c. Research Governance (to follow)
d. Business and Commercial Development (to follow)
Audit Reports by Internal Auditors, BDO

8. **OUTSTANDING AUDIT RECOMMENDATIONS**
   Report by Director of Finance

9. **RISK MANAGEMENT** **(Confidential)**
   Report by Director of Finance

10. **BUSINESS CONTINUITY** **(Confidential)**
    Report by Estates and Campus Services Manager

11. **HEALTH AND SAFETY**
    Report by Director of Organisational Development

12. **GDPR**
    Report by Director of Organisational Development

13. **AUDIT COMMITTEE SELF EVALUATION – OUTSTANDING ACTIONS**
    Covering report by Board Secretary

14. **MEETING WITH INTERNAL AUDITORS**
    Report by Board Secretary

15. **ANNUAL REVIEW OF INTERNAL AUDITORS PERFORMANCE**
    Covering report by Board Secretary

16. **COMMITTEE CHAIR EVALUATION**
    Report by Board Secretary

_____

ITEMS FOR NOTING

17. **MEETING OF UHI AUDIT CHAIRS – May 2019**
    Draft Minutes

18. **COMPLAINTS UPDATE REPORT**
    Report by Quality Manager

19. **AOCB**

20. **DATE OF NEXT MEETING – 17 SEPTEMBER 2019 @ 8.30 A.M.**

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

Board of Management

MINUTES of the MEETING of the AUDIT COMMITTEE held in the Boardroom, 1 Inverness Campus, on Tuesday 26 February 2019

PRESENT:	Hazel Allen, Innis Montgomery, Fiona Neilson
CHAIR:	Hazel Allen
APOLOGIES:	Sarah Burton, Jaci Douglas, Steve Walsh
ATTENDING:	Depute Principal
	Director of Organisational Development
	Director of Finance
	Scott Peterson, BDO (items 1 – 10) (by teleconference)
	Secretary to the Board of Management

1.   **MINUTES**
The Minutes of the Meeting of the Audit Committee held on 22 November 2018 and the Joint Audit/Finance and General Purposes Committee held on 6 December were **AGREED** as a correct record, were **APPROVED** and signed by the Chair.

2.   **OUTSTANDING ACTIONS**
The Committee **AGREED** which actions had been completed and could be signed off and those which were still outstanding and would remain on the list.

3.   **HEALTH AND SAFETY POLICY AND STATEMENT**
The Director of Organisational Development referred to the health and safety policy and statement and advised that no changes had been made to the version which was approved in February 2018.

The Committee **AGREED** to recommend the health and safety policy and statement to the Board of Management for approval.

4.   **AUDIT REPORT - BUSINESS CONTINUITY MANAGEMENT**
In accordance with the 2018-19 Audit Plan, Internal Audit had reviewed the design and operating effectiveness of the controls in place surrounding business continuity management arrangements.

Scott Peterson advised that BDO had provided moderate assurance over the design and operational effectiveness of the arrangements in place relating to business continuity management. A number of areas of good practice had been noted. Six recommendations were made in the report, 3 of medium significance and 3 of low significance.

The Committee welcomed the findings of the review and **REQUESTED** that any actions arising from the next test exercise in terms of risk be reported back to the Committee.

5. **OUTSTANDING AUDIT RECOMMENDATIONS**
A report by the Director of Finance provided an updated position on the implementation of action points arising from Internal Audit reports. There were only two outstanding actions, namely the development of a fixed asset register and SITS/SUN transfers.

The Committee **NOTED** the progress made and **REQUESTED** the Director of Finance to amend the due dates of the two outstanding actions.

It was **AGREED** that external audit recommendations should also be included in future reports.

6. **RISK REGISTER**
A report by the Director of Finance highlighted those risks currently identified as the most significant to the College. Summary information from the full risk register had been appended for information.

The Committee discussed the report. It was suggested that sensitive data should include more than just ICT data, that if undertaken, penetration testing should be included in the text and that reference to the residences operational working group and any actions agreed, should be included as mitigating actions in the text. Also, internal audit report actions should be included.

The Committee **APPROVED** the summary register format for quarterly reporting and **NOTED** that
1. the full risk register would be provided on an annual basis to the September committee meeting.
2. mitigating actions from the work on the finance strategy and on the finance system would be included in the next report.

7. **HEALTH AND SAFETY Q2 REPORT**
A report by the Health and Safety Manager provided a quarterly report on matters pertaining to health and safety, the key issues being as follows:-
- During Q2, the number of incidents reported through SHE in comparison with the same point last year had decreased by 18% from 99 to 75.
- There had been a decrease in incidents involving students by 30%
- Two incidents had been recorded where students had not been wearing PPE for the tasks they were involved in. Actions had been put in place to ensure that PPE was worn at all times
- The contract with SHE had been renewed
- Amended payments to nominated first aiders who would be required to complete mental health first aid training within three years.

The Committee **NOTED** the report.

8. **PUBLIC BODIES CLIMATE CHANGE REPORT**
A report by the Estates and Campus Services Manager outlined the actions being taken across the college to achieving carbon reduction, including projects as part of energy strategy: transport plan, energy management plan, waste management, capital projects and carbon management, and associated cross college projects.

The Committee **WELCOMED** the various initiatives and **AGREED** that further reports would be submitted to the Finance and General Purposes Committee

9. **GDPR COMPLIANCE**
A report by the Information Development Manager advised that in advance of the EU General Data Protection Regulation and the UK Data Protection Act 2018 coming in to effect on 25th May 2018, a plan of action was put in place to ensure the college's compliance with the new legislation. Policies were updated and training was delivered to all staff. Ongoing monitoring and improvement was critical to ensure compliance.

The Committee **NOTED** the report.

10. **ACADEMIC PARTNER AUDIT COMMITTEE CHAIRS MEETING – MAY 2019**
The next Academic Partner Audit Committee Chairs meeting would be held on 2 May 2019. Two items which should be considered were financial instability of the partnership and risk.

The Committee **AGREED** that the Board Secretary would e mail all members in mid- April seeking any other items for inclusion in the agenda

11. **ANNUAL REVIEW OF EXTERNAL AUDITORS PERFORMANCE**
The Committee completed the annual review of the external auditors' performance for 2017/18.

The Committee **NOTED** that the results of the evaluation, to include the evaluation completed by the Director of Finance would be fed back to the auditors in writing.

The items 12 – 14 were included in the agenda for noting only and therefore no discussion took place at the meeting.

12. **DATA PROTECTION, FREEDOM OF INFORMATION, COMPLAINTS AND PUBLIC INTEREST DISCLOSURE ANNUAL REPORT 2018**
A joint report by the Board Secretary, the Quality Manager and the Information Development Manager provided an annual report on activity relating to data protection, freedom of information, public interest disclosure and complaints at Inverness College UHI.

13. **AUDIT COMMITTEE SELF-EVALUATION – ACTIONS**
The Director of Finance provided briefing notes on the role of the audit committee in relation to the institution's fraud and corruption procedures and in the rare event of external audit qualifying the institution's financial statement

14. **COMMITTEE SELF EVALUATION ACTION PLAN – PROGRESS**
A number of actions within the action plan had been progressed and were now shown as complete.

15. **AOCB**
  a. **INTERNAL AUDIT COMMITTEE ATTENDANCE**
  The Director of Finance advised that Claire Robertson, Director BDO, had advised that she would be unable to attend future audit committee meetings

scheduled for February each year due to attendance at an annual training course. She had requested a change to the timings of Audit committee meetings.

The Committee **AGREED** that the timings of audit committee meetings were part of the full schedule of Board and committee meetings and could not be amended.

b. ANTI FRAUD POLICY
The Director of Finance advised that she was developing an anti-fraud policy which would be presented to a future meeting of the committee for approval.

16.   DATE OF NEXT MEETING
Tuesday 28 May 2019 @ 08.30

Signed by the Chair: _____

Date: _____

Outstanding Actions - Audit Committee

27 November 2018

Item	Action	Responsibility	Time Line	ACTIONED
Risk Register/ Risk	Further reflection on the mitigating actions as they are very mechanistic	SMT	ongoing	
	consider how to embed the process of enhancing mitigating actions at partnership level.	SMT	ongoing	
Health and Safety/ Business Continuity	Request sight of the report prepared by UHI on the outcome of the April 2018 UHI wide exercise	~~D of Org Dev~~	~~To be circulated to board members by Mid January~~	Not provided
		Chair	April	

26 February 2019

Item	Action	Responsibility	Time Line	ACTIONED
Audit report Business Continuity management	Actions arising from the next test exercise be reported back to committee	D of Org Dev	May 2019	
Outstanding audit recommendations	Due dates of the two outstanding actions to be amended	D of F	May 2019	
	External audit recommendations to be included in future reports	D of F	May 2019	
Risk register	Full risk register to be provided on an annual basis	D of F	Sept 2019	
	mitigating actions from the work on the finance strategy and on the finance system to be included in the next report.	D of F	May 2019	
Climate change report	Further reports to F&GP	D of Org Dev	Next appropriate F&GP	Complete
Academic partner audit committee chairs meeting	E mail all members seeking items for inclusion in the agenda	Board Secretary	Mid April	Complete
Annual review of external auditors performance	Results of evaluation , including DoF evaluation to be fed back in writing to the auditors	Board Secretary / D of F	Mid April	Complete

Inverness College

ANNUAL INTERNAL AUDIT PLAN 2019-20

May 2019– DRAFT FOR DISCUSSION

BDO

CONTENTS

1. INTERNAL AUDIT APPROACH

Introduction

Our role as internal auditors is to provide an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Our approach, as set out in the Firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our approach complies with best professional practice, in particular the Public Sector Internal Audit Standards (PSIAS).

Internal Audit at Inverness College

We have been appointed as internal auditors to Inverness College to provide the Board of Management, the Finance Director and other managers with assurance on the adequacy of internal control arrangements, including risk management and governance.

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Our role at Inverness College will also be aimed at helping management to improve risk management, governance and internal control, so reducing the effects of any significant risks facing the organisation.

In producing the internal audit plan for 2017-2020 we have sought to gain an understanding of the business of Inverness College together with its risk profile in the context of:

- The overall business strategy of Inverness College

- The key areas where management wish to monitor performance and the manner in which performance is measured

- The financial and non financial measurements and indicators of such performance

- The information required to 'run the business'

- The key challenges facing Inverness College

2. AUDIT RISK ASSESSMENT

Background

Our risk based approach to internal audit uses Inverness College's own risk management process and risk register as a starting point for audit planning as this represents the client's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of Inverness College's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects the College's current risk profile.

Planned approach to internal audit 2017-20

The Internal Audit proposed audit programme for 2017-20 is shown at Appendix I. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified during that period.

We have set out further in Appendix II the rationale for the inclusion of particular reviews in the audit plan, based on our initial review of the College's risk register, discussions with a number of key stakeholders and consideration of various documents, publications and information sources.

Individual audits

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within Inverness College. Where revisions are required we will obtain approval from the Finance Director prior to commencing fieldwork.

In determining the timing of our individual audits we will seek to agree a date which is convenient to Inverness College and which ensures availability of key officers.

A proposed phasing of our audit plan, based on our current understanding of Inverness College's workloads is set out in Appendix III.

Variations to the Plan

Significant variations to the plan arising from our reviews, changes to Inverness College's risk profile or due to management requests will be discussed in the first instance with the Finance Director and approved by the Audit Committee before any variation is confirmed.

3. PROPOSED RESOURCES AND OUTPUTS

Staffing

The core team that will be delivering this programme to you is shown below:

Name	Grade	Telephone	Email
Claire Robertson	Director	07583 237579	claire.robertson@bdo.co.uk
Sean Morrison	Auditor		sean.morrison@bdo.co.uk

Our indicative staff mix to deliver the programme is shown below:

Grade	2019-20 (days)	Grade Mix (%)
Director	5	11
Manager	15	33
Auditors	25	56
Total	45	100

The core team will be supported by specialists from our national Risk and Advisory Team and wider firm as and when required.

Reporting to the Board of Management

We submit the Internal Audit Plan for discussion and approval by the Board of Management at its next meeting. We will liaise with the Finance Director and other senior officers as appropriate to ensure that internal audit reports summarising the results of our visits are presented to the appropriate Audit Committee meeting.

Following completion of the internal audit programme for 2017-20 we will produce an Internal Audit Annual Report summarising our key findings and evaluating our performance in accordance with agreed service requirements.

APPENDIX I
Internal Audit Plan 2019-20

Assurance Theme	Subject	Days	Assurance / Advisory
Governance and Risk	Business Planning & Performance Management	5	Assurance
	Health & Safety	5	Assurance
	Financial Controls	6	Assurance
	Marketing & Communications	5	Assurance
	Estates Management	6	Assurance
Regulatory Reviews	Credits/FES	5	Regulatory
	Student Support Funds	3	Regulatory
Follow-up	Follow Up	3	
Indirect Audit Activity	Audit & Risk Committee	3	
	Client Liaison	3	
	Annual Reporting	1	
TOTAL		**45**	

APPENDIX II
Internal Audit Plan Overview

Overview

The plan overview sets out the proposed audits in more detail and highlights further comment and rationale for inclusion in the Annual Internal Audit Plan 2019-20, together with the risk assessment source.

We will scope individual audits in advance of commencing any reviews and agree terms of reference with key officers involved.

Audit Area	Comment	Source
Business Planning & Performance Management	We will review the processes Inverness College has put in place to ensure business performance is effectively monitored and managed within Inverness College. The College must maintain systems and processes to ensure that they can effectively measure their performance against internal and nationally agreed delivery targets/outcomes. These systems must also allow the College to identify those areas where performance is falling below expectations and improvement action is required to ensure operational and strategic outcomes are met.	a) BDO Assessment b) Risk Register
Health & Safety	We will review whether there is an approved health & safety policy in place and whether arrangements are in place to promote a sound health & safety management framework throughout Inverness College. This will include an assessment of whether there is adequate reporting in place in relation to health & safety performance, and whether there is evidence that lessons are learned from incidents and near misses.	a) BDO Assessment b) Risk Register

APPENDIX II
Internal Audit Plan Overview

Audit Area	Comment	Source
Financial Controls	We will assess the controls in place within Inverness College in relation to cash handling and banking. We will consider whether procedures are in place to prevent and detect fraud, and ensure effective security, and whether those procedures are consistently applied. We will also consider whether income is receipted, recorded and banked accurately and promptly, with any exceptions identified and action taken.	a) BDO assessment b) Risk Register
Marketing & Communications	We will assess whether Inverness College has a clear communications and stakeholder engagement strategy in place with clear policies, procedures and guidance on communication provided to relevant staff. We will also assess whether communications are made in line with the strategy, policy and procedure, and whether there are effective controls in place to review communications prior to issue.	a) BDO assessment b) Executive management
Estates Management	We will assess the arrangements in place to manage and maintain the current estate. The review will cover the clarity of estates management responsibilities between the College and the building provider, controls relating to the planning and prioritisation of estates developments and how this is linked to the current and anticipated needs of the college (and how users are consulted), and whether space utilisation is monitored and appropriate actions are planned and taken where issues are identified.	a) BDO assessment b) Executive management
Follow Up	The effectiveness of the internal control system may be compromised if management fails to implement agreed audit recommendations. Our follow up work will provide the Audit Committee with assurance that prior year, and in some cases in-year, recommendations are implemented within the expected timescales.	a) BDO assessment b) Executive management

APPENDIX III
Phasing of the Plan

Respecting existing work pressures, and subject to the availability of key officers, we would look to agree with Inverness College the phasing of our audit work as shown in the following tables. We would normally seek to phase our work around Audit Committee dates.

Block 1: August – November 2019

Review	Proposed Audit Sponsor
Business Planning & Performance Management	Chris O'Neil
Credits/FES	Roddy Henry
SSF	Lindsay Snodgrass/Fiona Mustarde

Block 2: December 2019 – March 2020

Review	Proposed Audit Sponsor
Financial Control	Fiona Mustarde
Marketing & Communications	Georgie Parker
Health & Safety	Lindsay Ferries

Block 3: April – July 2020

Review	Proposed Audit Sponsor
Estates Management	Lindsay Ferries
Follow up	Fiona Mustarde

APPENDIX IV
Internal Audit Strategy 2017- 2020

Assurance Theme	Subject	Risk Register	2017 – 2018	2018 – 2019	2019-2020
Governance and Risk	Risk Management		✓		
	Corporate Governance	✓	✓		
	Financial Controls	✓	✓	✓	✓
	Business planning & performance management	✓			✓
	Health & Safety	✓			✓
	Data Protection	✓	✓		
	Business Continuity Management	✓		✓	
	Marketing and communications	✓			✓
	Estates management	✓			✓
	Partnership Working	✓	✓		
	Student Support	✓	✓		
	Curriculum Planning	✓		✓	
	Research governance	✓		✓	
	Business & commercial development			✓	
	Follow up		✓	✓	✓

APPENDIX V
Internal Audit Charter

Purpose of this Charter

This Charter formally defines Internal Audit's purpose, authority and responsibility. It establishes Internal Audit's position within Inverness College ("the College") and defines the scope of Internal Audit activities.

Internal Audit's Purpose

Internal Audit provides an independent, objective assurance and consulting activity designed to add value and improve the College's operations. It helps the College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit acts primarily to provide the Audit Committee with information necessary for it to fulfil its own responsibilities and duties. Implicit in Internal Audit's role is that it supports the College's management to fulfil its own risk, control and compliance responsibilities.

Internal Audit's Authority

The Head of Internal Audit and internal audit staff are authorised to:
• Have unrestricted access to all the College's records, property, and personnel relevant to the performance of engagements
• Obtain the necessary assistance of the College's personnel in relevant engagements, as well as other specialised services from within or outside the College.

Internal Audit has no authority or management responsibility for any of its engagement subjects.

Internal Audit will not make any management decisions or engage in any activity which could reasonably be construed to compromise its independence.

Internal Audit's Responsibility

The Head of Internal Audit is responsible for all aspects of Internal Audit activity, including strategy, planning, performance, and reporting.

The Head of Internal Audit will:

Strategy
• Develop and maintain an Internal Audit Strategy
• Review the Internal Audit Strategy at least annually with management and Board of Management

APPENDIX V
Internal Audit Charter

Planning
- Develop and maintain an Internal Audit Plan to fulfil the requirements of this Charter and the Internal Audit Strategy
- Engage with Management and consider the College's strategic and operational objectives and related risks in the development of the Internal Audit Plan
- Review the Internal Audit Plan periodically with management
- Present the Internal Audit Plan, including updates, to the Audit Committee for periodic review and approval
- Prepare an Internal Audit Budget sufficient to fulfil the requirements of this Charter, the Internal Audit Strategy, and the Internal Audit Plan
- Submit the Internal Audit Budget to the Audit Committee for review and approval annually
- Coordinate with and provide oversight of other control and monitoring functions, including Risk Management, Compliance & Ethics, and external audit
- Consider the scope of work of the external auditors for the purpose of providing optimal audit coverage to the College.

Performance
- Implement the Internal Audit Plan
- Maintain professional resources with sufficient knowledge, skills and experience to meet the requirements of this Charter, the Internal Audit Strategy and the Internal Audit Plan
- Allocate and manage resources to accomplish Internal Audit engagement objectives
- Establish and maintain appropriate internal auditing procedures incorporating best practice approaches and techniques
- Monitor delivery of the Internal Audit Plan against the Internal Audit Budget
- Ensure the ongoing effectiveness of Internal Audit activities.

Reporting
- Issue a report to management at the conclusion of each engagement to confirm the results of the engagement and the timetable for the completion of management actions to be taken
- Provide periodic reports to management and the Audit Committee summarising Internal Audit activities and the results of Internal Audit Engagements
- Provide periodic reports to management and the Audit Committee on the status of management actions taken in response to Internal Audit Engagements
- Report annually to the Audit Committee and management on Internal Audit performance against goals and objectives
- Report as needed to the Audit Committee on management, resource, or budgetary impediments to the fulfilment of this Charter, the Internal Audit Strategy, or the Internal Audit Plan
- Inform the Audit Committee of emerging trends and practices in internal auditing.

APPENDIX V
Internal Audit Charter

Independence and Internal Audit's Position within the College

To provide for Internal Audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the Board of Management. The Head of Internal Audit has free and full access to the Chair of the Board of Management.

The Head of Internal Audit reports administratively to the Finance Director who provides day-to-day oversight.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Board of Management.

The Internal Audit service will have an impartial, unbiased attitude and will avoid conflicts of interest.

If the independence or objectivity of the Internal Audit Service is impaired, details of the impairment should be disclosed to either the Finance Director, or the Chair of the Board of Management, dependent upon the nature of the impairment.

The Internal Audit Service is not authorised to perform any operational duties for the College; initiate or approve accounting transactions external to the Internal Audit Service; or direct the activities of any college employee not employed by the Internal Auditing Service, except to the extent such employees have been appropriately assigned to Service or to otherwise assist the Internal Auditor.

Internal Audit's Scope

The scope of Internal Audit activities includes all activities conducted by the College. The Internal Audit Plan identifies those activities that have been identified as the subject of specific Internal Audit engagements.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by Internal Audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, Internal Audit should maintain objectivity and not assume management responsibility.

Standards of Internal Audit Practice

Internal Audit will perform its work in accordance with the International Professional Practices Framework of the Chartered Institute of Internal Auditors. This Charter is a fundamental requirement of the Framework.

Approval and Validity of this Charter

This charter shall be reviewed and approved annually by Management and by the Audit Committee on behalf of the Board of the College.

APPENDIX VI
Internal Audit Working Protocols & Performance

Working Protocols

The table below illustrates the key communication and reporting points between the College and Internal Audit, which we will be subject to regular review. Any future changes to the communication and reporting points will be reported to the Audit Committee for approval.

Table One: Liaison Meetings between Internal Audit and the College

Meeting	Frequency	Board of Management	Finance Director	Managers	Relevant Staff	External Audit
Internal Audit Update Meeting	As required, minimum quarterly		✓			
Quality Assurance Meeting	Annually		✓			
Internal Audit Liaison meeting with Chair of Audit Committee	As required	✓				
Access to Audit Committee to discuss internal audit progress	As necessary	✓				
Meetings to raise immediate concerns	As necessary	✓	✓	✓	✓	
Meetings with External Audit	As necessary					✓

APPENDIX VI
Internal Audit Working Protocols & Performance

Table Two: Key reporting points between Internal Audit and the College

Meeting	Board of Management	Finance Director	Managers	Relevant Staff
Annual Internal Audit Plan	✓	✓	✓	✓
Individual Internal Audit Planning Documents			✓	✓
Draft Internal Audit Reports			✓	✓
Final Internal Audit Reports	✓	✓	✓	✓
Quality Progress Reports	✓			
Annual Internal Audit Report	✓	✓		✓

APPENDIX VI
Internal Audit Working Protocols & Performance

Performance Measurement

Performance measurement is the use of measures and associated targets to assess objectively the performance of a body. It is now well established as an important means of improving performance and reinforcing accountability. BDO LLP has been appointed as internal auditors to Inverness College, subject to satisfactory performance. Consequently there is value in reviewing the quality of our service on a regular basis.

Internal Audit Performance measures and indicators

Internal audit performance can be assessed in two ways. Firstly, there is the ability for us to self assess our performance on a regular basis and report back to the Board of Management on certain measures around inputs and satisfaction from those officers who have been subject to a review. Secondly, the view of the Board of Management as to the value being received from its internal audit provider has to be taken into account. For our part we will look to report to the Board of Management regularly on the internal audit inputs as detailed below.

The tables below contain performance measures and indicators that we consider to have the most value in assessing the efficiency and effectiveness of internal audit. We recommend that the Board of Management approves the following measures which we will report to each meeting and / or annually as appropriate.

Table Three: Performance Reporting to each Board of Management

Measure / Indicator
Audit Coverage
Audits completed against the Annual Audit Plan
Actual days input compared with Annual Audit Plan
Audit Planning and Reporting
Days to issue draft report after end of fieldwork

APPENDIX VI
Internal Audit Working Protocols & Performance

Table Four: Annual performance reporting to Board of Management

Measure / Indicator
Relationships and Customer Satisfaction   Customer Satisfaction Reports   % recommendations agreed with management
Staffing and Training   Staff mix compared with budget   Percentage of Partner and Manager time   Continuity of staffing   Use of specialist staff (e.g. IT Risk and Advisory)   Provision of appropriate training for staff

Management Performance Measures and Indicators

Management's ability to respond efficiently to internal audit findings and recommendations helps the Board of Management to form its own view of the internal control framework. Importantly, Management's consideration of internal audit findings plays a contributory factor in our ability to deliver timely reports to the Board of Management. We recommend, therefore, that the following measures are also reported to the Board of Management.

Measure / Indicator	Timing
Audit Reporting Days for receipt of management responses	As data becomes available

Other Performance Measures

In addition to the above mentioned measures we will also provide the Audit Committee with the results of other reviews of our internal audit service as and when they become available, including:
• Independent quality assurance reviews as required by the Chartered Institute of Internal Auditors (IIA); and
• BDO internal quality assurance reviews

APPENDIX VII
Inverness College Risk Register Summary

Ref	RISK DESCRIPTION	Gross Risk	Net Risk
1	College fails to identify and take opportunities for development and progression	High	Moderate
2	Financial instability of UHI	High	High
3	College fails to maintain improvement in performance against national targets and outcomes	Moderate	Moderate
4	Ongoing issues of non-compliance by GTFM	High	Moderate
5	College does not achieve allocated HE student number targets.	High	Moderate
6	College does not achieve allocated FE Credit targets.	High	Moderate
7	The institution has a poor reputation.	High	Low
8	Disruption to services/projects and/or partnership working resulting from loss of a key staff member.	Moderate	Moderate
9	Non-compliance with relevant statutory regulations.	High	Moderate
10	Governance failure	Moderate	Low
11	Financial failure/operating loss. Inability to achieve a balanced budget.	High	Moderate
12	College estate not fit for purpose	Moderate	Moderate
13	Academic quality is sub standard	Moderate	Moderate
14	Poor student experience	Moderate	Low
15	Institutional, personal and sensitive data is corrupted, lost, stolen or misused.	High	Moderate
16	Research outputs are sub standard	Moderate	Moderate
17	Serious incident in the college residencies, including anti-social or illegal behaviour.	High	Moderate

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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

BUSINESS PLANNING & PERFORMANCE

MANAGEMENT

2019-20

INVERNESS COLLEGE, BUSINESS PLANNING & PERFORMANCE MANAGEMENT

BACKGROUND

As part of the 2019-20 Internal Audit Plan, it was agreed by Management and the Audit Committee that Internal Audit would carry out a review of arrangements in place to ensure business performance is effectively monitored and managed within Inverness College (the College).

The College must maintain systems and processes to ensure that they can effectively measure their performance against internal and nationally agreed delivery targets/outcomes. These systems must also allow the College to identify those areas where performance is falling below expectations and improvement action is required to ensure operational and strategic outcomes are met.

PURPOSE OF REVIEW

The purpose of this review will be to assess whether the College has effective systems and controls in place to measure and manage the achievement of strategic and operational goals, targets and outcomes. This will include an examination of the robustness of the information presented and the efficiency and effectiveness of the systems and processes in place to collate it.

KEY RISKS

Based upon the risk assessment undertaken, discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- The College may not have agreed clear goals, targets and outcomes which are aligned to the requirements of the Regional Outcome Agreements, and the College Strategic Plan;
- College goals, targets and outcomes may not be filtered down to operational departmental and individual plans and targets;
- Performance targets may not be SMART;
- There may not be robust management information available to support reporting on the achievement of goals, targets and desired outcomes;
- The compilation of management information may be inefficient or ineffective;
- There may not be regular robust performance reporting in place throughout the College.

INVERNESS COLLEGE, BUSINESS PLANNING & PERFORMANCE MANAGEMENT

SCOPE OF REVIEW

The scope of this review will be to assess whether:

- The College has set clear goals, targets and outcomes which are aligned to the requirements of the Regional Outcome Agreement and the College Strategic Plan;
- College goals, targets and outcomes are effectively filtered down to operational departmental and individual plans and targets;
- Performance measures are SMART;
- Robust management information is available which supports performance management;
- The processes to compile management information on performance are efficient and effective;
- Regular, robust performance reporting is in place within the College.

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

APPROACH

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

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

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

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

MANAGEMENT COMMENTS

No management comments have been raised regarding the areas under review.

LOCATIONS

Fieldwork will be performed at Inverness College.

BDO

INVERNESS COLLEGE, BUSINESS PLANNING & PERFORMANCE MANAGEMENT

EXCLUSIONS

The scope of the review is limited to the areas documented under the scope and approach.

REQUIREMENTS

Outlined below is an initial information request relating to this audit. Timely receipt of this information is critical to ensure that the objectives of the audit are met and that the work is completed on time. We have provided an overview of what we require from you and when we require each piece of information. We have tried to be specific wherever possible however, please do contact us as soon as possible if you're unsure about any of the information required. Please note that this is an initial request and is not exhaustive – further information requiring your attention (including meetings) will be required at the time of our fieldwork.

REQUIREMENT	DETAILS	RESPONSIBLE PERSON
Documentation	- Strategic performance targets/ outcomes/ KPIs -Departmental performance targets / outcomes/ KPIs - Latest performance report for each department	(Please provide 1 week prior to fieldwork) Chris O'Neill

Access to information/staff
Any unreasonable delay in gaining access to required information or key members of staff will place audit timings at risk and may result in additional fees to you. Any such charges would be notified to you and agreed at the time the issue is identified.

KEY CONTACTS

BDO LLP		
Claire Robertson	Director	T: 0141 249 5206 E: claire.robertson@bdo.co.uk
Sean Morrison	Senior Internal Auditor	E: sean.morrison@bdo.co.uk

INVERNESS COLLEGE, BUSINESS PLANNING & PERFORMANCE MANAGEMENT

INVERNESS COLLEGE		
Chris O'Neil	Principal	
Roddy Henry	Vice Principal	

PROPOSED TIMELINE	
AUDIT STAGE	**DATE**
Commence fieldwork	26/08/2019
Number of audit days planned	5
Planned date for closing meeting	30/08/2019
Planned date for issue of the draft report	06/09/2019
Planned date for receipt of management responses	20/09/2019
Planned date for issue of proposed final report	23/09/2019
Planned Audit Committee date for presentation of report	TBC

SIGN OFF			
ON BEHALF OF BDO LLP:		**ON BEHALF OF INVERNESS COLLEGE:**	
Signature:	Claire Robertson	Signature:	
Title:	Director	Title:	
Date:	20/05/2019	Date:	

INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

FES RETURN AUDIT - DRAFT

2019-20

BDO

INVERNESS COLLEGE, FES RETURN

PURPOSE OF REVIEW

The annual collection of statistical data from colleges is of key importance in determining the Scottish Funding Council's (SFC's) activity reporting and funding allocations. The statistical data must be accurate to ensure that further education college activity is correctly counted and reported, and that funding to each College is correctly allocated in the related academic year.

In order to comply with the SFC's requirements set out in '2018-19 data return for funding purposes (FES return) and audit guidance for colleges', we have been requested by Inverness College to carry out an audit for the year ended 31 July 2019 with the purpose being to provide an audit certificate giving an opinion on whether:

- the student data returns have been compiled in accordance with all relevant guidance;

- adequate procedures are in place to ensure the accurate collection and recording of the data; and

- the FES return contains no material misstatement.

We will also provide the College with an audit report detailing our findings and recommendations, for action by the College and submission to the SFC.

LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

REQUIREMENTS

Outlined below is an initial information request relating to this audit. Timely receipt of this information is critical to ensure that the objectives of the audit are met and that the work is completed on time. We have provided an overview of what we require from you and when we require each piece of information. We have tried to be specific wherever possible however, please do contact us as soon as possible if you're unsure about any of the information required. Please note that this is an initial request and is not exhaustive – further information requiring your attention (including meetings) will be required at the time of our fieldwork.

REQUIREMENT	DETAILS	RESPONSIBLE PERSON	REQUIRED BY
Documentation	- A list of information required for audit purposes will be provided to the College in advance of the audit visit.	Roddy Henry / Andy Coulter	26/08/2019 (2 weeks ahead of fieldwork)

BDO

INVERNESS COLLEGE, FES RETURN

Access to information/staff
Any unreasonable delay in gaining access to required information or key members of staff will place audit timings at risk and may result in additional fees to you. Any such charges would be notified to you and agreed at the time the issue is identified.

Timing changes and cancellation:
In accepting this Terms of Reference document you are agreeing to the timing of this audit (specified on p.5). We will make every effort to accommodate timing changes or cancellation of the audit however any changes within 3 weeks of the start of the fieldwork may result in fees being charged in respect of the audit. Changes with more than 3 weeks' notice will be accommodated at no charge.

KEY CONTACTS

BDO LLP

Claire Robertson	Director	T: 0141 249 5206 E: claire.robertson@bdo.co.uk
Gemma Rickman	Internal Audit Technician	T:0141 249 5240 E: gemma.x.rickman@bdo.co.uk

INVERNESS COLLEGE

Roddy Henry	Depute Principal	T:01463 273369 E: Roddy.Henry.ic@uhi.ac.uk
Andy Coulter	Information Systems Specialist	T: 07887 723849 E: andy.coulter.ic@uhi.ac.uk

PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	09/09/2019
Number of audit days planned	5
Planned date for closing meeting	13/09/2019
Planned date for issue of the draft certificate	26/09/2019
Planned date for issue of draft audit report	26/09/2019

INVERNESS COLLEGE, FES RETURN

Planned date for provision of final FES return to BDO LLP	02/10/2019
Planned date for submission of audit certificate to SFC	03/10/2019
Planned date for submission of audit report to SFC	03/10/2019

SIGN OFF			
ON BEHALF OF BDO LLP:		**ON BEHALF OF INVERNESS COLLEGE:**	
Signature:	Claire Robertson	Signature:	
Title:	Director	Title:	
Date:		Date:	

BDO

1

INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

EDUCATION MAINTENANCE ALLOWANCE

2019-20

BDO

INVERNESS COLLEGE, EDUCATION MAINTENANCE ALLOWANCE

PURPOSE OF REVIEW

Education Maintenance Allowance (EMA) is a benefit paid to students aged 16 -19 years old who live in a low income household and have left, or are about to leave, compulsory education and are carrying on with their studies.

The Scottish Funding Council (SFC) has managed the national EMA programme for Scotland's colleges on behalf of the Scottish Government since 5 April 2004.

In order to comply with the SFC's requirements set out in 'Education Maintenance Allowance AY 2019-20', we have been requested by Inverness College to carry out an EMA Audit for the year ended 31 July 2019 with the purpose being to provide an audit certificate giving an opinion on whether:

- the information set out in the EMA return is in agreement with the underlying records;

- the College used these funds in accordance with the SFC's conditions and the principles of the Education Maintenance Allowance programme; and

- the systems and controls of the administration and disbursement of these funds are adequate.

We will also provide the College with an audit report detailing our findings and recommendations, for action by the College and submission to the SFC.

LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

BDO

INVERNESS COLLEGE, EDUCATION MAINTENANCE ALLOWANCE

REQUIREMENTS

Outlined below is an initial information request relating to this audit. Timely receipt of this information is critical to ensure that the objectives of the audit are met and that the work is completed on time. We have provided an overview of what we require from you and when we require each piece of information. We have tried to be specific wherever possible however, please do contact us as soon as possible if you're unsure about any of the information required. Please note that this is an initial request and is not exhaustive – further information requiring your attention (including meetings) will be required at the time of our fieldwork.

REQUIREMENT	DETAILS	RESPONSIBLE PERSON	REQUIRED BY
Documentation	- A list of information required for audit purposes will be provided to the College in advance of the audit visit.	Fiona Mustarde	26/08/2019 (2 weeks ahead of fieldwork)

Access to information/staff
Any unreasonable delay in gaining access to required information or key members of staff will place audit timings at risk and may result in additional fees to you. Any such charges would be notified to you and agreed at the time the issue is identified.

Timing changes and cancellation:
In accepting this Terms of Reference document you are agreeing to the timing of this audit (specified on p.5). We will make every effort to accommodate timing changes or cancellation of the audit however any changes within 3 weeks of the start of the fieldwork may result in fees being charged in respect of the audit. Changes with more than 3 weeks' notice will be accommodated at no charge.

BDO

INVERNESS COLLEGE, EDUCATION MAINTENANCE ALLOWANCE

KEY CONTACTS		
BDO LLP		
Claire Robertson	Director	T: 0141 249 5206
		E: claire.robertson@bdo.co.uk
Gemma Rickman	Internal Auditor	T:0141 249 8463
		E: gemma.x.rickman@bdo.co.uk
INVERNESS COLLEGE		
Fiona Mustarde	Director of Finance	T: 01463 273 260
		E: Fiona.mustarde.ic@uhi.ac.uk

PROPOSED TIMELINE	
AUDIT STAGE	**DATE**
Commence fieldwork	09/09/2019
Number of audit days planned	3
Planned date for closing meeting	11/09/2019
Planned date for issue of the draft certificate	18/09/2019
Planned date for issue of draft audit report	18/09/2019
Planned date for provision of final FES return to BDO LLP	02/10/2019
Planned date for submission of audit certificate to SFC	07/10/2019
Planned date for submission of audit report to SFC	07/10/2019

BDO

INVERNESS COLLEGE, EDUCATION MAINTENANCE ALLOWANCE

SIGN OFF			
ON BEHALF OF BDO LLP:		**ON BEHALF OF INVERNESS COLLEGE:**	
Signature:	Claire Robertson	Signature:	
Title:	Director	Title:	
Date:		Date:	

INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

STUDENT SUPPORT FUNDS

2019-20

BDO

INVERNESS COLLEGE, STUDENT SUPPORT FUNDS

PURPOSE OF REVIEW

The Student Support Funds (SSF) are additional funding received from the Scottish Funding Council (SFC), passed on to students as bursaries, childcare assistance and as other discretionary funds.

In order to comply with the SFC's requirements set out in '2018-19 National policy: childcare funds for further and higher education students in Scotland's colleges', we have been requested by Inverness College to carry out an SSF Audit for the year ended 31 July 2019 with the purpose being to provide an audit certificate giving an opinion on whether:

- the aggregate student support fund return has been compiled in agreement with the underlying records;

- the College used these funds in accordance with the Scottish Funding Council conditions; and

- the systems and controls of the administration and disbursement of these funds are adequate.

We will also provide the College with an audit report detailing our findings and recommendations, for action by the College and submission to the SFC.

LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

REQUIREMENTS

Outlined below is an initial information request relating to this audit. Timely receipt of this information is critical to ensure that the objectives of the audit are met and that the work is completed on time. We have provided an overview of what we require from you and when we require each piece of information. We have tried to be specific wherever possible however, please do contact us as soon as possible if you're unsure about any of the information required. Please note that this is an initial request and is not exhaustive – further information requiring your attention (including meetings) will be required at the time of our fieldwork.

REQUIREMENT	DETAILS	RESPONSIBLE PERSON	REQUIRED BY
Documentation	- A list of information required for audit purposes will be provided to the College in advance of the audit visit.	Fiona Mustarde	26/08/2019 (2 weeks ahead of fieldwork)

BDO

INVERNESS COLLEGE, STUDENT SUPPORT FUNDS

Access to information/staff
Any unreasonable delay in gaining access to required information or key members of staff will place audit timings at risk and may result in additional fees to you. Any such charges would be notified to you and agreed at the time the issue is identified.

Timing changes and cancellation:
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KEY CONTACTS		
BDO LLP		
Claire Robertson	Director	T: 0141 249 5206 E: claire.robertson@bdo.co.uk
Sean Morrison	Internal Auditor	T:0141 249 8463 E: sean.morrison@bdo.co.uk
INVERNESS COLLEGE		
Fiona Mustarde	Director of Finance	T:01463 273260 E: Fiona.Mustarde.ic.@uhi.ac.uk
Lindsay Snodgrass	Head of Student Services	T: 01463 273230 E: Lindsay.Snodgrass.ic@uhi.ac.uk
Andy Coulter	Information Systems Specialist	T: 07887 723849 E: Andy.Coulter.ic@uhi.ac.uk
Sheree Grant	Admissions and Student Funding Team Leader	T: 01463 273235 E: Sheree.Grant.ic@uhi.ac.uk

PROPOSED TIMELINE	
AUDIT STAGE	DATE

INVERNESS COLLEGE, STUDENT SUPPORT FUNDS

Commence fieldwork	09/09/2019
Number of audit days planned	3
Planned date for closing meeting	11/09/2019
Planned date for issue of the draft certificate	19/09/2019
Planned date for issue of draft audit report	19/09/2019
Planned date for provision of final FES return to BDO LLP	25/09/2019
Planned date for submission of audit certificate to SFC	26/09/2019
Planned date for submission of audit report to SFC	26/09/2019

SIGN OFF			
ON BEHALF OF BDO LLP:		**ON BEHALF OF INVERNESS COLLEGE:**	
Signature:	Claire Robertson	Signature:	
Title:	Director	Title:	
Date:		Date:	

Inverness College

Annual Audit Plan
Year ending 31 July 2019

Audit Committee – 28 May 2019

EY
Building a better
working world

Contents

Executive Summary

Purpose of this report

The Auditor General for Scotland has appointed us as auditor of the College under the Public Finance and Accountability (Scotland) Act 2000 ("the Act"). The period of appointment is 2016-17 to 2020-21 inclusive.

This Annual Audit Plan, prepared for the benefit of Inverness College management and the Audit Committee, sets out our proposed audit approach for the audit of the financial year ending 31 July 2019, the third year of our appointment. In preparing this plan, we have updated our understanding of the College through planning discussions with management, review of relevant documentation and Board and committee reports, and our general understanding of the environment in which the College is currently operating.

A key objective of our audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the College employs best practice and where processes can be improved. We use these insights to form our audit recommendations to support the College in improving its practices around financial management and control, as well as around key aspects of the wider scope dimensions of audit. After consideration by the College, the plan is provided to Audit Scotland and published on their website.

Scope and responsibilities

We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in May 2016; relevant Auditing Standards and applicable Practice Notes issued by the Financial Reporting Council; relevant legislation; and other guidance issued by Audit Scotland.

Financial statement audit

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

➢ They give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the College 's affairs as at 31 July 2019 and its surplus or deficit for the year then ended.

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

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

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

Wider scope audit

The wider scope audit, as set out in the Code, plays a key role in the public sector audit framework in Scotland. In accordance with Audit Scotland planning guidance, for 2018/19 we have assessed it is appropriate to classify the College as a smaller body for the purposes of our wider scope audit consideration. We undertake certain audit procedures which impact on the wider scope audit dimensions as a consequence of our financial statements audit. We will report our findings on completion of our audit.

Materiality

Planning materiality £550,000	Materiality has been set at £550,000 (*2017/18 – £400,000*), which represents approximately 2% of the gross expenditure for the year.
Tolerable Error £275,000	Tolerable error has been set at £275,000 (*2017/18 - £200,000*) , which represents 50% of materiality.
Summary of uncorrected differences £25,000	We will report all uncorrected misstatements relating to the primary financial statements greater than £25,000 (*2017/18 - £20,000*). Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

Executive summary - dashboard

EY

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report, providing an overview of our initial risk assessment and any change in risk profile in the year.			
Financial statements audit			
Risk / area of focus	Risk identified	Change from PY	Details
Risk of fraud in revenue and expenditure recognition	Fraud risk / Significant risk	No change	In accordance with ISA (UK) 240, we consider the presumed fraud risk in respect of improper income recognition. Due to the nature of SFC funding to the College, we have rebutted the risk of fraud around this specific income stream. We extend our work to consider the recognition of expenditure, in accordance with Practice Note 10, issued by the Financial Reporting Council, as applicable to public sector audit.
Misstatement due to fraud or error	Fraud risk	No change	As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud due to the ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Valuation of property, plant and equipment and capital funding	Inherent Risk	No change	Given the value of the College's estate and the fact that a number of assumptions are made in the valuation, we assign a higher inherent risk to property, plant and equipment.
Capital financing arrangements	Inherent Risk	No change	We have identified an inherent risk in relation to the capital financing arrangements and the complexity of the associated accounting treatment for the College`s new campus building.
Pension liabilities	Inherent Risk	No change	We have identified an inherent risk in relation to the valuation of the pension liabilities. The College is an admitted body of the Highland Council Pension Scheme. There is judgement involved in determining the appropriate actuarial assumptions to calculate the College's net pension liabilities arising from its participation in the scheme.

Independence

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

Key contacts

Stephen Reid, Partner
sreid2@uk.ey.com

Olga Potapova, Manager
opotapova@uk.ey.com

Molly Jamieson, Senior
mjamieson1@uk.ey.com

Ernst & Young LLP, 144 Morison Street, Atria One, Edinburgh EH3 8EX

1. Financial statements and accounting

1. Financial statements and accounting

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

Audit opinion

We provide an opinion on the financial statements as to whether they give a true and fair view of the financial position of the College, and whether they have been properly prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended). We also review and report on the consistency of the other information prepared and published by the College along with its financial statements.

We undertake our financial statements audit work in accordance with the four phases of EY's Global Audit Methodology: Planning; Identification and assessment of risk; Design and execution of our response to those risks; and Conclude and communicate.

Audit approach

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

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

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

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

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

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

➢ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the College to express an opinion on the financial statements.

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

➢ Maintaining auditor independence.

➢ Substantive tests of detail of transactions and amounts. For 2018/19 we plan to follow a predominantly substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated. Our audit approach includes the use of our bespoke data analysers to allow us to analyse 100% of the College's transactions around key income and expenditure accounts rather than rely on random sampling.

Materiality
For the purposes of determining whether the financial statements are free from material error, in accordance with ISA (UK) 320 we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Gross expenditure on provision of services for the College = £27.7 million	
Planning materiality £550,000	**Planning materiality (PM)** – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements. For planning purposes, materiality for 2018/19 has been set at £550,000 (2017/18 – £400,000). This represents approximately 2% of the College's reported expenditure in the prior year. The increase in materiality reflects our overall risk assessment of the entity and the sector as a whole.
Tolerable Error £275,000	**Tolerable error (TE)** – materiality at an individual account balance, which is set so as to reduce to an acceptably low level that the aggregate of uncorrected and undetected misstatements exceeds PM. We have set it at £275,000 (2017/18 - £200,000) which represents 50% of planning materiality. We have set our tolerable error at 50% of planning materiality due to the number and value of audit adjustments agreed with management in the 2017/18 financial statement audit, as outlined in our 2017/18 annual audit report.
Summary of Audit Differences £25,000	**Summary of Audit Differences (SAD) Nominal amount** – the amount below which misstatements whether individually or accumulated with other misstatements, would not have a material effect on the financial statements. The Code requires that auditors report at no more than £0.25 million. We have set it at £25,000 (2017/18 - £20,000), which represents 5% of planning materiality.

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

Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. Factors which we consider include the perspectives and expectations of users of the financial statements as well as our risk assessment as to the likelihood of material misstatements arising in the financial statements.

We consider all accounts and disclosures within the financial statements individually to ensure an appropriate materiality is used. Accordingly we determine it is appropriate to use lower levels of materiality for some areas of the financial statements, including:

➢ Remuneration report - given the sensitivity around the disclosure of senior staff remuneration we apply a materiality of £1,000 to our audit consideration around the remuneration report and related disclosures.

➢ Related party transactions – related party transactions are considered material when they are material to either party in the transaction. As such, we do not apply a specific materiality to related party audit work but consider each transaction individually.

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

Significant risk – risk of fraud in income and expenditure recognition

What is the risk?	Our identified response to the risk
Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. Given the nature of Scottish Funding Council (SFC) funding to the College through the University of the Highlands and Islands (UHI), we rebut the presumed revenue recognition risk for this income stream. However we recognise a revenue recognition risk for tuition income and other material income in respect of possible manipulation of cut-off around the financial year end. We also recognise the same risk around incorrect recognition of non-pay expenditure in line with Practice Note 10.	Our response will include: ▶ review and test all relevant income and expenditure policies against the relevant accounting standards and SORP ▶ review, test and discuss with management any accounting estimates on income and expenditure recognition for evidence of bias ▶ develop a testing strategy to test material income and expenditure streams ▶ review and perform focused testing on income and expenditure around the year end to ensure correct recognition around cut-off between financial periods.

Fraud risk – misstatement due to fraud or error

What is the risk?	Our identified response to the risk
Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud. The risk of management override is pervasive to the audit and impacts the testing of all areas. Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk. This takes account of the fact that management are in a unique position to override controls which otherwise appear to be operating effectively. Beyond the noted risk around recognition of income and expenditure, we have not identified a specific account where the risk of management override is higher.	Based on the requirements of auditing standards our approach will focus on: ▶ identifying fraud risks during the planning stages ▶ inquiry of management about risks of fraud and the controls put in place to address those risks ▶ consideration of the effectiveness of management's controls designed to address the risk of fraud ▶ determining an appropriate strategy to address those identified risks of fraud ▶ performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements ▶ specific focus on the accounting for any identified key areas of judgement and estimates in the financial statements and significant and unusual transactions. This will include consideration of any provisions requiring to be made as at the balance sheet date for any restructuring arrangements entered into by the College.

➢ **Significant and fraud risks identified in the audit relate to the risk of fraud in income and expenditure recognition. We also perform general procedures in all audits to respond to the risk of misstatement due to fraud or error caused by management override of controls.**

➢ **We will report our findings in these areas to you within our 2018/19 Annual Audit Report.**

1. Financial statements and accounting

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

Inherent Risk – Valuation of Property, Plant and Equipment

What is the risk?	Our identified response to the risk
The College's property portfolio totals £51 million as at 31 July 2018. Land and buildings are revalued to fair value with a full revaluation taking place at least every five years. The College performed a valuation of the old College building during 2017/18. That valuation has not identified any differences between the NBV of the buildings and its fair value. The last full formal valuation of the College campus was undertaken on 1 August 2015 (in the process of conversion from old UK GAAP to FRS 102). Management is planning to undertake an updated full valuation during 2018/19.	Our approach will focus on:
	▶ analysis of the source data and inquiries as to the procedures used by management's specialist to establish whether the source data is complete
	▶ assessment of the reasonableness of the assumptions and methods used, including their compliance with the SORP. We may choose to involve our specialists, where we consider this necessary.
Given the size of this balance and the fact that a number of assumptions are made in the valuation, we assign a higher inherent risk to property, plant and equipment.	▶ consideration of the appropriateness of the timing of when the specialist carried out the work
	▶ assessment of whether the substance of the specialist's findings are properly reflected in the financial statements
We do not, however, at the planning stage have any specific concerns over management's approach to property valuations.	▶ assessment of the potential for impairment across the College estate that has not been reflected in the financial statements or most recent formal valuation.

> ➢ The valuation of property, plant and equipment is assessed as an inherent risk. Management involves specialists in the preparation of this accounting valuation and estimate. We utilise our own specialists, as appropriate, to support the core audit team in the performance of audit procedures on this balance.

1. Financial statements and accounting

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

Inherent Risk – Valuation of Pension Liabilities

What is the risk?	Our identified response to the risk
The College participates in two pension schemes; the Highland Council Pension Scheme (LGPS), and the Scottish Teachers Superannuation Scheme (STSS). While both are defined benefit pension schemes, the College is unable to identify its share of the underlying assets and liabilities of the STSS scheme on a consistent and reasonable basis and therefore, the scheme is accounted for as if it were a defined contribution scheme.	Our approach will include: ▶ obtaining an actuarial report at the year end date for the LGPS and considering the reasonableness and consistency of underpinning assumptions, in light of guidance available.
The Highland Council Pension Scheme is accounted for as a defined benefit scheme. The net pension liabilities on the balance sheet arising from participation in the scheme at 31 July 2018 were £4.5 million.	▶ ensuring compliance with funding agreements ▶ performing substantive testing on the verification of the pension assets, by engaging with the auditors of the Pension Fund in line with the protocols laid out by Audit Scotland for IAS19 assurance.
In late 2018, a High Court ruling was made in relation to the equalisation of certain pension benefits payable to men and women, which could impact the measurement of the College's obligation in the Highland Council Pension Scheme going forward. The quantum of impact on the College's share of the scheme liabilities was unclear and deemed unquantifiable at the date of approval of last year's financial statements, with actuaries and pension schemes continuing to work through the impact of the ruling on individual member benefits.	▶ assessing the work of the actuaries, including the assumptions they have used by engaging internal actuarial specialists to provide input on the consistency and appropriateness of assumptions underpinning the valuation of the pension schemes, and how the impact of the GMP ruling has been considered in the pension liability valuation.
In addition the College recognises a provision for future early retirement liabilities: £2 million as of 31 July 2018.	▶ we will also review the calculation of the College's valuation of future early retirement liabilities at 31 July 2019.

> ➢ **Accounting for the net pension deficit is assessed as an inherent risk. Management involves specialists in the preparation of this accounting estimate. We utilise our own specialists, as appropriate, to support the core audit team in the performance of audit procedures on this balance.**

1. Financial statements and accounting

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

Inherent Risk – Capital financing arrangements

What is the risk?	Our identified response to the risk
In 2015 the College took possession of its new campus buildings, using the Scottish Futures Trust's Non-Profit Distributing (NPD) model. Under the NPD arrangement, the College makes monthly service charge "unitary charge" payments which include the capital element of the loan funding together with interest, facilities management and building lifecycle costs. As at 31 July 2018 the present value of future lease payments was reported as £36.9 million. Given the material value of the NPD liability as well as the complexity of the associated accounting treatment we consider this as an area of higher inherent risk.	Our response will comprise: ▶ reviewing the College's NPD accounting and disclosures against the requirements of the SORP and FRS102 and against the underlying contracts ▶ auditing the NPD agreements and accounting model to consider the reasonableness of the NPD disclosure within the financial statements ▶ auditing capital funding transactions, including SFC capital grants, against the requirements of the FRS 102 based SORP ▶ discussion with management against our recommendation made in our 2016/17 Annual Audit Report, which remained outstanding during 2017/18. In particular, we recommended management to review the current accounting model to consider the assumptions contained therein, whether these remain appropriate and in particular whether the model should incorporate contingent rent within the calculation.

➢ **Capital financing arrangements and the associated accounting is assessed as an inherent risk, due to the material value of the liability and the complexity of the associated accounting. We will utilise our specialists, as appropriate, to support the core audit team in the performance of audit procedures on this area.**

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

Other audit considerations

Data analytics

We will use our computer-based data analysers to enable us to capture whole populations of your financial data, in particular covering manual journal entries and payroll transactions. These analysers:

➢ Help identify specific exceptions and anomalies to direct substantive audit tests.

➢ Give greater likelihood of identifying errors than random sampling techniques.

Use of specialists

When auditing key judgements, such as the valuation of property, plant and equipment, or certain assets and liabilities, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work. We also consider the work performed by the specialist in light of our knowledge of the College's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

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

➢ Assess the reasonableness of the assumptions and methods used.

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

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

Management may use their own specialists in the preparation of the financial statements. This year we understand management will use specialists as part of its recurring valuation of the yearend pension scheme liabilities. Interim valuation of the College estate is due this year and valuation specialists will be utilised to perform that.

Internal audit

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

Financial statements presentation and compliance with the SFC Accounts Direction

We will review the College's financial statements to ensure that financial information agrees to supporting schedules, and that non-financial information is consistent the financial performance and position of the College. We will also review the financial statements against the disclosure requirements outlined under FRS 102, the further education SORP, and the SFC Accounts Direction.

Anti-money laundering

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

2.   Wider scope audit risks

2. Wider Scope Audit Risks

Together the Accounts Commission and the Auditor General for Scotland agreed the dimensions set out in the Code which comprise the wider scope audit for public sector in Scotland. We will audit the College under the small body provisions of the Code and consider financial sustainability and appropriateness of governance disclosures in the financial statement.

Application of Wider Scope

The wider scope audit, as set out in the Code, plays a key role in the public sector audit framework in Scotland.

In accordance with Audit Scotland planning guidance, for 2018/19 we have assessed it is appropriate to classify the College as a smaller body for the purposes of our wider scope audit consideration. This will focus our consideration of the College's arrangements around financial sustainability and governance and transparency matters. The judgement of applying the smaller body clause is revised annually to reflect that the risks to wider scope dimensions may change.

Under the smaller body provision we will consider the financial sustainability of the College and the services that it delivers over the medium to longer term and the appropriateness of the disclosures in the governance statement. We undertake certain audit procedures which impact on the wider scope audit dimensions, both separately and as a consequence of our core financial statements audit work. We will report our findings on completion of our audit.

Basis for risk assessment

The Code sets out an expectation that 'significant' risks identified through our planning process that relate to the wider scope dimensions will be communicated with you.

In undertaking our risk assessment in respect of the wider scope audit areas, we distinguish between the definition of 'significant risks' which apply to the audit of the financial statements, by referring in our report to 'Wider Scope Audit Focus Areas', where these have been identified.

Outcome of risk assessment

We have identified financial sustainability at the College as a wider scope audit focus area for the year. The rationale for this focus is outlined in our audit consideration below. While we have not identified audit focus areas around the governance and transparency wider scope dimension, we still undertake audit procedures in respect of it.

EY

Audit dimension	Risk assessment	Rationale and response
Financial sustainability considers the medium and longer term outlook to determine if planning is effective to support service delivery. This will focus on the arrangements to develop viable and sustainable financial plans.	**Wider scope audit focus area**	In 2017/18 the College reported an actual accounting deficit of £1.4 million for the year (2016/17: £350,000 surplus). Following actuarial gains of £7.2 million, the College reported total comprehensive income of £5.7 million (2016/17: £2,400 surplus). In 2017/18 the College's forecasted underlying financial position through to 2023, outlined in its FFR, continued to deteriorate year on year, forecasting a cumulative £4.6 million underlying deficit over the next five years. £3.5 million of this deficit related to planned payments for the NPD arrangement, with a £1.1 million deficit forecast after accounting for this. The College was continuing to develop corrective actions to ensure ongoing financial sustainability, including development of its medium term financial strategy. The financial environment in which the College operates continues to be challenging, as is the case across the sector as financial pressures from pay bargaining and reduced funding settlements continue. As such we have identified this area as a wider scope area of audit focus. Our work for the year will consider: ▶ Does the College have robust financial plans in place over the medium term? Are assumptions included in financial plans robust and appropriate and do they align to strategic and operational plans? ▶ Where gaps in financial plans are identified is the College taking corrective action through savings plans and is the pace and scale of these actions sufficient to ensure financial sustainability?

Audit dimension	Risk assessment	Rationale and response
Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.	**No specific additional audit focus**	In our 2017/18 Annual Audit Report we concluded that the College had in place the key requirements for good governance. We concluded that the Governance Statement materially complied with the SFC's 2017/18 Accounts Direction. We were satisfied overall with the College's established risk management process and arrangements for ensuring transparency around governance and decision making. Our work for the year will consider: ▶ Is the Governance Statement within the financial statements complete and does it reflect key findings from audit, scrutiny and inspection? Where non-compliance with the code of good governance is identified are appropriate mitigating actions in place and disclosed? ▶ Progress against prior year audit recommendations from both internal and external audit, including the College's arrangements for ensuring these are monitored and reported on a routine basis. ▶ Internal audit arrangements during 2018/19, including significant findings identified and the work done to address issues identified. ▶ The quality of arrangements in place to support good governance at the College, including ensuring the College has processes in place to consider national reports and take action where appropriate. ▶ Arrangements to ensure there is sufficient transparency around governance and decision making arrangements at the College. In line with auditing standards, as part of our consideration of the College's governance arrangements this year, we will be writing to the College Audit Committee to confirm how those charge with governance ensure oversight of management and appropriate governance arrangements are in place. This is not reflective of specific risks identified at the College but rather in line with our process to annually make formal inquiries beyond standard management meetings and representations. In 2018/19 the College is required to participate in Scotland's National Fraud Initiative ("NFI") exercise, whereby public bodies share financial information to identify possible fraudulent activity where monies may be recoverable. We will consider the College's own self-assessment of how well NFI practices and culture is embedded and report back to Audit Scotland. We will report any significant findings within our Annual Audit Report. Similar to 2017/18, Audit Scotland requires us to consider the adequacy of the College's preparations for EU withdrawal. This will include forming an overall judgement on the College's preparedness at 31 March 2019 and any subsequent updates.

3. Timing and deliverables; fees

3. Timing and deliverables

We deliver our audit in accordance with the timeline set by the College, in accordance with guidance from Audit Scotland. Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2018/19.

MAR

APR

MAY

JUNE

AUG

SEPT

OCT

NOV

DEC

Audit Activity	Deliverable	Expected Timing
➤ Review of current issues impacting the College throughout the audit process	Periodic current issues return submission	22 March 2019 8 November 2019
➤ Audit planning and setting scope and strategy for the 2018/19 audit	Annual Audit Plan	29 May 2019
➤ Walkthrough visit	Completion of internal documentation	27 May 2019
➤ Review progress of the NFI exercise	Submit NFI questionnaire	30 June 2019
➤ Year-end substantive audit fieldwork on unaudited financial statements	Audited financial statements	October 2019
➤ Conclude on results of audit procedures and finalise Annual Audit Report ➤ Issue opinion on the College's financial statements	Issue Annual Audit Report Submit Audit Scotland minimum dataset request	Annual Audit Report draft report to Joint Audit and Finance Committee – 5 December 2019. Board of management approval of financial statements – 17 December 2019. SFC and Audit Scotland deadline - 31 December 2019 .

3. Fees

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

Audit fees		
Component of fee:	**2018/19**	2017/18
Auditor remuneration	*£14,700*	*£14,370*
Fee variation in respect of wider scope focus areas	*£1,470*	-
Pooled costs	**£850**	£920
Contribution to Audit Scotland costs	**£890**	£800
Total fee	**£17,910**	£16,090

We have agreed with management to set the auditor remuneration at £14,700 (2017/18: £14,370). This reflects the expected fee element. The total fee for the year is £17,910 (2017/18: £16,090). All fees noted are inclusive of VAT. Our audit fee has been adjusted to reflect the additional risks identified around the College's wider scope financial sustainability area of focus.

The Audit Scotland expected fee is based on the assumption of no additional risks or issues to the core financial statements beyond the presumed risks required by the financial statements, and no additional wider scope risks. In 2018/19 additional audit work is required around the implications of a High Court ruling on Guaranteed Minimum Pensions and College's full valuation of fixed assets exercise scheduled for the current year. We will discuss with management and agree any impact on our audit fee for these matters, with the outcome reported in our Annual Audit Report.

The audit fee is based not only on there being no additional risks to the financial statement audit but also on the timely delivery of all required information, including high quality draft financial statements and supporting schedules, in line with agreed delivery dates. Should these deliverables not be met, or there be a need to modify our opinion on the financial statements, we will seek additional fees to reflect the additional audit time required.

Appendices

A – Code of Audit Practice: responsibilities

B – Independence report

C – Required communications with the audit committee

The Code of Audit Practice (the Code) summarises the responsibilities on all audited bodies falling within the public sector audit framework. We summarise these on this page.

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

B. Independence report

The FRC Ethical Standard and ISA (UK) 260 "Communication of audit matters with those charged with governance", requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communication

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

Relationships, services and related threats and safeguards

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We are not aware of any relationships between Ernst & Young LLP and the College that may reasonably be thought to bear on our independence as of the date of this letter.

As part of our considerations for any non-audit engagement, we review potential threats in respect of self-interest, self-review, acting as management and advocacy. There are no non-audit services provided to the College at this time in 2018/19 (2017/18: nil).

Overall Assessment

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

Required communication	Our reporting to you
Terms of engagement / Our responsibilities Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties. Our responsibilities are as set out in our engagement letter.	Audit Scotland Terms of Appointment letter – audit to be undertaken in accordance with the Code of Audit Practice
Planning and audit approach Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Annual Audit Plan
Significant findings from the audit ▸ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▸ Significant difficulties, if any, encountered during the audit ▸ Significant matters, if any, arising from the audit that were discussed with management ▸ Written representations that we are seeking ▸ Expected modifications to the audit report ▸ Other matters if any, significant to the oversight of the financial reporting process	Annual Audit Plan Annual Audit Report
Going concern Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▸ The adequacy of related disclosures in the financial statements	Annual Audit Report
Misstatements ▸ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▸ The effect of uncorrected misstatements related to prior periods ▸ A request that any uncorrected misstatement be corrected ▸ Corrected misstatements that are significant ▸ Material misstatements corrected by management	Annual Audit Report
Fraud ▸ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▸ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▸ A discussion of any other matters related to fraud	Annual Audit Report
Consideration of laws and regulations ▸ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▸ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of	Annual Audit Report (to be issued on completion of audit work) or as occurring, if material.

Required communication	Reference
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the entity	No such matters have been identified. Annual Audit Report (to be issued on completion of audit work) or as occurring, if material.
Independence Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence	Annual Audit Plan Annual Audit Report
Internal controls Significant deficiencies in internal controls identified during the audit	Annual Audit Report (to be issued on completion of audit work) or as occurring, if material.
Representations Written representations we are requesting from management and/or those charged with governance	Annual Audit Report (to be issued on completion of audit work) or as occurring, if material.
Material inconsistencies Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Annual Audit Report (to be issued on completion of audit work) or as occurring, if material.

About EY

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

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University of the Highlands and Islands
Inverness College

Board of Management

Subject/Title:	Email Usage and Retention Policy
Author: [Name and Job title]	Martin Robinson, ICT Manager
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	21 May 2019
Brief Summary of the paper:	To inform Audit Committee of the changes to the revised Email Usage and Retention Policy
Action requested: [Approval, recommendation, discussion, noting]	The Audit Committee is asked to approve the revised Email Usage and Retention Policy.
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	
Resource implications:	~~Yes~~ / No **If yes, please specify**:
Risk implications:	~~Yes~~ / No **If yes, please specify:** Operational: Organisational:
Equality and Diversity implications:	~~Yes~~/No **If yes, please specify:**
Consultation: [staff, students, UHI & Partners, External] and provide detail	This policy was discussed as Scrutiny Panel (28 February 2019). and SMT (16 May 2019), After approval by the Audit Committee the policy will be published

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

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

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

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

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

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

Current 4.4 and 4.5 have been combined as 4.4. New sentence 4.6 added.

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Wording in current policy does not reflect that there is a mobile app now supported for email access

> 4.4. Staff should NOT download College email to a non-College PC, laptop or mobile device using an email client (e.g. Apple Mail, Microsoft Outlook on a non-College PC).
> 4.5. College email should NOT be downloaded on a non-College PC, laptop or mobile device using an email client (e.g. Apple Mail, Microsoft Outlook).
> 4.6. College email should NOT be forwarded to an alternate email account, such as hotmail or yahoo.

Proposed new wording

> 4.4. Staff should NOT download College email to a non-College PC, laptop or mobile device. However, it is possible to access College email via the web browser (http://outlook.com/uhi.ac.uk) or the Microsoft Outlook app on an ios or Android device. *(Please contact the ICT Helpdesk for more information)*
> 4.5. College email should NOT be forwarded to an alternate email account, such as hotmail or yahoo.
> 4.6   Staff should only communicate with enrolled students using their College email account.

Can you add that if there's any disagreement on this the recommendation is to approve and amend again?

University of the Highlands and Islands
Inverness College

Email Retention and Usage Policy	
REFERENCE: PL/IT/2018/001	

Policy Owner	Director of Organisational Development
Lead Officer	ICT Services Manager
Review Officer	Depute Principal
Date first approved by BoM	11 October 2018
First Review Date	October 2019
Date review approved by BoM	
Next Review Date	
Equality impact assessment	N/A
Further information (where relevant)	

Reviewer	Date	Review Action/Impact

Contents

1. Policy Statement

Email is subject to the Freedom of Information Act 2000, the EU General Data Protection Regulation 2016 and the UK Data Protection Bill 2018. As such it needs to be managed appropriately and only retained when required.

It is not appropriate to retain all emails indefinitely, or conversely to delete emails that could be viewed as records relating to a project or work activity subject to a longer retention period.

In addition, College email should be used for work purposes only and not used for personal communication or to subscribe to non-work related mailing groups, as these communications will also be subject to the regulations above.

2. Legislative framework / related policies

2.1. Freedom of Information Act 2000
2.2. General Data Protection Regulation 2016
2.3. UK Data Protection Bill 2018
2.4. Data Protection Policy
2.5. Information Security Policy
2.6. UHI Partnership Information Security Acceptable Use Policy
2.7. Records Management Policy
2.8. Freedom of Information Policy

3. Scope

3.1. This policy applies to all email sent and received by Inverness College UHI staff using their individual and, where relevant, group or team UHI email addresses.

4. Use of College Email

4.1. College email accounts should be managed securely and for work purposes only to comply with the relevant legislation above.
4.2. College email addresses should NOT be used to subscribe or login to non-work related websites or mailing lists, e.g. paypal, ebay, shopping websites, facebook etc.
4.3. College email should NOT be used for non-work related communication or activity.

    4.4. Staff should NOT download College email to a non-College PC, laptop or mobile device. However, it is possible to access College email via the web browser (http://outlook.com/uhi.ac.uk) or the Microsoft Outlook app on an ios or Android device. *(Please contact the ICT Helpdesk for more information)*

    4.5. College email should NOT be forwarded to an alternate email account, such as hotmail or yahoo.

    4.6 Staff should only communicate with enrolled students using their College email account.

    4.7. Do NOT use .pst files (Outlook personal folders) to archive emails to a PC or external hard disk. These are liable to be lost or overlooked when requested under FOI.

    4.8. Anything you write, send or receive in an email may be subject to disclosure under FOI or the DPA. Email may also be used as evidence in legal proceedings.

5. Retention of Emails

    5.1. College staff are responsible for managing their email in the same way they manage other business records.

    5.2. The retention of email is governed by the information within it, not the medium it is stored. Please refer to the Record Management Policy for more information on the appropriate storage or records. For example, key communication regarding an EU funded project would require much more thought before deleting than emails to a colleague to arrange a meeting.

    5.3. That is, due to the diverse work across the College, there is no "one size fits all" approach to email retention.

    5.4. However, the presumption is that unless there are good reasons to retain an email it should be deleted and there are automated methods within your email client to comply with this.

    5.5. Retention of emails should comply with the current data protection legislation. In particular, "Personal data shall be kept in a form which permit identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed".

    5.6. College staff should consult their line manager, in the first instance, where they require clarification on email retention and department records management.

6. Compliance

    6.1. This policy is a cross wide college policy; and all staff must work to meet the requirements outlined within the policy.

    6.2. Any staff found to be in breach of this policy may be subject to action through the College's disciplinary procedures.

7. Monitoring

7.1. This policy will be reviewed regularly, at least annually, by the ICT Services Manager and Information Development Manager to ensure it reflect changes in legislation and best practice.

University of the Highlands and Islands
Inverness College

Board of Management

Subject/Title:	Audit Committee Terms of Reference
Author: [Name and Job title]	Fiona Ambrose, Board Secretary
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	16 May 2019
Brief Summary of the paper:	The Terms of Reference of the Audit Committee were last reviewed in 2017 and a number of changes were made. No changes are proposed at this time.
Action requested: [Approval, recommendation, discussion, noting]	To consider whether any changes should be made to the TOR and recommend to the Board of Management for approval.
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	
Resource implications:	Yes / No **If yes, please specify**:
Risk implications:	Yes / No **If yes, please specify:** Operational: Organisational:
Equality and Diversity implications:	Yes/No **If yes, please specify:**
Consultation: [staff, students, UHI & Partners, External] and provide detail	
Status – [Confidential/Non confidential]	Non Confidential

Freedom of Information Can this paper be included in "open" business* [Yes/No]	Yes	

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

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

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

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

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

Audit Committee Terms of Reference

Membership

Not less than 5 members of the Board of Management.

At least one member of the Committee should have recent and relevant experience in finance, accounting or auditing.

Board members not eligible for appointment are the Chair of the Board, the Principal, members elected by the teaching and non-teaching staff of the college and the persons appointed by the Students Association.

No member of the Finance and General Purposes Committee shall also be a member of the Audit Committee

The Chair of the Board and the Principal may be invited to attend meetings

Membership of the Committee should satisfy the requirements of the SFC Code of Audit Practice, and / or other appropriate guidance, as may be directed by the Board of Management.

Quorum

Three members of the Committee entitled to vote upon the items before the meeting.

Frequency of Meetings

The Committee will meet no less than four times each year.

Remit

The Committee's remit is to review and monitor the following aspects of the College's operations, and to advise the Board appropriately on :
1. The comprehensiveness, reliability and integrity of assurance of the governance and management of the College.
2. The comprehensiveness, reliability and integrity of assurance of the risk management and business continuity of the College.
3. The comprehensiveness, reliability and integrity of the College's financial management and other internal control and management systems.
4. The effectiveness of arrangements for safeguarding the assets of the College and the public funds at its disposal.
5. The economy, efficiency and effectiveness of the College's activities, including value for money.
6. The effectiveness of the corporate governance and conduct of the College operations.
7. All aspects of the provision of an effective Internal audit service.
8. All aspects of the provision of an effective External audit service

9. The effective provision of Health and Safety arrangements to meet all legislative requirements
10. Public interest disclosure (whistle-blowing) arrangements.
11. Data Protection and Freedom of Information arrangements

Specifically, the Audit Committee shall:

1. Receive updates to and review the contents of the risk register maintained by the College.

2. Review the reports submitted by the College's Internal Auditors and receive progress reports from College Management on the Internal Audit recommendations.

3. Jointly with the Board's Finance and General Purposes Committee review the annual report of the College's external auditors and the associated College financial statements on which that report is based

4. Prepare an annual report for the Board of Management

5. Sit privately without any non-members present for all or part of the meeting if it so decides. The Committee will meet privately with the internal and external auditors at least annually.

6. The Audit Committee shall conduct its business in accordance with the requirements of any guidance and/ or codes of practice issued from time to time by the SFC and/ or any other relevant statutory or regulatory authority, as directed by the Board of Management.

INVERNESS COLLEGE

INTERNAL AUDIT REPORT

FINANCIAL PLANNING
MARCH 2019

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

INVERNESS COLLEGE, FINANCIAL PLANNING

DISTRIBUTION	
Fiona Mustarde	Director of Finance
Members of the Audit Committee	

REPORT STATUS LIST	
Auditors:	Chloe Ridley
Dates work performed:	28 February - 19 March 2019
Draft report issued:	25 March 2019
Final report issued:	26 April 2019

INVERNESS COLLEGE, FINANCIAL PLANNING

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design   ■   Generally a sound system of internal control designed to achieve system objectives with some exceptions.

Effectiveness   ■   Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	▲	0
Medium	■	5
Low	●	3

TOTAL NUMBER OF RECOMMENDATIONS: 8

BACKGROUND:

As part of the 2018-19 Internal Audit Plan, it was agreed that Internal Audit would review the design and operating effectiveness of the controls in place at Inverness College ("the College") surrounding financial planning arrangements.

The College's budgeted income for 2018/19 was £27.8m, £22.1m comprises of grant income, £3.3m fees and charges and £2.4m other income. Budgeted expenditure was £27.8m and comprises of £15.7m staff costs, £1.1m property charges, £4.2m unitary charge, £4.4m supplies & services and £2.3m student support funds. Taking into consideration depreciation and deferred capital grant, there is an operating deficit of £1.4m.

The College has around 20 budget holders, who are responsible for managing their own budget. There are 14 Finance staff, some of their responsibilities cover payroll, procurement, fleet management, travel and expenses, and management accounting.

The College has identified the following financial challenges over the next few years: planned reduction in Further Education (FE) funding for Inverness College from 2019/20 and reduced funding to the Highland region from 2020/21 onwards, impact of National Pay Bargaining and increasing pension rates, student recruitment and changing demographics, and the Scottish Government's expectation to find efficiency saving of 3% per annum.

UHI Partnership Council decide how the funding is allocated between the Colleges and Universities. The main assumptions made in the 2018/19 budget were: the credit target for the Highlands and Islands Region is 109,831 (a reduction of 1,136 credits from 2017/18), the University of the Highlands and Islands ("UHI") has a target of 6,307 Full Time Equivalent ("FTE") students, Inverness College (as one of UHI's 13 colleges and research institutions) has been allocated a target of 1,618 FTE students, there was no budgetary uplift for

INVERNESS COLLEGE, FINANCIAL PLANNING

inflation, and payroll costs were based on established posts as at April 2018 taking into account vacancies and planned increments.

The College's Financial Regulations state that the Director of Finance is responsible for preparing annual capital and revenue budgets and financial plans for consideration by the Finance and General Purposes ("F&GP") Committee before submission to the Board of Management for approval.

Tuition fees for non-regulated courses and fees for other sources of income are agreed in advance of the budget-setting process, and are approved by the F&GP Committee in March.

The Scottish Funding Council ("SFC") allocate funding to the Highlands and Islands Region. SFC provide an initial allocation in February and a final allocation is announced in May.

Staff costs are 55% of the budget. The pay budget includes the anticipated budget requirement for fixed term and variable staffing. Salaries are adjusted for incremental movements and expected pay increases. Vacant posts are also included within budget. The number of temporary hours required is calculated from the Curriculum Plan.

Finance meet with budget holders each year and review prior year budget and actual results and current year performance to date to determine a realistic budget for the upcoming year.

Budget holders also submit Enhancement Plans, which detail their plans for the upcoming year and a request for any additional budget, where applicable. Previously, the Depute Principal and Director of Finance will review requests, and prioritise which requests are funded. In 2019/20, the Depute Principal and Head of Finance will undertake the initial assessment, with support sought from Estates and ICT Managers, and the SMT will prioritise the requests.

The budget is presented to the Senior Management Team before distributing for consideration by the F&GP Committee and the Board of Management.

SFC requires a five year Financial Forecast Return ("FFR") to be submitted on an annual basis, normally with an end of September deadline. SFC issues a template which is to be completed and returned and guidance is provided on some of the key assumptions which should be made. Finance uses information gained within the budget setting process to prepare the FFR. Whilst the SFC require a 5 year FFR to be produced, SFC funding continues to be provided on an annual basis, with no indication of what funding is planned in future years.

The Financial Regulations state that budget holders are responsible for working within their budgetary limits, and significant departures from budget must be reported to the Director of Finance. Budget holders are provided with budget monitoring reports for their cost centres on a monthly basis by Finance.

Consolidated finance monitoring reports are presented to the Senior Management Team at their formal monthly meeting.

The Director of Finance is responsible for supplying budgetary reports on all aspects of the College's finances to the F&GP Committee. Finance Monitoring reports are a standing item on their agenda. The F&GP Committee meet on a quarterly basis. The report compares the year to date position against the phased budget, the year-end forecast and variance. It also includes a cash flow analysis, an income and expenditure report, and provides explanations for variances.

SCOPE AND APPROACH:

INVERNESS COLLEGE, FINANCIAL PLANNING

The scope of our review is to assess whether:

- Financial plans are based on reasonable assumptions and forecasts and accurate, reliable information;

- Financial plans are developed in a timely manner with appropriate consultation, review and approval arrangements;

- Scenario planning and sensitivity analysis has been carried out to ensure budgets are flexible and robust enough to meet organisational requirements and respond to funding changes; and

- Budget reforecasts are carried out on a regular basis to reflect changes which may occur to plans, or to predict the outturn where expenditure in some areas differs from expectations.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.

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

GOOD PRACTICE:

We identified a number of areas of good practice:

- The budget is reviewed by the Senior Management Team, F&GP Committee and the Board of Management;

- Finance monitoring reports are presented to the F&GP Committee on a regular basis;

- The College has an approved Finance Strategy in place; and

- Financial Regulations have a Policy Owner and review schedule in place.

KEY FINDINGS:

Notwithstanding the elements of good practice noted above, our review highlighted opportunities for improvement, which are summarised below:

- **Scenario Planning**: limited scenario planning and sensitivity analysis is performed;

- **Outturn Monitoring**: there are no monitoring mechanisms in place to ensure efficiency and income targets are being met to reduce the £5.5m deficit identified in the Financial Forecast Return (FFR);

- **Budget Timetable and Communication**: There was no formal budget timetable in place for the 2018/19 budget setting process. The budget timetable is not communicated to budget holders as part of the 2019/20 process. The 2019/20 budget timetable did not assign responsibility for tasks. The following tasks were not included within the timetable: communicating the timetable to budget holders and Senior Management Team, updating budget when funding is confirmed by UHI, submission of Enhancement Plans and Budget and Resource Planning Templates, and communicating the results of the Enhancement Plans and updating the budget;

INVERNESS COLLEGE, FINANCIAL PLANNING

- **Enhancement Plan Communication**: there was no communication to budget holders about the outcome of their submitted Enhancement Plans. There is no scoring mechanism in place, therefore it is not clear why projects were prioritised;

- **Tracking Changes**: it is not clear throughout the budget setting process what changes have been made to the budget, by whom and why;

- **Budget Profiling**: the budget is not profiled to accurately reflect expected spend each month. We understand that Finance made progress on this in 2018/19, but further work still needs done;

- **Budget Holder Meetings:** Finance did not hold regular meetings with budget holders. Budget holders do not have a first point of contact within the Finance team; and

- **Budget Review**: the Financial Regulations do not include the requirement that financial plans should be considered by the Senior Management Team prior to consideration by the F&GP Committee.

CONCLUSION:

We are able to provide moderate assurance over the design and operational effectiveness of the key controls in place in relation to financial planning. We recommend management implement the noted control improvements to develop the current arrangements.

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

✓ Financial plans may not be based on accurate, reliable or relevant information

✓ Financial plans may be based upon unreasonable assumptions or forecasts

✓ Budget re-forecasts may not be carried out on a regular basis to reflect changes which may occur to plans, or to predict the outturn where expenditure in some areas differs from expectations

✓ Financial plans may not be subject to effective consultation, review or approval

INVERNESS COLLEGE, FINANCIAL PLANNING

DETAILED FINDINGS

RISK: : NO, OR LIMITED, SCENARIO PLANNING OR SENSITIVITY ANALYSIS HAS BEEN UNDERTAKEN

Ref	Sig.	Finding
1	🟧	**Scenario Planning** Scenario planning and sensitivity analysis ought to be performed to ensure financial plans are flexible and robust enough to meet organisational requirements and respond to funding changes. Limited scenario planning and sensitivity analysis is performed, despite the Financial Forecast Return (FFR) showing a deficit of £5.5m, over a five year period. There is no consideration of events that may happen and could impact the College drastically over the medium term, such as reduced or increased funding from SFC, varying outputs of National Pay Bargaining, reduced commercial income. Some scenarios were presented at the Board away day, including savings from reduced campus opening hours and increased income generation. There is a risk that financial plans are not robust enough to respond to changing circumstances.

RECOMMENDATION:

We recommend scenario planning and sensitivity analysis is incorporated in plans to achieve the Finance Strategy.

Factors with the most uncertainty should be considered, such as:

- salary uplifts
- funding
- other income

MANAGEMENT RESPONSE:

Agreed that scenario planning and sensitivity analysis should be completed and properly documented.

Responsible Officer:	Director of Finance
Implementation Date:	June 2019

INVERNESS COLLEGE, FINANCIAL PLANNING

RISK: THE FINANCIAL PLANNING PROCESS MAY NOT BE CARRIED OUT IN A TIMELY MANNER IN ACCORDANCE WITH A CLEARLY DEFINED TIMETABLE.

Ref	Sig.	Finding
2	🟧	**Outturn Monitoring**

Audit Scotland guidance recommends that public sector bodies should have plans in place to reduce identified deficits over the medium term.

Inverness College's FFR identified a £5.5m deficit. Inverness College has recently approved its Financial Strategy which is the first step in creating a plan to address this deficit. It has been created to address the need for medium term financial planning. The Strategy identifies the challenges the College faces over the coming years and includes objectives to meet the strategic aims, which details the steps they need to take. A high level plan was presented to the Board of Management at the away day in January 2019. There was a focus on income generation, efficiencies and maximising resources to address the forecast deficit position.

There is no monitoring mechanism in place to ensure efficiency and income targets are being met.

There is a risk Inverness College cannot operate within its approved budget in the medium term.

RECOMMENDATION:

We recommend a medium term plan is created to address the deficit identified in the FFR. The plan should include efficiency and income generating targets for each year and there should be a detailed plan in place to achieve the targets.

This should be aligned with the budget setting and monitoring process.

MANAGEMENT RESPONSE:

It is agreed that this plan should be clearly documented and have a structured reporting mechanism to capture the activities identified and evaluate achievement. This will provide the SMT with data to inform further steps required.

Responsible Officer:	Director of Finance
Implementation Date:	June 2019

INVERNESS COLLEGE, FINANCIAL PLANNING

RISK: FINANCIAL PLANS MAY NOT BE SUBJECT TO EFFECTIVE CONSULTATION, REVIEW OR APPROVAL		
Ref	Sig.	Finding
3	🟢	**Budget Holder Meetings** Regular meetings with Finance and budget holders provide an opportunity for Finance to offer support, challenge any variances and forecast the year-end position. Finance do not hold meetings with budget holders. Budget holders do not have a first point of contact within the Finance Team. There is a risk financial plans are not subject to effective consultation. There is a risk budget management is not sound.

RECOMMENDATION:

Meetings should be scheduled with budget holders on a quarterly basis.

Budget holders are assigned a first point of contact within Finance.

MANAGEMENT RESPONSE:

Agreed. Budget holders have already been assigned named contact points within the Finance team. In addition, quarterly financial review meetings will be in place for 2019/20 and these meetings will also include the Principal and Director of Finance.

Responsible Officer:	Finance Manager
Implementation Date:	August 2019

INVERNESS COLLEGE, FINANCIAL PLANNING

RISK: FINANCIAL PLANS MAY NOT BE SUBJECT TO EFFECTIVE CONSULTATION, REVIEW OR APPROVAL		
Ref	Sig.	Finding
4	🟢	**Budget Review** It is good practice for Senior Management to consider papers before they are presented to the Board, to allow them to evaluate the consolidated budget position. The Financial Regulations do not include the requirement that financial plans should be considered by the SMT prior to consideration by the F&GP Committee. (However we note that the 2019/20 budget timetable included Senior Management Team preapproval). There is a risk of uncertainty around the expected budget approval process

RECOMMENDATION:
We recommend Financial Regulations are updated to reflect that SMT are required to consider the budget prior to the F&GP Committee

MANAGEMENT RESPONSE:
This will be considered when the Financial Regulations are next reviewed.

Responsible Officer:	Finance Manager
Implementation Date:	December 2019

INVERNESS COLLEGE, FINANCIAL PLANNING

RISK: THE FINANCIAL PLANNING PROCESS MAY NOT BE CARRIED OUT IN A TIMELY MANNER IN ACCORDANCE WITH A CLEARLY DEFINED TIMETABLE.

Ref	Sig.	Finding
5	🟢	**Budget Timetable & Communication**

A clearly defined budget timetable includes all necessary steps and ensures the budget is prepared in a timely manner.

It is good practice to communicate the budget timetable to relevant parties to ensure they are aware of expectations and deadlines

There was no formal budget timetable in place for the 2018/19 budget setting process due to staffing shortages. The budget timetable was not formally communicated to budget holders as part of the 2019/20 budget setting process.

The 2019/20 budget timetable did not assign responsibility for tasks. Additionally the following tasks were not included:

1. communicating the timetable and budget process to the Senior Management Team and budget holders;

2. updating the budget when funding is confirmed by the UHI;

3. submission deadline of Enhancement Plans and Budget and Resource Planning Templates; and

4. reviewing the Enhancement Plans, communicating the results and updating of the budget.

There is a risk that there is not a clearly defined timetable in place which could lead to late budget submissions. There is a risk the budget setting process is not carried out in a timely manner in accordance with the budget timetable.

INVERNESS COLLEGE, FINANCIAL PLANNING

RECOMMENDATION:

We recommend the budget timetable assigns responsibility for completion of each task.

The budget timetable should include the following steps:

1. communication of the budget timetable to the Senior Management Team and budget holder

2. update the budget when funding is confirmed from the UHI

3. submission deadline of Enhancement Plans and Budget and Resource Planning Templates; and

4. review of the Enhancement Plans and communication of the results.

We recommend the budget timetable is communicated to budget holders.

Budget holders expected involvement is communicated in advance of the budget setting process.

MANAGEMENT RESPONSE:

 Agreed that the budget timetable should have assigned responsibility for tasks and be clearly communicated. Updating the budget for final UHI allocations will be incorporated if the timing of the final confirmation enables this. The Enhancement Plan process is not specifically about budgeting. Additional resource requirements can be identified through this process. Agreed that the outcome of this process needs to be clearly communicated to budget holders on completion.

Responsible Officer:	Director of Finance
Implementation Date:	July 2019

INVERNESS COLLEGE, FINANCIAL PLANNING

RISK: FINANCIAL PLANS MAY NOT BE BASED ON ACCURATE, RELIABLE OR RELEVANT INFORMATION.		
Ref	Sig.	Finding
6		**Enhancement Plan Communication** Where adjustments are made to the budget, it is good practice to communicate this to the relevant budget holders so they are aware of their budgetary limits. In 2018/19 budget holders were asked to submit Enhancement Plans. Budget holders were required to include detail of any additional resource requests. The Depute Principal and Director of Finance review the submissions, prioritise and decide what resource requests can be met. There was no communication to budget holders about the outcome of the submissions. There is no scoring mechanism in place, therefore it was not clear which projects were prioritised and why. There is a risk budget holders are not aware of their budgetary limits. There is a risk that the budget decision-making process is not transparent.

RECOMMENDATION:

We recommend the outcome of the Budget & Resource Planning submissions is communicated to budget holders.

A scoring mechanism is put in place to grade projects, and projects are prioritised and selected based on this.

MANAGEMENT RESPONSE:

Agreed. SMT will be asked to review and prioritise requests and budget holders will be notified. A transparent scoring mechanism will be agreed and applied to ensure consistency.

Responsible Officer:	Director of Finance
Implementation Date:	July 2019

INVERNESS COLLEGE, FINANCIAL PLANNING

Ref	Sig.	Finding

RISK: FINANCIAL PLANS MAY NOT BE BASED ON ACCURATE, RELIABLE OR RELEVANT INFORMATION.

7 — **Tracking Changes**

During the budget setting process, it is good practice to track changes that have been made to the budget to identify, including adjustments and decisions made. Adjustments and decisions made should also be documented. This ensures a transparent approach to budget setting.

It is not clear throughout the budget setting process what changes have been made to the budget, by whom and why.

There is a risk the budget setting process is not transparent and the rationale behind changes are not understood.

RECOMMENDATION:

We recommend changes made to the budget are tracked.

The reason for adjustments and by whom are documented.

MANAGEMENT RESPONSE:

For 19-20 changes have been recorded in the relevant working papers that feed into the overall budget.

Responsible Officer:	Finance Manager
Implementation Date:	June 2019

INVERNESS COLLEGE, FINANCIAL PLANNING

RISK: FINANCIAL PLANS MAY NOT BE BASED ON ACCURATE, RELIABLE OR RELEVANT INFORMATION		
Ref	Sig.	Finding
8	🟧	**Budget Profiling** The budget is profiled throughout the year to reflect expected expenditure, to ensure a fair comparison against actual expenditure month to month. The budget is not profiled to accurately reflect expected spend each month. Finance spent some time as part of the 2018/19 budget setting process profiling the budget, but further work is still required. There is a risk budget monitoring is not providing meaningful analysis.

RECOMMENDATION:
We recommend Budget profiling is performed on an annual basis, taking into consideration expected expenditure each month.

MANAGEMENT RESPONSE:
Agreed. This is an area of focus for the Management Accounting team.

Responsible Officer:	Management Accountants
Implementation Date:	June 2019

INVERNESS COLLEGE, FINANCIAL PLANNING

OBSERVATIONS

BUDGET HOLDER OWNERSHIP

Budget holders take ownership for their budgets when they set their own budgets, consulting with Finance where necessary. Currently, budgets are set by Finance, who then consult with budget holders. Budget holders do not have adequate budget setting support procedures in place to facilitate them creating their own budgets, for example, training, the financial information needed, and a user friendly interface into the budgeting systems.

Once the new Finance system is operational, Finance should consider moving the responsibility of budget setting to budget holders. Training should be provided and Finance should meet with budget holders to provide support.

CORPORATE MONITORING

It is good practice for senior management to review consolidated finance monitoring reports on a regular basis to allow them to evaluate Inverness College's financial performance.

The Senior Management Team's (SMT's) formal monthly meeting held on the 21 March 2018, was the first time the finance monitoring reports were a standing item on the agenda.

Prior to this, finance monitoring reports were not a standing item on the agenda. Inverness College identified the gap as a management oversight and have updated practice.

There was a risk SMT were making decisions based on incomplete information.

INVERNESS COLLEGE, FINANCIAL PLANNING

FINANCE SYSTEM

A finance system should add value to the organisation and provide efficiencies. Inverness College uses an old version of SUN for its finance system. The system has the following restrictions:

1. SUN can only be used by the Finance team. Budget holders are entirely dependent upon Finance sending them reports. If further detail is required, budget holders need to ask Finance. Budget holders cannot run reports as and when they require;

2. The system relies heavily on manual data input and processes leading to a greater risk of human error and a requirement for significant volume of paper files. Transaction records have a limited number of characters for the description which normally leads to staff having to revert back to the paper records that have been filed. There is limited flexibility on coding options and project accounting has proven to be problematic under this system;

3. Authorisations are paper based, including journals and bank account changes, therefore hard copy versions need to be retained; and

4. There is no facility for an integrated document management tool, therefore hard copy versions need to be retained.

Inverness College is looking to upgrade their Finance system, in order to remove these restrictions. The new finance system will reduce the manual processes required by Finance and allow them to focus on working with colleagues and seek continuous improvement.

INVERNESS COLLEGE, FINANCIAL PLANNING

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.

Fiona Mustarde	Director of Finance
Alison Rogers	Finance Manager

INVERNESS COLLEGE, FINANCIAL PLANNING

APPENDIX I – DEFINITIONS

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

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

INVERNESS COLLEGE, FINANCIAL PLANNING

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to provide management and the Audit Committee with assurance that Inverness College has well designed, effective controls in place in relation to financial planning.

KEY RISKS:

- Financial plans may not be based on accurate, reliable or relevant information

- The financial planning process may not be carried out in a timely manner in accordance with a clearly defined timetable

- Financial plans may be based upon unreasonable assumptions or forecasts

- No, or limited, scenario planning or sensitivity analysis has been undertaken

- Budget re-forecasts may not be carried out on a regular basis to reflect changes which may occur to plans, or to predict the outturn where expenditure in some areas differs from expectations

- Financial plans may not be subject to effective consultation, review or approval

SCOPE OF REVIEW:

The scope of our review is to assess whether:

- Financial plans are based on reasonable assumptions and forecasts and accurate, reliable information;

- Financial plans are developed in a timely manner with appropriate consultation, review and approval arrangements;

- Scenario planning and sensitivity analysis has been carried out to ensure budgets are flexible and robust enough to meet organisational requirements and respond to funding changes; and

- Budget reforecasts are carried out on a regular basis to reflect changes which may occur to plans, or to predict the outturn where expenditure in some areas differs from expectations.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.

APPROACH:

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

FOR MORE INFORMATION:

RUTH IRELAND

+44 (0)20 7893 2337
ruth.ireland@bdo.co.uk

www.bdo.co.uk

INVERNESS COLLEGE

INTERNAL AUDIT REPORT

CURRICULUM PLANNING
MAY 2019

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Substantial

BDO

INVERNESS COLLEGE, CURRICULUM PLANNING

DISTRIBUTION	
Roddy Henry	Depute Principal
Gillian Berkeley	Head of Curriculum
Audit Committee	Members
REPORT STATUS LIST	
Auditors:	Sean Morrison
Dates work performed:	06 March 2019 - 20 March 2019
Draft report issued:	12 April 2019
Final report issued:	03 May 2019

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EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design — There is a sound system of internal control designed to achieve system objectives.

Effectiveness — The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	▲	0
Medium	■	0
Low	●	1

TOTAL NUMBER OF RECOMMENDATIONS: 1

BACKGROUND:

It was agreed with management and the Audit Committee within the 2018-19 Internal Audit plan that Internal Audit would review the arrangements Inverness College have in place in relation to curriculum planning. The purpose of our review is to provide management and the Audit Committee with assurance that Inverness College has effective controls in place for mitigating key risks relating to curriculum planning.

Curriculum planning for the college prospectus is overseen by the Depute Principal, and the Head of Curriculum. The process is conducted on a continuous cycle, whereby there is a course programme review conducted every year, and a planning process for the following year follows the review. Around October of each year the Head of Curriculum and the Programme Development Managers (PDMs) start to think about the following academic years programme and they start to populate the curriculum plan template. The template consists of information on all of the programmes, including projected numbers of students for each course, the required course hours and course credits.

The PDMs go through their courses line by line, and decide which courses to take forward and which to remove based on past performance, projected student figures, student satisfaction, progression opportunities and consideration of external factors such as local economic needs, local schools input, government demands and industry requirements. This review ensures that the first draft of courses presented within the curriculum plan is in line with the needs of the students, the college and the external stakeholders, and aligned to the Regional Outcome Agreement and related FE credit and HE FTE targets.

Following the first draft being completed by the PDMs, curriculum planning meetings are held between the PDMs, the Head of Curriculum and the Depute Principal to review the

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proposed programme, and sense check the projections, including student numbers and staffing needs, and to discuss the impact on budget. The curriculum planning process is a key element within the College's annual budget setting process, as it informs the teaching staff requirements for the upcoming year.

Following this review process the proposed curriculum is subject to a high level review by the SMT, where substantial changes may require the group's approval. The output of this process is the college prospectus which is required to be completed and distributed by December of each year. The college website is also updated.

Following the approval of the college curriculum, in February the timetablers, normally PDMs and Programme Coordinators (PCs), are required to complete timetable template forms for each course, and these are provided to the administrators/timetabling staff, who are responsible for inputting the curriculum timetables in Celcat. Timings, teaching staff and appropriate rooms are allocated for all courses within the curriculum plan, and checks made to ensure that the correct number of hours has been allocated for the courses and that there are no clashes in relation to the estate or teaching staff. Clashes in either the rooms or teaching staff are flagged within Celcat during the data input process and actions taken to resolve them.

The timetables once fully completed, are required to be provided to students at the start of July each year. A constant within the timetabling process is that schools programmes predominantly take place on Fridays of each week, as this has become established practice within the local schools. To guide this process the College has a timetabling protocol document in place.

Celcat provides the college with the capability to record the capacity of all rooms, specialist equipment of rooms, identify clashes, timetabling capabilities, and the ability to analyse room and staff utilisation. The process of mapping out the information in relation to the College estate was completed by the Health & Safety Staff and Estates team.

The College has a formal approvals process for changes to FE courses, such as additions, removals or changes to elements of the current course. The process requires the PDM proposing the change to complete and submit a business case to the Academic Planning & Development Committee (APDC) for approval. The submission form can either be a stage 1 which requires less information and is for minor changes to a current course, and a stage 2 submission is required for new courses, removals and substantial changes. These business cases are required to include information on the specific course, projected student numbers, credits targets, and financial information such as staffing needs, and course costs.

The APDC meet on a monthly basis and the group consists of the Head of Curriculum (Chair), Quality Manager, two PDM's on rotation and two Support Managers on rotation. Once the group approve the course change, the course is updated or added to Celcat, as well as the curriculum planning template.

There is also a group in place at UHI called the Partnership Planning Forum (PPF) which works across the University and the College for planning the HE numbers, deciding on overall HE targets and making decisions on the HE courses. The Head of Curriculum is the College representative at the PPF.

The College has a school-college partnership in place, with the main objective of delivering increased positive impact through the delivery of effective, coherent joint curriculum pathways for school pupils, with increased positive and sustained progression results post-

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school. The College also runs schools programmes whereby school students are able to attend the college to complete a course while they are at school. To improve the school programmes delivery the College alongside other regional College partners has created a Highland Senior Phase Strategy whereby they are planning to adopt a collaborative approach to the delivery of school courses, in an attempt to deliver a more sustainable and efficient programme.

The curriculum planning process for these programmes, in terms of liaison with school and Highland Council partners, is overseen by the Head of Student Services. School-college programmes are then included in the College's curriculum planning and timetabling processes. The proposed course programme is reviewed for viability, and informed by frequent engagement with the local schools. A school course prospectus is made available to prospective students in December.

The College website contains information on the schools that the College has partnered with, the schools programme course offering for each school and also guidance information on the course application process. School open days and events are also advertised on the website, and the College frequently send representatives, such as the Schools Transitions Coordinator and the DYW Project Manager, to the schools to raise awareness of the school programmes. Examples of courses available as part of the school programmes include foundation apprenticeships and access level courses.

The College has run a variety of open days/evenings in the past, for potential students to obtain an understanding of: the courses offered, the facilities, pathways to future education and employment, and study options. A number of methods are used to communicate these events and College courses to the intended audience, such as: social media, the College website and through communication with local schools.

College staff such as the PDMs and those tasked with delivering the schools programmes regularly meet with their relevant stakeholders. For example, College staff meet with guidance teachers from regional schools three times a year to discuss the programme, and have open dialogue with schools throughout the year. The College also has a schools mailing list as well as a dedicated email account for the schools, whereby curriculum and event information can be shared. The Head of Curriculum and the PDMs also engage with local employers, respective industries and UHI academic partners, such as through PPF, to ensure that pathways are maintained, and courses are in line with the needs of stakeholders.

SCOPE AND APPROACH:

The scope of our review was to assess whether:
- The College has a robust curriculum planning process in place, which is in line with the Regional Outcome Agreement and is fully supported by both curriculum and finance staff.
- Curriculum staff engage effectively with other education providers locally to plan pathways effectively.
- Draft timetabling is subject to appropriate validation checks to identify any subject, estate or teaching resource clashes.
- The availability of estate resources is fully considered in advanced to facilitate efficient occupancy levels.
- Key financial elements of course provision are considered to identify viability and minimum enrolments required.

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

GOOD PRACTICE:

We noted a number of areas of good practice being demonstrated at Inverness College in relation to Curriculum Planning. These included:

- Curriculum staff frequently engage with external stakeholders such as other colleges; local schools; and local employers; via a number of methods, such as formal channels; social media; committee meetings; open days; with a view to developing the course curriculum, and gaining an understanding of the strengths and weaknesses of the course curriculum.
- The College has an effective curriculum planning template in place, used by the PDMs annually to record the projected course information, and to inform the college staffing requirements. The final information contained within the template is reviewed and approved by the Head of Curriculum and the Depute Principal prior to the finalised curriculum being developed.
- Curriculum alterations, such as new courses and course removals, go through a rigorous review process with a business case presented to the APDC for approval.
- The College utilise an effective timetabling systems, Celcat, which provides the capability to schedule timetables, book rooms, and to analyse room utilisation statistics and manage student attendance in an effective manner.
- The curriculum planning process is clearly aligned to the achievement of the College course targets for the Regional Outcome Agreement.

KEY FINDINGS:

We identified one area where improvement could be made to the control environment to increase the opportunity for further efficiency:

- **Room Utilisation Reporting -** Celcat provides the college with the capability of producing utilisation statistics. However, the creation and review of utilisation reports is being conducted on an ad-hoc basis and is not subject to regular structured review.

CONCLUSION:

We are able to provide substantial assurance over the design and operational effectiveness of the controls in place relating to curriculum planning.

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

✓ The curriculum planning process may not be supported by both curriculum and finance staff, and may not be effectively linked to the Regional Outcome Agreement.

✓ Curriculum staff may not engage effectively with other education providers locally to plan pathways effectively.

✓ Draft timetabling may not be subject to validation checks to identify clashes in relation to subjects, estates capacity or teaching resource.

✓ Consideration may not have been given to available estate resources to facilitate efficient occupancy levels.

✓ Consideration may not have been given to financial aspects of course provision, so as to determine the viability of course provision and the minimum enrolment required to maintain course viability.

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DETAILED FINDINGS

RISK: CONSIDERATION MAY NOT HAVE BEEN GIVEN TO AVAILABLE ESTATE RESOURCES TO FACILITATE EFFICIENT OCCUPANCY LEVELS.

Ref	Sig.	Finding
1	🟢	**Room Utilisation Reporting**

Regular reporting and scrutiny of room and staff utilisation statistics provides the opportunity for education bodies to assess how efficiently they are delivering their curriculum.

Celcat provides the college with the capability of producing utilisation statistics. However, the creation and review of utilisation reports is being conducted on an ad-hoc basis and is not subject to review as a standing agenda item on an appropriate college group remit.

There is a risk that the college may not be fully utilising their campus and staff resources throughout the academic year as a result of the infrequent review of utilisation reports.

RECOMMENDATION:

We recommend that the college produce more regular utilisation reports for its estate and staff, and that these reports are monitored and scrutinised by an appropriate group within the college.

MANAGEMENT RESPONSE:

Agreed - The college recognises the need to re-establish regular room utilisation audits, and the enhanced functionality of Celcat should improve the information available through these audits. The audits were reported previously via the Academic management Group, which is no longer in existence.

The college will ensure that room utilisation audits are re-instated and reported regularly through an appropriate group.

Responsible Officer:	Depute Principal – Planning and Student Experience
Implementation Date:	Academic Year 2019-20

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OBSERVATIONS

CELCAT ADMINISTRATION

Celcat administration tasks, such as timetabling, are conducted by the two Celcat administrators upon instruction by the PDMs and PCs. The PDMs interviewed explained that they used to be able to conduct some changes to Celcat and that it would be more efficient for some administrative tasks, such as minor course related changes to staff and rooms within their curriculum area to be conducted by themselves or the PCs.

COURSE FINANCES

We sampled six initial approval forms for new courses or course changes to the programme that were submitted to the APDC at the end of 2018, and found that for two of the six submissions the form did not contain the course financial information, and as a result were approved subject to the financial/costing information being provided. It would be more efficient for all of this information to be completed as and when the initial application form is being completed. We recognise that a stage gate project management process is in place, whereby at each stage decisions are made based on the forecasts and information available at the time.

COURSE TRACKER

The College utilise a course tracker to monitor the status of new courses and changes to courses that are submitted to the APDC. We noted limitations with the tracker, such as, there are no prior year course approvals recorded on the current document, and not all cells within the tracker are completed. However, the gaps in information on the tracker are recorded within the APDC minutes and papers, which mitigates any risk of APDC decisions on programme changes being lost.

CP TEMPLATE

The PDMs identified areas where the curriculum plan template could be enhanced, including:

- The live status of courses could be better captured through the revisiting of the plan throughout the year, to capture courses added during the year and to capture the resourcing implications of the course.

- The College should determine efficiency levels for courses, and with these metrics implement a RAG status into the curriculum plan template which will allow a more efficient identification process on the efficiency of the courses within the programme.

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STAFF SKILLSETS

The PDMs explained that they are not fully aware of the skillsets of staff within different curriculum areas. If not already in place within the HR department, it would be beneficial for a staff skills matrix to be developed and made available to the PDMs, or if already created provided to the PDMs.

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.

Gill Berkeley	Head of Curriculum
Heather Keyes	Programme Development Manager
Lindsay Snodgrass	Head of Student Services
Lorraine Andrews	Project Manager – Developing The Young Workforce
Paul Moody	Programme Development Manager
Roddy Henry	Depute Principal
Sharon MacFarlane	Programme Development Manager

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APPENDIX I – DEFINITIONS

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

RECOMMENDATION SIGNIFICANCE

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

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APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to provide assurance to management and the Audit Committee regarding the adequacy and effectiveness of curriculum planning arrangements and to recommend improvements to those arrangements as necessary.

Specifically, we will assess whether a robust curriculum planning process is in place which is aligned to the requirements of the regional outcome agreement, and evaluate whether the College has adequately considered learner demand, estates resources and capacity as part of curriculum planning processes.

KEY RISKS:

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

- The curriculum planning process may not be supported by both curriculum and finance staff, and may not be effectively linked to the Regional Outcome Agreement.

- Curriculum staff may not engage effectively with other education providers locally to plan pathways effectively.

- Draft timetabling may not be subject to validation checks to identify clashes in relation to subjects, estates capacity or teaching resource.

- Consideration may not have been given to available estate resources to facilitate efficient occupancy levels.

SCOPE OF REVIEW:

Our review will assess whether:

- The College has a robust curriculum planning process which is in line with the Regional Outcome Agreement and is fully supported by both curriculum and finance staff.
- Curriculum staff engage effectively with other education providers locally to plan pathways effectively.
- Draft timetabling is subject to appropriate validation checks to identify any subject, estate or teaching resource clashes.
- The availability of estate resources is fully considered in advanced to facilitate efficient occupancy levels.
- Key financial elements of course provision are considered to identify viability and minimum enrolments required.

FOR MORE INFORMATION:

RUTH IRELAND

+44 (0)20 7893 2337
ruth.ireland@bdo.co.uk

www.bdo.co.uk

University of the Highlands and Islands
Inverness College

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Board of Management

Subject/Title:	Outstanding Internal Audit Recommendations
Author: [Name and Job title]	Fiona Mustarde, Director of Finance
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	18 May 2019
Brief Summary of the paper:	Update on progress against audit recommendations resulting from internal audits not previously reported as completed.
Action requested: [Approval, recommendation, discussion, noting]	Discussion
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	Risk Management – demonstrates the steps taken to address the risks identified as a result of internal audit reviews.
Resource implications:	Yes. Potential for reduced income/increased costs if correct procedures not followed.
Risk implications:	Yes **If yes, please specify:** Operational: clear procedures identified and followed Organisational: reputational risk of failure to adhere
Equality and Diversity implications:	No
Consultation: [staff, students, UHI & Partners, External] and provide detail	N/A

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

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

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

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

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

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

Update on Outstanding Internal Audit Recommendations

Executive summary

This report provides the Committee with an updated position regarding the implementation of action points arising from both Internal Audit reports and the annual external audit that have not already been reported to Committee as completed.

Background information

The College is committed to following up on audit recommendations and implementing these timeously.

A summary of the outstanding recommendations is attached containing current status and progress updates. This report includes all recommendations not previously reported as completed.

Outstanding Internal Audit Recommendations 2017/18

There is one remaining action point resulting from the Financial Controls audit that took place in January 2018 and reported back to the February Audit Committee meeting. Further detail is provided in the attached summary.

Outstanding Internal Audit Recommendations prior to 2017/18

There is one remaining recommendation from audits prior to 2017/18. This relates to reconciliations between SITS and SUN and is being taken forward through the re-distribution of tasks within the Finance Team which is currently fully staffed.

Outstanding External Audit Recommendations 2017/18 Audit

Following the external audit review of the financial statements undertaken by Ernst & Young, there were three recommendations made. Two of these have been completed with one still to be actioned. Further detail is provided in the attached summary.

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
		2018/19 Internal Audit Actions				
	Business Continuity Management 2018/19 – Report Date 20 February 2019					
1	**Inverness College may not have clearly defined business critical systems and processes within the business continuity plan.** We recommend that the College ensures that a recovery plan is documented for all departments, to direct recovery in the event of an incident.	Agreed	Estates Manager	~~April 2019~~ June 2019	In progress	Only one of the two teams identified have completed their plan. The second team will complete their recovery plan by 14 June 2019.
2	**The plan may not be appropriately communicated to staff, and key staff may not be aware of their roles to instigate the plan**. We recommend that, as planned, the College implements business continuity training for all staff. Regular refresher training should be provided going forward, and the College should ensure it records all training for each staff member, and obtains sufficient evidence of attendance/completion.	Agreed, this had already been identified by the College as an action to take forward.	Estates Manager / Health and Safety Manager	~~May 2019~~ Dec 2019	In progress	Some training was provided in 2017/18 through Police Scotland. Fire Marshall training scheduled. Further Police Scotland Griffin training scheduled for December 2019.

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
3	**The business continuity plan may not be regularly tested, and the results appropriately reported to management.** We recommend that the College develops a testing plan/schedule for BCP which should be reviewed on an annual basis to ensure a strategic approach to testing is achieved. This plan should ensure that varying categories of events are scheduled to be tested on an annual basis based upon likelihood and overall risk. A formal testing schedule should also be developed for IT/Disaster recovery. In addition, we recommend that the outcomes, lessons learned and required actions are formally documented within the plan for each test.	Agreed, to be implemented with the next induction in June 2019	Estates Manager	~~June 2019~~ August 2019	In progress	Testing schedule for various elements from March through to August 2019
4	**There may not be a clear business continuity plan in place to allow for recovery from business disruptive events.** We recommend that the College reviews the BCP to ensure that any gaps in the content are addressed, and that the contents page aligns to the content within the plan, to ensure the BCP is complete and user-friendly.	Agreed	Estates Manager	March 2019	Complete	

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
5	**The plan may not be suitable to allow inverness college to recover from a significant disruption in required timescales.** We recommend that the College reviews the BCP Contact List to ensure that full contact details are provided for external parties. Any external contacts which are not necessary should be removed from the BCP.	Agreed	Estates Manager	March 2019	Complete	Completed 2 April 2019
6	**The plan may not be suitable to allow Inverness College to recover from a significant disruption in required timescales. There may not be a clear business continuity plan in place to allow for recovery from business disruptive events.** We recommend that the College clearly documents the rationale for target recovery timescales being applied to only the ICT Services and Estates departments. Further consideration should be given to the application of target timescales to the remaining departments. We also recommend that clear and specific recovery timescales are applied to all functions, particularly in relation to ICT services. Or, that the rationale for not incorporating is indicated on the BCP. In addition, we recommend that the College clearly documents the ICT controls that it is, and is not responsible for managing	We agree to document the ICT controls and clarify how we operate (which has been completed in version 7.1).	ICT Manager	February 2019	Complete	

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
	during an incident. This should include coverage of all IT applications, machinery and software, including servers and firewalls.					

2017/18 Internal Audit Actions						
Financial Controls 2017/18 – Report Date 19 February 2018						
2	**Ineffective or inefficient procedures and controls may be in place for the finance processes.** We recommend that a comprehensive fixed asset register is developed and maintained on a regular basis.	All fixed assets are identified at time of purchase and recorded appropriately. Assets are correctly allocated to a class in line with the depreciation policy and depreciated accordingly. We are aware that the fixed asset register currently used requires to be enhanced to reflect all relevant information at a detailed asset level.	Finance Manager	Original date 31/07/2018 Revised date 30/11/2019	In progress	**Partially complete**. This task could not be completed without the detailed group 2 equipment from GTEIL. This information was received in June but progress delayed due to staff availability. Finance will work with colleagues in ICT and Estates to define what is required beyond the financial requirements

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
						and determine the appropriate recording mechanism.

Internal Audit Actions – Henderson Loggie						
Student Fees and Contracts – Report Date 13 May 2016						
R5	SITS / SUN Transfers Amounts transferred between SITS and SUN should be reconciled regularly and explanations for any variances documented and corrections made if necessary. Such reconciliations should be reviewed and agreed by a second member of staff; with both the preparer and reviewer signing the reconciliations as evidence this is being done.	This task was reallocated within the team and is to be embedded into month end procedures.	Finance Manager	Original date August 2016 Revised date September 2019	Partially complete	Good progress was made however resource challenges impacted on full completion. This key task is now being addressed through the new team structure within Finance and realignment of functions within the team.

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
	External Audit Recommendations – EY					
1	Financial Process Improvements Further improvements are required to financial processes, in particular in relation to the analysis of yearend debtors and creditors, as well as more general SAM and SIT system processes. Management recognises the need for ongoing improvement, and a restructuring of the finance team is being implemented to provide support in these areas.	Recruitment to the vacant posts within the revised structure is underway. In addition, support is being provided by the UHI Business Improvement team to identify potential process changes.	Finance Manager	March 2019	Complete	All posts in the structure were filled by March 2019. Process review is ongoing and now linked to the systems upgrade.
2	Non-Profit Distribution Model The NPD model, and assumptions contained therein, does not factor in a contingent rent element which we would expect in such an arrangement. Furthermore, the model has the effect of smoothing lifecycle costs over the term of the agreement. Consequently, there is a risk future accounting recognition may not fully reflect the substance of the transaction in accordance with FRS 102.	In the prior year, we made a recommendation to management to review the model and accounting treatment to ensure it continues to meet the requirements of FRS 102. This has not yet been implemented.	Director of Finance	July 2019	Incomplete	We have committed to reviewing the model although it should be understood that this will not necessarily result in any changes.
3	Medium term financial plan The College is currently forecasting a significant underlying deficit across the five year period through 2022/23. Good practice in respect of ensuring financial sustainability for the College would dictate that management has identified how it intends to address this gap across the five year period, in the form of a medium term financial plan.	Management is aware of the financial shortfalls being forecast and is in the process of developing a finance strategy through to 2023. This has been initially reviewed by the Board and is being updated to reflect feedback, including the incorporation of scenario planning into the strategy. This will be further updated at scheduled Board away days and management aims to finalise the revised strategy early in 2019.	SMT	March 2019	Complete	The Finance Strategy was approved at the Board of Management meeting in March 2019. Work is ongoing to develop robust monitoring and evaluation against the strategy which will inform adjustments to scenario planning.

University of the Highlands and Islands
Inverness College

Board of Management

Subject/Title:	Risk Management
Author: [Name and Job title]	Fiona Mustarde, Director of Finance
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	20 May 2019
Brief Summary of the paper:	Update on risk management.
Action requested: [Approval, recommendation, discussion, noting]	Discussion
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	Risk Management – demonstrates our understanding of the key risks facing Inverness College UHI and the steps taken to address these risks.
Resource implications:	
Risk implications:	Yes **If yes, please specify:** Operational: Organisational: Ineffective management of significant risks leading to adverse financial impacts
Equality and Diversity implications:	No
Consultation: [staff, students, UHI & Partners, External] and provide detail	N/A

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

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Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)	X	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.)			

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

University of the Highlands and Islands
Inverness College

Board of Management

Subject/Title:	Business Continuity
Author: [Name and Job title]	Martin Kerr, Estates and Campus Services Manager
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	20 May 2019
Brief Summary of the paper:	Set out developments since the last meeting regarding Business Continuity
Action requested: [Approval, recommendation, discussion, noting]	Discussion
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	
Resource implications:	Yes / No **If yes, please specify**:
Risk implications:	Yes / No **If yes, please specify:** Operational: Organisational:
Equality and Diversity implications:	Yes/No **If yes, please specify:**
Consultation: [staff, students, UHI & Partners, External] and provide detail	

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

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

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

University of the Highlands and Islands
Inverness College

Board of Management

Subject/Title:	Health and Safety Report Quarter 3 2018-19
Author: [Name and Job title]	Director of Organisational Development
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	20 May 2019
Brief Summary of the paper:	To provide the Audit Committee with a quarterly report on matters pertaining to health and safety
Action requested: [Approval, recommendation, discussion, noting]	Discussion
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	The law requires us as employers to monitor and review arrangements for how we are managing occupational safety and health (OSH). This paper forms part of the review process.
Resource implications:	No **If yes, please specify**:
Risk implications:	No **If yes, please specify:** Operational: Organisational:
Equality and Diversity implications:	No **If yes, please specify:**
Consultation: [staff, students, UHI & Partners, External] and provide detail	

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

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

Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
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Health and Safety Report Quarter 3 2018-19

Executive summary

During Q3 of 2018-19 the number of incidents reported through SHE in comparison with the same point last year has decreased by 16% from 91 to 76.

There has been a decrease in incidents involving students by 41% as highlighted in the incident summary sheet below.

Over the past 3 quarters we have seen a decrease in number of incidents and a decrease in students involved in incidents. There could be many factors impacting these statistics, but looking at it from a positive perspective, conducting regular audits across higher risk areas, bringing more awareness to departments on areas they can improve on, carrying out actions as a result of incidents, that had a higher potential to be more serious than they were, are contributing to a reduction in the incidents we have seen in previous years.

RIDDOR

There have been 0 reportable incidents during quarter 3.

Other Significant incidents

- **Faulty Plug, Food Mixer** -. A student went to use one of the food mixers in prep kitchen 227. As they turned it on, sparks and a puff of smoke came from the plug. Please see Appendix 3 for full report and investigation findings. Investigation was carried out by Dave Stewart, technician.

- **Student Tuberculosis Case –** Full time ESOL student who attended college for 1 year and left on sickness grounds in March 2019. On the 29th April 2019, it was confirmed that the student had been diagnosed with Tuberculosis by the Refugee Relocation Officer supporting the family.

  The college in partnership with Public Health took the following actions:

  - The Health and Safety Manager contacted the Local Health Protection Office. They were aware of the case and were going through their staged processes of investigation. Contact details were provided by the H&S Manager should they require further assistance from IC UHI.
  - Infectious disease notification form completed
  - Incident recorded on SHE
  - On 1st of May Lynda Davidson from Public made arrangements to meet with staff. They were conscious of the fact it was approaching the holiday period and thought it would be beneficial to gather some preliminary information and to discuss any concerns.

- On 2nd of May Richie Hart, Sharon MacFarlane and Melanie Danet (ESOL lecturer) met with Lynda Davidson and Karen McLean from Public Health. During this meeting they explained the staged process they were going through and alleviated concerns. The Public Health team arranged some screening for those in contact with the ESOL class.
- It was confirmed by Public Health there were no further actions for the college to take other than provide information regarding those that had been in contact i.e. class lists. Public Health will make direct contact on an individual basis and make the necessary arrangements for screening. All queries and questions to be directed to them.

For this particular incident, the first 4 steps of the suspected outbreak of infection in the BCP has been followed. At this stage we are still under the advice of public health and there is no requirement at the moment for the CMT to authorise the invocation of the business continuity plan in part or in full.

Responsible	Action	Action Taken
Person on receiving information	Notify a member of the Senior Management Team and the Health & Safety Manager	✓
H&S Manager/SMT	Contact Local Health Protection as soon as you suspect an outbreak on **01463 704886 and ask for Lorraine McKee**	✓
H&S Manager	Complete infectious disease notification form located on sheassure.net/UHI/Portal	✓
H&S Manager	Follow the advice given by the Local Health Protection Officer	✓
SMT	Crisis Management team to decide whether there is a need to authorise the invocation of the Business Continuity Plan in part or in full.	☐

Accident/Incident/Near miss Reporting QTR 3

Accident/Incident/Near miss Reporting QTR 3 Summary Sheet		
	Q3 2017-18	**Q3 2018-19**
No. of reports	**91**	**76**

Comments:
- 16% Decrease in incidents reported
- No reportable incidents recorded in Q3
- Decrease in student related incidents by 40%

Quarter 3 Incident Severity	**Minor**	**Moderate**	**Major**
	67	**9**	**0**

Incidents by Locality	Total		
Inverness Campus	**39**		
SSOF	**4**		
Nursery	**33**		
Other			

Who was involved	Q3 2017-18	Q3 2018-19
Student	**41**	**24**
Staff Member	**11**	**10**
Member of the public	**1**	**0**
Child	**25**	**34**
Not Set	**10**	**8**
Other		

Type of Incident	Total
UE (Undesired Event/Near Miss)	**44**
Property Damage	**1**
Theft	**2**
First Aid Case	**25**
MTC (medical treatment Case)	**4**

Definitions:
- **First Aid case -** An injury for which an injured person requires treatment by a First Aider and returns to full duties
- **Medical treatment case -** is an injured or sick person who requires treatment (more than First Aid) from a professional physician or qualified paramedic
- **Undesirable Event/Near miss –** An event during which injury, ill health, loss of equipment/asset or death could have occurred, but didn't actually occur.

H&S Management System – Update

Internal audits on risk assessment and risk control are continuing. Completed thus far:

- Forestry
- Welding and Fabrication
- Hospitality/Professional Cookery
- Construction – Machine shop
- Electrical Installation

Actions below from electrical installation audit. Actions 1 & 4 have been completed. Actions 2 & 3 are ongoing.

Action	Priority	To be completed by	Responsible for action
1. Create a workshop inspection checklist	3	April 2019	Caroline Frank/Richie Hart
2. Identify training requirements (risk assessment)	3	April 2019	Iain King/ Richie Hart
3. Record department actions on SHE	3	As required	Caroline Frank
4. Electric Shock FA Posters to be ordered	3	April 2019 (Have been ordered)	Richie Hart

On top of these audits, a PUWER questionnaire form has been distributed to the following PDM's to have their teams complete;

- Paul Moody
- Iain King
- Amanda Bryan

The purpose of this work is for departments to establish whether they have appropriate management arrangements in place for workshop equipment as defined under PUWER and the Management of Health and Safety at Work Regulations. The information gained through this work must be presented to the head of each department and the H&S Manager to enable analysis of the response.

The regulation requires that equipment provided for use in workshops is: -

- suitable for use and for the purpose and conditions in which it is used;
- maintained in a safe condition for use so that people's health and safety is not at risk; and
- inspected in certain circumstances to ensure that it is, and continues to be, safe for use.

Leadership Audit

The next scheduled HASMAP audit will be on indicator summary A of HASMAP which is Leadership.
The leadership indicator concentrates on 3 themes;

- Health and Safety Policy
- Management and Commitment Engagement
- Risk Profile

One of the areas we will be concentrating on is the setting of H&S objectives.

Training

The driving safely at work course through Safetyhub has been assigned to users identified through the college's approved driver's list. The approved list has also been submitted to AA drivetech to enable us to have our driver database set-up.

There are still a number of courses incomplete by staff. Currently the H&S Manager is going through the list to reassign courses and make line managers aware of those who are still to complete.

We are also coming up for renewal on our subscription with Safetyhub. There are also some of the other partner colleges interested in coming on board which would result in a cost saving for all. Currently IC UHI, Lews Castle and Perth use Safetyhub. Executive office, North Highland and Moray have expressed interest also.

Fire Management

There has been one false alarm activation this quarter at the Scottish School of Forestry.

Two planned power outages had been scheduled by SSE for the installation of a new transformer to feed the Kirkwood Homes housing development adjacent to Scottish School of Forestry, this was to occur between 7-8am and 5-6pm on 18/04/19. John Newsom from Inverness College Estates had coordinated GTFM, IC ICT and IC Estates to be on-site with SSE during each outage. Sandy Gray (Estates) and Ramsay Wood (IC ICT) along with SSE were on site for 7am however the GTFM engineer did not turn up. When the power outage occurred the fire alarm went off causing the fire service to attend. Martin Kerr (Estates Manager) was contacted by the alarm receiving centre, they advised Martin that the fire tender had been sent to site. Martin contacted Sandy to check what was happening. John and Martin all independently tried to contact the GTFM facilities manager and left voicemails. The fire service arrived and the alarm was rest. John logged a call to GTFM CSC to report suspected issue with the fire panel as it would be expected to have a battery backup.

The outstanding action on this sits with GTFM. Task INVC: 4519 is open on their Concept system for repairs to Fire alarm system, however the batteries have been replaced and they are monitoring for a period of time to make sure everything is okay. Until such time the task will remain open on concept.

The majority of the actions that were identified during the new fire risk assessments have been completed.

Outstanding actions closed from FRA include:

- Clarification on electrical installation testing of E Block at Forestry – Fixed wiring tests have been completed and down grading of two supplies were also undertaken
- Some updates to Fire Management Procedure – Completed for Scrutiny panel at the end of May

Appendix 1 H&S Stats

Incident Record – Date Range – Incident Severity
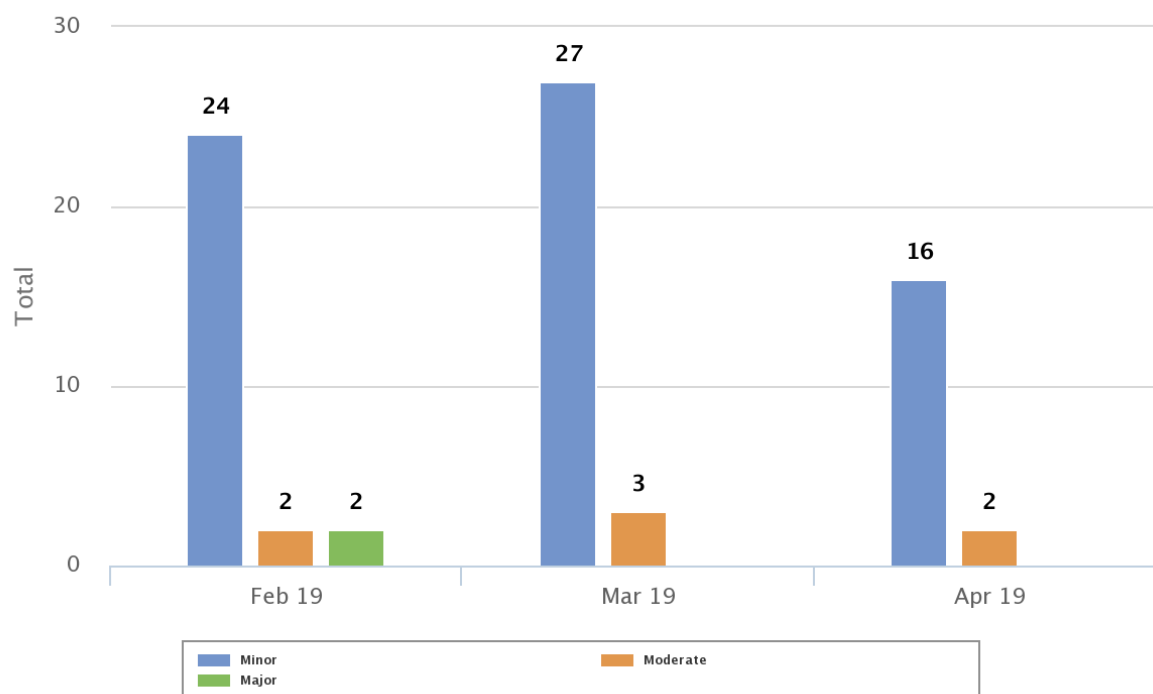
Incident Record – Date Range – Who Was Involved
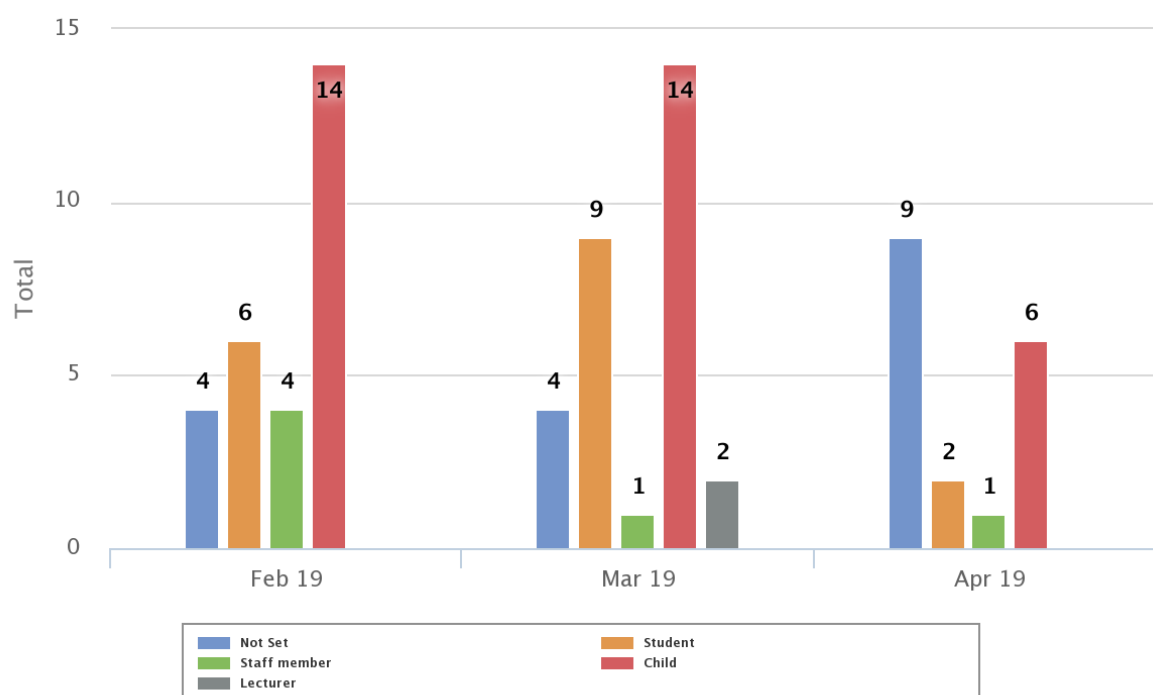
Incident Record – Date Range – Locality

Legend: Nursery, Scottish School of Forestry, Inverness Campus
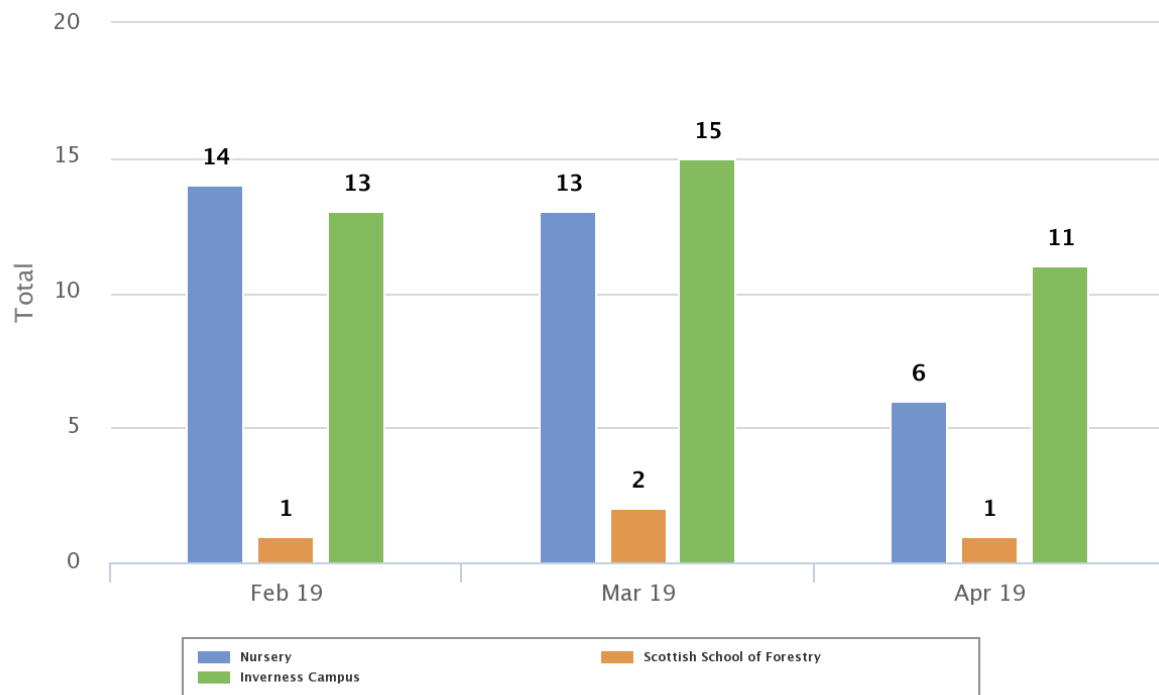
Incident Record – Date Range – Unit/Department

Legend: Inverness College, Inverness Campus, Hospitality, Construction Technology, Hairdressing / Beauty / Sport, Engineering & Technology, Nature and Applied Science, Estates, Childcare Services, Secretariat, Supported Education, Motor Vehicle Engineering, Hairdressing/Beauty, Sport, Carpentry and Joinery, Social Science, Hospitality and Tourism, Professional Cookery, Scottish School of Forestry, Early Learning & Child Care Centre

Incident Sub Type	Feb 19	Mar 19	Apr 18
Not Set	5	0	0
Contact With Sharp Object	2	2	1
Slip, trip fall on same level	5	5	7
Struck against	2	1	1
Struck by moving, flying or falling object	1	1	0
Contact with hand tool	1	0	0
Lifting and handling injuries	0	1	0
Dangerous Occurrence	2	1	1
Exposed to harmful substance	0	1	0
Fall from height	1	0	0
Personal items	0	1	1
Damage to personal items	0	1	0
General sickness	1	1	1
Fire alarm activation	0	0	2
Other	7	14	2
Contact with hot liquid/vapour	0	1	0
Slip/Trip/Fall	0	0	1
Diabetic Incident	1	0	1

There is still some work to be done around the classification of incidents in the SHE system. For example the classification of dangerous occurrence in this quarters' report refers to a driving incident outside our college boundary which was reported to ICOA. Furthermore while we would want to encourage all staff to report all incidents, we are working through a process of extracting those occurrences that are not concerned with the activities of the college or occur outwith our college grounds. A good example is a first aid response for a student tripping in the wider lochan area.

Appendix 2

Inverness College UHI

Health and Safety Management Profile (HASMAP) Audit

2018

Internal Audit Report No: 2019/05/Electrical Installation

Draft Issued: 04/03/2019

Contents

Introduction and Background

Higher Education is a diverse and complex sector in which each institution has its own list of workplace hazards and risks that it must manage. This so-called Risk Profile sits on a continuum, one end of which represents relatively straightforward 'office' hazards and the other end includes a variety of complex and High-risk activities. No matter where an institution sits on this continuum, it has a duty to manage workplace hazards and their associated risks. The efficient adoption of a systematic and robust approach to the discharge of this duty is the motivation behind HASMAP. HASMAP (Health and Safety Management Profile) is a management standard developed for use in Higher Education Institutions (HEI) by the Universities Safety & Health Association (USHA) and has been accepted by the Universities and Colleges Employers Association (UCEA) as a valid scheme for measuring health and safety management performance in the Higher Education sector.

The 2015 HASMAP standard has been put together in such a way as to offer a robust and efficient system for the management of health and safety, with the specific aim of providing the flexibility to allow it to be used across the sector. At its heart HASMAP is a description of how health and safety can be managed and maps to the third edition of HSG65 (the HSE's guidance on managing health and safety) and UCEA/USHA 'Leadership and Management of Health and Safety for Higher Education Institutions'. The description is not prescriptive, as it does not state that you must do 'this' or 'that', rather it is expressed as a series of questions. This allows the standard itself to be flexible in meeting individual needs and has been adopted as an audit tool for the College.

Scope of the Audit

The HASMAP standard is divided into modules called 'indicators' each of which maps to HSG65's Plan, Do, Check, Act'. Each indicator is divided into themes to provide a clear structure. By deploying this audit tool, we are effectively carrying out a 'gap' analysis as we go. Recommendations arising from the audit will then steer towards the management standard by stealth. Systems are grown in via the audit recommendations.

Objectives of the Audit

The main objective of this audit was to review the School of Forestry's risk assessment and risk control element utilising the HASMAP audit toolkit, to find out what works and what doesn't.

Levels of Assurance

The purpose of a Health and Safety audit is to provide assurance to the controlling minds of the College, that health and safety is being adequately managed. HASMAP has been constructed in such a way that evidence gathered during the audit can be assessed in order to give one of three levels of assurance. As the College improves and embeds the way it manages Health and Safety, then the levels of assurance should move from basic, to substantial, to high.
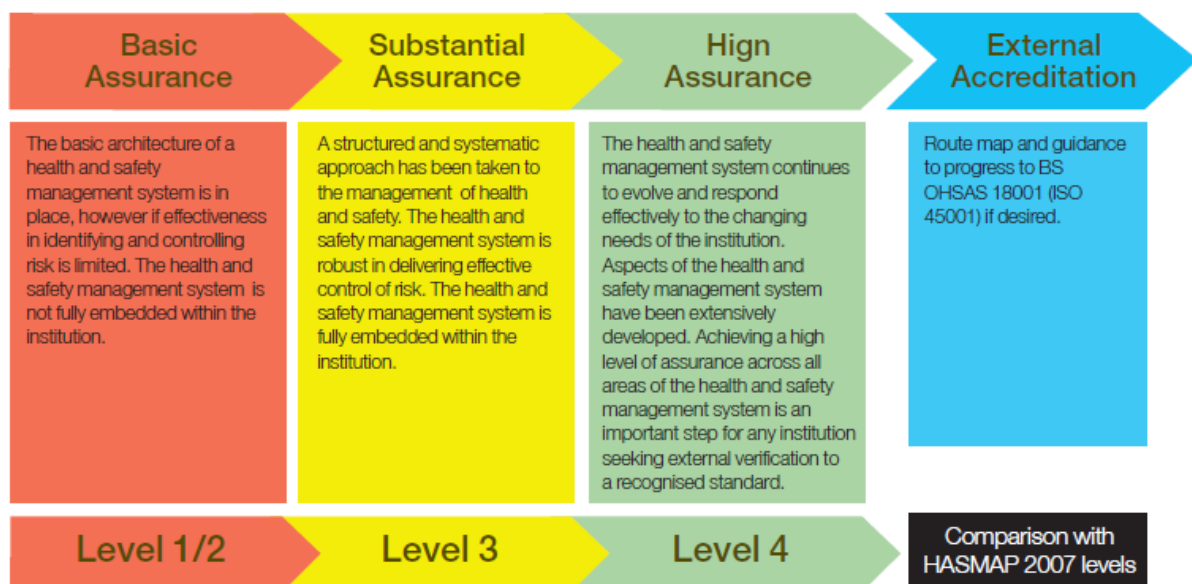
If all standards are met for a specific assurance level, then that level is assigned as fully met in the resulting profile. If not, then assurance is recorded as partially met. For a basic level of assurance to be given, the minimum legal requirements should be met. Therefore, we are looking to check that people, who need to 'Do' Health and Safety, are doing it properly. As the level of assurance increases, the quality of the systems supporting and driving Health and Safety improves. A substantial or high-level assurance correlates to increasing robustness and consistency of systems (which are described in question form on the indicator sheets). An important point to note is that each level incorporates the preceding level, such that substantial cannot be awarded until all the elements under basic have been achieved. As the auditor, I have made the judgement based on the evidence provided.

Audit Approach

The HASMAP indicators are grouped under the 'Plan, Do, Check, Act' headings described in HSG65, so they each representing important aspect of the way Health and Safety is managed. The audit was carried out with input from Andrew Reed Fabrication & Welding Lecturer

D: Risk Assessment and Risk control - Findings

This indicator is intended to allow exploring of the structure and systems which the College has in place for the assessment of and control of risk'

D10: Hazard and risk register
Positive findings
- All those working within the department are fully aware of and can identify relevant hazards present in the workplace
- The control of risk is proportional with their significance

D10: Hazard and risk register
Opportunities for improvement
- All activities that are risk assessed to be compiled into a risk register. Suggest that Caroline is the risk register owner for the department
- Once all risks for department are compiled into risk register, they can be communicated to College risk register owner (H&S Manager)

D11: Arrangements for risk assessment
Positive findings
- Procedures exist for the assessment of risk
- A formal methodology exists for the assessment of risk
- Clear evidence risk assessments have been undertaken

Opportunities for improvement

- Training needs analysis to be completed for staff with regards to risk assessment training

D12: Application of risk assessment arrangements
Positive findings
- Sources of imminent danger/ill health have been risk assessed
- Controls have been identified
- Staff and students appear to be aware of workplace controls
- Persons at risk are identified in risk assessments
- Specified controls are consistent with relevant standards and guidance
- Level of detail contained in risk assessments witnessed appear to be proportional to the level of risk associated with task

D12: Application of risk assessment arrangements
Opportunities for improvement
- Utilise the SHE System to log actions for department i.e. any actions that arise from a workplace inspection or risk assessment review. Actions arising out of risk assessments can be logged on the SHE system and tracked till close out
- Once risk assessments have been reviewed by department, they should be rolled out again to all relevant parties(lecturers/students)
- Progress department inspections to ensure control measures that have been put in place are consistent and compliant and ensure inspections are documented

D13: Implementation of controls
Positive findings
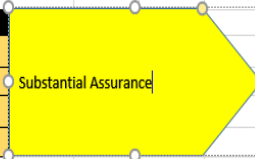
- Workplace controls implemented and effectively controlling sources of imminent danger
- Personal protective equipment stipulated as necessary is appropriate, available and in good condition

- Staff and students are aware of workplace controls that apply to them

D13: Implementation of controls
Opportunities for improvement
- As part of the overall reviewing of department risk assessments, any actions arising should be registered on the SHE system and monitored for completion

Assurance level score

Indicator summary D: Risk assessment and control				
Theme	Basic assurance	Substantial assurance	High assurance	
D10 Hazards and risk register	1/1	1/1	1/2	
D11 Arrangements for risk assessment	1/1	4/4	2/4	Substantial Assurance
D12 Application of arrangements	4/4	5/5	2/4	
D13 Implementation of controls	4/4	2/2	2/2	

Overall Conclusion

In terms of level of assurance using the indicators above, the Electrical Installation department currently provides a substantial assurance. However, high assurance can be achieved by carrying out the actions identified. Areas to focus on include utilising the SHE system for logging of any incidents, actions and for creating and reviewing risk assessments. Training needs analysis should be conducted to ensure all staff have training with regards to undertaking risk assessment (course available on Safetyhub and can be assigned by H&S Manager) and the department should carry out inspections on a regular basis (to be determined by department) with any issues identified noted and actioned accordingly. Electrical installation in general, has an excellent safety record and the few actions identified will further enhance this.

Action Plan

This report sets out a detailed list of improvement actions, to progress through the levels of assurance. The recommendations have been graded to denote the level of importance that should be given to each one. These grading's are as follows:

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters which if addressed will enhance efficiency and effectiveness.

Action	Priority	To be completed by	Responsible for action
1. Create a workshop inspection checklist	3	April 2019	Caroline Frank
2. Identify training requirements (risk assessment)	3	April 2019	Iain King/ Richie Hart
3. Record department actions on SHE	3	As required	Caroline Frank
4. Electric Shock FA Posters to be ordered	3	April 2019 (Have been ordered)	Richie Hart

Appendix 3 Incident report

About The Incident	
Unit/Department	College Partnership -> Inverness College -> Inverness Campus -> Hospitality -> Professional Cookery
Reference	967
Is This Confidential	No
Date of Incident	12/03/2019
Time of Incident	09:30 (UTC+00:00) Dublin, Edinburgh, Lisbon, London
Lost Time (Days) (Actual)	0.00
Location	Prep kitchen 227
Locality	Inverness Campus
Reported By	Mathew Urquhart
Date Reported By	12/03/2019
What Happened	
Incident Details	One of the food mixers in prep kitchen 227 is faulty. A student went to use it and sparks and a puff of smoke came from the plug. Kitchen aid professional, model - KPM50, serial number 18859107. Machine has electrical safety test sticker which passed on 10/08/2018 and is due for a further test 10/08/2019.
Incident Severity	Moderate
Was the incident related to College Activities?	Yes
Near Miss?	Yes
Lost Time Accident?	No
RIDDOR Reportable?	No
Type of Incident	UE (undesired event-Incident/Near miss)
Incident Sub Type	Dangerous Occurrence
Other Type of Incident	
Has the employee been assaulted before	No
Did the incident involve a young person?	No
Young Person	
Activity at the time of the incident	
Have the Parents/Carers been informed	No
Does the young person have an existing medical condition	No
Who Was Involved	
Was a Person Involved?	Yes
Who Was Involved	Student

Injury Details

Was Injury Or Ill Health Sustained?	No

Was any treatment given?	No
Treatment Given	
Doctor's/First Aider's Comments	

3rd Party Involved Details

No. of people involved	

Was Any Equipment Involved

Was Any Equipment Involved?	Yes
Equipment Name	Food mixer - KPM50,
Equipment Description	Portable food mixer. Kitchen aid professional model serial number 18859107
Were There Any Secondary Pieces Of Equipment Involved?	No

Investigation & Conclusions

Incident Investigation undertaken	No
Investigation Reference	
Investigation Date	15/03/2019
Investigation Findings	The problem obviously occurred at the mains plug, whilst it was in the socket. There are signs that there has been a substantial arc (spark) between the Live and Earth pins of the plug – clean notch of brass missing from both pins, with blackening around the area. The small amount of missing brass, from the pins, will have been vapourised, and is most likely to be found deposited about the inside of the socket. Within the socket, the three terminals are well spaced with insulation between them. For a conductive path to form between the Live and Earth pins, something else must have been present, and bearing in mind the location and type of work undertaken, this would most likely be water, or a water based liquid, that ran down from the upper (Earth) connection. As the arc was between the plug pins, and not the wired terminals in the back of the socket, it is most likely that any such liquid came in via the plug, and not from the likes of a leaking pipe somewhere above the socket. Upon collection, another Student said that he had been told that, "it had sparked within the mixer, as well as at the plug." Such sparking could either emanate from the motor's carbon brushes, or from the mixer's exposed metal parts momentarily being at high voltage when the arc occurred at the plug.

	The mixer and its wiring was checked over externally, and the following additional items were noted: - The moulded-on plug had a build-up of sticky debris about it, including in and around the fuse area; - The fuse was blown (13Amp fuse); and - Whilst the flex was intact, there was a section near the mixer end that appeared to have been crushed, possibly in the mixer bowl lifting mechanism, giving the impression of a notch in the cable. Actions taken: - Cleaned up the plug and its fuse area. Also cleaned up the brass pins, removing blackening and most of the age related tarnishing; - Replace fuse; - Decided to cut out the crushed part of the cable – two of the internal wires were found to have splits along their insulation, but there were no signs of electrical breakdown between the wires. Re-joined the cable by staggering the individual connections, and adding several layers of heatshrink sleeving over the individual wires, and the area; - Portable appliance and operational tests carried out on the mixer, and all went okay, although no mixing load was put on the mixer. PAT measurements - Earth Test: 0.06Ω @ 26Amps; Insulation Test: >20MΩ; and Run/Leakage Test: 0.1kVA and 0.4mA. Recommendations and other points of note: - GTFM tested the socket where this happened, but if their test was just an operational test with a basic tester, then it would advisable to isolate the supply and carrying out a full insulation test. This may establish if any of the metal vapour from the brass pins of the damaged plug, is compromising the insulation integrity between the socket terminals; - Keep electrical connections dry and clean, and User's should ensure their hands are likewise, when operating electrical equipment. Any dirt or debris on plug pins, is likely to be transfer to, and build-up within sockets, with detrimental consequences; - Ensure sockets are switched off prior to plugging in appliances; - The electrical safety test sticker indicates that the appliance was considered safe at the time of the test, but does not mean it is necessarily safe now. It could suffer damage or a fault anytime thereafter, and if there is any concern for its safe condition or use, it should isolated/removed from use, and checked by a competent person. Two photos attached of the mains plug, showing the notched pins, and general condition of the plug prior to cleaning it up.
What Was The Root Cause Of The Incident	Within the socket, the three terminals are well spaced with insulation between them. For a conductive path to form between the Live and Earth pins, something else must have been present, and bearing in mind the location and type of

	work undertaken, this would most likely be water, or a water based liquid that ran down from the upper (Earth) connection. As the arc was between the plug pins, and not the wired terminals in the back of the socket, it is most likely that any such liquid came in via the plug, and not from the likes of a leaking pipe somewhere above the socket
What Were The Reasons For The Causes	Poor safe working procedures
Further Reasons	Lack of monitoring/inspection
Action(s) Taken To Prevent Recurrence	
Recommendations/Preventative Actions	
Incident Outcome	No Injury
Approval Stage	In Progress
Signatures	

Action Title

remove mixer from use

For User	Raised by User	Action Detail
Matthew Urquhart	Richie Hart	Remove mixer from use and update the shared asset register accordingly
Date Raised	**Category**	
14/03/2019		
Due Date	**Priority**	
14/03/2019	High	
Complete Date	**Current Status**	
14/03/2019	Closed	

Action Title

Investigate mixer for electrical fault

For User	Raised by User	Action Detail
David Stewart	Richie Hart	Dave Stewart to Investigate mixer for electrical fault
Date Raised	**Category**	
14/03/2019		
Due Date	**Priority**	
14/03/2019	High	
Complete Date	**Current Status**	
14/03/2019	Closed	

University of the Highlands and Islands
Inverness College

Board of Management

Subject/Title:	General Data Protection Regulation (GDPR) – 6 month post compliance report
Author: [Name and Job title]	Suzanne Stewart, Information Development Manager
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	21 May 2019
Brief Summary of the paper:	To update the committee on the GDPR points of compliance
Action requested: [Approval, recommendation, discussion, noting]	Discussion
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	To ensure that our practice is aligned with national, sector and/or industry recognised standards that the college is legally compliant and continues to ensure that the systems and processes in place mitigate risk.
Resource implications:	No
Risk implications:	Yes, significant for organisation that do not comply with the regulations. ICO regulatory authority and enforcement authority with increased powers to fine those in serious breach. Financial and reputational.
Equality and Diversity implications:	No
Consultation: [staff, students, UHI & Partners, External] and provide detail	N/A

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

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

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

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

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

Background

In May 2018, data protection legislation was updated resulting in the EU General Data Protection Regulation (GDPR) and the UK Data Protection Act 2018 coming into effect.

The legislation outlines the need for large organisations (over 250 employees) and those that process significant personal data to have a nominated Data Protection Officer (DPO).

The role of the DPO is defined by law and includes the responsibility to audit compliance with the regulation.

> *"To monitor compliance with this Regulation, with other Union or Member State data protection provisions and with the policies of the controller or processor in relation to the protection of personal data, including the assignment of responsibilities, awareness-raising and training of staff involved in processing operations, and the related audits"*

Significant activity over the last year has focused on ensuring Inverness College UHI have updated data sharing agreements in place with the organisations that we are sharing personal data with. For example Highland Council and our schools partnership activity. SQA for resulting data, PVG compliance information with the agencies supplying support workers etc. This is an on-going piece of work that will continue into next year.

Compliance Audits

In advance of the implementation of the legislation an information risk assessment was undertaken and an audit plan put in place. To date the following departments have been audited.

- Access & Progression
- Admissions & Student Funding
- Finance
- Human Resources
- Student Records
- Early Education & Childcare Centre

The initial focus of the audits has been the personal data register with a view to bringing the registers up to date and exploring how personal data is being managed at departmental level. The DPO found areas of good practice and areas requiring further support as expected. The DPO is working with these areas alongside managers to ensure a culture of best practice and in doing so compliance with the regulations. Regular meetings are in place with these departments to ensure progress is being made.

General Findings

- All data registers reviewed to date require updating. At the point they were produced, there was a lack of staff understanding regarding the change in legislation and what it meant operationally which a year into the regulations is becoming clearer.

- On the back of considerable training delivered by the DPO it was identified through audit that staff knowledge has increased considerably which meant the conversations regarding compliance were more meaningful and better understood.
- Records management continues to be an area for improvement. Teams need to make time to delete records past their retention period. Retention of personal data beyond its statutory retention period needs addressed as a priority.
- Actions were allocated to all departments as part of the reporting process.

The departments are all at different stages. The compliance audit needs to be flexible to suit the stage of development of each team but also sufficiently focussed to ensure that progress is made regarding all area of compliance.

The target to complete the audits (in the areas of greatest risk) is June 2019.

Incident Reporting

There has been an increase in incident reporting this academic year. This reflects the increased staff awareness. Figures for academic year 2017/18 have been provided for comparison purposes.

Academic Year 2017/18

Month	Aug	Sept	Oct	Nov	Dec	Jan	Total
Volume	2	2	2	6	Nil	2	14
Month	Feb	Mar	April	May	June	July	
Volume	2	1	1	1	5	Nil	10
							24

Academic Year 2018/19

Month	Aug	Sept	Oct	Nov	Dec	Jan	Total
Volume	5	6	7	4	2	3	27

Categories
The following categories are used for recording breaches in information/data security:

CATEGORY	Total Incidents
Disclosed in Error	17
Technical/Procedural Failure	8
Lost in transit	
Non secure disposal	
Lost data/hardware	
Stolen data/hardware	
Unauthorised access	1
Other	1
TOTAL	**27**

The majority of the "disclosed in error" breaches were via email. Some examples have been listed below to provide context to the statistics but this is not an exhaustive list:

- Assessment feedback sent to the wrong student
- Email string continued in circulation and eventually a couple of students were copied in to the message. An earlier message in the string contained student data.
- Email sent to wrong recipient
- Email sent to student with same name as a staff member
- Additional people copied in to an email that contained personal data that they didn't need to know.
- Email to over 100 recipients and the BCC box was not used so all email addresses were exposed
- One Drive – staff member saved student information in an area which was "shared with all". It meant it was visible to all One Drive users

Technical/Procedural Failure
- Personal became exposed due to technical failure. When a server was set back up it was configured with normal settings. Something should have been switched off and wasn't which exposed the data. The records should have not been stored in this location (which was the real root cause – records management issue).
- Procedures not followed (email related on 2 occasions)
- 1 incident recorded was not a data breach but a security breach that related to room access.

ICO
2 breaches were reported to the ICO.

One involved an email sent to 124 individuals regarding evening classes. This was done as a precaution only. It was a minor issue and only reported due the number of individuals affected. The breach was reported by one of the recipients to the Press & Journal and the Scotsman newspapers.

The other was reported due to the sensitivity of a small number of records (6) that were exposed.

Lessons Learned
Data breaches are not negative, they help us learn how and why things occasionally go wrong. In the main, investigations into these breaches are largely due to staff not taking due care and attention and trying to undertake work too quickly. These examples are used during staff training as case studies which makes the training realistic and memorable.

Often, it's not the breach that is the issue, it is usually the circumstances that led to the breach that create actions for the college to address.

The following are an example of actions that have emerged from data breaches reported.

Curriculum Team
- Review content of the offending folder and move all files that do not fit in to the following category to the G drive: Teaching/reference materials, submitted student work

- Remove the Additional Support Needs assessment files
- Undertake a data clean-up of the remaining files (delete all non-current student data, class lists, email addresses, spreadsheets containing module results etc.)
- Undertake some basic records management training (staff development day/Jan 2019)

ICT Team
- Identify areas of the network that have been set up as file stores which are not part of the G or P drive (where shortcuts may be available via P for access purposes).
- Work with the Data Controller to review the file content of these areas to ensure there is no personal data and that security controls are appropriate to the content.
- Develop a procedure which includes a sign off process for individuals requiring separate storage area which outlines the purpose of the file store, type of records to be stored and the security arrangements for back up etc. Process needs to include a formal review if manager of file store changes.

All Managers (includes Team Leaders and Programme Co-ordinators
- Review/identify all areas of the network where your department has a file store (review, G, P (staff & public), U and any other drive you have access to.
- Review and update (where necessary) departmental personal data register in line with current departmental file stores.
- Remove files containing student data that are not current.
- Undertake mandatory basic records management training (staff development day/Jan 2019)

University of the Highlands and Islands
Inverness College

Board of Management

Subject/Title:	Audit Committee Self Evaluation - outstanding actions
Author: [Name and Job title]	Fiona Ambrose, Board Secretary
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	16 May 2019
Brief Summary of the paper:	The Audit Committee completed a comprehensive self-evaluation exercise last year and a number of actions were identified. There are three remaining actions which require to be completed.
Action requested: [Approval, recommendation, discussion, noting]	The Committee is asked to consider the three actions outlined within the action plan.
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	
Resource implications:	Yes / No **If yes, please specify**:
Risk implications:	Yes / No **If yes, please specify:** Operational: Organisational:
Equality and Diversity implications:	Yes/No **If yes, please specify:**
Consultation: [staff, students, UHI & Partners, External] and provide detail	
Status – [Confidential/Non confidential]	Non Confidential

Freedom of Information Can this paper be included in "open" business* [Yes/No]	Yes	

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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.)			

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The following three actions require to be considered by the Committee.

2	Is the audit committee's role defined in respect of the following? • good governance • assurance • risk management and internal control • internal audit • external audit • financial reporting • value for money .	The review of the Terms of Reference of the Committee has been completed at item 6 on the agenda and should answer this question
3	Do the audit committee members have the right skills and expertise to enable them to challenge effectively? Are there appropriate training and induction procedures for the audit committee members?	All members of Audit committee have been asked to undertake the Audit committee online training module from CDN. Review question upon completion of the training As Above
7	Do the members assess how they could carry out their business more effectively? e.g. improved meeting time table	Committee to carry out assessment at future meeting

Once the committee has considered these actions, the action plan will be complete.

The full Action Plan is appended to this report.

University of the Highlands and Islands
Inverness College

AUDIT COMMITTEE SELF- EVALUATION – ACTION PLAN

	Issue	Action required	Responsible person	Timescale/ Comments
1	Is the role and purpose of the audit committee understood and accepted across the institution?	Prepare a brief introduction to the Board and the role of its committees and make this accessible to all staff and students through iConnect and MyDay internet portals.	Board Secretary	End January 2019 COMPLETE – published 18 January 2019
2	Is the audit committee's role defined in respect of the following? • good governance • assurance • risk management and internal control • internal audit • external audit • financial reporting • value for money .	Review terms of reference as scheduled - May 2019	Board Secretary	For May 2019 Audit committee
3	Do the audit committee members have the right skills and expertise to enable them to challenge effectively? Are there appropriate training and induction procedures for the audit committee members?	All members of Audit committee have been asked to undertake the Audit committee online training module from CDN. Review question upon completion of the training As Above	Board Secretary	By end January 2019 for completion of module Review at Audit Committee in February 2019
4	Are the audit committee members familiar with, and do they understand, their institution's financial memorandum or funding agreement and articles of government	Provide links to the financial memorandum and other articles of governance to allow refresh of knowledge and understanding	Board Secretary	End December 2018 COMPLETE - Sent to all members 11 Dec 2018
5	Is the audit committee's role in relation to the institution's fraud and corruption procedures clear?	Clarification to be provided to all board members.	Director of Finance	For Audit Committee in February 2019 COMPLETE
6	Is the audit committee clear regarding its role in the rare event of external audit qualifying the institution's financial statements?	provide short briefing paper for all Board members	Director of Finance	For Audit Committee in February 2019 COMPLETE
7	Do the members assess how they could carry out their business more effectively? e.g. improved meeting time table	Committee to carry out assessment at future meeting	Board Secretary	For Audit committee in May 2019

University of the Highlands and Islands
Inverness College

Board of Management

Subject/Title:	Meeting with Internal Auditors
Author: [Name and Job title]	Fiona Ambrose, Board Secretary
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	16 May 2019
Brief Summary of the paper:	Annual meeting with the Internal Auditors, BDO
Action requested: [Approval, recommendation, discussion, noting]	It is recommended that Audit Committee members consider the guidance herein, and bring with them to the meeting questions and issues around which purposeful discussion with the Internal Auditor can be based.
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	
Resource implications:	Cost of Internal Audit services
Risk implications:	Yes/No Operational: to ensure that the internal audit function is appropriate and effective
Equality and Diversity implications:	N/A
Consultation: [staff, students, UHI & Partners, External] and provide detail	

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

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Introduction

It is considered good practice for Audit Committees to meet with internal and external auditors at least annually in a private session where management is not present. This approach allows the Audit Committee to ask questions on matters that might not have been specifically addressed as part of the audit work. The private session allows the Auditor to provide candid, often confidential, comments to the Audit Committee on such matters.

The Audit Committee will meet privately with the internal auditors, BDO at the meeting on 28 May 2019. The meeting with the external auditors, Ernst & Young was held on 28 February 2019.

Typically there should be few items to discuss. All key matters related to financial reporting should have been reviewed in a candid and robust manner with management, the Audit Committee and the Auditor during the Audit Committee meeting.

The private session should focus on areas where the Auditor can provide additional, candid, and often confidential, comments to the Audit Committee on other matters. The private session gives the Audit Committee an opportunity to explore such matters in a frank and open forum. In addition, the Audit Committee may have more knowledge than the Auditor on other matters, and this session allows the Audit Committee an opportunity to talk to the Auditor about them.

Board of Management

Subject/Title:	Annual Review of Auditors' Performance
Author: [Name and Job title]	Fiona Ambrose, Board Secretary
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	16 May 2019
Brief Summary of the paper:	It good practice to undertake an annual review of the performance of the College's internal and external auditors.
Action requested: [Approval, recommendation, discussion, noting]	The Audit Committee is asked to complete the appropriate forms at the meeting.
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	Requirement in terms of the Code of Good Governance for Scotland's Colleges
Resource implications:	
Risk implications:	Yes/No Operational: required for the proper Governance of the College
Equality and Diversity implications:	N/A
Consultation: [staff, students, UHI & Partners, External] and provide detail	

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

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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.)			

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

Recommendation(s)

The Committee is asked to complete the internal and external auditor evaluations at the meeting.

Introduction/ Purpose

The Audit Committee is asked to undertake an annual review of the performance of the internal and external auditors.

Background information

The evaluation forms are attached for both the internal auditors. This is the second evaluation for BDO who were appointed as Internal Auditors in July 2017.

The Director of Finance, will complete her sections separately beforehand and these will be provided to the Committee at the meeting to discuss.

Completion of the Audit Committee section of the evaluations will take place **at the meeting** as a group, without the auditors being present. The results of the evaluation will then be fed back to the auditors in writing following the meeting.

![University of the Highlands and Islands Inverness College logo]

Internal Audit Service Evaluation – 2018/19

Part A

Internal Auditor: **BDO**
Questionnaire completed by: Audit Committee
Date completed: **28 May 2019**

Rating: **VG** = very good
                  G = good, but with some scope for improvement
                  A = adequate
                  P= poor
                  N = don't know/ not applicable

1. Understanding			Rating	Comment
	How well does internal audit demonstrate that it:		VG G A P N	
1.1	Recognises its direct reporting responsibility to the Board of Management and the Audit Committee?			
1.2	Has a strong understanding of the responsibilities and operation of the Audit Committee?			
1.3	Understands the expectations of the Audit Committee and the Board of Management?			
1.4	Understands the College's business and risk environment?			

2. Skills and experience			Rating	Comment
			VG G A P N	
2.1	How well does internal audit's staffing reflect its roles and responsibilities?			
2.2	On the basis of the work performed by internal audit over the 2018-19 academic year, does it appear to have the right staff mix and competences in any specialist areas?			
2.3	How would you rate internal audit's independence from the activities it audits?			
2.4	How would you rate the Audit Committee's confidence in internal audit?			

3. Communication				
	How would you rate the internal auditor's:	**Rating**		**Comment**
		VG G A P N		
3.1	Responsiveness to requests from the Audit committee, including requests for special investigations?			
3.2	Frankness and candour with the Audit Committee?			
3.3	Handling of difficult or contentious issues?			
3.4	Usual level of preparation for Audit Committee?			
3.5	Quality, relevance and clarity of reports/ papers tabled with the Audit Committee.			
3.6	Process for monitoring the status of outstanding recommendations?			
		Rating		**Comment**
		Yes No		
3.7	Has internal audit attended all the Audit Committee meetings it was scheduled to attend?			
3.8	Has internal audit made itself available for consultation outside of Audit Committee meetings?			
3.9	Have reports been received from internal audit on a sufficiently timely basis?			
3.10	Does internal audit promptly advise the Audit Committee about significant issues and developments, including on special projects such as fraud investigations?			
3.11	Does internal audit promptly advise the Audit Committee about significant changes to the internal audit plan?			
3.12	Has internal audit contributed to the Audit Committee's understanding of the overall assurance framework within the College and the role that internal audit plays in this framework?			

4. Performance			
	Assess the quality of the internal audit plan in terms of its:	**Rating**	**Comment**
		VG G A P N	
4.1	Comprehensiveness, clarity and timeliness.		
4.2	Coverage of priority and high-risk areas.		
4.3	How would you assess internal audit's overall performance?		
		Rating	**Comment**
		Yes No	
4.4	Is it clear from its reporting to the Audit Committee that internal audit: • Has delivered the services outlined in the plan? • Has been in accordance with the agreed timetable? • Has performed the audit work necessary to reach its opinions/ conclusions?		
4.5	Did the original internal audit plan leave unanswered any significant issues of concern to the Audit Committee?		
4.6	Is there evidence of effective co-ordination of internal and external audit work?		
4.7	Do you consider that internal audit has added value to the College?		

University of the Highlands and Islands
Inverness College

Internal Audit Service Evaluation – 2018/19

Part B

Internal Auditor: **BDO**
Questionnaire completed by: **Fiona Mustarde, Director of Finance**
Date completed:

Rating: **VG** = very good
G = good, but with some scope for improvement
A = adequate
P= poor
N = don't know/ not applicable

1. Planning

		Rating		Comment
		Yes	No	
1.1	Are internal audit's terms of reference sufficiently visible to everyone within the institution?			
1.2	Has there been sufficient pre-planning and co-ordination by the internal auditors before the start of each phase of the internal audit or special project?			
1.3	Has internal audit discussed its approach and major areas of audit focus with you?			
1.4	Have you raised any major areas of concern that have not been reviewed by the internal audit team?			

2. Skills and experience

		Rating		Comment
		Yes	No	
2.1	Assess the strength of internal audit's understanding of the institution and its risk involvement.			
2.2	How well have the members of the internal audit team demonstrated an appreciation of the issues key to your role and responsibilities?			

3. Work programme			
		Rating	**Comment**
3.1	How responsive has internal audit been to the College's needs, including requests for special investigations?	**VG G A P N**	
		Rating	**Comment**
3.2	Are internal audit reports: • Relevant, clear and constructive? • Sufficiently detailed to provide assurance that the necessary audit work has been carried out to support the opinions/ conclusions? • Sufficiently detailed to enable effective management action? • Issued on a timely basis?	**Yes No**	
3.3	Has effective co-operation been achieved between the internal auditors and your department, including avoidance of undue disruption to normal activities?		
3.4	Is there a formal process to ensure that internal audit keeps you up to date with audit/ project progress?		
3.5	Has internal audit provided early identification and advice regarding contentious issues, problem areas and delays?		
3.6	Has internal audit suggested how such issues could be resolved?		
3.7	Were suggestions realistic, robust and presented clearly and on a timely basis?		
3.8	Have internal audit findings been discussed with you prior to being tabled with the Audit Committee?		
3.9	Has internal audit followed up recommendations to see if they have been implemented?		
3.10	Do you have any major unresolved disagreements with internal audit?		

4. Overall Performance			
		Rating	**Comment**
4.1	Has internal audit added value to the institution?	**Yes No**	

University of the Highlands and Islands
Inverness College

Board of Management

Subject/Title:	Committee Chair Evaluation
Author: [Name and Job title]	Fiona Ambrose, Board Secretary
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	16 May 2019
Brief Summary of the paper:	The Code of Good Governance for Scotland's Colleges establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework. One of the five principles around which the code has been developed is effectiveness. Paragraph D24 states that "The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs"
Action requested: [Approval, recommendation, discussion, noting]	The committee is requested to complete the Committee Chair evaluation exercise
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	
Resource implications:	
Risk implications:	Yes/No Operational: required for the proper Governance of the College
Equality and Diversity implications:	N/A
Consultation: [staff, students, UHI & Partners, External] and provide detail	

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

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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.)			

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Evaluation of Audit Committee Chair

Chair being evaluated: HAZEL ALLEN

Circle to indicate
⟵ Tendency ⟶

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

Comments

Completed by Audit Committee

Date………………………………..

Joint meeting of UHI and AP Audit Chairs

03 May 2019, 13:30 to 15:30
EO1 Ness Walk - VC 79693@uhi.ac.uk

Attendees

Board members

Willie Printie (Chair UHI Audit Committee) , Jessie McLeman (Chair Moray College Audit Committee) ,
Robbie Rowantree (Chair NHC Audit Committee) , Jane Maciver (Chair LCC Audit Committee) , Crichton Lang (Deputy Principal - in part) ,
Fiona Larg (Chief Operating Officer & Secretary) , Jason Thurlbeck (Head of Internal Audit) ,
Roger Sendall (Head of Governance & Records Management) ,
Jim Crooks (Chair Perth College Audit Committee - participation prevented by VC Failure)

Meeting minutes

1. Welcome and Apologies

The UHI Audit Committee Chair opened the meeting and thanked members for their attendance.

The following apologies were noted:
- John Taylor
- Christine Mackay
- Hazel Allen
- Paul Brennan

📄 Draft Audit Chairs agenda May 2019.pdf

1.1. Declarations of Interest

None.

1.2. Review of Any Delegated Decisions

None.

2. Minutes of Meeting held on 14th November 2018

The minutes of the above meeting were reviewed and approved.

📄 Paper 1 2019-03-11_12-13-09-MeetingMinutes.pdf

2.1. Matters Arising

2.1.1. Annual Audit Scotland Report

The Chief Operating Officer & Secretary advised that the forthcoming Audit Scotland report was expected to highlight
that colleges did not currently have financial sustainability plans in place.

3. Governance Update – Partnership Assembly

The Deputy Principal provided a progress report in connection with the Partnership Assembly event held on 26th April and associated workstreams that were progressing through the Programme Board and sub-groups.

The following points were noted:

- Four working groups had been established to consider issues in relation to staffing/resources, financial sustainability, governance/accountability and the student experience. The groups were due to provide a long list of recommendations for consideration by the University Court and Academic Partner Boards of Management in June 2019.
- A primary focus for the working groups was to identify and evaluate options for organisational improvement and to present robust recommendations in accordance with clear evidence.
- It was important to note that many of the activities that were being considered by the programme board are also being discussed and addressed through existing initiatives and workstreams particularly in relation to developing the University brand and seeking to improve efficiency/financial sustainability.
- The Deputy Principal highlighted that success was dependant on delivering cultural change across the partnership including developing a collective commitment to genuine partnership working for the benefit of all partners. Accordingly, the programme board considered that a consistent phased approach was more likely to succeed than sudden structural/organisational change. However, it was also accepted that the current financial climate meant that the status quo was not an option for very long and that most stakeholders now considered that changes were necessary albeit that some partners remained resistant to change.
- Audit Chairs were frustrated to hear that the working groups had not been able to obtain comparable financial modelling data from all partners. Such information was regarded as essential for developing informed decisions.
- Chairs agreed that implementation of TRAC(t) would be desirable as this would assist the University to make appropriate comparisons and judgements in relation to value for money.

4. Items from Audit Chairs

4.1. Financial instability/Partnership risks

Chairs noted that financial challenges within individual partners had the potential to impact upon other partners within the University. It was agreed that there was a need to develop better systems to ensure that robust early warning mechanisms and communication channels were in place and working effectively so that partners could work collectively to address challenges in good time.

4.2. Update on Student Numbers Audit/single certificates

Fiona Larg

It was noted that a number of finance directors were reluctant to pursue the proposal to implement single audit certificates on the basis of concerns that delays in one academic partner may impact others. However, the audit chairs considered that there was clear merit in pursuing this idea further on the basis that it would provide better value for money for the partnership and because it would aid development of consistent/simplified processes and a common partnership culture.

It was noted that the University's Chief Operating Officer and Secretary would discuss the issue with SFC to see if they were supportive of a move to single regional audit certificates.

4.3. Procurement of audit services

Jason Thurlbeck

The Chair of Moray College Audit Committee advised that the college would shortly need to procure a new internal audit contract and wondered if there would be any interest or merit in pursuing a joint contract.

It was noted that the University currently operated its own internal audit services via a co-sourced model whereby the Head of Internal Audit was employed by the University supported by resource that was bought in from Henderson Loggie. This arrangement was considered to be very cost effective and provided good value for money. It was noted that potential may exist to expand this service and to provide internal audit functions to partners and it was agreed to consider this further and to develop a proposal for consideration by AP audit committees.

4.4. New academic partnership agreements

The Chair reported that the University audit committee was concerned that the current partnership agreements were out of date and advised that the committee had recommended that Court should seek to progress new agreements as a priority. Progression of new agreements had been an out-standing audit action for a number of years and the target completion date had been deferred on numerous occasions for a variety of reasons, including sawaiting a ruling from HMRC about whether or not the incorporated colleges could join a VAT group, however, this issue had now been resolved.

It was noted that academic partner principals were reluctant to progress new agreements at the current time because of the Partnership Assembly process which may require a rapid revision. Court considered that a pragmatic approach was necessary and had encouraged the Partnership Council to seek to develop new agreements quickly mindful of the risk that existing agreements were not fit for purpose and that the partnership was vulnerable without appropriate agreements in place.

It was noted that partner audit chairs were unsighted on this issue and that they were concerned to learn that the existing partnership agreements were out of date.

5. Best Practice Sharing

5.1. Cyber essentials

Members considered the attached paper provided by the Head of Internal Audit and were pleased to note the hard work and resilient IT framework provided by achievement of cyber essentials plus by the university and academic partner staff. It was noted that the framework would be a useful document for internal auditors.

 Paper 2 - ITEM 5-1v1.pdf

5.2. Business Continuity Test Exercise

The Chief Operating Officer & Secretary advised that a live exercise to test the updated business continuity plan had been deferred until June 2019.

6. Year-end reporting requirements and deadlines

Fiona Larg

Members considered the attached paper provided by the Head of Internal Audit. It was noted that HE and FE financial reporting deadlines were currently not coordinated by SFC and this caused some difficulty in terms of compliance. Members suggested that SFC be asked to provide a derogation for the University in relation to submitting year end reports in order to ensure that there was adequate time for assigned colleges to submit year end reports to the University as the RSB in advance of the University's own reporting deadline.

 Paper 3 ITEM 6 Year.pdf

7. Any other business

University of the Highlands and Islands
Inverness College

Audit Committee

Subject/Title:	Complaints Report (YTD)
Author: [Name and Job title]	Liz Cook, Quality Manager
Meeting:	Audit Committee
Meeting Date:	28 May 2019
Date Paper prepared:	17 May 2019
Brief Summary of the paper:	Analysis of complaints year to date, covering Quarter 1, 2 & 3
Action requested: [Approval, recommendation, discussion, noting]	Noting
Link to Strategy: Please highlight how the paper links to, or assists with:**:** • compliance • partnership services • risk management • strategic plan • new opportunity/change	Paper assists with compliance as the College are required to monitor complaints as per SPSO requirements.
Resource implications:	Yes / **No** **If yes, please specify**:
Risk implications:	Yes / **No** **If yes, please specify:** Operational: Organisational:
Equality and Diversity implications:	Yes / **No** **If yes, please specify:**
Consultation: [staff, students, UHI & Partners, External] and provide detail	None

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

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

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

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

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

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

University of the Highlands and Islands
Inverness College

Complaints 2018 -19 year to date (YTD)

Introduction

Complaints are received year round, from a number of different sources although the primary source tends to be from students. Complaints are received via a variety of mechanisms including direct emails, complaints forms, Red Button. IC UHI uses the SPSO categories and sub categories to categorise complaints, which allows us to feed into sector wide data. The outcomes from complaint resolution are reported to UHI (HE) and published on the IC UHI website (FE).

Complaints by Category

82 complaints have been received year to date. This represents an increase of 4 from the same time last year. The category of Customer Care is the highest occurring category of complaint, with an increase of 16 seen since the same time last year. The Course Related category also remains the second highest; however a decrease of 9 incidents can be seen since the same time last year. Colleges typically receive the highest level of complaints in these categories. Complaints regarding services have fallen from 8 to 3 at the same time last year; complaints regarding facilities have increased slightly from 12 to 15.

Customer Category: Current Year (Quarter)	YTD CY	Q1,CY	Q2,CY	Q3,CY	Q4,CY
C1: Customer Care	38	10	10	18	0
C2: Applications to Progression	5	4	0	1	0
C3: Course Related	19	3	7	9	0
C4: Services	3	1	2	0	0
C5: Facilities	15	6	2	7	0
C6: Others	2	0	0	2	0
TOTAL	82	24	21	37	0

Customer Category: Previous Year (Month)	YTD PY	Q1, PY	Q2, PY	Q3, PY	Q4, PY
C1: Customer Care	30	4	9	9	8
C2: Applications to Progression	8	7	0	0	1
C3: Course Related	35	8	11	9	7
C4: Services	12	2	5	1	4
C5: Facilities	14	4	7	1	2
C6: Others	6	0	0	1	5
TOTAL	105	25	32	21	27

In relation to mode of delivery, 50% of complaints received YTD relate to HE programmes, 35% relate to FE programmes and 15% complaints came from members of the public. There has been an increase in the number of complaints received from members of the public from this time last year (5.1%). Initial analysis shows a variety of reasons for the complaints, and most have reached a resolution. A full analysis will be carried out at year end.
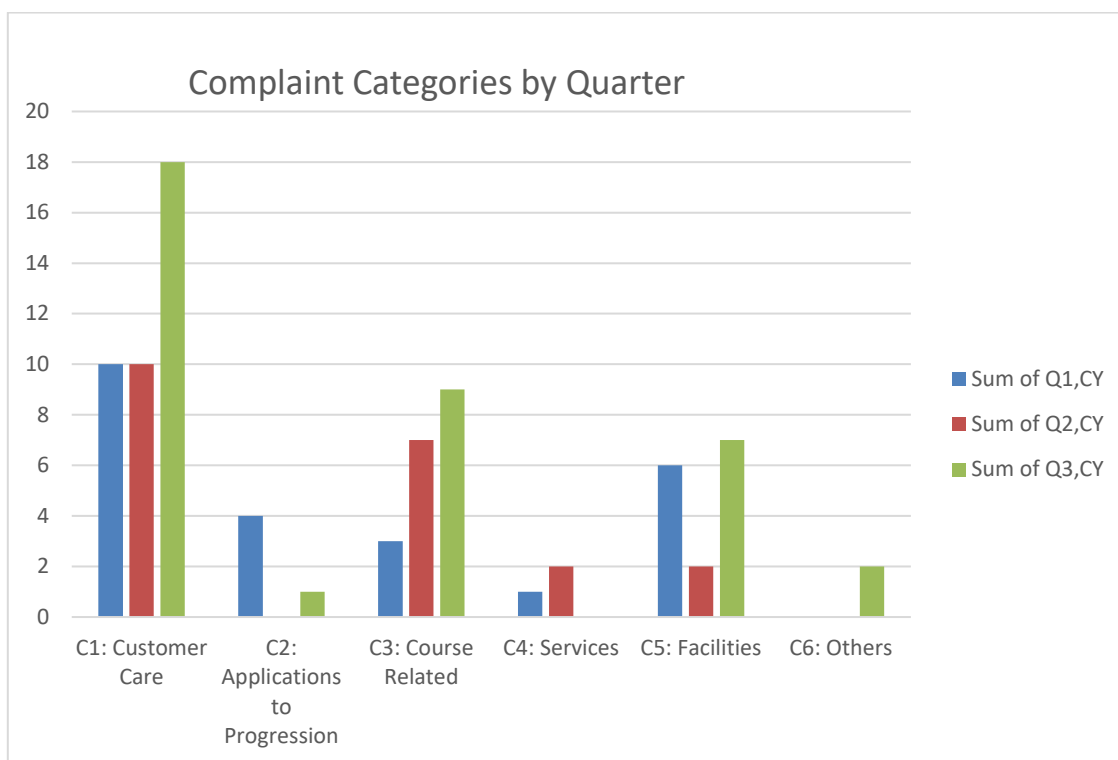

Complaint Outcomes

It can be seen that 41.5% of the resolved complaints YTD have been upheld. This is an increase of nearly 5.3% on the previous year's quarter. 26.8% complaints have been partially upheld which is a decrease of 8.2% for the same time last year. Those upheld at Stage 1 are varied in nature, ranging from minor issues with facilities, levels of communication of staff and students.

Outcome	Stage 1	Stage 2	Total
Not upheld	12	11	23
Partially upheld	5	17	22
Upheld	28	6	34
Still under investigation	0	3	3

Complaint Timescales
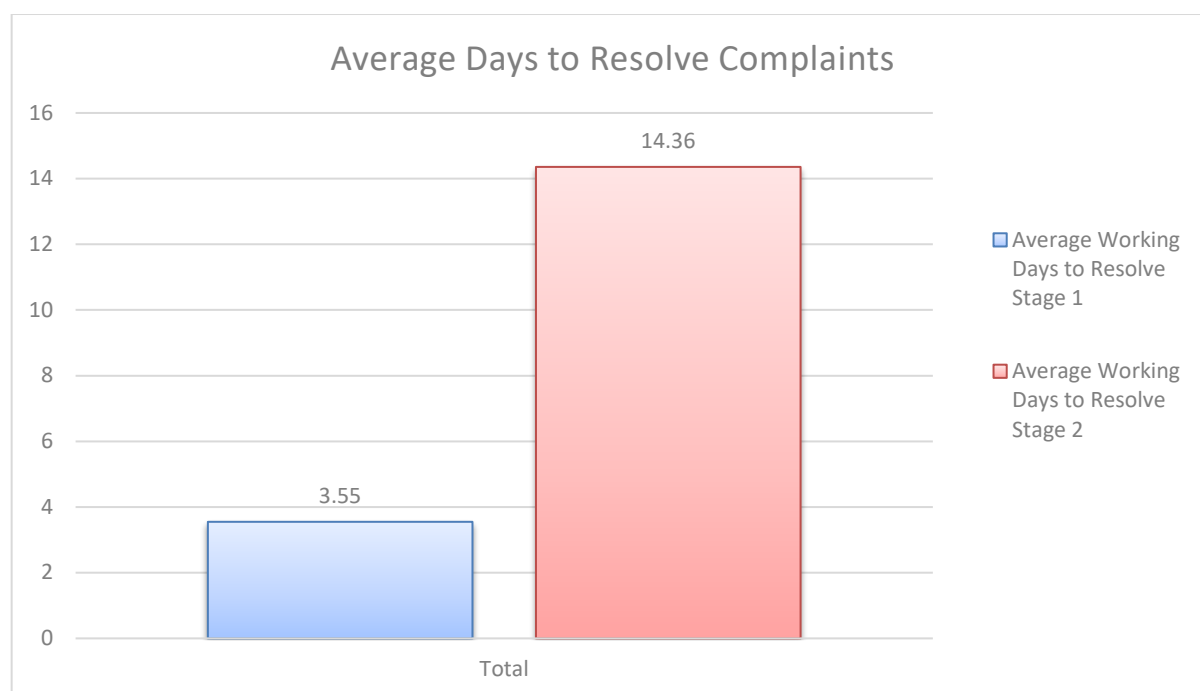
The chart above displays the average number of days taken to resolve complaints in this quarter.

The range of days taken to resolve Stage 1 complaints in Q3 is between 1 – 13 days.
The range of days taken to resolve Stage 2 complaints in Q3 is between 3 - 34 days.

SPSO guidelines state pre-defined timescales of a 5 day turnaround for Stage 1, and 20 days for Stage 2. As part of the Stage 2 process, updates are provided to complainants where the complaint is complex and may take longer than 20 working days.

Promotion of the timescales involved in complaint responses has been raised with relevant managers in order to ensure future compliance.

One complainant escalated the outcome of their complaint to the Ombudsman. The issue was concerning the financial outlay paid to complete a course the student had already achieved. ICUHI worked with colleagues from EO to supply SPSO with additional information. SPSO has not been back in contact with ICUHI about this matter.

To date, Inverness College UHI has not had any complaint appeals upheld by the SPSO.

Learning from Complaints

Complaints often result in reviews of processes and procedures and they also allow us to identify opportunities for staff development. In order to maximise the opportunities to learn from complaints received, teams are required to consider the learning points from each complaint. Programme and support teams use complaints as part of their evidence bank to inform their evaluative activities aimed at improving the student experience.

Below are some examples of improvements made as a result of complaints received during Q3 2018 - 19:

- Standard email to be sent to all students and staff to highlight the processes involved during bouts severe weather. This information will be provided at the start of winter to raise awareness with students to allow provision to be planned for in advance. This information will be coupled with social media updates.
- Communication to all staff regarding e-mail addresses provided over the phone that abbreviations of names are not to be used.
- Human Resources have reviewed their recruitment process and will provide training to relevant managers
- EIS Union Representatives have met with students directly to discuss complaints surrounding strikes.
- A proposal to make paper based workbooks available online for Core Skills.
- HISA promotion of "Smoke-free campus" campaign.