

Meeting	Joint Meeting of the Audit and Finance and General Purposes Committees
Date and time	Thursday 5 December 2019 at 9.00 a.m.
Location	Board Room, 1 Inverness Campus

College Secretary  
28 November 2019

## **AGENDA**

**Welcome and Apologies**

**Declarations of Interest**

## **ITEMS FOR DECISION**

- 1. DRAFT AUDITED ACCOUNTS AND ANNUAL AUDIT REPORT 2018/19  
(CONFIDENTIAL)**
  - a) Covering Report by Director of Finance
  - b) Draft Inverness College Annual Audit Report by Ernst & Young
  - c) Letter of Representations
  - d) Annual report and accounts for the year ended 31 July 2019

## **ITEMS FOR DISCUSSION**

- 2. MEETING WITH EXTERNAL AUDITORS**  
Report by Board Secretary
- 3. ANNUAL AUDIT COMMITTEE REPORT**  
Report by Director of Finance
- 4. AOCB**

## Board of Management

<b>Subject/Title:</b>	Covering Report on the College Financial Statements for the Year Ended 31 July 2019
<b>Author:</b> [Name and Job title]	Fiona Mustarde, Director of Finance
<b>Meeting:</b>	Joint Audit and Finance and General Purposes Committee
<b>Meeting Date:</b>	Thursday 5 December 2019
<b>Date Paper prepared:</b>	27 November 2019
<b>Brief Summary of the paper:</b>	To summarise the key points reported in the financial statements for the year ended 31 July 2019.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	To discuss the financial statements for the year ended 31 July 2019 and recommend to the full Board of Management for approval.
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Compliance – adherence to the Financial Memorandum with UHI as RSB, compliance with various accounting requirements.
<b>Resource implications:</b>	Yes / No <b>If yes, please specify:</b>
<b>Risk implications:</b>	Yes / No <b>If yes, please specify:</b> Operational: Organisational:
<b>Equality and Diversity implications:</b>	No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	N/A

<b>Status</b> – [Confidential/Non confidential]	confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	No		
*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)	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.)	Until the Scottish Parliament have approved the annual accounts.		

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

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

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

## Board of Management

<b>Subject/Title:</b>	Meeting with External Auditors
<b>Author:</b> [Name and Job title]	Board Secretary
<b>Meeting:</b>	Joint Audit/ Finance and General Purposes Committee
<b>Meeting Date:</b>	5 December 2019
<b>Date Paper prepared:</b>	29 November 2019
<b>Brief Summary of the paper:</b>	The paper outlines the areas for discussion and related questions which the Committee might like to ask the External Auditors.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Discussion
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Compliance with Code of Good Governance and Audit committee terms of reference in that it is a requirement for the Audit Committee members to meet with the internal and external auditors without the executive team present at least annually
<b>Resource implications:</b>	No
<b>Risk implications:</b>	No
<b>Equality and Diversity implications:</b>	No
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	

<b>Status</b> – [Confidential/Non confidential]	Non-Confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes		
*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)		Its disclosure would constitute a breach of confidence actionable in court (S36)	
Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	
For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)			

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**Recommendation**

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 External Auditor can be based.

**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. It also presents an opportunity for the auditor to provide feedback to the Committee about its own performance and possible areas for development and improvement.

The Audit Committee will meet privately with the external auditors at the end of the joint meeting on 5 December 2019. The meeting with the internal auditors was held on 28 May 2019.

**Areas for Discussion and Related Questions**

Overall, private sessions can play an important role in the development of a trusting and respectful relationship between the Audit Committee and the Auditor. Questions often focus on one or more of the following areas:

**Attitudes** – management’s attitude toward financial reporting, internal controls and the Internal Auditor.

**Resources** – the adequacy of people and other resources in the financial management area and the internal audit function.

**Relationships** – the nature of the relationship between the Auditor, management, Internal Auditor and Audit Committee.

**Other issues** – other issues of concern to the Audit Committee or the Auditor.

**Evaluation of Auditors’ performances**

The Audit Committee undertook an annual evaluation of the external auditor’s performance at the meeting on 26 February 2019. The evaluation of the internal auditor’s performance took place at the meeting on 28 May 2019.

## Board of Management

<b>Subject/Title:</b>	Annual Audit Committee report to the Board of Management 2018-19
<b>Author:</b> [Name and Job title]	Fiona Mustarde, Director of Finance
<b>Meeting:</b>	Audit Committee (Joint Audit and F&GP)
<b>Meeting Date:</b>	5 December 2019
<b>Date Paper prepared:</b>	3 December 2019
<b>Brief Summary of the paper:</b>	The report highlights the membership of the Audit Committee, meetings held, those attending and the key reports presented during 2018-19. This includes both the work carried out by the Internal Auditor BDO for 2018/19, and the External Auditor Ernst & Young for the audit of the 2017/18 financial statements. Other key areas of the work of the committee are highlighted, specifically risk management, health and safety and approval of policies relevant to the terms of reference of the Committee.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	The Committee is requested to recommend the report to the Board of Management for approval
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	The Audit Committee is required, in accordance with Scottish Funding Council guidance to report annually to the Board of management. The report relates to the discussions and actions in relation to risk management Linked to Opportunity and Growth in Sustainability within the strategic plan, specifically managing our risks
<b>Resource implications:</b>	Not directly, but indirectly in relation to the management of risk
<b>Risk implications:</b>	Yes Operational: as outlined in the Risk register Organisational: as outlined in the Risk register
<b>Equality and Diversity implications:</b>	N/A
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	No consultation carried out – report is a statement of work carried out by the Audit Committee throughout 2018-19

<b>Status</b> – [Confidential/Non confidential]	Non-Confidential		
<b>Freedom of Information</b> 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)	
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### Annual Audit Committee Annual Report to the Board of Management

<b>Title</b>	Inverness College UHI Audit Committee Annual Report 2018-19
<b>Introduction</b>	The Audit Committee is required, in accordance with Scottish Funding Council guidance to report annually to the Board of Management. This report covers the work of the Audit Committee during the 2018-19 Academic Year.
<b>Membership</b>	<p>The Membership of the Committee during the 2018-19 academic year was as follows:-</p> <p>Hazel Allen, Chair  Jaci Douglas, Vice chair  Sarah Burton  Innis Montgomery  Fiona Neilson  Steve Walsh</p> <p>Board Secretary – Fiona Ambrose (Clerk to the Committee)</p>
<b>Meetings</b>	<p>4 meetings were held throughout the year and the attendance was as follows:-</p> <p><b>18 September 2018</b>  Hazel Allen, Sarah Burton, Innis Montgomery, Steve Walsh</p> <p><b>27 November 2018</b>  Hazel Allen, Jaci Douglas, Innis Montgomery, Fiona Neilson, Steve Walsh</p> <p><b>26 February 2019</b>  Hazel Allen, Innis Montgomery, Fiona Neilson</p> <p><b>28 May 2019</b>  Hazel Allen, Sarah Burton, Jaci Douglas, Fiona Neilson, Steve Walsh</p> <p>Hazel Allen chaired all meetings</p> <p>The internal auditors, BDO, attended all four meetings in 2018-19 and by teleconference at the meeting in February 2019. Ernst &amp; Young attended the meetings in November 2018 and May 2019.</p>

**ITEM 3**

	<p>The Director of Finance attended every meeting, as did the Director of Organisational Development. The Principal attended the September 2018 and November 2018 meetings. The Depute Principal (Planning and Student Experience) attended three meetings, not attending the May 2019 meeting.</p> <p>Jason Thurlbeck, Head of UHI Audit, was copied in to all papers and had an open invitation to attend</p>
<p><b>Terms of Reference</b></p>	<p>The terms of Reference were reviewed in September 2017 and approved by the Board of Management at its meeting in October 2017. The terms of reference were further reviewed at the May 2019 meeting and no changes were required.</p>
<p><b>Internal Audit</b></p>	<p><b>Provider</b> The Internal Auditors are BDO. They were appointed for the three year period 2017-2020 at a cost of £60,480.</p> <p><b>Audit committee assessment of performance</b> The annual review of the performance of BDO was undertaken on 28 May 2019. This was the second year of the audit contract and the ratings from the committee on the key areas were as follows:- understanding – very good skills and experience - good communication - good performance – good</p> <p><b>Review of internal audit plan</b> The Internal Audit Strategy 2017-2020 set out the programme of audits to be undertaken in each of the three years from 2017. The rationale for the inclusion of particular reviews was based on the Auditors initial review of the Colleges risk register, discussions with a number of key stakeholders and consideration of various documents, publications and information sources.</p> <p>Eight internal audit reviews and the follow up review were undertaken during 2018-19. Three of the eight are regulatory reviews, these being the Student Support Funds, FES Return and EMA. The outcomes of all reviews with the exception of the Research Governance and Business and Commercial Development has been presented to and discussed by Audit Committee. The remaining two reviews were awaiting finalisation in relation to management responses and shall be reported to the next Audit Committee. The initial conclusion is reflected in the summary table below and isnot expected to change.</p> <p>The plan was based on the proposed allocation of days for set out in the 2018-19 operational plan. There was no change in the time spent – Planned v budget. 45 days’ work was undertaken.</p>

Summary of Internal Audit reports 2018-19

	Overall Report Conclusions – see appendix I				
	RED	AMBER	GREEN	Design	Operational Effectiveness
Student Support Funds	0	0	0	n/a	n/a
Education Maintenance Allowance	0	0	0	n/a	n/a
FES Return	0	0	0	n/a	n/a
Business Continuity Management	0	3	3	Moderate	Moderate
Financial Planning	0	5	3	Moderate	Moderate
Curriculum Planning	0	0	1	Substantial	Moderate
Research Governance	0	1	2	Moderate	Moderate
Business & Commercial Development	0	2	1	Moderate	Moderate
Follow Up	n/a	n/a	n/a	n/a	n/a

Overall gradings were defined as follows

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
<b>Substantial (GREEN)</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.

<p><b>Moderate (BLUE)</b></p>	<p>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.</p>	<p>Generally a sound system of internal control designed to achieve system objectives with some exceptions.</p>	<p>A small number of exceptions found in testing of the procedures and controls.</p>	<p>Evidence of non compliance with some controls, that may put some of the system objectives at risk.</p>
<p><b>Limited (AMBER)</b></p>	<p>A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.</p>	<p>System of internal controls is weakened with system objectives at risk of not being achieved.</p>	<p>A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.</p>	<p>Non-compliance with key procedures and controls places the system objectives at risk.</p>
<p><b>No (RED)</b></p>	<p>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.</p>	<p>Poor system of internal control.</p>	<p>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.</p>	<p>Non compliance and/or compliance with inadequate controls.</p>

**Recommendation Significance**

<p><b>High (RED)</b></p>	<p>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.</p>
<p><b>Medium (AMBER)</b></p>	<p>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.</p>

<b>Low (GREEN)</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.
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**Audit reports**

<b>Summary of Recommendations made</b>	
<b>High</b>	<b>0</b>
<b>Medium</b>	<b>11</b>
<b>Low</b>	<b>10</b>
<b>Total number of recommendations:</b>	<b>21</b>

The Committee made specific comments on reports as follows:-

**Business Continuity Management**

- that the results of the next test exercise in terms of risk be reported back to the Audit Committee

**Financial Planning**

- The Chair raised particular concerns on the findings in relation to outturn monitoring. The Director of Finance confirmed that some areas had been identified and that work had already started to improve on practices. This included work on internationalisation and savings identified by reducing the opening hours of the main campus building. There would be outturn monitoring against the Finance Strategy which had recently been approved by the Board of Management in March 2019.
- The Director of Finance confirmed a number of actions had already commenced to improve a number of practices prior to the completion of the audit.
- The Committee discussed the lack of sensitivity analysis and reporting. The Board of Management had to be aware of the impact of targets not being made in individual areas such as internationalisation and the actions which would be put in place to mitigate against such. The Director of Finance is to prepare a quarterly report to the Board of Management outlining performance against the objectives within the finance strategy.

BDO were of the opinion that Management were conscientious in reviewing and commenting on their reports in a positive manner. The responses indicated that appropriate steps to implement recommendations are being put in place.

### **Risk Management**

The Committee discussed each quarterly risk management report in detail. In summary, the key issues raised and agreed in 2018-19 were that:-

- Financial sustainability has been discussed at length, both in terms of causes and mitigating actions. It was discussed that in order for the Board to take a risk assessed view, it required a broad understanding of the wider issues which are taken into account by management when drawing up financial forecasts. It was agreed that information should be provided to the Board so that they were fully aware of best and worst case scenarios.
- Extensive discussion on the escalating risk associated with the delays in the UHI finance systems convergence project leading to Board approval to upgrade the existing finance system at IC.
- The Committee view that the mitigating actions in the risk register are mechanistic and required further reflection by SMT.

In addition to a report being submitted to each Audit Committee, the Standing Committees, namely Learning, Teaching and Research, Human Resources and Finance and General Purposes each considered the items of risk from the risk register with specific relevance to their remits.

### **Closed Meeting**

The Audit Committee held a closed session with the Internal Auditors at the meeting held on 28 May 2019, as per the Code of Good Governance for Scotland's Colleges. The key points made were as follows:-

- *There was good discussion on the planned internal audit reports and good interaction with college staff*
- *Neither BDO nor College staff had perhaps fully understood the time needed to gather some information which was not held centrally, especially where a considerable amount of detail was required*
- *The knock on effect in the time available to test the assurances received.*
- *It had been helpful to have co-ordination of the timing of audits*
- *Management would request further clarification on why recommendations were being made. Positive feedback was sought to understand the rationale rather than resistance to the recommendations*

The Committee confirmed that it was satisfied that the scopes of the audits met what was needed and reports in turn provided the information to allow the College to continuously improve on procedures and practices

	<p><b>Overall opinion of risk management, control and governance arrangements (draft)</b></p> <p>It was the opinion of BDO that  “based on the reviews undertaken during the period, and in the context of materiality:</p> <ul style="list-style-type: none"> <li>• The risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements.</li> <li>• Based on our verification reviews and sample testing (and with the exceptions noted above), the risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review.”</li> </ul> <p>At the time of writing, the Internal Audit Annual Report remains in draft form as the Business and Commercial Development review has not fully concluded.</p>
<p><b>External audit</b></p>	<p><b>Ernst &amp; Young</b></p> <p>Ernst &amp; Young completed their audit of the accounts for the year ending 31 July 2018. This was the second report by Ernst &amp; Young who had been appointed by the Auditor General for Scotland as the external auditor for the financial years 2016/17 to 2020/21. The fee for the 2017-18 audit as per Audit Scotland’s fee letter 2017-18 was £16,090.</p> <p>These accounts were submitted to and approved by the Board of Management on 18 December 2018. Ernst and Young’s independent auditor’s report provided an unqualified opinion that the financial statements</p> <ul style="list-style-type: none"> <li>• gave a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council (SFC) of the state of the affairs of the College and Group as at 31 July 2018 and of its deficit for the year then ended;</li> <li>• had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and</li> <li>• had been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).</li> </ul> <p><b>Audit committee assessment of performance</b></p> <p>The annual review of the performance of EY was undertaken on 26 February 2019 for the 2017-18 financial statements year. This was the second year of the audit contract and the ratings from the committee on the key areas were as follows:-  Interaction with the committee – very good  Overall view of quality of service – very good</p>

	<p><b>Closed Meeting</b></p> <p>The Audit Committee held a closed session with the External Auditors at the joint meeting held on 6 December 2018. The key points made were as follows:-</p> <ul style="list-style-type: none"> <li>• There had been a very positive attitude across the College with good interaction, particularly with the Director of Finance and the Finance team and a constructive relationship had been developed</li> <li>• A number of challenges in relation to resource had been identified and it was important that the College placed sufficient focus to resolve these challenges.</li> <li>• Members of the Joint Committee raised a number of general concerns re             <ul style="list-style-type: none"> <li>○ Ongoing resourcing issues in the Finance Team including the capability to undertake general finance processes</li> <li>○ The late receipt of papers across all Committees</li> <li>○ The lack of financial figures within recent committee reports</li> <li>○ The culture of financial responsibility and the perceived poor awareness of efficiency requirements across the organisation and the finance section resourcing potentially limiting the cultural change that was required</li> <li>○ The ongoing problem with the roll out of the new Finance System, the resource implications for the UAT phase and the deficiencies of the current system</li> <li>○ Assurance that the key financial risks were being addressed as part of an integrated curriculum planning process, including the ability to support research</li> </ul> </li> </ul> <p>The Joint Committee was pleased to note that Ernst &amp; Young acknowledged that there was a high level of understanding by the Board of the key issues to be addressed.</p> <p><b>Audit of annual accounts 2018-19</b></p> <p>During the Financial Year covered by this report the Auditors completed their audit of the accounts for the year ending 31st July 2019. These accounts will be submitted to the Board of Management on 17 December 2019 for approval. The fee for the 2018-19 audit as per Audit Scotland’s fee letter 2018-19 is £17,378. The increase relates to work on wider scope aspects of the audit. It should be noted that it has been intimated by EY that additional costs have been incurred during the course of the audit and further fees are to be agreed.</p>
<p><b>Other work done</b></p>	<p><b>Health and Safety</b></p> <p>Health and Safety reports are submitted to each audit committee throughout the year.</p> <p>It has been another positive year for the College in terms of the Management of Health and Safety. We are now seeing a level of consistency in terms of reporting and seen some improvement in hand injuries since 2016-17 which was an area of concern and focus (48% in 2016-17). Utilising the HASMAP audit standard and the implementation of the SHE system have been key drivers in these positive results, however there are still some areas for improvement. The new Academic Management school structure is a significant opportunity for the Schools to take greater responsibility for the management of H&amp;S within their areas.</p>



Significant work had been carried out to address the number of hand injuries and a hand safety presentation was now continuously rolled out to staff. In 2018-19, hand injuries accounted for around 8% of reported accidents/incidents compared to 7% the previous year. Analysis shows that the first quarter of a new year is when most of these incidents occur and in addition to the year round campaign, there is additional focus at student induction.

- **Riddor**

There was 1 Reported RIDDOR incidents during academic year 2018-19 compared with 3 for 2017-18. The incident related to an individual falling on the steps in the lecture theatre.

- **Accident/incident/near miss reporting**

There was a further increase in the number of reports relating to accidents/incidents and near misses in comparison to the previous year. The increase in numbers was welcomed as this confirmed the increased awareness and reporting requirements.

August 2018 - July 2019 No. of reports received 280

August 2017 - July 2018 No. of reports received 340

#### **Data Protection and Other Issues**

The following key issues were considered by the Committee during 2018-19

- General Data Protection Regulation (GDPR) Compliance
- Cyber resilience certification
- UHI Finance system project
- Public bodies climate change report

#### **Policies**

The following key policies were reviewed during 2018/19

- Risk Management
- E mail usage and retention
- Freedom of Information
- Health and Safety policy and statement

The Annual report on Data Protection, Freedom of Information, Complaints and Public Interest Disclosure was presented to the committee in February 2019. No major issues were reported.

#### **Value for Money and Procurement Annual Report 2018-19**

The GDPR legislation which came into force in May 2018 has led to an increase in work due to contracts and suppliers having to be assessed for GDPR relevance.

	<p><b>Value for Money</b></p> <ul style="list-style-type: none"> <li>• The number of orders being placed through PECOS has increased by a further 20%</li> <li>• All contract information was placed on the Hunter database to ensure that all contracted spend was captured and reported on</li> <li>• The College are set to use the Scottish Government E invoicing solution which delivers a financial saving for transactions that are processed via PECOS</li> <li>• Spend on frameworks at 75% of relevant spend is well above the Scottish Government public sector target of 40%</li> <li>• Local Cost Savings through devolved procurement activity delivered savings of £84,564.88, exceeding the college target of £75,000</li> </ul> <p><b>Tendering activity</b></p> <p>Collaborative savings have been achieved through national and regional exercises as follows –</p> <p style="padding-left: 40px;">BT1 Cash Savings £362,626.88</p> <p style="padding-left: 40px;">BT2 Cash Savings £131,378.63</p> <p>Throughout 2018/19, the procurement team focused on non-compliance areas to ensure new contracts were placed to ensure compliance with all regulations.</p> <p><b>Non-Compliant Regulated Procurements</b></p> <p>In the FY18-19 period Inverness College UHI had eight occurrences of non-compliance. This occurred where historic suppliers had been used without a contract and the spend exceeded £50k over a 4 year period.</p> <p><b>Other procurement activities</b></p> <p>A number of other procurement activities were undertaken including working on innovative ways to reduce waste, local cost saving initiatives,</p> <p>Participation in meet the buyer events, looking at whole life costing not just initial purchase.</p> <p><b>Business Continuity Plan</b></p> <p>An internal audit review took place in November 2018 which resulted in a number of recommendations. The remaining actions are to be completed in the coming months and the full BCP will be updated accordingly.</p>
<b>Other</b>	A review of risk and risk appetite was led by the Chair of the Audit Committee and considered at the Board of Management away day in January 2019.
<b>Opinion</b>	The Audit Committee is of the opinion that the risk management of activities and controls in the areas examined by BDO were found to be suitably designed to achieve the specific risk management control and governance arrangements.

	<p>The Audit Committee concurs with the (draft) opinion of BDO that the risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review.</p>
<p><b>Circulation</b></p>	<p>Copy to the Auditors once approved by the Board of Management</p>
<p><b>Conclusion</b></p>	<p>The Audit Committee is pleased to report to the Board of Management that in its opinion the College has adequate internal controls, procedures and systems in place</p> <p>Signed.....  Chair, Audit Committee</p> <p>Date .....</p>