclosure requirements. The pension liability valuation is an area of audit focus due to the material value and significant assumptions used in the calculation of the liability. The valuations are prepared by a reputable actuary using standard methodologies and no significant changes in the membership of the scheme or accrued benefits are expected in the current year. As a result, we have not identified this as a significant risk.</p>
<b>Deloitte response</b>	<p>We will perform the following procedures to address the risk:</p> <ul style="list-style-type: none"> <li>• Obtain assurance from the auditor of the pension fund over the controls for providing accurate data to the actuary;</li> <li>• Assess the independence and expertise of the actuary supporting the basis of reliance upon their work;</li> <li>• Review and challenge the assumptions made by Hymans Robertson;</li> <li>• Assess the reasonableness of the College's share of the total assets of the scheme with the Pension Fund annual accounts and the Funds estimated asset position at 31 July 2025;</li> <li>• Review the disclosures within the accounts against the FE SORP; and</li> <li>• Engage Deloitte's internal pensions experts to assist with the above procedures.</li> </ul>

# Wider scope requirements

## Overview

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider-scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in the following areas.



The Scottish Public Finance Manual (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. As part of our wider scope audit work, we will consider whether there are organisational arrangements in place in this regard.

As part of our risk assessment, we have considered the arrangements in place for the wider-scope areas and have summarised the significant risks and our planned response on the following pages.

# Wider scope requirements (continued)

## Significant risks

Area	Significant risks identified	Planned audit response
Financial management/ sustainability	The financial environment in which the College operates is challenging, with the impact of inflationary pressures, national pay negotiations, and the flat funding position continuing to exacerbate an already challenging financial position. According to the March 2025 Financial Update, the College is forecasting a deficit of £0.934m compared to the original budget deficit of £0.750m. There is a risk that the College will not be able to develop viable and sustainable financial plans and as such we deem this area to be a significant risk.	We will assess the accuracy of the actual vs. budgeted results for the year ended 2024/25. Further, we will assess the development of the 2025/26 budget and the impact on the medium and longer term financial outlook and assess management's view of the key risks facing the college.

# Wider scope requirements (continued)

## Other risks

Area	Other risks identified	Planned audit response
Vision, leadership and governance	<p>The College is in the process of implementing its current strategic plan between 2022-2026. From audit work completed in 2023/24 we have established that the plan sets out a clear vision and strategy which includes a clear set of priorities. In addition to this, a key focus is being placed on sustainability which is embedded within the governance arrangements at the College.</p> <p>It was reported in the 2023/24 audit report that the leaders of the College continue to collaboratively review financial performance and curriculum reviews as part of a changing environment.</p>	<p>We will review the work of the Board and its committees to assess whether the arrangements are operating effectively, including assessing whether there is effective scrutiny, challenge and informed decision making.</p> <p>We will continue to assess progress on the strategic plan, and assess governance arrangements at the College.</p>
Use of resources to improve outcomes	<p>Due to continued challenging financial conditions within the further education sector, there is a risk that the College does not have plans in place to manage its finances sustainably. Further, there is a risk that performance management systems are insufficient to demonstrate how resources are directed to improve outcomes.</p> <p>The College received a positive inspection report from Education Scotland in 2023/24, noting strengths in relation to quality of learning and engagement.</p>	<p>We will review the performance reports presented to the Board against the College's strategic objectives to assess how the College is demonstrating the best use of resources to improved outcomes in the forthcoming years in recognition of the ongoing pressure.</p>

# Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

## What we report

Our report is designed to establish our respective responsibilities in relation to the Annual Report and Financial Statements audit, to agree our audit plan and to take the opportunity to ask you questions at the planning stage of our audit. Our report includes:

- Our audit plan, including key audit judgements and the planned scope; and
- Key regulatory and corporate governance updates, relevant to you.

## Use of this report

This report has been prepared for the College, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

We welcome the opportunity to discuss our report with you and receive your feedback.

## What we don't report

As you will be aware, our audit is not designed to identify all matters that may be relevant to the College.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

## Other relevant communications

We will update you if there are any significant changes to the audit plan.

**Deloitte LLP**

Aberdeen | 26 May 2025



# Appendices

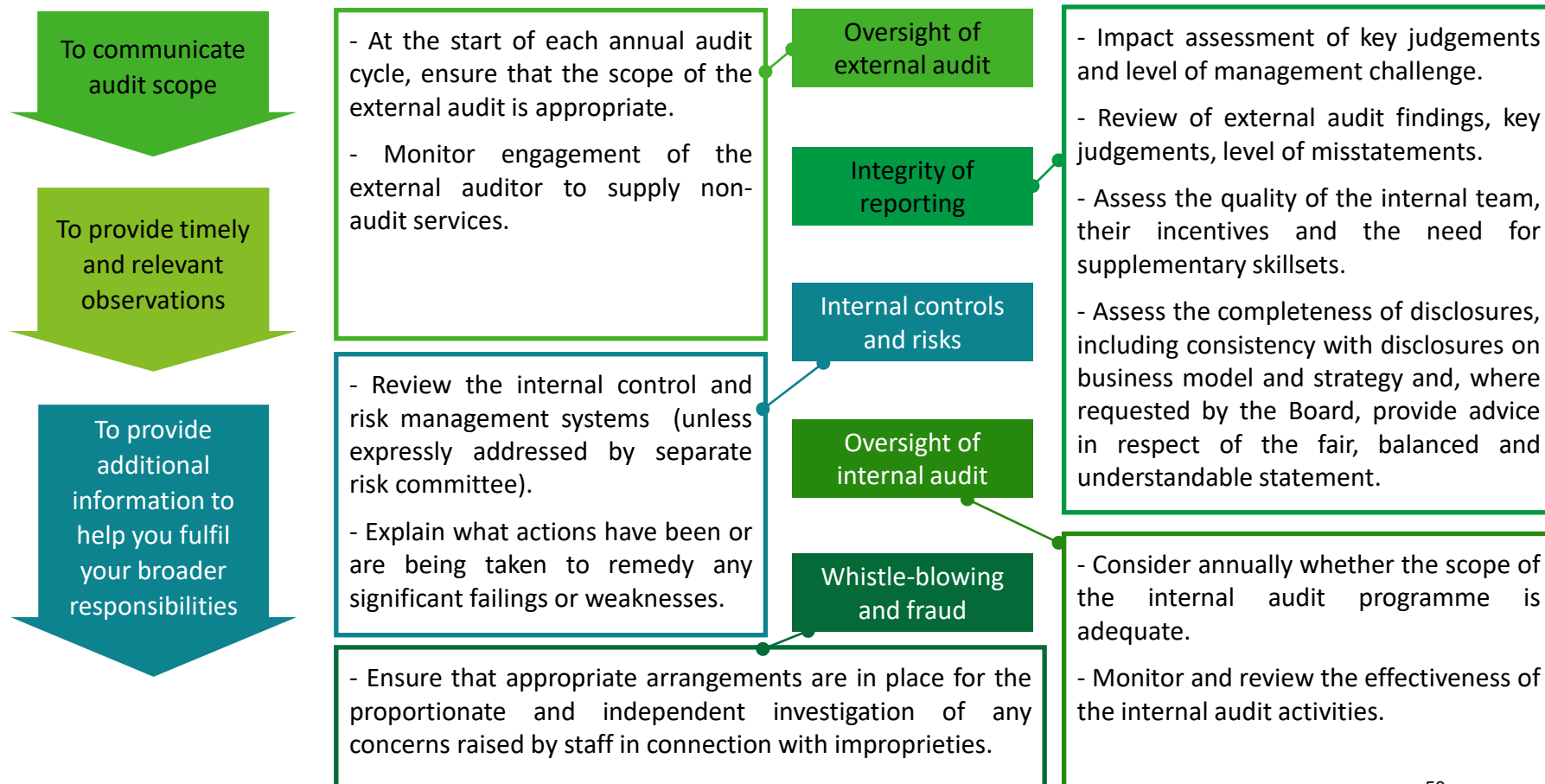


# Responsibilities of the Audit Committee

## Helping you fulfil your responsibilities

### Why do we interact with the Audit Committee?

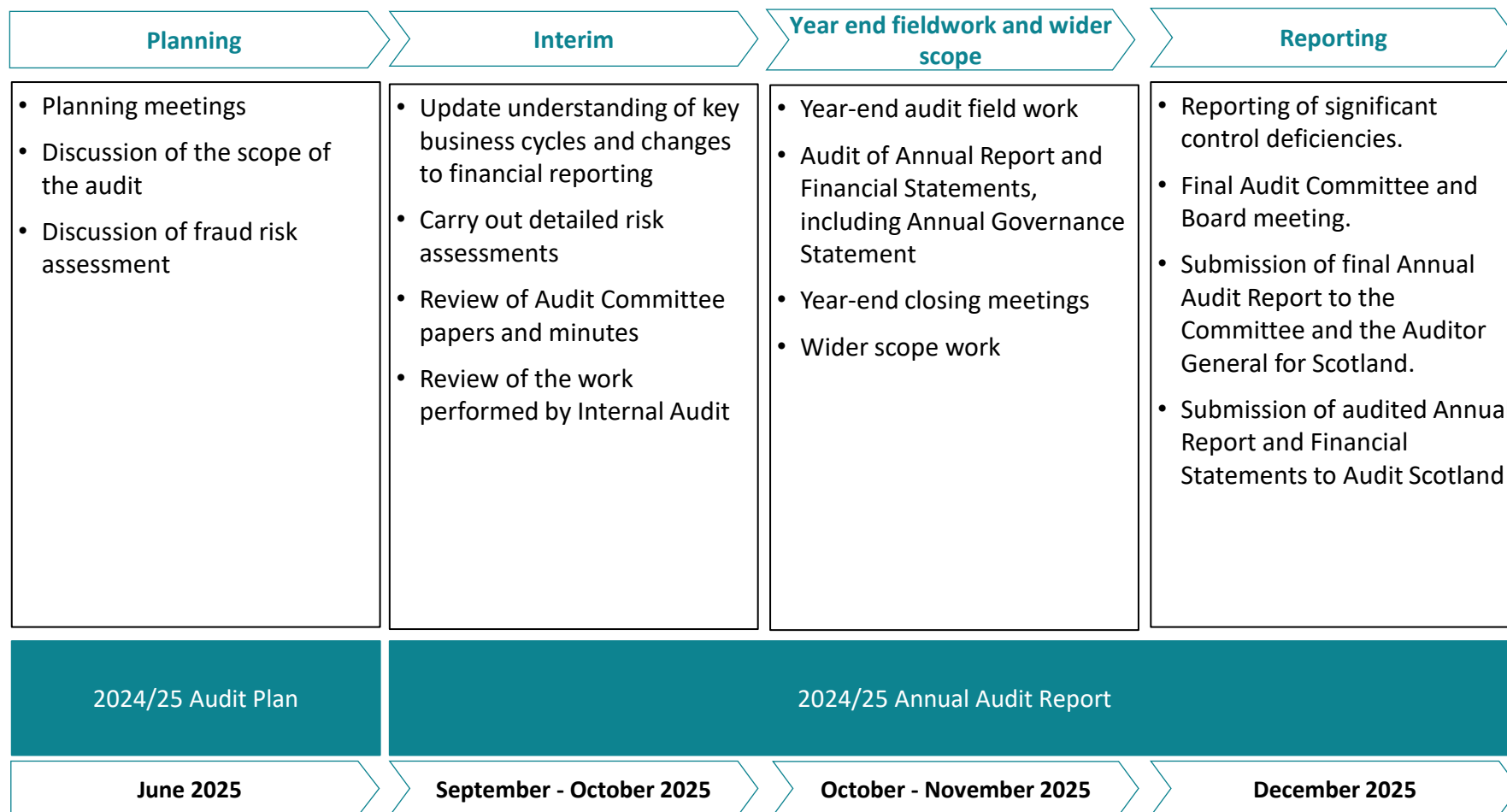
As a result of regulatory change in recent years, the role of the Audit Committee has significantly expanded. We set out here a summary of the core areas of Audit Committee responsibility to provide a reference in respect of these broader responsibilities and highlight throughout the document where there is key information which helps the Audit Committee in fulfilling its remit.



# Continuous communication and reporting

## Planned timing of the audit

As the audit plan is executed throughout the year, the results will be analysed continuously, and conclusions (preliminary and otherwise) will be drawn. The following sets out the expected timing of our reporting to and communication with you.



Ongoing communication and feedback

# Continuous communication and reporting (continued)

Our key areas of responsibility under the Code of Audit Practice

Auditors activity	Planned output	Proposed reporting timeline to the Committee	Audit Scotland/ statutory deadline
Audit of Annual Report and Financial Statements	Annual Audit Plan	3 June 2025	30 June 2025
	Independent Auditor's Report	8 December 2025	31 December 2025
	Annual Audit Report	8 December 2025	31 December 2025
Wider-scope areas	Annual Audit Plan	3 June 2025	30 June 2025
	Annual Audit Report	8 December 2025	31 December 2025

# Your control environment

## Design and Implementation of controls testing

The following have been identified as the key controls within the College which will be subject to D&I testing. We will assess the effectiveness of the design of controls and evaluate whether controls have been implemented as expected. Our testing will combine enquiry of key staff and walkthroughs to demonstrate the controls taking place.

Control	Risk Addressed	Expected Timing of Testing
1. Approval of journal entries	Management override of controls	Year-end
2. Review of management accounts	Management override of controls	Year-end
3. Review and challenge of pension estimates	Management override of controls	Year-end
4. Monthly review and approval of accruals	Operating within funding provided	Year-end
5. Approval of purchase orders	Operating within funding provided	Year-end
6. Property impairment/revaluation review	Property valuation	Year-end

# Our approach to quality

## Our commitment to audit quality

Audit quality is at the heart of everything we do and our system of quality management (SQM) supports our execution of quality audits.

ISQM (UK) 1 sets out a firm's responsibilities to design, implement and operate a system of quality management for audits, reviews of financial statements, and other assurance or related services engagements.

The effective ongoing operation of ISQM (UK) 1 has been and remains a key element of Deloitte's global audit and assurance quality strategy and of the UK firm.

Deloitte UK performed its second annual evaluation of its system of quality management as of 31 May 2024. This evaluation was conducted in accordance with ISQM (UK) 1 and we concluded our SQM provides the firm with reasonable assurance that the objectives of the SQM are being achieved as of 31 May 2024.

For further details surrounding the conclusion on the operational effectiveness of the firm's SQM, including results of the monitoring activities performed, please refer to the disclosure within Appendix 5 of our publicly available [Transparency Report](#).



# Our approach to quality

## FRC 2023/24 Audit Quality Inspection and Supervision report

Audit quality shapes our vision of the business we want to be, driving our priorities and defining our successes.

In July 2024, the Financial Reporting Council ("FRC") issued individual reports on each of the six largest firms, including Deloitte on Audit Quality Inspection and Supervision, providing a summary of the findings of its Audit Quality Review ("AQR") team for the 2023/24 cycle of reviews. We value the observations raised by both the FRC Supervision teams and the ICAEW Quality Assurance Department ("QAD"), both in identifying areas for improvement and also the ongoing focus on sharing good practice to drive further and continuous improvement.

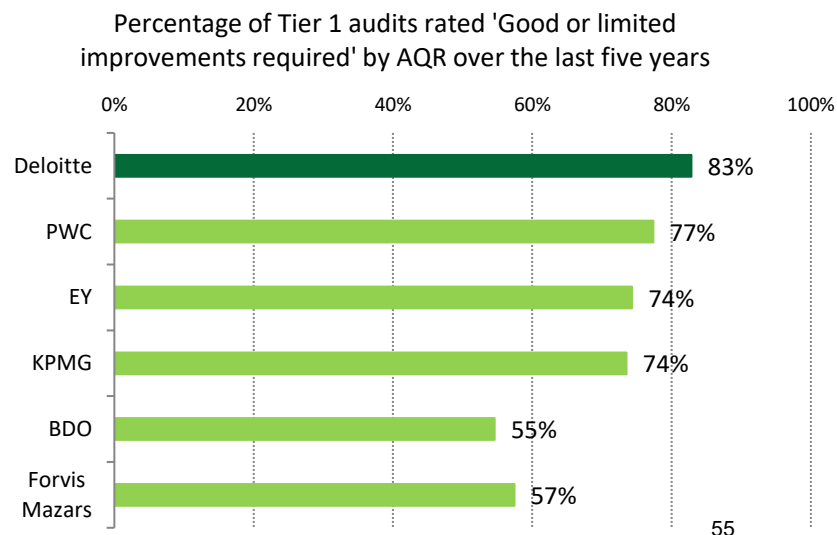
We are proud that the results of our FRC inspections show that 94% (2022/23: 82%) of our public interest audits were rated as 'good' or 'limited improvements' and that 100% (2023: 100%) of our audits reviewed by the ICAEW's QAD were assessed as good or generally acceptable.

These sets of results reflect the continuous investment we are making and our commitment to acting in the public interest to deliver confidence and trust in business through our high quality audits. We recognise we still have more we want to do to ensure that we consistently meet the high standards we expect of ourselves. We take inspection, system of quality management ("SoQM") and supervision focus areas seriously and place a significant level of resource and effort into understanding how we continually improve going forward.

We are pleased to see the positive impact of actions taken over the last 12 months to address findings raised by the FRC. We have a reduction in the number of key findings and none of the AQR findings from the 22/23 inspection cycle have recurred as key findings in this year's cycle.

We welcome the breadth and depth of good practice points raised by the FRC and ICAEW, particularly in respect of effective group oversight, contract accounting and the challenge of management, where we have continued to take action to support the high-quality execution of audit work.

All the AQR public reports are available on the [FRC's website](#).



# Prior year audit adjustments

## Uncorrected misstatements

The following uncorrected misstatements were identified in relation to prior year audit.

		Debit/(credit) SOCNE £'000	Debit/(credit) in net assets £'000	Debit/(credit) prior year reserves £'000	Debit/(credit) Profit & Loss £'000	If applicable, control deficiency identified
<b>Misstatements identified in current year</b>						
Overstatement of revaluation surplus	[1]	300	-	(300)	-	
No allowance has been made in relation to the Goodwin case.	[2]	-	(34)	-	34	N/A
<b>Total</b>		<b>300</b>	<b>(34)</b>	<b>(300)</b>	<b>34</b>	

[1] Deloitte note that the Longman Site was classified as held for sale in 2022/23. The site had an upwards revaluation in 2021/22 of £300k, and in 2022/23 the asset was impaired by £1,060k. UHI Inverness wrote off the entire amount to the I&E without debiting the Revaluation Surplus of £300k. In addition, the asset was sold in 2023/24 and revaluation surplus of £300k still remains signifying that the Revaluation Surplus is overstated by £300k.

[2] No allowance has been made in relation to the Goodwin case in the FY24 liability value. In our view an allowance should be made, as a past service cost. Based on available information, we believe the cost of this would be £34k. We note that this is a judgemental misstatement based on assumptions used by actuarial specialists.



# Our other responsibilities explained

## Fraud responsibilities



### Your Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.



### Our responsibilities:

- We are required to obtain representations from your management regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the significant risks section of this document, we have identified risks of material misstatement due to fraud in operating within expenditure resource limits and management override of controls.
- We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.
- We will communicate to you any other matters related to fraud that are, in our judgment, relevant to your responsibilities. In doing so, we shall consider the matters, if any, regarding management's process for identifying and responding to the risks of fraud and our assessment of the risks of material misstatement due to fraud.



### Fraud Characteristics:

- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

# Our other responsibilities explained (continued)

## Fraud responsibilities

We will make the following inquiries regarding fraud and non-compliance with laws and regulations:



### Management and other personnel:

- Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.
- Management's process for identifying and responding to risks of fraud.
- Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud.
- Management's communication, if any, to employees regarding its views on business practices and ethical behaviour.
- Whether management has knowledge of any actual, suspected or alleged fraud affecting the entity.
- We plan to involve management from outside the finance function in our inquiries, in particular the Chair of the Audit Committee.
- We will also make inquiries of personnel who are expected to deal with allegations of fraud raised by employees or other parties.



### Internal audit

- Whether internal audit has knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain its views about the risks of fraud.



### Those charged with governance

- How those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks.
- Whether those charged with governance have knowledge of any actual, suspected or alleged fraud affecting the entity.
- The views of those charged with governance on the most significant fraud risk factors affecting the entity, including those specific to the sector.

# Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

## Independence confirmation

We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the College and will reconfirm our independence and objectivity to the Audit Committee for the year ending 31 July 2025 in our final report to the Audit Committee.

## Fees

The expected fee for 2024/25, as communicated by Audit Scotland in January 2025 is analysed below:

	£
Auditor remuneration	51,040
Audit Scotland fixed charges:	
• Pooled costs	(6,440)
• Sectoral cap	(12,200)
<b>Total expected fee</b>	<b>32,380</b>

There are no non-audit fees.

## Non-audit services

In our opinion there are no inconsistencies between the FRC's Ethical Standard and the College's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

## Relationships

We have no other relationships with the College, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.

# Sector developments

## 2024-25 reporting update

### Overview and observations

HM Treasury has published updated guidance setting out the principles and standards underpinning sustainability reporting for use in central government. The guidance applies to reporting periods from 2024-25 and is available at: [Sustainability Reporting Guidance 2024-25](#).

The guidance outlines the minimum statutory reporting requirements that must be met, provides some best practice examples and also indicates the underlying principles that should be adopted in preparing the information. The guidance is applicable to all central government bodies that fall within the scope of the Greening Government Commitments (GGCs), and which produce annual reports and accounts in accordance with HM Treasury's Government Financial Reporting Manual (FReM).

The updated guidance emphasises the increasing importance of sustainability reporting and alignment with evolving global standards like the TCFD.

The principal focus of the guidance is on reporting quantitative data on emissions, waste and finite resource consumption.

### Next steps

We recommend that management consider the implications of the updated HM Treasury guidance, noting the Scottish Government has still to adopt the guidance fully, for the organisation's sustainability reporting processes and review whether any adjustments to existing reporting practices are necessary to incorporate emerging best practices.

ITEM 04.b

## The State of the State 2025

### Background and overview

Our latest State of the State reveals key insights from the public and public sector leaders, highlighting shifting priorities and a desire for bold action.

Key takeaways included:

- Cost of living and the NHS remain top concerns, but immigration and border security are rising priorities.
- The public increasingly expects tax rises to address these challenges.
- There's a growing belief that devolution and empowering regions is crucial for growth.
- Investing in skills and adult education is seen as vital for a thriving future.
- The public sector has rolled out some world-leading uses of technology that should be leveraged further.

Our recommendations for a stronger UK:

- Translate policy reviews into credible delivery plans.
- Set a long-term vision for the public sector and its impact on people's lives.
- Capitalise on tech success and drive further innovation.
- Invest in adult skills and further education.
- Improve transparency around resource allocation and demand.

### Next steps

Full report is available at: [The State of the State 2025 | Deloitte UK](#)

# Sector Developments (continued)

ITEM 04.b

## Briefing – Scotland's Colleges 2024

### Key messages

The financial situation of Scotland's colleges is worsening, with more colleges reporting deficits in 2022/23 than the previous year.

Key factors include:

- **Decreased Funding:** Scottish Government funding has significantly reduced, both in cash terms and real terms.
- **Staffing Costs:** Staffing represents 70% of college expenditure, leading to voluntary severances and anticipated further reductions.
- **Impact on Learning:** Financial pressures and staff cuts are likely to affect the range and quality of learning provided.

While colleges are working on efficiencies and seeking solutions with the Scottish Funding Council, the lack of clarity from the Scottish Government on future priorities makes planning difficult. Urgent reform of the post-school landscape is crucial for the sustainability of the college sector.

### Recommendations

The Scottish Government needs to provide clearer direction and support to ensure the sustainability of the college sector. This involves:

- **Defining Priorities:** Before issuing the 2025/26 funding guidance, the Scottish Government should clearly outline the expected priorities for colleges. This will enable the Scottish Funding Council (SFC) and colleges to allocate resources effectively.
- **Early Engagement:** Early discussions with colleges and the SFC about these priorities are crucial to allow sufficient time for planning and adjustment.
- **Accelerated Reform:** The Scottish Government must speed up the reform of the post-school skills sector. This includes setting clear expectations and timelines for all stakeholders and establishing detailed milestones to track progress by the end of 2024.
- **Sharing Best Practices:** The SFC, in collaboration with Colleges Scotland and individual colleges, should actively identify and share examples of innovation and best practices. This ongoing exchange will help colleges navigate financial challenges and discover new ways of operating.

This is a summary of an [Audit Scotland Publication](#) dated September 2024.

# Sector Developments (continued)

## The National Fraud Initiative in Scotland 2024

### Key messages

- Fraud remains a significant risk, costing taxpayers and undermining public trust. The NFI is crucial for proactive fraud detection and prevention, especially as public bodies navigate financial pressures.
- NFI efforts resulted in £21.5 million in savings and outcomes, a notable increase from previous years. However, this increase is partially attributed to improved recording practices and methodological changes, making it difficult to draw conclusions about underlying fraud levels.
- While NFI governance and follow-up arrangements are generally sound, there's room for improvement. Notably, resource constraints pose a challenge to effective follow-up on data matches.

### Recommendations

- **Resource Allocation:** Ensure adequate resources are available for efficient and effective NFI follow-up activities, aligning with local priorities.
- **Planning & Self-Assessment:** Utilise the NFI Self-Appraisal Checklist during the planning phase for the 2024/25 exercise to identify and address potential areas for improvement.
- **Monitoring & Analysis:** Implement robust monitoring mechanisms for follow-up activities. Investigate and understand the reasons behind low or nil outcomes to enhance future NFI exercises.



This is a summary of an [Audit Scotland Publication](#) dated August 2024.

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Subject/Title:	KPI Report
Meeting and date:	Audit Committee, 3 June 25; EMT Committee 5 June 25
Author:	Martin Whyte
Decision, Discussion or Noting:	Noting / Discussion
Link to Strategic Plan:	<b>Links to all strategic objectives</b>
Cost implications:	<del>Yes</del> / No <i>(delete as applicable)</i> <b>If yes, please specify:</b>
Risk assessment:	<del>Yes</del> / No <i>(delete as applicable)</i> <b>If yes, please specify:</b> Financial: Operational: Organisational:

### Recommendation(s)

Note the performance measures year to date – period 9, April 2025.

### Main body of information

The KPI matrix for period 9, April 2025 accompanies the paper and presents performance for each active measure in the period and YTD against respective targets.

### Period Update

Twenty-three measures were active in the period.

Thirteen of the twenty-three measures active in the period are satisfactory / met (Green).  
Six of the measures are unsatisfactory / not yet met (Red),  
Four measures are marginal / not yet met (Amber).

### YTD Update

Thirty-four measures are in scope year to date. Two HR measures are also reported but have no target.

Sixteen of the thirty-four measures are satisfactory / met (Green).  
Twelve of the measures are unsatisfactory / not yet met (Red).  
Six measures are marginal / not yet met (Amber).

A column has been added detailing the sector benchmark for each measure, where applicable. Some measures have sector benchmarks defined as TBC as further



investigation is needed to establish if easily accessible sector data is held. Respective managers aim to identify if sector benchmark data is available for 25/26 reporting. N/A indicates that the measure and data is specific to UHI Inverness and lacks meaningful sector comparison.

### **Comment on In Scope Measures – April 25.**

#### **HE Active Applications (next AY).** Serial 1. 94.8%. RED.

The number of active applications fell in April primarily due to the adjustment for BSc Oral Health Science applications. The course has a capacity of 12 and received well over 100 applications. After offers were accepted, the remaining applications have been removed. Offer acceptance rates remain higher than last year. Data in MIS Manager report.

#### **FE Active Applications (next AY).** Serial 2. 102.5%. GREEN.

32 applications more than profile expectation at the end of period 9. Many courses have established waiting lists. Unmet/suppressed demand data is being captured and shared with the RSB.

MIS Manager report contains up to date data.

#### **FE Credits.** Serial 3. 102.7%. GREEN.

SFC FE funded threshold has been exceeded. We have delivered 708 FE Credits beyond the threshold.

Note - this is the equivalent of 41 additional full-time FE students for which we receive no funding.

#### **Apprenticeship Starts.** Serial 4. 80.4%. RED.

New apprentice starts have reached 291 for the year. While below the target number it has exceeded 2023/24 starts by 15, which means that our average number of apprentices in learning will remain high.

#### **Apprentices in Learning.** Serial 5. 104.8%. GREEN.

Average apprentices in learning are 33 over expectation. The high number of apprentices is reflected in SDS Apprenticeship income.

#### **Apprenticeship Income.** Serial 6. 116.8%. GREEN.

Income YTD is 86% of annual expectation as at the end of period 9. Strong performance in apprenticeship income.

#### **Commercial Short Course Income.** Serial 8. 88.3%. RED.

YTD actual income has increased to £66,200 from circa. £33,600 in the previous period. Several commercial courses were undertaken in the period. Staff capacity enabled courses to be undertaken. In addition, £40k of Other Grant funding relating to net zero training has been carried out in year.

#### **HE Enrolments.** Serial 9. 105.8%. GREEN.

Enrolment numbers increased by 1 in the period. Overall, HE headcount is very good and reflects efforts made across college to attract applications and convert them.

**HE FTE (APC figure).** Serial 11. 99.6%. AMBER.

5.8 FTE below the FTE target provided to APC. MIS Manager is working with student records colleagues (Inverness and EO) to ensure that all student course loadings are complete to ensure that FTE data is accurate. Some student records require completion/review.

**Student Satisfaction & Engagement Survey (SSES).** Serial 20. 100.7%. GREEN.

Actual SSES result for AY 24/25 is 94.7% satisfaction. National benchmark 89.7%. Excellent satisfaction and engagement results.

**SSES % Response Rate.** Serial 24. 96.7%. AMBER.

Actual survey response rate was 53.2% of students. Internal target 55%. National benchmark is 50%. Exceeded the benchmark but did not achieve our internal target and is lower than the response rate in 23/24. Increased 'campaign' activity planned in 25/26 and extend duration the survey is open to support completion by work-based students.

**MA Successful Outcomes.** Serial 32. 76.1%. RED.

MA outcomes are below the sector benchmark (57.1% / 72%). Outcome % reduced in April, holidays will have impacted unit achievement data. As the AY nears a close, unit completions increase as many elements are undertaken and assessed holistically. Data for frameworks/subjects are closely monitored by curriculum and Business Solutions.

**Mental Health Support Appt.** Serial 35. 103.2%. GREEN.

All enquiries received an appointment within 3-10 working days in April. Objective 95%. YTD overall is 98%. The counselling team continue to deliver a tremendous service to our students.

**Learning Support Appt.** Serial 36. 105.3%. GREEN.

YTD performance is 100% of ASN appointments receive an appointment within 6-20 working days. Tremendous. Very high number and proportion of ASN referrals so the workload is not insignificant. This also impacts the team and resources at exam time (now).

**Sickness Levels.** Serial 40.

Absence rates for Q3 are to be reported. HR will include the most recent data in their paper to HR Committee and this will be captured in the next iteration of the KPI report. No change to data presented in the previous report to audit committee.

**% Staff Turnover.** Serial 43.

% staff turnover data for Q3 to be reported. HR will include the most recent data in their paper to HR Committee and this will be captured in the next iteration of the KPI report. No change to data presented in the previous report to audit committee.

**PRD Completion.** Serial 44.

PRD data for Q3 to be reported. HR will include the most recent data in their paper to HR Committee, and this will be captured in the next iteration of the KPI report. No change to data presented in the previous report to audit committee.

**Number of Workplace Injuries.** Serial 47. GREEN.

This measure remains well below the previous year which is pleasing. 6 injuries in the period. 4 minor cuts in Hairdressing, 1 staff member tripped in the car park and one student injured playing football during break on campus. HS&S Manager monitors closely.

**% of Staff Completed Mandatory iHASCO Training.** Serial 49. 101.2%. GREEN.

Performance remains over the target of 80% completion. There are mandatory modules (not H&S related) that are to be completed by all staff by the end of June. Managers are asked to keep a close eye on completions and utilise staff development days in June to ensure all are complete.

**Room Occupancy – Frequency %.** Serial 59. 119.1%. GREEN.

Occupancy for the period was at 54% increasing average occupancy to 45.1% across the year. School programmes have largely ended at Easter which will lower occupancy on Fridays from this point. Occupancy will reduce each month as teaching ends for different qualification levels.

**CO2 Emissions on Utilities (gross Tonnes).** Serial 60. 84.1%. GREEN.

87 tonnes below expectation YTD which is pleasing. Estates and HS&S Manager continue to monitor energy use and energy mix data with GTFM.

**Estates Reactive Task Completion Rate %.** Serial 62. 98.8%. AMBER.

The team achieved 95% completion in the period, marginally below the expectation of 96%. Estates supervisor monitors estates requests and completion rates. YTD average is 94.9% completion.

**GTFM % Reactive Task Completion Rate.** Serial 63. 99.4% AMBER.

GTFM met their objective in April delivering 96%. YTD average completion rate now stands at 94.4%. Completion rates are a key part of the contract management discussions that take place each month.

The information is accessible to all department managers and board members via SharePoint at: IN Management Information > Documents > KPI Matrix

## Performance Measures

AY: 2024-2025

Performance Measures- EMT &amp; Board of Management

Measures - Linked to Profile and Actual sheets

AY Start	01 Aug 2024
Today	27 May 2025
Period Month	April
No.Periods Yr	9

Key:

B = Not yet in scope
R = Not Achieved
A = Partially Achieved
G = Achieved

Measure		Measurement Frequency	2023/24 Actual	2024/25 Target	YTD Profile	YTD ACTUAL	YTD ACTUAL v PROFILE RAG	Sector Benchmark
Serial	Measure 1: CORE FE/HE OUTPUTS							
1	HE Active applications (next AY - Measure from Dec - Jul)	Monthly	1333	1,400.0	1,350	1,280	94.8%	N/A
2	FE Active applications (next AY - Measure from Dec - Jul)	Monthly	2281	2,300.0	2100	2,132	101.5%	N/A
3	FE Credits	Monthly	26543	26,442	26,200	26,908	102.7%	N/A
4	Apprenticeship starts	Monthly	276	374	362	291	80.4%	N/A
5	Apprentices in Learning (average in year)	Monthly	664	675	675	708	104.8%	N/A
6	Apprenticeship Income (excluding T&A)	Monthly	£1,222,884	£1,259,400	£927,076	£1,082,679	116.8%	N/A
8	Commercial Short Course Income	Monthly	£121,486	£100,000	£75,001	£66,200	88.3%	N/A
9	HE enrolments (head count)	Monthly	1,904	1,990	1,990	2,106	105.8%	N/A
10	HE enrolments (year one starts)	Annual	697	700	700	637	91.0%	
11	HE FTE (APC figures) (from Oct)	Monthly	1,259.6	1,319.0	1,319.0	1,313.2	99.6%	N/A
12	Research - Income less expenditure	Biannual	£140,043	-£150,000	-£150,000	-£299,930	-200.0%	N/A
13	GA Programmes - New Enrolments	Monthly	92	122	122	191.0	156.6%	N/A
14	Senior Phase Enrolments	Annual	667	677	677	574.0	84.8%	N/A
MEASURE 2: SATISFACTION MEASURES								
18	Early Satisfaction & Engagement Survey (ESES)	Annual	96.0%	96%	96.0%	95.7%	99.7%	N/A
20	Student Satisfaction & Engagement Survey (SSES)	Annual	92.0%	94%	94.0%	94.7%	100.7%	89.70%
23	ESES % Response Rate	Annual	63.3%	60%	60.0%	61.0%	101.7%	N/A
24	SSES % Response Rate	Annual	57.0%	55%	55.0%	53.2%	96.7%	50%
Measure 3: RETENTION, SUCCESS & PROGRESSION								
32	Modern Apprenticeship successful outcomes (contract year)	Monthly	63.0%	75%	75.0%	57.1%	76.1%	72%
33	FE progression to further FE study	Annual	37.0%	40%	40.0%	39.6%	99.0%	TBC
34	FE progression to HE - actual	Annual	30.0%	35%	35.0%	29.7%	84.9%	TBC
35	Mental Health Support appt (non-emergency) offered for within 3 - 10 working days	Monthly	99.0%	95.0%	95.0%	98%	103.2%	TBC
36	Learning Support appt offered for within 6 - 20 working days	Monthly	96.0%	95.0%	95.0%	100%	105.3%	TBC
Measure 4: HR								
40	Sickness levels	Quarterly	2.98%	2.58%	2.67%	3.40%	127.5%	TBC
43	% Staff turnover	Quarterly	2.38%	3.01%	3.07%	2.30%	75.0%	TBC
44	PRD completion - full or review	Quarterly	57%	75%	50%	6%	11.8%	N/A
47	Number of workplace injuries	Monthly	138	138	134	105	78.36%	N/A
48	Number of RIDDOR reportable accidents and illness	Monthly	3			5		TBC
49	% of staff completed mandatory IHASCO (H&S) Trg	Quarterly	79%	80%	80.0%	80.9%	101.2%	N/A
Measure 5: FINANCE								
53	Forecast Outturn Operational Surplus/(Deficit)	Quarterly	-£309,938	-£750,000	-£750,000	-£967,000	128.9%	N/A
Measure 6: ESTATES & CAMPUS								
59	Room Occupancy - Frequency %	Monthly	36.0%	36.0%	37.9%	45.1%	119.1%	TBC
60	CO2 Emissions on Utilities (gross) Tonnes	Monthly	638	667	546	459	84.1%	TBC
61	CO2 Emissions on Waste - Tonnes	Quarterly	11.0%	0.930	0.257	0.197	76.5%	TBC
62	Estates reactive task completion rate %	Monthly	95%	96%	96%	94.9%	98.8%	N/A
63	GTFM % reactive task completion rate	Monthly	95%	95%	95%	94.4%	99.4%	N/A

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3	FE Credits	Monthly	26543	26,442	26,200	26,908	102.7%	N/A
4	Apprenticeship starts	Monthly	276	374	362	291	80.4%	N/A
5	Apprentices in Learning (average in year)	Monthly	664	675	675	708	104.8%	N/A
6	Apprenticeship Income (excluding T&A)	Monthly	£1,222,884	£1,259,400	£927,076	£1,082,679	116.8%	N/A
8	Commercial Short Course Income	Monthly	£121,486	£100,000	£75,001	£66,200	88.3%	N/A
9	HE enrolments (head count)	Monthly	1,904	1,990	1,990	2,106	105.8%	N/A
11	HE FTE (APC figures) (from Oct)	Monthly	1,259.6	1,319.0	1,319.0	1,313.2	99.6%	N/A
20	Student Satisfaction & Engagement Survey (SSES)	Annual	92.0%	94%	94.0%	94.7%	100.7%	89.70%
24	SSES % Response Rate	Annual	57.0%	55%	55.0%	53.2%	96.7%	50%
32	Modern Apprenticeship successful outcomes (contract year)	Monthly	63.0%	75%	75.0%	57.1%	76.1%	72%
35	Mental Health Support appt (non-emergency) offered for within 3 - 10 working days	Monthly	99.0%	95.0%	95.0%	98%	103.2%	TBC
36	Learning Support appt offered for within 6 - 20 working days	Monthly	96.0%	95.0%	95.0%	100%	105.3%	TBC
40	Sickness levels	Quarterly	2.98%	2.58%	2.67%	3.40%	127.5%	TBC
43	% Staff turnover	Quarterly	2.38%	3.01%	3.07%	2.30%	75.0%	TBC
44	PRD completion - full or review	Quarterly	57%	75%	50%	6%	11.8%	N/A
47	Number of workplace injuries	Monthly	138	138	134	105	78.36%	N/A
49	% of staff completed mandatory IHASCO (H&S) Trg	Quarterly	79%	80%	80.0%	80.9%	101.2%	N/A
59	Room Occupancy - Frequency %	Monthly	36.0%	36.0%	37.9%	45.1%	119.1%	TBC
60	CO2 Emissions on Utilities (gross) Tonnes	Monthly	638	667	546	459	84.1%	TBC
62	Estates reactive task completion rate %	Monthly	95%	96%	96%	94.9%	98.8%	N/A
63	GTFM % reactive task completion rate	Monthly	95%	95%	95%	94.4%	99.4%	N/A

# UHI | INVERNESS

<b>Subject/Title:</b>	Committee & Chair Evaluation
<b>Author:</b> [Name and Job title]	Ludka Orlowska-Kowal Governance Officer
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	03 June 2025
<b>Date Paper prepared:</b>	27 May 2025
<b>Brief Summary of the paper:</b>	Annual Audit Committee and Chair Evaluation Exercise
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	<p>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.</p> <p>Paragraph D24 states that "The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs"</p>
<b>Resource implications:</b>	
<b>Risk implications:</b>	Yes/No Operational: required for the proper Governance of the College
<b>Equality and Diversity implications:</b>	N/A
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	

<b>Status</b> – [Confidential/Non confidential]	Non-Confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should <b>not</b> 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](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

In October/November 2025 UHI Inverness Board of Management will be undergoing an Externally Facilitated Effectiveness Review conducted by CDN. The review takes place every 3-5 years and the latest took place in autumn 2020. The CDN confirmed that the Board does not need to conduct its annual Internal Evaluation Process in the year the external review takes place.

The Governance Officer will contact other Governance Professionals within the partnership and wider network to ask for examples of best practice being used by other institutions when it comes to internal reviews in order to plan for 2025/26 process.