

Meeting	Audit Committee
Date and time	Tuesday 2 June 2020 at 8.30 a.m.
Location	Via Microsoft Teams, Calendar Link

Board Secretary  
26 May 2020

## **AGENDA**

### **Welcome and Apologies**

### **Declarations of Interest**

### **ITEMS FOR DECISION**

1. **MINUTES**  
Meeting of the Audit Committee held on 10 March 2020
2. **OUTSTANDING ACTIONS**  
Action List
3. **INTERNAL AUDIT ANNUAL AUDIT PLAN FOR THE YEAR ENDED JULY 2021 + DRAFT TOR**
  - Report by Internal Auditors, BDO
  - Follow Up 20-21 TOR
  - Covid 19 – Health and Safety TOR
  - Covid 19 – Quality and Assurance TOR
  - Cyber Security TOR
  - EMA TOR
  - FES TOR
  - Finance System Update TOR
  - Student Support Funds TOR
  - Workforce Planning TOR
4. **EXTERNAL AUDIT ANNUAL AUDIT PLAN FOR THE YEAR ENDED JULY 2020**  
Report by External Auditors, Ernst & Young
5. **POLICY**
  - Food Safety & Allergens Management Policy
  - Secure Handling, Use, Storage and Retention of Disclosure Information Policy
  - Data Protection Policy

## ITEMS FOR DISCUSSION

6. **AUDIT REPORTS**  
Financial Planning Audit  
Audit Reports by Internal Auditors, BDO
  7. **FINANCIAL RECOVERY PLAN**
  8. **RISK MANAGEMENT - CONFIDENTIAL**  
Risk Register – Updated to reflect FRP risks and the mitigation of risk and Covid-19
  9. **BUSINESS CONTINUITY**  
Report by Depute Principal – Academic Development/Health and Safety Manager
  10. **HEALTH AND SAFETY**  
Report by Health and Safety Manager
  11. **GDPR ANNUAL REPORT**  
Report by Quality Manager
  12. **DATA PROTECTION & FREEDOM OF INFORMATION ANNUAL REPORT 2019**  
Report by Quality Manager
  13. **PROCUREMENT OF INTERNAL AUDITORS - CONFIDENTIAL**  
Report by Director of Finance
  14. **ANNUAL REVIEW OF INTERNAL AUDITORS PERFORMANCE**  
Covering report by Board Secretary
  15. **COMMITTEE AND CHAIR EVALUATION**  
Report by Board Secretary
- 

## ITEMS FOR NOTING

16. **COMPLAINTS UPDATE REPORT**  
Report by Quality Officer
17. **AOCB**
18. **DATE OF NEXT MEETING –**

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

### **Monitoring of Financial Recovery Plan**

Item	Agenda Item
<ul style="list-style-type: none"> <li>• Oversight of risks specific to the FRP in the context of our overall risk profile.</li> </ul>	Item 8
<ul style="list-style-type: none"> <li>• Consideration of internal and external audit and any modification to the scope or timing of those programmes.</li> </ul>	Items 3 & 4
<ul style="list-style-type: none"> <li>• Scrutiny of high-level financial performance and forecasts and consequential impacts on audit processes and Board governance obligations.</li> </ul>	Item 7
<ul style="list-style-type: none"> <li>• Scrutiny of FRP application within the SPFM constraints.</li> </ul>	Item 7
<ul style="list-style-type: none"> <li>• Oversight of FRP risks in the context of risks introduced by Covid-19/post-Covid9 contexts.</li> </ul>	Item 8

## **MINUTES of the MEETING of the AUDIT COMMITTEE held in the Boardroom, 1 Inverness Campus, on Tuesday 10 March 2020**

**PRESENT:** Jaci Douglas (Acting Chair), Chris O'Neil, Innis Montgomery, Fiona Neilson, Lindsay Ferries, Roddy Henry, Sally Blyth, Chloe Ridley (Internal Auditor), Nicholas Oakley (Acting Clerk), Stephanie Thompson (Interim Board Secretary).

### **Welcome and Apologies**

The Chair opened the meeting, welcomed the members, and noted the apologies from Hazel Allen and Sarah Burton.

### **Declarations of Interest**

The Chair declared an interest in items relating to the Inverness College nursery.

### **ITEMS FOR DECISION**

#### **1. MINUTES**

a) Minutes of Meeting of the Audit Committee held on 26 November 2019

The Committee **approved** the minute of the last Audit Committee meeting as an accurate record.

b) Minutes of Meeting of the Joint Audit and Finance and General Purposes Committee held on 5 December 2019

The Committee **approved** the minute of the last Joint Audit and Finance and General Purposes committee meeting as an accurate record.

#### **2. OUTSTANDING ACTIONS**

The Committee discussed the outstanding actions from previous meetings, and **noted** the following updates:

27 November Action 1 – The risk register is currently modelled on UHI model, it would give SMT and Committee assurance if another column was added for mitigating actions. Action: SMT

Action 2- Applying joint planning across the partners. Risks considered at PC need to be deeper and needs to be looked at. Report back to the Audit committee for next meeting. Action: Principal.

28 February – both actions are now complete.

### **ITEMS FOR DISCUSSION**

#### **3. UPDATE ON THE FINANCIAL PLANNING RECOVERY PLAN PROGRESS - CONFIDENTIAL**

##### **Finance System Update**

The Committee received an update on the finance system.

##### **Financial Recovery Plan**

The Committee heard that the financial recovery plan was being discussed by the Board on 12 March 2020, and that it would return to the next Audit Committee for further review and discussion.

### **MicroRAM**

The Committee heard that progress on the MicroRAM issue, particularly around the financial 'cushion' expected from the University, had been delayed. Discussions between the Principal and the Interim Principal and Vice Chancellor were ongoing to find a solution on the financial cushion issue, which may include reallocation of SIF funds.

### **National Pay Bargaining**

Committee members queried whether any further discussions with the Scottish Government on mitigating the national pay bargaining impact were ongoing. Members heard that this was being taken forward by Colleges Scotland.

### **Coronavirus**

The Committee heard that the potential impact of coronavirus was not included in the financial recovery plan. The Committee noted that preparations for coronavirus response were well advanced, led by the Depute Principal in liaison with the University, Health Protection Scotland, and other relevant stakeholders.

### **Water Claim**

The Committee heard that the outstanding water claim issue was still ongoing, and subject to further negotiations and mediation between the parties.

The Committee **noted** the financial recovery plan, recognised the difficult circumstances necessitating it, welcomed the approach taken and transparency of the SMT in its preparation, and offered their continued support to the efforts of the SMT for implementing the plan.

## **4. FINANCE SYSTEM STATUS UPDATE**

*This item was discussed above [item 3]*

## **5. UPDATE ON THE FINANCE DEPARTMENT STAFFING STRUCTURE**

*This item was discussed above [item 3]*

## **6. INTERNAL AUDIT REPORTS**

The Committee noted the internal audit reports, presented by the Internal Auditor.

There were two recommendations arising from the Business Planning and Performance Management; R Henry requested a meeting with S Morrison to clarify some of the findings.

The Committee noted that cash handling was the next audit planned.

The Committee asked that at the next planning session for future audits that finance practices/processes be included (Action: Chair and Internal Audit Team)

The Committee also asked the Internal Audit team to look back at the previous financial planning audit and bringing it back to the next Audit Committee for review. (Action: Internal Audit Team)

## **7. OUTSTANDING AUDIT RECOMMENDATIONS**

The Committee noted the outstanding audit recommendations. The Interim Director of Finance recommended that a small contract with the NHS or Highland Council for 1-2 days a year of NFI exercise training should be sought; ideally this should be done alongside other academic partners too.

The Committee heard that a permanent board secretary was now in place and outstanding good governance items would be taken forward with them.

## **8. RISK REGISTER - CONFIDENTIAL**

The Committee considered additional risks to be added to the risk register. The Interim Director of Finance reported that the new risks had been given an indicative scoring but that the SMT still needed to review these. The Committee **agreed** to add the discussed risks to the register pending fuller SMT review of the scoring.

## **9. HEALTH AND SAFETY Q2 REPORT - CONFIDENTIAL**

Committee members **noted** the report and welcomed the new visual element which was helpful.

## **10. GDPR 6 MONTH REPORT**

The Committee **noted** the GDPR report, and that lessons were being learned from breaches and that staff training was implemented where appropriate. Members asked whether catchup training for board members on IT security was available; the suite of board member compliance training (EDI, H&S, safeguarding etc) would be reviewed and reviewed at the next Audit meeting. (Action: Secretary)

## **11. PUBLIC BODIES CLIMATE CHANGE REPORT**

The Committee **noted** the climate change report. Members asked that the sustainable procurement policy come to the next Audit Committee for discussion (Action: L Ferries and Secretary)

## **12. NEW FRAUD INITIATIVE**

*[Discussed under item 7]*

## **ITEMS FOR NOTING**

## **13. AOCB**

The Chair and the Committee members expressed their thanks to the Interim Director of Finance for her work and expertise during her tenure at the college.

There was no other business and the Chair closed the meeting at 10:30.

#### **14. DATE OF NEXT MEETING**

Tuesday 2 June 2020

DRAFT

## Outstanding Actions - Audit Committee

## ITEM 2

Item	Action	Responsibility	Time Line	ACTIONED
<b>27 November 2018</b>				
<b>Risk Register/ Risk</b>	Consider how to embed the process of enhancing mitigating actions at partnership level.	Principal	ongoing	Risks considered at PC need to be deeper and looked at report back to next Audit Committee (02.06.20).
<b>28 May 2019</b>				
<b>Audit report Financial Planning</b>	Quarterly report to be prepared for BOM outlining performance against objectives within the finance strategy	D of F	Ongoing	Superseded by Financial Recovery Plan and monitoring actions.
<b>26 November 2019</b>				
<b>Risk Register/ Risk</b>	Risk 26 - additional information may be required to cascade to the relevant teams Risk 09 - that additional information regarding the work undertaken with UHI	D o F		D of F to update risk register accordingly.
<b>Health &amp; Safety</b>	Information in relation to mental health was included in the Health and Safety report and a structural process such as the physical health and safety process, was put in place for mental health	D of Org Dev		Update to be sought from D of Org Dev
<b>10 March 2020</b>				



## Outstanding Actions - Audit Committee

## ITEM 2

<b>Internal Audit Reports</b>	Meeting with S Morrison to be arranged to clarify some of the findings of the Business Planning and Performance Management Audit.	Depute Principal – Planning and Student Experience	02.06.20	Meeting with BDO to be held prior to June Audit Committee
	Cash Handling Audit planned.	Internal Audit Team		
	Finance Practices/Processes to be included at the next planning session for future audits	Chair and Internal Audit Team		
	Internal Audit Team to be requested to look back at the previous financial planning audit and bring it to the June Audit Committee for review.	Internal Audit Team		
<b>Audit Recommendations</b>	A small contract with NHS or Highland Council for 1-2 days a year of NFI exercise training to be sought. Ideally this to be completed alongside other academic partners too.		Ongoing	Has not progressed to tender stage yet – to be discussed at September 20 meeting
<b>GDPR</b>	A review of the suite of Board Member compliance training to be reviewed.	Board Secretary	Ongoing	The review of suite of training will be completed and discussed at September 20 meeting.
<b>Public Bodies Climate Change Report</b>	Sustainable Procurement Policy to come to the June Audit Committee meeting for discussion	DoOD	02.06.20	On Agenda.

# Inverness College

ANNUAL INTERNAL AUDIT PLAN 2020-21

May 2020



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## Restrictions of use

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# 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 2017-2021 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 2020-21

The Internal Audit proposed audit programme for 2020-21 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
Chloe Ridley	Assistant Manager	0758 3060591	Chloe.ridley@bdo.co.uk

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

Grade	2020-21 (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 2020-21 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 2020-21

Assurance Theme	Subject	Days	Assurance / Advisory
Operational	Finance System Upgrade	5	Assurance
	Covid-19- Health & Safety	5	Assurance
	Covid-19- Quality & Assessment	5	Assurance
	Workforce Planning	5	Assurance
	Cyber Security	7	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 2020-21, 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
Finance System Upgrade	The College is upgrading their Finance System. We will assess whether a robust project management framework has been applied to the project, with benefits clearly identified and successfully realised, including improvements to the timeliness and efficacy of budget reporting.	a) BDO Assessment b) Executive Management c) Risk Register
Covid-19: Health & Safety	Covid-19 has resulted in College buildings being closed for a long period of time. Upon re-opening there will be substantial changes to the way the building and its facilities are used. We will review the health & safety arrangements the College puts in place to re-open in a manner that ensures the safety of its staff and students.	a) BDO Assessment b) Executive Management c) Risk Register
Covid-19: Quality & Assessment	Covid-19 has resulted in many College classes and assessments moving online and placements being cancelled. As a result the methods of assessment for courses have significantly changed. We will review the arrangements the College has in place for assessing and grading students as a result of Covid-19. We will consider whether the process is fair for students and students are not unfairly advantaged or disadvantaged, and is compliant with the requirements of awarding bodies.	a) BDO assessment b) Executive Management



# APPENDIX II

## Internal Audit Plan Overview

Audit Area	Comment	Source
Workforce Planning	We will assess whether the College has effective controls in place in relation to workforce planning. We will assess whether the College has assessed the skills needed and number of staff required and how this might change in relation to the strategic objectives which have been set. We will also review whether the College has identified key roles and put succession planning arrangements in place in relation to these roles to ensure the College is not exposed to any single points of failure with respect to staffing and resourcing	a) BDO assessment
Cyber Security	We will assess whether Inverness College has adequate procedures in place to classify and secure its information security assets and to protect against malicious activity and whether there are adequate arrangements in place to identify and respond to cyber security threats.	a) BDO assessment b) Risk Register
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 2020

Review	Proposed Audit Sponsor
Workforce Planning	Nicola Quinn
Credits/FES	Roddy Henry
SSF & EMA	Lindsay Snodgrass

### Block 2: December 2020 - March 2021

Review	Proposed Audit Sponsor
Finance System Upgrade	Roddy Ferrier
Covid-19- Health & Safety	Allan Kerr
Covid-19- Quality & Assessment	Chris O'Neil (TBC)

### Block 3: April - July 2021

Review	Proposed Audit Sponsor
Cyber Security	TBC
Follow up	Roddy Ferrier

# APPENDIX IV

## Internal Audit Strategy 2017- 2021

Assurance Theme	Subject	Risk Register	2017 - 2018	2018 - 2019	2019-2020	2020-21
Governance and Risk	Risk Management		✓			
	Corporate Governance	✓	✓			
	Financial Controls	✓	✓	✓	✓	
	Business planning & performance management	✓			✓	
Operational	Health & Safety	✓			✓	
	Data Protection	✓	✓			
	Business Continuity Management	✓		✓		
	Marketing and communications	✓			✓	
	Estates management	✓			✓	
	Partnership Working	✓	✓			
	Student Support	✓	✓			
	Curriculum Planning	✓		✓		
	Research governance	✓		✓		
	Business & commercial development			✓		
	Finance System Upgrade					✓
	Covid-19- Health & Safety					✓
	Covid-19- Quality & Assessment					✓
	Workforce Planning					✓
	Cyber Security					✓
	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
<i>Audit Coverage</i>
Audits completed against the Annual Audit Plan
Actual days input compared with Annual Audit Plan
<i>Audit Planning and Reporting</i>
Days to issue draft report after end of fieldwork
Days between fieldwork commencement date specified in Terms of Reference and date work actually commences

# APPENDIX VI

## Internal Audit Working Protocols & Performance

Table Four: Annual performance reporting to Board of Management

Measure / Indicator
<i>Relationships and Customer Satisfaction</i>
Customer Satisfaction Reports
% recommendations agreed with management
<i>Staffing and Training</i>
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
<i>Audit Reporting</i>	
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 March 2020

RISK DESCRIPTION	Risk Score
Coronavirus- Health & Safety	16
Coronavirus: Financial Consequences including pension valuation	16
Financial Ledger not fit for purpose	16
Skills gap with Finance Team- capacity & capability	16
FWDF Income	16
Systems & Processes within the Finance Department	12
College fails to identify and take opportunities for development and progression	16
Financial instability of UHI	16
Ongoing issues of non-compliance by GTFM	12
College does not achieve allocated HE student number targets.	15
Financial failure/operating loss. Inability to achieve a balanced budget.	16
Institutional, personal and sensitive data is corrupted, lost, stolen or misused.	9
Research outputs are sub standard	8
Serious incident in the college residencies, including anti-social or illegal behaviour.	12
The College fails to make fully informed financial decisions	9



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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

FOLLOW UP REVIEW

2020-21

# INVERNESS COLLEGE, FOLLOW UP REVIEW

## BACKGROUND

As part of the 2020-21 Internal Audit plan for Inverness College, we will follow up on previously agreed recommendations made in Internal Audit reports in previous years, and where relevant during the current year.

## PURPOSE OF REVIEW

The purpose of this review is to provide assurance to management and the Audit Committee that previous internal audit recommendations have been implemented effectively and within targeted timescales.

## 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 risk associated with the area under review are:

- Action is not taken to implement recommendations resulting in weaknesses in control and subsequent loss, fraud or error.

## SCOPE OF REVIEW

We will review management's action taken to implement internal audit recommendations. This will involve the review of recommendations made in each of the internal audit reports issued during 2019/20, and a follow up of any outstanding recommendations from previous years. We will also review progress against recommendations made during the current year that are due for implementation.

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:

- Review the recommendations from previous audit reports, and review management updates on progress towards their implementation; and
- Review documentary evidence and conduct interviews to establish the effective completion of actions to implement the recommendations.

# INVERNESS COLLEGE, FOLLOW UP REVIEW

## MANAGEMENT COMMENTS

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

## LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

## EXCLUSIONS

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review.

## 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	- Reports on progress on implementing recommendations / recommendation tracker.	Roddy Ferrier

### 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.4). 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.

# INVERNESS COLLEGE, FOLLOW UP REVIEW

## KEY CONTACTS

### BDO LLP

Claire Robertson	Director	T: 0141 249 5206 E: claire.robertson@bdo.co.uk
Chloe Ridley	Internal Audit Assistant Manager	T: 0131 347 0358 E: chloe.ridley@bdo.co.uk
Abigail McGurn	Internal Auditor	T: 0141 249 5267 E: abigail.mcgurn@bdo.co.uk

### INVERNESS COLLEGE

Roddy Ferrier	Director of Finance	E: Roddy.Ferrier.ic@uhi.ac.uk
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## PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	14/06/2021
Number of audit days planned	3
Planned date for closing meeting	16/06/2021
Planned date for issue of the draft report	30/06/2021
Planned date for receipt of management responses	14/07/2021
Planned date for issue of proposed final report	15/07/2021
Planned Audit Committee date for presentation of report	TBC



# INVERNESS COLLEGE, FOLLOW UP REVIEW

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




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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

COVID-19 - HEALTH & SAFETY

2020-21

# INVERNESS COLLEGE, COVID-19 - HEALTH & SAFETY

## BACKGROUND

As part of the 2020-21 Internal Audit Plan, it was agreed by management and the Audit Committee that Internal Audit would carry out a review of the health & safety arrangements the College puts in place to re-open its buildings following Covid-19 lockdown restrictions.

## PURPOSE OF REVIEW

The purpose of this review will be to gain assurance that health & safety arrangements adopted for the re-opening of buildings are suitable in ensuring the safety of staff and students.

## 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 College has not undertaken risk assessments and impact analyses for re-opening its buildings following Covid-19 lockdown restrictions;
- Operational processes have not been updated to reflect appropriate revised arrangements for re-opening;
- The revised arrangements do not clearly support the safety of staff, students and visitors, and do not follow Government guidance;
- The new health and safety arrangements have not been suitably approved and are not communicated to staff and students; and
- Regular monitoring and evaluations to determine adherence to the revised arrangements are not planned, and there are no plans to review the arrangements on a regular basis.

## SCOPE OF REVIEW

The scope of our review is to assess whether:

- The College has undertaken risk assessments and impact analyses for re-opening its building following Covid-19 lockdown restrictions;
- Operational processes have been revised to reflect appropriate revised arrangements for re-opening;
- The revised arrangements clearly support the safety of staff, students and visitors, and follow Government guidance;
- The new health and safety arrangements have not been suitably approved and are communicated to staff and students; and
- Regular monitoring and evaluations are planned to determine adherence to the revised arrangements, and the arrangements will be reviewed on a regular basis.

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

# INVERNESS COLLEGE, COVID-19 - HEALTH & SAFETY

we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

## APPROACH

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

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

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

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

## MANAGEMENT COMMENTS

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

## LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

## EXCLUSIONS

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review.

## 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.

# INVERNESS COLLEGE, COVID-19 - HEALTH & SAFETY

REQUIREMENT	DETAILS	RESPONSIBLE PERSON	REQUIRED BY
Documentation	<ul style="list-style-type: none"> <li>- Health &amp; safety policy/strategy/framework and procedures;</li> <li>- Risks assessments and impact analyses;</li> <li>- Latest health &amp; safety reports prepared for the Board of Management and approval of revised arrangements.</li> </ul>	Allan Kerr	23/11/2020  (2 weeks prior to 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.

## KEY CONTACTS

### BDO LLP

Claire Robertson	Director	T: 0141 249 5206  E: <a href="mailto:claire.robertson@bdo.co.uk">claire.robertson@bdo.co.uk</a>
Chloe Ridley	Internal Audit Assistant Manager	T: 0131 347 0358  E: <a href="mailto:chloe.ridley@bdo.co.uk">chloe.ridley@bdo.co.uk</a>
Gemma Macdonald	Internal Auditor	T: 0141 249 8416  E: <a href="mailto:gemma.x.macdonald@bdo.co.uk">gemma.x.macdonald@bdo.co.uk</a>

### INVERNESS COLLEGE

Allan Kerr	Health & Safety Manager	E: <a href="mailto:Allan.Kerr.ic@uhi.ac.uk">Allan.Kerr.ic@uhi.ac.uk</a>
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# INVERNESS COLLEGE, COVID-19 - HEALTH & SAFETY

## PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	07/12/2020
Number of audit days planned	5
Planned date for closing meeting	11/12/2020
Planned date for issue of the draft report	08/01/2021
Planned date for receipt of management responses	22/01/2021
Planned date for issue of proposed final report	25/01/2021
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:		Date:	




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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

COVID-19 - QUALITY & ASSESSMENT

2020-21

# INVERNESS COLLEGE, COVID-19 - QUALITY & ASSESSMENT

## BACKGROUND

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

## PURPOSE OF REVIEW

The purpose of this review is to provide management and the Audit Committee with assurance over the arrangements and controls in place to assess and grade students throughout the period affected by Covid-19. We will consider whether the process is fair for students and students are not unfairly advantaged or disadvantaged, and is compliant with the requirements of awarding bodies.

## KEY RISKS

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

- Assessment practices have not been evolved to address the challenges posed by the Covid-19 restrictions;
- No emergency procedures have been introduced to ensure students are not given any particular advantage or disadvantage due to the circumstances relating to their academic performance, or the process adopted may not be fair for students;
- The arrangements adopted are not compliant with the requirements of awarding bodies;
- The College is not considering best practice and could be open to challenge on the approach it is taking to academic performance assessment and grading;
- Students are not being kept informed or do not have access to information relating to their academic performance under the changed circumstances; and
- The value of qualifications awarded by the College during the restrictions period is diminished.

## SCOPE OF REVIEW

The scope of the review is to assess whether:

- The College has considered assessment options and has adopted the most suitable approach for students across the College;
- Procedures and processes have been introduced that ensure students are not given any advantage or disadvantage due to the circumstances relating to their academic performance, and the process adopted is fair for students;
- The arrangements adopted are compliant with all awarding body requirements;
- The College has accessed, considered and adopted best practice in its approach to academic performance assessment and grading;
- There is clear justification available to demonstrate why the College has adopted its preferred approach, and this is made available to all students and has been approved by the Board of Management;

# INVERNESS COLLEGE, COVID-19 - QUALITY & ASSESSMENT

- All students are provided with regular and clear updates as to the amended ways of working and the procedures that the College will be adopting, and can access information relating to their academic performance; and
- Appropriate arrangements are in place to ensure the qualifications awarded by the College during the restrictions period are not diminished.

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

## APPROACH

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

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

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

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

## MANAGEMENT COMMENTS

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

## LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

## EXCLUSIONS

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review.

## 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

# INVERNESS COLLEGE, COVID-19 - QUALITY & ASSESSMENT

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	<ul style="list-style-type: none"> <li>- Guidance and correspondence issued to students explaining the changed arrangements</li> <li>- Minutes of meetings held to discuss alternative options</li> <li>- College policy on the approach being adopted.</li> </ul>	Chris O'Neil	08/02/2021 (2 weeks prior to 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.

KEY CONTACTS		
BDO LLP		
Claire Robertson	Director	T: 0141 249 5206 E: <a href="mailto:claire.robertson@bdo.co.uk">claire.robertson@bdo.co.uk</a>
Chloe Ridley	Internal Audit Assistant Manager	T: 0131 347 0358 E: <a href="mailto:chloe.ridley@bdo.co.uk">chloe.ridley@bdo.co.uk</a>
INVERNESS COLLEGE		
Chris O'Neil	Principal	E: <a href="mailto:Chris.ONeil.ic@uhi.ac.uk">Chris.ONeil.ic@uhi.ac.uk</a>


# INVERNESS COLLEGE, COVID-19 - QUALITY & ASSESSMENT

## PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	22/02/2021
Number of audit days planned	5
Proposed date for closing meeting	26/02/2021
Planned date for issue of the draft report	12/03/2021
Planned date for receipt of management responses	26/03/2021
Planned date for issue of proposed final report	29/03/2021
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:		Date:	




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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

CYBER SECURITY

2020-21



# INVERNESS COLLEGE, CYBER SECURITY

## BACKGROUND

As part of the 2020-21 Internal Audit Plan, it was agreed by management and the Audit Committee that Internal Audit would carry out a review of the cyber security arrangements in place within Inverness College.

## PURPOSE OF REVIEW

The purpose of this review will be to assess whether Inverness College has adequate procedures in place to classify and secure its information security assets and to protect against malicious activity and whether there are adequate arrangements in place to identify and respond to cyber threats.

## KEY RISKS

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

- A consistent and policy driven approach has not been implemented to maintain network security;
- There is a lack of control over how staff, third parties and other stakeholders gain access to Inverness College's network;
- Network Infrastructure devices are not securely configured;
- Network devices are not effectively deployed, monitored or managed;
- The network is not adequately protected from external threats;
- Resilience and redundancy consideration are not built into the network; and
- Security incident monitoring and response procedures are ineffective.

## SCOPE OF REVIEW

The scope of our review is to assess whether:

- Network security policy and acceptable usage guidance has been developed and published;
- Acceptable usage and awareness of cyber and broader IT security threats is actively promoted to staff;
- Powerful access to the network is controlled;
- There is effective user access and authorisation controls in place for staff and third parties, including the management of new starts, movers and leavers;
- Network password settings are in line with policy requirements and best practice recommendations;
- There is regular security vulnerability scanning and network perimeter testing;
- Network devices are patched in line with supplier recommendations;
- Firewalls and other security appliances have been deployed and their configuration is securely administered and maintained;



# INVERNESS COLLEGE, CYBER SECURITY

- There are physical and environmental security controls in place for data hosting facilities;
- There is network security monitoring and filtering including: anti-virus, mail scanning and internet content filtering;
- Effective IT disaster recovery arrangements have been implemented; and
- Effective network security monitoring, logging and incident response procedures have been implemented.

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

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

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

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

## MANAGEMENT COMMENTS

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

## LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

## EXCLUSIONS

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review.

## REQUIREMENTS

# INVERNESS COLLEGE, CYBER SECURITY

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	<ul style="list-style-type: none"><li>- IT and information security policies;</li><li>- A system extract of all security settings including password policy;</li><li>- CSV extract of all system accounts;</li><li>- Physical and logical network topology diagrams;</li><li>- Latest network penetration test report and results of any vulnerability scanning;</li><li>- Any relevant third party agreements;</li><li>- Copy of any IT Risk Assessment; and</li><li>- IT disaster recovery plan and output from last test</li></ul>	Martin Robinson	22/03/2021  (2 weeks prior to 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.

# INVERNESS COLLEGE, CYBER SECURITY

## KEY CONTACTS

### BDO LLP

Claire Robertson

Director

T: 0141 249 5206

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Chloe Ridley

Internal Audit Assistant  
Manager

T: 0131 347 0358

E: [chloe.ridley@bdo.co.uk](mailto:chloe.ridley@bdo.co.uk)

### INVERNESS COLLEGE

Martin Robinson

ICT Manager


E: [Martin.Robinson.ic@uhi.ac.uk](mailto:Martin.Robinson.ic@uhi.ac.uk)

## PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	05/04/2021
Number of audit days planned	7
Planned date for closing meeting	13/04/2021
Planned date for issue of the draft report	27/04/2021
Planned date for receipt of management responses	11/05/2021
Planned date for issue of proposed final report	12/05/2021
Planned Audit Committee date for presentation of report	TBC

# INVERNESS COLLEGE, CYBER SECURITY

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




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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

EDUCATION MAINTENANCE ALLOWANCE

2020-21

# 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 2020 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.

## 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 Ferrier	24/08/2020  (2 weeks ahead of fieldwork)

# INVERNESS COLLEGE, EDUCATION MAINTENANCE ALLOWANCE

## 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: <a href="mailto:claire.robertson@bdo.co.uk">claire.robertson@bdo.co.uk</a>
Sean Morrison	Internal Auditor Senior	T: 0141 249 8493 E: <a href="mailto:sean.morrison@bdo.co.uk">sean.morrison@bdo.co.uk</a>
Gemma Rickman	Internal Auditor	T: 0141 249 5240 E: <a href="mailto:gemma.x.rickman@bdo.co.uk">gemma.x.rickman@bdo.co.uk</a>

### INVERNESS COLLEGE

Roddy Ferrier	Director of Finance	E: <a href="mailto:Roddy.ferrier.ic@uhi.ac.uk">Roddy.ferrier.ic@uhi.ac.uk</a>
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## PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	07/09/2020
Number of audit days planned	3
Planned date for closing meeting	09/09/2020
Planned date for issue of the draft certificate	23/09/2020
Planned date for issue of draft audit report	23/09/2020
Planned date for provision of final FES return to BDO LLP	01/10/2020
Planned date for submission of audit certificate to SFC	02/10/2020
Planned date for submission of audit report to SFC	02/10/2020



# 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:	




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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

FES RETURN AUDIT

2020-21

# 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 '2019-20 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 2020 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 Ferrier	24/08/2020  (2 weeks ahead of fieldwork)

# INVERNESS COLLEGE, FES RETURN

## Access to information/staff

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## KEY CONTACTS

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Sean Morrison	Internal Audit Senior	T: 0141 249 8493 E: <a href="mailto:sean.morrison@bdo.co.uk">sean.morrison@bdo.co.uk</a>
Gemma Rickman	Internal Auditor	T: 0141 249 5240 E: <a href="mailto:gemma.x.rickman@bdo.co.uk">gemma.x.rickman@bdo.co.uk</a>

### INVERNESS COLLEGE


Roddy Ferrier	Director of Finance	E: <a href="mailto:Roddy.ferrier.ic@uhi.ac.uk">Roddy.ferrier.ic@uhi.ac.uk</a>
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## PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	09/09/2020
Number of audit days planned	5
Planned date for closing meeting	13/09/2020
Planned date for issue of the draft certificate	25/09/2020
Planned date for issue of draft audit report	25/09/2020
Planned date for provision of final FES return to BDO LLP	01/10/2020
Planned date for submission of audit certificate to SFC	02/10/2020
Planned date for submission of audit report to SFC	02/10/2020

# INVERNESS COLLEGE, FES RETURN

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




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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

FINANCE SYSTEM UPGRADE

2020-21



# INVERNESS COLLEGE, FINANCE SYSTEM UPGRADE

## BACKGROUND

As part of the 2020-21 Internal Audit Plan, it was agreed that Internal Audit would perform a review of the project management processes applied to the upgrade of the College's finance system.

## PURPOSE OF REVIEW

The purpose of this review is to provide management and the Audit Committee with assurance over the controls in place to manage the upgrade of the College's finance system.

## 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:

- There is no effective project management methodology being applied to the management of the system upgrade;
- Roles and responsibilities may not have been defined and/or may not be understood in relation to the project;
- There may be insufficient communications relating to the upgrade of the finance system, and insufficient oversight by management;
- There may not be an effective project plan in place with clear milestones, and/or this may not be monitored appropriately;
- Change thresholds (time, cost, quality and risk) and expected benefits (including improvements to the timeliness and efficacy of budget reporting) may not have been clearly defined, and expected benefits successfully realised; and
- There may not be sufficient reporting in place at the appropriate level surrounding the progress of the project against the project plan; changes to time, cost, quality and risk; and expected benefits.

## SCOPE OF REVIEW

The scope of the review is to assess whether:

- There is an effective project management methodology being applied to the management of the system upgrade;
- Roles and responsibilities have been defined and understood in relation to the project;
- There is sufficient communications relating to the upgrade of the finance system, and sufficient oversight by management;
- An effective project plan is in place with clear milestones, which is monitored appropriately;
- Change thresholds (time, cost, quality and risk) and expected benefits (including improvements to the timelines and efficacy of budget reporting) have been clearly defined, and expected benefits successfully realised; and

# INVERNESS COLLEGE, FINANCE SYSTEM UPGRADE

- There is sufficient reporting in place at the appropriate level surrounding the progress of the project against the project plan; changes to time, cost, quality and risk; and expected benefits.

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

## APPROACH

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

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

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

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

## MANAGEMENT COMMENTS

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

## LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

## EXCLUSIONS

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review.

## 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

# INVERNESS COLLEGE, FINANCE SYSTEM UPGRADE

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	<ul style="list-style-type: none"><li>- Finance System Upgrade Project Plan</li><li>- Project Methodology</li><li>- Roles and responsibilities</li><li>- Examples of project reporting and communications</li><li>- Change thresholds and project authorities.</li></ul>	Roddy Ferrier	04/01/2020 (2 weeks prior to 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.

# INVERNESS COLLEGE, FINANCE SYSTEM UPGRADE

## KEY CONTACTS

### BDO LLP

Claire Robertson	Director	T: 0141 249 5206 E: claire.robertson@bdo.co.uk
Chloe Ridley	Internal Audit Assistant Manager	T: 0131 347 0358 E: chloe.ridley@bdo.co.uk
Abigail McGurn	Internal Auditor	T: 0141 249 5267 E: abigail.mcgurn@bdo.co.uk

### INVERNESS COLLEGE


Roddy Ferrier	Director of Finance	E: Roddy.Ferrier.ic@uhi.ac.uk
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## PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	18/01/2021
Number of audit days planned	5
Proposed date for closing meeting	22/01/2021
Planned date for issue of the draft report	05/02/2021
Planned date for receipt of management responses	19/02/2021
Planned date for issue of proposed final report	22/02/2021
Planned Audit Committee date for presentation of report	TBC

# INVERNESS COLLEGE, FINANCE SYSTEM UPGRADE

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




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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

STUDENT SUPPORT FUND

2020-21

# INVERNESS COLLEGE, STUDENT SUPPORT FUND

## PURPOSE OF REVIEW

The Student Support Fund (SSF) is 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 '2019-20 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 2020 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.	Roddy Ferrier	24/08/2020  (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.



# INVERNESS COLLEGE, STUDENT SUPPORT FUND

## Timing changes and cancellation:

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## KEY CONTACTS

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Sean Morrison	Internal Audit Senior	T: 0141 249 8493 E: sean.morrison@bdo.co.uk
Gemma Rickman	Internal Auditor	T: 0141 249 5240 E: gemma.x.rickman@bdo.co.uk

### INVERNESS COLLEGE


Roddy Ferrier	Director of Finance	T: 0131 669 4400 E: Roddy.ferrier.ic@uhi.ac.uk
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## PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	09/09/2020
Number of audit days planned	3
Planned date for closing meeting	11/09/2020
Planned date for issue of the draft certificate	25/09/2020
Planned date for issue of draft audit report	25/09/2020
Planned date for provision of final FES return to BDO LLP	01/10/2020
Planned date for submission of audit certificate to SFC	02/10/2020
Planned date for submission of audit report to SFC	02/10/2020

# INVERNESS COLLEGE, STUDENT SUPPORT FUND

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




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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

WORKFORCE PLANNING

2020-21

# INVERNESS COLLEGE, WORKFORCE PLANNING

## BACKGROUND

It was agreed with management and the Audit Committee within the 2020-21 internal audit plan that Internal Audit would carry out a review of the workforce planning arrangements in place within Inverness College.

## PURPOSE OF REVIEW

The purpose of this review is to provide assurance to management and the Audit Committee that effective processes are in place in relation to workforce planning.

## 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:

- Inverness College does not have an effective workforce plan and a resourcing strategy which aligns with the Corporate/Strategic Plan objectives;
- Inverness College has not effectively evaluated the skills and teams required to deliver its priorities;
- There is insufficient capacity and capability within Inverness College to deliver its immediate operational and strategic priorities;
- Inverness College does not accurately predict and efficiently source requirements for agency staff and specialist input;
- Inverness College does not have robust development plans in place to address skills/resource gaps; and
- Inverness has not taken a structured approach to identifying key (critical) roles within the College.

## SCOPE OF REVIEW

The scope of the review will be to assess whether:

- Inverness College has an effective workforce plan and a resourcing strategy which aligns with the Corporate/Strategic Plan objectives;
- Inverness College has effectively evaluated the skills and teams required to deliver its priorities;
- There is sufficient capacity and capability within Inverness College to deliver its immediate operational and strategic priorities;
- Inverness College accurately predicts and efficiently sources requirements for agency staff and specialist input;
- Inverness College has robust development plans in place to address skills/resource gaps; and
- Inverness College has taken a structured approach to identifying key (critical) roles within the College.

# INVERNESS COLLEGE, WORKFORCE PLANNING

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

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

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

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

## MANAGEMENT COMMENTS

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

## LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

## EXCLUSIONS

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review.

## 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.

# INVERNESS COLLEGE, WORKFORCE PLANNING

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	<ul style="list-style-type: none"> <li>- Workforce Plan;</li> <li>- Resourcing Strategies;</li> <li>- Skills and critical role evaluations;</li> <li>- Example development plans.</li> </ul>	Nicola Quinn	10/08/2020  (2 weeks prior to 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:

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Chloe Ridley	Internal Audit Assistant Manager	T: 0131 347 0358 E: <a href="mailto:chloe.ridley@bdo.co.uk">chloe.ridley@bdo.co.uk</a>
Abigail McGurn	Internal Auditor	T: 0141 249 5267 E: <a href="mailto:abigail.mcgurn@bdo.co.uk">abigail.mcgurn@bdo.co.uk</a>
INVERNESS COLLEGE		
Nicola Quinn	HR Manager	E: <a href="mailto:Nicola.Quinn.ic@uhi.ac.uk">Nicola.Quinn.ic@uhi.ac.uk</a>

# INVERNESS COLLEGE, WORKFORCE PLANNING


## PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	24/08/2020
Number of audit days planned	5
Planned date for closing meeting	28/08/2020
Planned date for issue of the draft report	11/09/2020
Planned date for receipt of management responses	25/09/2020
Planned date for issue of proposed final report	28/09/2020
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:		Date:	






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# Inverness College

**Annual Audit Plan**

**Year ending 31 July 2020**

**Audit Committee - 2 June 2020**



Building a better  
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## About this report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 31 May 2016 through which the Auditor General for Scotland has appointed us as external auditor of Inverness College ("the College") for financial years 2016/17 to 2020/21. We undertake our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and our responsibilities as set out within Audit Scotland's Code of Audit Practice (the Code), issued on 26 May 2016.

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

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

## Complaints

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

# 1. Executive summary

## Our key contacts:

**Stephen Reid**  
Partner  
[sreid2@uk.ey.com](mailto:sreid2@uk.ey.com)

**Olga Potapova**  
Manager  
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## Our independence

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

## Purpose of this report

In accordance with the Public Finance and Accountability (Scotland) Act 2000, Audit Scotland appointed EY as the external auditor of Inverness College (the College) for the five year period 2016/17 to 2020/21.

This Annual Audit Plan, prepared for the benefit of College management and the Audit Committee, sets out our proposed audit approach for the audit of the financial year ending 31 July 2020, the fourth year of our appointment. In preparing this plan, we have updated our understanding of the College through planning discussions with management, review of relevant documentation and committee reports, and our general understanding of the environment in which the College is 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. These are highlighted throughout our reporting together with our judgements and conclusions regarding arrangements.

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

## Scope and Responsibilities

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

## Our Financial Statement Audit

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

- ▶ whether they give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the College's affairs as at 31 July 2020 and its surplus or deficit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102: The Financial Reporting Standard applicable in the UK and Ireland; and
- ▶ whether they have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder issued by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

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

## Materiality

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

Planning Materiality	Tolerable Error	Nominal amount
<b>£280,000</b>	<b>£140,000</b>	<b>£14,000</b>
1% of the College's gross forecast expenditure	Materiality at an individual account level	Level that we will report misstatements to committee

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

## Wider Scope audit

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

- ▶ Financial sustainability; and
- ▶ Governance and transparency.

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

# Audit Risk Dashboard

## Key Financial Statement Risks

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

# Audit Risk Dashboard

## Wider Scope Risks

**Financial Sustainability:**

Continuing financial pressures

The financial environment in which the College operates was already challenging, and the Covid-19 pandemic will result in further, significant financial pressures. It is expected that the College's financial performance in 2019/20 will be significantly impacted from its plans due to the global pandemic, and there is a significant risk of impact going forward in the 2020/21 academic year. This will increase the financial pressures for future years and creates a significant risk that the College will not be able to develop viable and sustainable financial plans.

**Governance and transparency**

Delivering progress in good governance arrangements

In our prior year audit reporting, we noted a number of areas where progress in respect of previous recommendations for improving governance had been limited, both from external audit and other externally facilitated reviews. We also noted that the College had significant work to do in respect of its participation in Scotland's NFI exercise. There is also a significant risk of Covid-19 materially impacting the College's ability to deliver good governance arrangements, both in terms of the impact on the College's way of working and the impact on key individuals charged with delivering good governance.



## 2. Sector developments

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

### **Covid-19 update and future plans**

Covid-19 is a new illness that can affect the lungs and airways. It's caused by a virus called coronavirus. The impact on education services, the changes to behaviour around public gatherings and social interaction, and the political and economic consequences have already been and will continue to be significant.

The situation in respect of Covid-19 and its impact on the UK is developing on an ongoing basis. At the time of preparing this plan (May 2020) there remains a significant degree of uncertainty over the scope and scale of the ongoing impact by the College's financial year end of 31 July 2020 and beyond. Considerations include:

- ▶ There has been significant disruption to the College's day to day operations as it faces changes to working practices and reductions in capacity as staff are required to self-isolate.
- ▶ Colleges have moved to remote learning where possible, and there remains significant uncertainty around when class-room based teaching can resume.
- ▶ While the SFC has outlined that they will not seek to recover funds for shortfalls against outcome agreement targets where these are related to Covid-19 for the academic year 2019-20, colleges are likely to experience a significant loss in income for 2019/20 with the loss of non-SFC income such as tuition fee income, commercial contracts, SDS apprenticeship income, catering and nursery income. While there will be some cost associated savings achieved through reduced activity, it is unlikely that this will entirely net off the impact on the colleges surplus or deficit for the year.
- ▶ The SFC has announced funding allocations for 2020/21 and colleges will shortly be updating their financial forecast through to 2025. This may require further revision and update as the College's financial position and commitments continue to be impacted, while it is not known the period over which the impact may be ongoing.
- ▶ In respect of the financial statements, Covid-19 will have a pervasive impact, and has the possibility to materially effect the majority of the College's yearend balances as well as the transactions through the last four months of the financial year.
  - ▶ There is likely to be a significant impact on the College's share of the Highland Pension Fund liability as its underlying asset valuations are materially impacted at 31 July 2020.
  - ▶ There may also be a material impact on the valuation of the College's property, plant and equipment.
  - ▶ The recognition of income will require greater judgement as the College assesses whether conditions have been met and/or services performed in full.
- ▶ Additional disclosures will be required throughout the financial statements to reflect the additional risks facing the College and how these have impacted the key judgements and estimates made in preparation of the financial statements, as well as the required narrative disclosures on how this has impacted performance, risk assessment and mitigation, and the College's future plans.

Covid-19 is expected to have a significant impact on the financial health of the College sector with significant reductions in both non-core SFC income and other income.



## **The impact of Covid-19 on the preparation of financial statements and audit**

The Financial Reporting Council ("FRC") has issued guidance for both auditors and preparers of the financial statements on issues arising from the Covid-19 pandemic. The guidance to date highlights the practical difficulties in preparing financial statements and performing audits in the new way of working. It is clear that auditors will be required to develop alternative audit procedures to gather sufficient and appropriate audit evidence.

The guidance is clear that the new way of working should not undermine the delivery of high quality financial statements preparation or quality audits, which should continue to comply fully with international auditing standards. Where additional time is required to complete audits due to ongoing and developing risks, it is important that this is taken to maintain audit quality rather than seeking to conclude early to meet arbitrary or regulatory deadlines.

Audit considerations include:

- ▶ While the impact is unquantifiable at this time, audit processes will be subject to the same likely changes in working arrangements and possible reductions in capacity across both the College finance team and the audit team.
- ▶ We have outlined the planned timing for the key deliverables of the audit process in Appendix D. The current expectation is that this timetable will be impacted and this is reflected in the timeline, however this is still subject to confirmation with management and may change in the coming months as the impact of the new way of working is better understood. While Audit Scotland does not intend to issue revised audit deadlines on the basis that circumstances will vary by audited body, they have recognised the likely impact this will have on the financial statements and audit process and encouraged ongoing dialogue.
- ▶ Our key audit risks and other matters for consideration have been outlined in this report based on our planning work to date, largely before the full impact of Covid-19 is known. We have reduced our audit materiality levels for the year, as outlined in this report, and it is likely our consideration of audit risks will develop significantly in advance of the year end audit as more is understood around the impact. We will provide the Audit Committee with an update on key audits risks and other matters where they materially differ from this planning report in advance of the year end audit.

We will continue to work closely with management to consider the impact as it becomes better known and provide periodic updates. We will aim to take a pragmatic and flexible approach, while also recognising that strong financial management and good governance are more important than ever at this difficult time, over the financial year-end and into 2020/21.

The Financial Reporting Council highlighted that Covid-19 should not undermine the delivery of high quality audits.

## Audit Scotland Colleges 2019

Audit Scotland published their Scotland's Colleges 2019 report in June 2019. The report considers both the financial health and performance of Scotland's colleges.

Scottish Government is providing around £99 million over three years to fund the additional costs from national bargaining.

The report highlights that the Scottish Government has been providing colleges with real-terms increases in revenue funding since 2016/17. However, the most recent increase for 2019/20 covers only the additional cost of harmonising staff terms and conditions, the cost of living pay increases and increases in employers' pension contributions. The proportion of non-government income, such as education contracts and other commercial income, has reduced. Colleges' ability to access other sources of funding, such as cash and arm's-length foundation (ALF) balances, is also reducing.

It is highlighted that the gap between colleges' income and expenditure is widening. Twelve incorporated colleges were forecasting recurring financial deficits by 2022/23.

In 2019/20, capital funding for the sector has fallen to £47.6 million (2018/19: £76.7 million). Reduced capital spending creates a risk that the cost of urgently needed backlog maintenance increases. This in turn poses a potential risk to some colleges' ability to continue to deliver their core services in a safe environment, and to invest in new digital infrastructure to generate efficiencies and enhance the student experience. The Scottish Government is working with the Scottish Futures Trust and the SFC to identify an appropriate revenue funding model for future investment in the college estate

### 2020/21 Budget

The College outcome agreement funding allocations for Academic Year 2020/21 were announced by the SFC on 7 April 2020. The funding announcement recognised that the rapidly shifting environment, however it was felt that announcing the funding allocations would help provide some stability for the sector.

Key aspects of the funding announcement are:

- ▶ SFC's revenue budget for 2020/21 has increased by 6.9% from 2019/20
- ▶ Teaching funding has been increased by 5% (£23 million)
- ▶ Funding is provided towards pension costs over the 16 month period April 2020 to July 2021
- ▶ Student activity (credit) volume for the sector is broadly unchanged however there are some changes to individual college/regional targets
- ▶ Capital funding has decreased by £11.9 million

The sector was experiencing significant financial challenges and while the full impact of Covid-19 is not yet apparent, it is recognised it will significantly add to the existing financial pressures faced and amendments to the 2020/21 budget are likely.

# 3. Financial Statement Risks

## Introduction

The College's 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 are responsible for conducting an audit of the financial statements of the College. We will provide an opinion on the College 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 2020 and its surplus or deficit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102: The Financial Reporting Standard applicable in the UK and Ireland; and
- ▶ whether they have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder issued by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

We will work with the Finance Team to support further improvements in the quality of the financial statements.

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

## Other Statutory Information

The management commentary and narrative reporting continues to be an area of increased scrutiny as a result of rising stakeholder expectations, including continuing interest by the Financial Reporting Council. We will therefore continue to work with the finance team to support the improvement of the financial statements, including narrative disclosures, in 2019/20.

## Audit Approach

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

### Our audit involves:

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

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

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

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

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

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

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

Maintaining auditor independence.

Substantive tests of detail of transactions and amounts. For 2019/20 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.

## Materiality

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

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

### Materiality Level

### Rationale

**Planning Materiality**  
£280,000  
(PY £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 2019/20 has been set at £280,000. This represents approximately 1% of the College's forecast expenditure for the year.

**Tolerable Error**  
£140,000  
(PY £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 £140,000 which represents 50% of planning materiality.

**Summary of Audit Differences**  
£14,000  
(PY £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 £250,000. We have set it at £14,000, which represents 5% of planning materiality.

Our audit planning materiality has reduced from the prior year audit to lower end of the range we would select for a body the nature of the College. This reflects the challenges on the College and its environment, in particular the ongoing financial sustainability challenges, taken together with the added pressures and pervasive nature of the impact of Covid-19. Tolerable error has also been set at the lower end of our range and reflects the expected likelihood of misstatements in the financial statements themselves, both from our audit reporting on identified errors in 2018/19 and consideration of changes in the finance team across all levels. We continue to assess materiality through the year and will report changes to our materiality as part of our updated planning reporting and our yearend Annual Audit Report in due course and where required.

Factors which we consider include the perspectives and expectations of users of the financial statements as well as our risk assessment as to the likelihood of material misstatements arising in the financial statements. Based on these considerations, we apply lower materiality levels to the following areas we consider to be material by nature rather than size:

- ▶ Remuneration Report; and
- ▶ Related Party Transactions.

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

# Significant Risks

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

## Significant Risk - Risk of fraud in income and expenditure recognition

Under ISA 240 there is a presumed risk that income may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which means we also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

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

Given the nature of Scottish Funding Council (SFC) core teaching grant to the College, we rebut the presumed revenue recognition risk for this income stream. However we recognise a revenue recognition risk for other SFC grants where performance conditions are in place, tuition fee income and other grants and operating income in respect of possible manipulation of cut-off around the financial year end.

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

### Work we will undertake:

- ▶ review and test all relevant income and expenditure policies against the relevant accounting standards and SORP
- ▶ review, test and challenge management around any accounting estimates on income and expenditure recognition for evidence of bias
- ▶ test material income and expenditure streams
- ▶ test all material grant income with performance conditions to ensure the income is recognised correctly in line with the outlined requirements
- ▶ review and perform focused testing on income and expenditure around the year end to ensure correct recognition around cut-off between financial periods

## Fraud Risk – Misstatement due to fraud or error

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

The risk of management override is pervasive to the audit and impacts the testing of all areas. Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud.

As 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.

Based on the requirements of auditing standards our approach will focus on:

- ▶ identifying fraud risks during the planning stages
- ▶ inquiry of management about risks of fraud and the controls put in place to address those risks including segregation of duties
- ▶ consideration of the effectiveness of management's controls designed to address the risk of fraud
- ▶ determining an appropriate strategy to address those identified risks of fraud
- ▶ performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements
- ▶ specific focus on the accounting for any identified key areas of judgement and estimates in the financial statements and significant and unusual transactions. This will include consideration of any provisions requiring to be made as at the balance sheet date for any restructuring arrangements entered into by the College, as applicable.

We will report our findings in these areas to you within our 2019/20 Annual Audit Report.

## Inherent Risk - Valuation of Property, Plant & Equipment

The College's property portfolio totals £56.6 million as at 31 July 2019 (2017/18 £50.9 million), with the major elements of this being in respect of land and buildings. Land and buildings are revalued to fair value with a full revaluation taking place at least every five years, with an interim valuation at year 3.

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

In 2018/19 College's existing land and buildings were subject to a revaluation in line with the requirements of the underlying accounting code, resulting in an uplift of £3 million on the asset values.

Given the size of this balance and the number of assumptions that are made in the valuation, we assign a higher inherent risk to property, plant and equipment.

We do not, however, at the planning stage have any specific concerns over management's approach to property valuations.

Our approach will focus on:

- ▶ analysis of the source data and inquiries as to the procedures used by management's specialist to establish whether the source data is complete
- ▶ assessment of the reasonableness of the assumptions and methods used by the College in applying their indexation factor, including their compliance with the SORP
- ▶ consideration of the appropriateness of the timing of when the specialist carried out the work
- ▶ assessment of whether the substance of the specialist's findings are properly reflected in the financial statements
- ▶ consideration of the material uncertainty that management's specialist may add to their valuation reports due to Covid-19, and the potential impact on our audit approach and opinion. We may consult as required.
- ▶ assessment of the potential for impairment across the College estate that has not been reflected in the financial statements or most recent formal valuation



## Inherent Risk – Valuation of Pension Liabilities

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

The Further and Higher Education SORP and the SFC Accounts Direction require the College to make extensive disclosures within the financial statements regarding its membership of the Highland Pension Fund.  
The information disclosed is based on the report issued by the College's actuary.

HPF 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 2019 were £10.3 million (2017/18 £4.3 million).

In addition the College recognises a provision for future early retirement liabilities - £2.1 million as of 31 July 2019 (2017/18 £2 million).

Accounting for this scheme involves significant estimation and judgement and the College engages an actuary to undertake the calculations on their behalf. It is expected that both the valuation of the Fund's assets and liabilities at 31 July 2020 will be subject to significant fluctuation due to the impact of Covid-19.

ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our approach will include:

- ▶ obtaining an actuarial report at the year end date for the scheme and considering the reasonableness and consistency of assumptions underpinning such reports, in light of guidance available
- ▶ performing substantive testing on the verification of the pension assets, by engaging with the auditors of Highland Pension Fund in line with the assurance protocols laid out by Audit Scotland for IAS 19
- ▶ 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 and McCloud judgement have been considered in the pension liability valuation
- ▶ we will also review the calculation of the College's valuation of future early retirement liabilities at 31 July 2020

## Inherent Risk – Capital Financial Arrangements

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

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

In 2015 the College took possession of its new campus buildings, using the Scottish Futures Trust's Non-Profit Distributing (NPD) model. Under the NPD arrangement, the College makes monthly service charge "unitary charge" payments which include the capital element of the loan funding together with interest, facilities management and building lifecycle costs. As at 31 July 2019 the present value of future lease payments was reported as £37.1 million. Given the material value of the NPD liability as well as the complexity of the associated accounting treatment we consider this as an area of higher inherent risk.

Our approach will include:

- ▶ reviewing the College's NPD accounting and disclosures against the requirements of the SORP and FRS102 and against the underlying contracts
- ▶ auditing the NPD agreements and accounting model to consider the reasonableness of the NPD disclosure within the financial statements
- ▶ discussion with management against our recommendation made in our 2016/17 Annual Audit Report, which remained outstanding during 2017/18 and 2018/19 audits. 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.

## Other audit considerations

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

### **Accounting Framework**

#### **Updated Statement of Recommended practice: accounting for further and higher education 2019 edition**

The Statement of Recommended Practice (SORP): accounting for further and higher education has been updated to reflect the amendments made to FRS 102 following its triennial review in 2017. The revised SORP will be effective for financial periods beginning on or after 1 January 2019 and therefore will be applied by the College within their 2019/20 financial statements.

The triennial review was published by the Financial Reporting Council in December 2017. The majority of amendments were editorial in nature and clarified rather than changed accounting treatment. The amendments to the SORP follow a similar basis and it is not therefore anticipated that the College will be required to adopt substantive number of changes to accounting treatments. We do, however, anticipate that the College will be required to adopt a number of changes to disclosure requirements.

#### **Updated SFC Accounts Directions for Scotland's Colleges**

The SFC's Accounts Direction is published annually in July and provides College's with guidance on disclosure requirements for the financial statements.

We will work with management during 2019/20 to ensure the correct application of the new requirements.

### **Other audit responsibilities**

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

### **Anti-money laundering**

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

### ***Data analytics***

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

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

### ***Going Concern - Compliance with ISA 570 Changes***

This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the College will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether the College is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Audit Committee.

We will discuss the detailed implications of the new standard with management during the 2019/20 audit ahead of its application for 2020/21.

### ***Use of specialists***

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

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

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable.
- ▶ Assess the reasonableness of the assumptions and methods used.
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work.
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

### ***Internal audit***

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

### ***Finance system update***

Management is due to finalise an upgrade to the College's Sun finance system over the summer before the financial yearend. We will consider any material changes to the finance system as part of our walkthrough of key processes and controls, and work with the Finance team to ensure all required reports and other information is obtainable in advance of our yearend audit visit.

# Wider Scope Dimensions: Risk assessment and approach

Covid-19 is a pervasive risk that impacts all wider scope dimensions. This will be an area of audit focus for 2019/20 considering how the College has adapted and the implications for the College's finances.

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

## **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.

## **Our procedures**

As part of our risk assessment procedures, we have reviewed each dimension to assess potential areas of risk. We set out our areas of focus, along with specific significant risks relating to each dimension on the following pages.

## **Ongoing assessment**

As noted throughout this report, it is expected that the impact of Covid-19 will be pervasive on the College in 2019/20. In all years we continue to consider the risk assessment of the College throughout the audit process, and the possible impact that new risks may have on our assessment, in particular the application of the smaller body for the status for the College. Given the circumstances there is likely to be a greater emphasis on this process in advance of our yearend audit, the possible impact being that we apply the larger body status to the College to also consider the wider scope dimensions of financial management and value for money.

In particular, the financial management dimension considers the effectiveness of financial management arrangements, including whether there is sufficient financial capacity and resources, sound budgetary processes and whether the control environment and internal controls are operating effectively. We recognise that financial management arrangements will have evolved as part of the College's response to Covid-19 and may be subject to significant extra pressure.

We will continue to consider our audit approach in respect of wider scope audit and will report any material changes, along with our findings from the year, to the committee as part of our annual audit report.

## Financial Sustainability

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

In 2018/19 the College prepared a five year Financial Forecast Return for the Scottish Funding Council, which forecast an underlying operating deficit of over £4 million in the period to 2023/24 if no mitigating actions were taken. The College's 'balanced' forecast assumed significant savings made through staff cost reductions, savings on estate maintenance and income increases.

We reported that, despite progress made in identifying possible savings, there remains a significant future financial risk to the College around the delivery of the required savings, given the level of progress made to date and the risks of savings impacting the College's achievement of key corporate objectives and targets.

### Continuing financial pressures

The financial environment in which the College operates was already challenging, and the Covid-19 pandemic will result in further, significant financial pressures. It is expected that the College's financial performance in 2019/20 will be significantly impacted from its plans due to the global pandemic, and there is a significant risk of impact going forward in the 2020/21 academic year. This will increase the financial pressures for future years and creates a significant risk that the College will not be able to develop viable and sustainable financial plans.

Our work for the year will consider:

- ▶ Has the College revised medium term financial plans to take account of the materialising risks in relation to Covid-19 and has appropriate scenario planning taken place?
- ▶ Where gaps in financial plans are identified, is the College proactively engaging with the Scottish Funding Council and other stakeholders to address these gaps?
- ▶ The level of progress made by the College in delivering its identified savings to address forecast deficits going forward, and if this has impacted operational delivery and achievement of key objectives.

## Governance and Transparency

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

In our 2018/19 Annual Audit Report we concluded that a number of areas of good governance were in place and operating effectively across the College. The College made appropriate disclosures within the Annual Governance Statement relating to its risks and control environment, and its compliance with the Code of Good governance for Scotland's colleges.

Delivering progress in good governance arrangements

However, we also noted a number of areas where progress in respect of previous audit recommendations had been limited. We also noted that the College had significant work to do in respect of its participation in Scotland's NFI exercise. There is also a significant risk of Covid-19 materially impacting the College's ability to deliver good governance arrangements, both in terms of the impact on the College's way of working and the impact on key individuals charged with delivering good governance. At 2018/19 yearend audit, we also noted unforeseen resource constraints for the College (Board's secretary) and changes in key management personnel (Director of Finance).

We will consider how governance arrangements were adapted during the Covid-19 pandemic to ensure good governance arrangements remained in place.

Our work for the year will consider:

- ▶ How the College ensured the quality of arrangements in place to support good governance during the Covid-19 pandemic including ensuring that there is sufficient transparency around governance and decision making arrangements.
- ▶ 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 2019/20
- ▶ The adequacy of the College's preparations for EU withdrawal.

In line with auditing standards, as part of our consideration of the College's governance arrangements, 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.



# Appendices

A - Code of Audit Practice: responsibilities

B - Independence and audit quality

C - Required communications with the Audit Committee

D - Timing and deliverables of the audit

E - Audit fees

F - Additional audit information

# Appendix A: Code of Audit Practice Responsibilities

## Audited Body's Responsibilities

### Corporate Governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including Audit Committees or equivalent) in monitoring these arrangements.

### Financial Statements and related reports

Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:

- ▶ preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.
- ▶ maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support their financial statements and related reports disclosures.
- ▶ ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.
- ▶ maintaining proper accounting records.
- ▶ preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.
- ▶ Management, with the oversight of those charged with governance, should communicate clearly and concisely relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit 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.

# Appendix B: Independence Report

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in 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 communications	
Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard</li> </ul>	<ul style="list-style-type: none"> <li>▶ 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;</li> <li>▶ Details of non-audit services provided and the fees charged in relation thereto;</li> <li>▶ 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;</li> <li>▶ Written confirmation that all covered persons are independent;</li> <li>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</li> <li>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</li> <li>▶ An opportunity to discuss auditor independence issues</li> </ul>

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 also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

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

# Appendix B: Independence Report (continued)

## Relationships, services and related threats and safeguards

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

### Overall Assessment

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

### Self interest threats

A self interest threat arises when EY has financial or other interests in the Body. Examples include where we have an investment in your company; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's Ethical Standard and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC Ethical Standard, and if necessary agree additional safeguards or not accept the non-audit engagement. At the time of writing, the current ratio of non-audit fees to audit fees is approximately 0% (Appendix E), and will continue to be monitored through the audit engagement. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

### Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Group. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

### Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

# Appendix B: Independence Report (continued) New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

## Summary of key changes

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

- ▶ Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates;
- ▶ A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries;
- ▶ A narrow list of permitted services where closely related to the audit and/or required by law or regulation;
- ▶ Absolute prohibition on the following relationships applicable to UK PIE and its affiliates, including material significant investees/investors:
  - ▶ Tax advocacy services
  - ▶ Remuneration advisory services
  - ▶ Internal audit services
  - ▶ Secondment/loan staff arrangements
- ▶ An absolute prohibition on contingent fees;
- ▶ Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential;
- ▶ Permitted services required by law or regulation will not be subject to the 70% fee cap;
- ▶ Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms;
- ▶ A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards;
- ▶ A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

## Next steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 July 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 August 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

# Appendix C: Required Communications

Required communication	Our reporting to you
<b>Terms of engagement / Our responsibilities</b> 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
<b>Planning and audit approach</b> Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Annual Audit Plan
<b>Significant findings from the audit</b> <ul style="list-style-type: none"> <li>Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>Significant difficulties, if any, encountered during the audit</li> <li>Significant matters, if any, arising from the audit that were discussed with management</li> <li>Written representations that we are seeking</li> <li>Expected modifications to the audit report</li> <li>Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Annual Audit Plan Annual Audit Report
<b>Going concern</b> Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>Whether the events or conditions constitute a material uncertainty</li> <li>Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>The adequacy of related disclosures in the financial statements</li> </ul>	Annual Audit Report
<b>Misstatements</b> <ul style="list-style-type: none"> <li>Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>The effect of uncorrected misstatements related to prior periods</li> <li>A request that any uncorrected misstatement be corrected</li> <li>Corrected misstatements that are significant</li> <li>Material misstatements corrected by management</li> </ul>	Annual Audit Report
<b>Fraud</b> <ul style="list-style-type: none"> <li>Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>A discussion of any other matters related to fraud</li> </ul>	Annual Audit Report
<b>Consideration of laws and regulations</b> <ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul>	Annual Audit Report or as occurring if material.

Required communication	Our reporting to you
<b>Related parties</b> Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Annual Audit Report or as occurring if material.
<b>Independence</b> 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: <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	Annual Audit Plan Annual Audit Report
<b>Internal controls</b> Significant deficiencies in internal controls identified during the audit	Annual Audit Report
<b>Representations</b> We will request written representations from management and/or those charged with governance.	Annual Audit Report
<b>Subsequent events</b> Where appropriate, asking the Audit Committee whether any subsequent events have occurred that might affect the financial statements.	Annual Audit Report
<b>Material inconsistencies and misstatements</b> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Annual Audit Report
<b>Fee Reporting</b> <ul style="list-style-type: none"> <li>▶ Breakdown of fee information when the audit plan is agreed</li> <li>▶ Breakdown of fee information at the completion of the audit</li> <li>▶ Any non-audit work</li> </ul>	Annual Audit Plan Annual Audit Report

# Appendix D: Timing and deliverables of the audit

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 through the 2019/20 audit cycle. The timetable is provisional at this stage and will be subject to the ongoing consideration of the impact of the Covid-19 pandemic throughout the audit process.

	Audit Activity	Deliverable	Timing
FEB	▶ Review progress of NFI exercise	Submit NFI Questionnaire	28 February 2020
MAR			
APR	▶ Audit planning and setting scope and strategy for the 2019/20 audit	Annual Audit Plan	May 2020
MAY	▶ Walkthrough Visit (to be conducted remotely)	Completion of internal documentation	May 2020
JUN			
SEP	▶ Year-end substantive audit fieldwork on unaudited financial statements	Audited Financial Statements	November 2020
OCT	▶ Conclude on results of audit procedures	Issue Annual Audit Report	31 December 2020
NOV			
DEC	▶ Issue opinion on the College's financial statements	Submit Audit Scotland minimum dataset request	31 December 2020



# Appendix E: Audit fees

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

Audit Fees		2019/20	2018/19
	Component of fee:		
	Auditor remuneration - expected fee	£16,360	£14,370
	Additional audit procedures (see below)	£TBD	£10,413
	Audit Scotland fixed charges:		
	Pooled costs	£940	£920
	Contribution to Audit Scotland costs	£890	£800
	<b>Total fee</b>	<b>£TBD</b>	<b>£26,503</b>

The expected fee for each body, which for 2019/20 has been set centrally by Audit Scotland, assumes that it has sound governance arrangements and operating effectively throughout the year, prepares comprehensive and accurate draft financial statements and supporting schedules, and meets the agreed timetable for the audit. It also assumes there is no major change in respect of the scope of work in the year and an unqualified audit opinion resulting from the audit.

Should any of these circumstances not be in place throughout the audit, it is expected that additional costs will be incurred through the course of the audit which will be subject to recovery in line with the agreed process and rates set out by Audit Scotland. Under this process, fees can be agreed between the auditor and audited body by varying the auditor remuneration by up to 10% above the level set, or more with the approval of Audit Scotland.

All fee variations will depend on the progress made by management in providing robust impact assessments and supporting schedules in line with the underlying accounting requirements outlined by the Scottish Funding Council and Audit Scotland guidance. Where further additional work is required, fee variations will be agreed with management and reported to the Audit Committee in our 2019/20 Annual Audit Report.

At this stage we have not been able to fully consider and quantify the potential impact of Covid-19 on the financial statements accounting requirements, key judgements made by management, and the subsequent audit consideration we are required to undertake or additional work required to address the changes in the process of the preparation of the financial statements or audit. However, we anticipate that this and other audit matters will have a significant impact on 2019/20 audit fees:

- ▶ The impact of Covid-19 on the financial statements audit, including our requirement to reduce our overall audit materiality and subsequently increase testing, combined with expected additional significant individual risks and the impact on materiality of the number and value of audit misstatements identified in previous audits;
- ▶ The additional consideration required around the valuation of property, plant and equipment and the College's share of the Highland Pension Scheme;
- ▶ The additional wider scope audit consideration required through both the financial sustainability and governance dimensions, and the possible inclusion of financial management as a dimension subject to audit consideration in the year.

# Appendix F: Additional audit information

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

## Our responsibilities required by auditing standards

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the going concern basis of accounting.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Read other information contained in the financial statements, the Audit Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

## Purpose and evaluation of materiality

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

Materiality determines the locations at which we conduct audit procedures and the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

## Audit Quality Framework / Annual Audit Quality Report

Audit Scotland are responsible for applying the Audit Quality Framework across all audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team responsible are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.

We support reporting on audit quality by providing additional information including the results of internal quality reviews undertaken on our public sector audits. The most recent audit quality report can be found at: [www. https://www.audit-scotland.gov.uk/uploads/docs/report/2019/as\\_audit\\_quality\\_1819.pdf](https://www.audit-scotland.gov.uk/uploads/docs/report/2019/as_audit_quality_1819.pdf).

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 30 June 2019:

[https://www.ey.com/en\\_uk/who-we-are/transparency-report-2019](https://www.ey.com/en_uk/who-we-are/transparency-report-2019)

## EY | Assurance | Tax | Transactions | Advisory

### 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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**Audit Committee**

<b>Subject/Title:</b>	Food Safety & Allergen Management Policy
<b>Author:</b> [Name and Job title]	Martin Whyte, Commercial Services and Events Manager
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	2 <sup>nd</sup> June 2020
<b>Date Paper prepared:</b>	20 <sup>th</sup> May 2020
<b>Brief Summary of the paper:</b>	The policy has been reviewed and updated.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	The Audit Committee is asked to agree the changes to the Food Safety and Allergen Policy and approve these for progression to the next stage of 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>	
<b>Resource implications:</b>	No <b>If yes, please specify:</b>
<b>Risk implications:</b>	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	Following approval by the Audit Committee, the policy will be submitted to Board of Management Committee.
<b>Status</b> – [Confidential/Non confidential]	Non confidential
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes

**ITEM 5a**

*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)		Its disclosure would constitute a breach of confidence actionable in court (S36)	
Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	
For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)			

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

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

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



## FOOD SAFETY & ALLERGEN MANAGEMENT POLICY

REFERENCE: (will be inserted by Quality Unit)

DRAFT- ~~28 October 2019~~ 18 January 2020

Policy Owner	Director of External Relations
Lead Officer	Commercial Services & Events Manager
Review Officer	Commercial Services & Events Manager
Date first approved by BoM	
First Review Date	
Date review approved by BoM	
Next Review Date	
Equality impact assessment	
Further information (where relevant)	

Reviewer	Date	Review Action/Impact

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## **1. Policy Statement**

Inverness College UHI acknowledges its statutory and moral obligations to adopt the highest standards food safety for staff, students and visitors.

Inverness College UHI is committed to achieve and maintain recognised quality standards within food safety.

As an education provider and employer, Inverness College UHI is committed to developing a culture of competence and continuous improvement in food safety and allergy management practice.

In support of this, Inverness College UHI is committed to:

- Conforming with all food safety laws and regulations and relevant standards as the minimum accepted behaviour
- Compliance with relevant industry codes of practice, which go above and beyond legal requirements to establish best practice
- Preventing injury and ill health to all students and staff of Inverness College UHI and visitors to our campuses
- Maintaining safe food standards, identifying risks associated with food safety and the management of allergens
- Promoting food safety across the organisation
- Continuous improvement of food safety and allergen management systems, regular reviewing and revising of this policy
- Providing and maintaining a safe food and beverage environment
- Providing relevant information, Instruction, training and supervision

## **2. Legislative framework / related policies**

- 2.1. Food Safety Act 1990
- 2.2. Food (Scotland) Act 2015
- 2.3. The Health and Safety at Work etc. Act 1974
- 2.4. Management of Health and Safety at Work (Amendment) Regs. 2006
- 2.5. The Personal Protective Equipment Regulations 2002
- 2.6. Health and Safety (First Aid) Regulations 1981
- 2.7. Reporting of Injuries, Diseases and Dangerous Occurrences Regs 2013
- 2.8. The Workplace (Health, Safety and Welfare) Regulations 1992
- 2.9. The Control of Substances Hazardous to Health (Amendment) Regs 2004
- 2.10. The Health and Safety Information for Employees (Amendment) Regs 2009
- 2.11. Corporate Manslaughter and Corporate Homicide Act 2007
- 2.12. Combined Health & Safety Policy
- 2.13. The University Caterers Organisation Code of Practice for Food Allergen Management

## **3. Scope**

- 3.1. This policy applies to the Board of Management, all staff, students and visitors to Inverness College UHI.



#### 4. Organisation and Responsibilities

- 4.1. The College Board of Management is responsible for the approval of the food safety and allergen management policy.
- 4.2. The College Senior Management Team is responsible for providing leadership and commitment to the embedding principles.
- 4.3. The Director of External Relations has strategic responsibility for the food safety and allergen management policy.
- 4.4. The Commercial Services & Events Manager is responsible for a r: Review of the food hygiene legislation including allergens, updating procedures and guidance for staff, together with arranging all staff training in relation to food safety and allergens
- 4.5. The Head Chef is responsible for: Displaying all allergens in a clear and responsible manner, ensuring the chefs are all trained in delivering the highest standards to all customers and ensuring the daily and weekly food hygiene standards are adhered to.
- 4.6. The Health & Safety Manager is responsible for ensuring that all risk assessments are recorded and reviewed.~~reviewing the all risk assessments relating to food safety, including allergens~~

#### 5. Compliance

- 5.1. This policy is a cross college policy and all staff must work to meet the requirements outlined within the policy. Compliance with the Policy will be monitored through regular audits, with outcome reports being reported to the appropriate Health & Safety committee.

#### 6. Monitoring

- 6.1. This policy and related procedures will be monitored and its implementation evaluated.
- 6.2. Monitoring of food safety standards including the monitoring of allergens will be undertaken via the reviewing of associated procedures at agreed intervals.
- 6.3. A monthly food diary will be maintained to aid the monitoring and review of food safety and allergen compliance
- 6.4. An annual Environmental Health Officer report will be reviewed and any recommendations acted upon to ensure standards are maintained and continuously improved.

#### 7. Review

- 7.1. The policy will be reviewed on an annual basis, due to expected changes to food safety and allergen management legislation and codes of practice

**Audit Committee**

<b>Subject/Title:</b>	Secure Handling, Use, Storage and Retention of Disclosure Information Policy
<b>Author:</b> [Name and Job title]	Suzanne Stewart, Information Development Manager
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	2 <sup>nd</sup> June 2020
<b>Date Paper prepared:</b>	20 <sup>th</sup> May 2020
<b>Brief Summary of the paper:</b>	<p>To inform the Audit Committee of the revised Secure Handling, Use, Storage and Retention of Disclosure Information Policy</p> <p>The list of legislation has been re-organised, so similar items are now grouped together.</p>
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Audit Committee are asked to consider the revised Secure Handling, Use, Storage and Retention of Disclosure Information Policy and approve for progression to the next stage of 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>	
<b>Resource implications:</b>	Yes / No If yes, please specify:
<b>Risk implications:</b>	Yes / No If yes, please specify: Operational: Organisational:
<b>Equality and Diversity implications:</b>	Yes/No If yes, please specify:
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	

<b>Status – [Confidential/Non confidential]</b>	Non confidential		
<b>Freedom of Information Can this paper be included in “open” business* [Yes/No]</b>	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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[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

Approved: 9 March 2009  
Review approved by Board of Management: 26 March 2012  
No changes to be made in 2016. Review date extended to April 2019



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**POLICY ON SECURE HANDLING, USE, STORAGE AND RETENTION  
OF DISCLOSURE INFORMATION**

**REFERENCE: PL/CS/2016/001**

Lead Officer (Post):	Director of Organisational Development and Performance	Review date:	<del>April 2016</del> <del>Sept 2019</del> <u>July 2020</u>
Area:	College Management Information	Review Lead Officer (Post)	Information Development Manager
Responsible Committee:	Audit Committee	Date published: Review published:	27 March 2009 11 April 2012 18 October 2016
Date approved by Board of Management: Review approved:	9 March 2009 26 March 2012 13 September 2016	Equality Impact and Assessment published:	Not provided

Approved: 9 March 2009  
Review approved by Board of Management: 26 March 2012  
No changes to be made in 2016. Review date extended to April 2019

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Approved: 9 March 2009  
Review approved by Board of Management: 26 March 2012  
No changes to be made in 2016. Review date extended to April 2019

## 1. Policy Statement

Inverness College will ensure full compliance with the code of practice, issued by Scottish Ministers, regarding the correct handling, retention and destruction of information relating to the "Protecting Vulnerable Groups Scheme", provided by Disclosure Scotland. Information is sought from Disclosure Scotland for the purposes of assessing applicants' suitability for employment, voluntary positions, licensing and other relevant purposes, including admission of students to designated programmes, which include placement and work components for which such background checking is required.

The college complies fully with the ~~68~~ principles of the Data Protection Act ~~2018~~ ~~1998~~.

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## 2. Usage

~~2.1.~~ The college uses information from the Protecting Vulnerable Groups Scheme only for the purpose for which it has been provided. Such ~~P~~personal data is only processed where there is a legal basis for doing so, only with the expressed consent of the individual.

~~2.1.~~

## 3. Handling

~~3.~~

~~3.1.~~ Inverness College recognises that it is a criminal offence to disclose personal data to any unauthorised person. We, therefore, only pass such information to those who are authorised to see or process it in the course of their duties.

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## 4. Access and Storage

~~4.1.~~ The college does not retain information released by Disclosure Scotland on an individual's personnel file or student file. It is stored securely, in lockable, non-portable storage containers. Access to storage units is strictly controlled to authorised and named individuals, who are entitled to see such information in the course of their duties.

~~4.1.~~

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## 5. Retention

~~5.1.~~ In normal circumstances, information related to background checking is retained for up to 90 days. This is to allow a period of resolution for any dispute or complaint arising, following the notification of a decision to recruit a staff member or student. In exceptional circumstances (where there is justification for retention for a longer period), the data subject will be advised of the extended retention period. The same conditions relating to secure storage and access will apply during any such period.

Approved: 9 March 2009  
Review approved by Board of Management: 26 March 2012  
No changes to be made in 2016. Review date extended to April 2019

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## 6. Disposal

- 6.1. Once the retention period has elapsed, the data will be destroyed in a secure manner i.e. by shredding, pulping or burning. Inverness College will ensure that such information which is awaiting destruction will not be retained in any insecure receptacle (e.g. a waste bin or confidential waste console or sack). The college will not retain any image or photocopy or any other form of the information released by Disclosure Scotland. The college will, however, keep a record of the following:

- date of issue of the disclosure;
- the name of the data subject;
- the disclosure type;
- the position for which the disclosure was requested;
- the unique reference number of the disclosure **and**
- details of the recruitment/admission decision taken (where appropriate).

## 7. ~~Legislative framework~~

- ~~7.1. Rehabilitation of Offenders Act 1974 (Ministry of Justice - The UK Statute Law Database)~~
- ~~7.2. Police Act 1997 (Part V)(OPSI/HMSO)~~
- ~~7.3. Data Protection Act 1998 (OPSI/HMSO)~~
- ~~7.4. Regulation of Care (Scotland) Act 2001 (OPSI/HMSO)~~
- ~~7.5. The Housing (Scotland) Act 2001 (Housing Support Services)- Regulations 2002 (OPSI/HMSO) - the Schedule to this SSI provides details of prescribed Housing Support Services per section 2(1) of the Regulation of Care (Scotland) Act 2001~~
- ~~7.6. The Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Scotland) Order 2003 (OPSI/HMSO)~~
- ~~7.7. Criminal Justice (Scotland) Act 2003 (OPSI/HMSO)~~
- ~~7.8. Protection of Children (Scotland) Act 2003 (OPSI/HMSO) - full Act~~
- ~~7.9. Protection of Children (Scotland) Act 2003 (OPSI/HMSO) - Schedule 2 - definition of child care positions~~
- ~~7.10. Serious Organised Crime and Police Act 2005 (OPSI/HMSO)~~
- ~~7.11. The Police Act 1997 (Criminal Records)(Scotland) Regulations 2006 (OPSI/HMSO)~~
- ~~7.12. Definition of Adult at Risk as contained in The Police Act 1997- (Criminal Records)(Scotland) Regulations 2006 (OPSI/HMSO) **Note- definition is contained within Regulation 10(3)**~~
- ~~7.13. The Police Act 1997 (Criminal Records)(Registration)(Scotland) Regulations 2006 (OPSI/HMSO)~~
- ~~7.14. The Serious Organised Crime and Police Act 2005 (Commencement No 2)(Scotland) Order 2006 (OPSI/HMSO) - implements, amongst other sections, section 163 of the 2005 Act~~

Approved: 9 March 2009  
Review approved by Board of Management: 26 March 2012  
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- ~~7.15. The Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Amendment) (Scotland) Order 2006 (OPSI/HMSO)~~
- ~~7.16. Protection of Vulnerable Groups (Scotland) Bill and associated documents (introduced 25 September 2006)(Scottish Parliament) – see below for details of Act~~
- ~~7.17. The Police Act 1997 (Criminal Records)(Scotland) Amendment Regulations 2006 (OPSI/HMSO)~~
- ~~7.18. The Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions)(Scotland) Amendment Order 2007 (OPSI/HMSO)~~
- ~~7.19. Protection of Vulnerable Groups (Scotland) Act 2007 (OPSI/HMSO)~~
- ~~7.20. The Police Act 1997 (Criminal Records)(Scotland) Amendment Regulations 2008 (OPSI/HMSO)~~
- ~~7.21. Protection of Children (Scotland) Act 2003 (Amendment of the Definition of Child Care Position) Order 2008 (OPSI/HMSO)~~

## **7. Legislative framework**

- 7.1. Rehabilitation of Offenders Act 1974 (Ministry of Justice - The UK Statute Law Database)
- 7.2. The Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Scotland) Order 2003 (OPSI/HMSO)
- 7.3. The Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Amendment) (Scotland) Order 2006 (OPSI/HMSO)
- 7.4. The Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions)(Scotland) Amendment Order 2007 (OPSI/HMSO)
- 7.5. Police Act 1997 (Part V)(OPSI/HMSO)
- 7.6. The Police Act 1997 (Criminal Records)(Scotland) Regulations 2006 (OPSI/HMSO)
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- 7.8. The Police Act 1997 (Criminal Records)(Scotland) Amendment Regulations 2006 (OPSI/HMSO)
- 7.9. The Police Act 1997 (Criminal Records)(Scotland) Amendment Regulations 2008 (OPSI/HMSO)
- 7.10.** Definition of Adult at Risk as contained in The Police Act 1997 (Criminal Records) (Scotland) Regulations 2006 (OPSI/HMSO) **Note - definition is contained within Regulation 10(3)**
- 7.11. Data Protection Act 2018 (OPSI/HMSO)
- 7.12. Regulation of Care (Scotland) Act 2001 (OPSI/HMSO)
- 7.13. The Housing (Scotland) Act 2001 (Housing Support Services) Regulations 2002 (OPSI/HMSO) - the Schedule to this SSI provides details of prescribed Housing Support Services per section 2(1) of the Regulation of Care (Scotland) Act 2001
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- 
- other sections, section 163 of the 2005 Act  
7.19. Protection of Vulnerable Groups (Scotland) Bill and associated documents (introduced 25 September 2006)(Scottish Parliament) - see below for details of Act  
7.20. Protection of Vulnerable Groups (Scotland) Act 2007 (OPSI/HMSO)  
7.21. Protection of Children (Scotland) Act 2003 (Amendment of the Definition of Child Care Position) Order 2008 (OPSI/HMSO)

## **8. Scope**

- 8.1. This policy applies to all disclosure information received by the college and processed by the Human Resources Department and Student Admissions Department.

## **9. Compliance**

- 9.1. This policy must be complied with and it will be audited regularly by the Data Protection Officer regularly with reports going to the appropriate SMT and Audit committee.

## **10. Monitoring**

- 10.1. Each college policy will be monitored and its implementation evaluated.  
10.2. Appropriate procedures for monitoring and evaluation are the responsibility of the lead officer. These procedures will be subject to audit by the Quality Unit.

## **11. Review**

- 11.1. This policy will be reviewed on a 3 yearly basis, or sooner if legislative change requires.

**Audit Committee**

<b>Subject/Title:</b>	Data Protection Policy
<b>Author:</b> [Name and Job title]	Suzanne Stewart, Information Development Manager
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	2 <sup>nd</sup> June 2020
<b>Date Paper prepared:</b>	20 <sup>th</sup> May 2020
<b>Brief Summary of the paper:</b>	<p>To inform the Audit Committee of the revised Data Protection Policy</p> <p>The data protection policy had to be revised to include a reference to individual's information rights</p>
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Audit Committee are asked to consider the revised Data Protection Policy and approve for progression to the next stage of 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>	
<b>Resource implications:</b>	Yes / No If yes, please specify:
<b>Risk implications:</b>	Yes / No If yes, please specify: Operational: Organisational:
<b>Equality and Diversity implications:</b>	Yes/No If yes, please specify:
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	
<b>Status – [Confidential/Non confidential]</b>	Non confidential

<b>Freedom of Information</b> <b>Can this paper be included</b> <b>in “open” business*</b> <b>[Yes/No]</b>	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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## DATA PROTECTION POLICY

**PL/GO/2017/001**

Lead Officer	Director of Organisational Development and Performance
Review Officer	Information Development Manager
Date first approved by BoM	27 November 2009
First Review Date	25 May 2010
Date review approved by BoM	19 September 2017
Next Review Date	May 2018 2021
Equality impact assessment	Yes
Further information (where relevant)	Policy has been updated to include the responsibilities of various parties (feedback from recent data protection audit)

Reviewer	Date	Review Action/Impact
Information Development Manager	27.11.09	Amendments approved by BoM Audit Committee
Information Development Manager	25.05.10	Review approved by BoM Audit Committee
Information Development Manager	24.11.15	Review Approved by BoM Audit Committee
Information Development Manager	19.09.17	Review Approved by BoM Audit Committee

## **1. Policy Statement**

Inverness College is committed to ensuring that the processing of personal data is only undertaken in the legitimate operation of the college's business.

The college collects and uses information (data) about its staff, students and other individuals and bodies that it has contact with and aims to follow the 6 principles outlined within the UK Data Protection Act 2018 and the General Data Protection Regulation (GDPR).

## **2. The Data Protection Principles**

Personal data shall be:

- a) Processed lawfully, fairly and in a transparent manner in relation to the data subject
- b) Collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes; further processing for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes shall, in accordance with Article 89 (1), not be considered to be incompatible with the initial purposes;
- c) Adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
- d) Accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay;
- e) Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed; personal data may be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes or statistical purpose in accordance with Article 89 (1) subject to implementation of the appropriate technical and organisational measures required by the Regulation in order to safeguard the rights and freedoms of the data subject;
- f) Processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.

### **3. Legislative framework/related policies/documents**

- 3.1. Legislative framework includes:
- 3.2. EU General Data Protection Regulation 2016/679
- 3.3. UK Data Protection Act 2018
- 3.4. Freedom of Information (Scotland) Act 2002
- 3.5. Public Records Scotland Act 2011
- 3.6. Related policies, procedures and documents include:
- 3.7. Inverness College Freedom of Information Policy
- 3.8. Inverness College Public Interest Disclosure (Whistle Blowing) Policy
- 3.9. Information Security Policy
- 3.10. Information Security Incident Management Procedure
- 3.11. IC University Partnership IS Acceptable Use Policy
- 3.12. Records Management Policy (including the college Records Retention Schedule)
- 3.13. Business Continuity Policy
- 3.14. Staff Recruitment & Selection Policy
- 3.15. Protecting Vulnerable Groups (PVG) Scheme procedure for New & Existing Staff Procedure
- 3.16. Protecting Vulnerable Groups (PVG ) Admissions & Student Funding Team Procedure
- 3.17. Secure Handling, Use, Storage and Retention of Disclosure Information Procedure
- 3.17. DP Guidelines for Staff

### **4. Scope**

- 4.1. Information/data is legitimately gathered and processed for a variety of reasons including the recruitment and payment of staff; the recruitment of students; the organisation and administration of courses and programmes; student prize giving and graduation ceremonies; the monitoring of health and safety arrangements; the monitoring of equality; diversity and inclusion strands (i.e. age, disability, gender, sexual orientation, race, ethnicity and religion) particularly in respect of student admissions/staff recruitment and the monitoring of performance; achievement and assessment and compliance with statutory obligations; Government agencies and other relevant bodies.
- 4.2. The college is registered as a data controller with the Information Commissioner's Office and endeavors at all times to maintain data in secure conditions. A general outline of the personal data Inverness College processes has been notified to the Information Commissioner and can be viewed via the ICO register at [www.ico.org.uk](http://www.ico.org.uk) under registration number Z7631145.
- 4.3. This Policy should be read in conjunction with other relevant documents and policies noted above in Section 3.

## 5. Responsibilities

- 5.1. **The College Board of Management** are responsible for the approval of the Data Protection Policy.
- 5.2. **The College Senior Management Team** are responsible for providing leadership and commitment to the embedding of the data protection principles and on-going review of the Data Protection Policy.
- 5.3. **The Director of Organisation Development** has strategic responsibility for data protection.
- 5.4. **The Data Protection Officer** is responsible for:
  - 5.4.1. Review & revision of the Data Protection Policy and for ensuring that the associated data protection guidance for staff is regularly updated to ensure currency.
  - 5.4.2. Development & delivery of staff training on data protection matters;
  - 5.4.3. Provision of advice & guidance to college staff at all levels on data protection matters and compliance with legislation;
  - 5.4.4. Acting as the Data Controller on behalf of the college which includes liaising with the ICO on matters relating to the processing of personal data and cooperating with the ICO;
  - 5.4.5. Monitoring & reporting to SMT on compliance with data protection legislation at departmental level;
  - 5.4.6. Maintaining a register of all Subject Access Enquiries and personal data released.
  - 5.4.7. Developing organisational data sharing agreements and maintaining a register of all current agreements.
  - 5.4.8. Maintaining an organization register with regard to all personal data held across the college.
  - 5.4.9. Providing advice where requested with regard to data protection impact assessments and monitoring compliance with the controls in place.
- 5.5. **All managers** are responsible for ensuring:
  - 5.5.1. the secure storage, access, control and management of the personal data processed within their functional area;

- 5.5.2. Developing and maintaining a personal data register for the department and all areas under their control;
- 5.5.3. for familiarising themselves with the Information Asset Owner Guidelines;
- 5.5.4. ensuring all staff they manage undergo training on data protection and information security on an annual basis.

5.6. **All staff** are responsible for ensuring:

- 5.6.1. the security of the personal data that they process;
- 5.6.2. ensuring compliance with both the data protection policy and the associated staff guidelines;
- 5.6.3. ensuring they notify any data breach to the college Data Controller or ICT Manager immediately they become aware of it;
- 5.6.4. All staff are responsible for ensuring they undertake an annual update on data protection and information security matters.

5.6.5 Ensuring the information rights of data subjects as outlined in current legislation are respected and can be fully exercised.

## 6. Information Rights

Current legislation provides the following rights to all data subjects:

- 6.1 The right to be informed (regarding how their personal data is processed).
- 6.2 The right to access (the right to be given a copy of their own data).
- 6.3 The right to have their data corrected (if they believe it to be inaccurate)
- 6.4 The right to have their data deleted (in certain circumstances).
- 6.5 The right to limit how their data is used (in certain circumstances).
- 6.6 The right to data portability (in certain circumstance).
- 6.7 The right to object to data processing (in certain circumstances).
- 6.8 Rights regarding automatic decision making and profiling.

## 7. Compliance

- 7.1. This policy must be complied with and it will be audited regularly with reports going to the senior management team and Audit Committee.
- 7.2. Compliance with this policy is the responsibility of all college staff. Any deliberate breach of the data protection policy may lead to disciplinary action being taken or access to the college's facilities being withdrawn or even



criminal prosecution. Any questions or concerns about the interpretation of this policy should be addressed to the college's Data Protection Officer.

- 7.3. Any member of staff, student or other individual who considers that the policy has been breached in respect of personal data about them, should raise the matter with the college's Data Controller.
- 7.4. The Data Controller can be contacted by email:  
[data.controller@inverness.uhi.ac.uk](mailto:data.controller@inverness.uhi.ac.uk)
- 7.5. This policy does not form part of the formal contract of employment but it is a condition of employment that employees abide by the policy and adhere to the guidelines which follow. Failure to adhere to the policy can therefore result in disciplinary proceedings.

## **8. Monitoring**

- 8.1. Each college policy will be monitored and its implementation evaluated. Appropriate procedures for monitoring and evaluation are the responsibility of the lead officer. These procedures will be subject to audit by the Quality Unit.
- 8.2. The Data Controller will maintain statistical data regarding the number of enquiries and access to data requests. Such information will be reported to the Audit Committee on an annual basis.

## **9. Review**

- 9.1. This policy will be reviewed on a 3 yearly basis

# INVERNESS COLLEGE

## INTERNAL AUDIT REPORT

FINANCIAL PLANNING  
MARCH 2019

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate



# INVERNESS COLLEGE, FINANCIAL PLANNING

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## 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		<p><b>Scenario Planning</b></p> <p>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.</p> <p>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.</p> <p>Some scenarios were presented at the Board away day, including savings from reduced campus opening hours and increased income generation.</p> <p>There is a risk that financial plans are not robust enough to respond to changing circumstances.</p>

## 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		<p><b>Outturn Monitoring</b></p> <p>Audit Scotland guidance recommends that public sector bodies should have plans in place to reduce identified deficits over the medium term.</p> <p>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.</p> <p>There is no monitoring mechanism in place to ensure efficiency and income targets are being met.</p> <p>There is a risk Inverness College cannot operate within its approved budget in the medium term.</p>

## 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		<p><b>Budget Holder Meetings</b></p> <p>Regular meetings with Finance and budget holders provide an opportunity for Finance to offer support, challenge any variances and forecast the year-end position.</p> <p>Finance do not hold meetings with budget holders. Budget holders do not have a first point of contact within the Finance Team.</p> <p>There is a risk financial plans are not subject to effective consultation. There is a risk budget management is not sound.</p>

## 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		<p><b>Budget Review</b></p> <p>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.</p> <p>The Financial Regulations do not include the requirement that financial plans should be considered by the SMT prior to consideration by the F&amp;GP Committee. (However we note that the 2019/20 budget timetable included Senior Management Team preapproval).</p> <p>There is a risk of uncertainty around the expected budget approval process</p>

## 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		<p><b>Budget Timetable &amp; Communication</b></p> <p>A clearly defined budget timetable includes all necessary steps and ensures the budget is prepared in a timely manner.</p> <p>It is good practice to communicate the budget timetable to relevant parties to ensure they are aware of expectations and deadlines</p> <p>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.</p> <p>The 2019/20 budget timetable did not assign responsibility for tasks. Additionally the following tasks were not included:</p> <ol style="list-style-type: none"> <li>1. communicating the timetable and budget process to the Senior Management Team and budget holders;</li> <li>2. updating the budget when funding is confirmed by the UHI;</li> <li>3. submission deadline of Enhancement Plans and Budget and Resource Planning Templates; and</li> <li>4. reviewing the Enhancement Plans, communicating the results and updating of the budget.</li> </ol> <p>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.</p>

# 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		<p><b>Enhancement Plan Communication</b></p> <p>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.</p> <p>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.</p> <p>There is no scoring mechanism in place, therefore it was not clear which projects were prioritised and why.</p> <p>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.</p>

## 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

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

Ref	Sig.	Finding
7		<p><b>Tracking Changes</b></p> <p>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.</p> <p>It is not clear throughout the budget setting process what changes have been made to the budget, by whom and why.</p> <p>There is a risk the budget setting process is not transparent and the rationale behind changes are not understood.</p>

## 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		<p><b>Budget Profiling</b></p> <p>The budget is profiled throughout the year to reflect expected expenditure, to ensure a fair comparison against actual expenditure month to month.</p> <p>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.</p> <p>There is a risk budget monitoring is not providing meaningful analysis.</p>

## 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
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Alison Rogers	Finance Manager
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# 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
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE

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

# 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:

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# INVERNESS COLLEGE

## INTERNAL AUDIT REPORT

CASH HANDLING  
JANUARY 2020

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate



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## DISTRIBUTION

Helen Simpson  
Morag Jarvis

Interim Director of Finance  
Finance Team Leader

## REPORT STATUS LIST



Auditors:	Gemma Macdonald
Dates work performed:	27 January 2020 - 10 March 2020
Draft report issued:	11 March 2020
Final report issued:	22 May 2020






# INVERNESS COLLEGE, CASH HANDLING

## 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		
Medium		2
Low		2

### TOTAL NUMBER OF RECOMMENDATIONS: 4

## 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 the cash handling arrangements in place at Inverness College ("The College").

There are five members of staff involved in the Cash Handling process; the Finance Team Leader, the Senior Finance Officer and three Finance Officers. There is a cash office on campus but this is no longer open to students as there has been a reduction in the amount of cash transactions at the College. The average daily takings are currently £2.6k in cash and £1.7k in card transactions. The Finance Officer who was previously based in the cash office is now based in the staff office with the rest of the Finance Team.

The College has a Cash Office Banking Process and Procedures document, which details the roles and responsibilities of staff in relation to cash handling, and the detailed steps which should be taken. The procedure is available to all staff on the Share Drive for reference.

The main sources of cash income are identified within the procedure as being Hair & Beauty, the Library, and Catering (which includes the various refectories on Campus and the College shop). In addition to this, there are still some transactions which go through the cash office till; mostly deposits for locker space which students can reclaim at the end of the year.

Departmental staff are allowed to use tills in their specific department and all individuals receive training on the till in their department. Users share tills but each user has their own unique log in details which they must enter to use the till. Till reports detail which user was logged in at any given time which allows transactions to be traced back to users.

The procedure identifies the time of day when takings should be passed from each department to the cash office. Cash should be accompanied by a takings sheet which details

# INVERNESS COLLEGE, CASH HANDLING

the total in each denomination and is signed by a member of staff from the department. One of the Finance Officers counts the cash and will sign the takings sheet when the total has been verified. A terminal report is printed which provides a summary of all transactions through the till that day. This is checked by the Finance Officer against the takings sheet and is then attached to the takings sheet for filing. Cash is stored in a safe within the cash office which is accessed via a code by all members of the finance team. The cash office has key card entry on the door and is monitored by a 360 degree camera. This room is also accessible by all members of the finance team.

Cash is prepared for banking three times a week; on Monday, Tuesday and Thursday. One of the Finance Officers checks notes, coins and cheques in denomination order and records the totals on a Banking Sheet. These amounts are double checked by a second Finance Officer. Notes, Coins and Cheques are bagged separately for banking and each bag has a unique number and barcode. A pay in slip is completed for each bag, the slip is placed in the bag with the cash and the bag is sealed. The counterfoil for the pay in slip is retained and attached to the Banking Sheet. The number of each of the bags and pay in slips is recorded on the Banking Sheet along with the total included in each bag. Both of the Finance Officers involved in the banking preparations will sign the Banking Sheet.

Cash is picked up for banking by the security company G4S three times a week; on Tuesday, Wednesday and Friday. Directions for this process are also included in the procedure document. The G4S staff member scans the bar code of each bag before placing them in a secure box. G4S print a slip which shows the bag numbers collected and the ID of the G4S staff member who collected them. The G4S staff member signs the slip and it is attached to the Banking Sheet with the pay in counter foils.

One of the Finance Officers prepares an Income Report which provides a breakdown of the cash takings and allocates them to nominal codes. Any individual variances over £10 are to be investigated. The Income Report is reviewed by the Finance Team Leader who then imports it directly into the finance system, SunSystem, using the Excel add in Vision Q&A. The journal number is recorded on the Income Report to ensure an audit trail. Separate journals are entered to split out the deposit and SITS tuition fee totals to individuals.

The reference for cash sums banked is the pay in slip number which allows sums to be traced back to originating documentation.

## SCOPE AND APPROACH:

Our approach was to conduct interviews to establish the controls in operation for each of our areas of audit work. We obtained documentary evidence of the controls through the Cash Office Banking Procedures and Processes.

We sought to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through observation of the banking process and testing a sample of past cash transactions.

During the course of the review we kept management informed of any issues which arose as a result of our testing.

A de-brief was undertaken to discuss findings and initial recommendations.

# INVERNESS COLLEGE, CASH HANDLING

## GOOD PRACTICE:

During our review we noted a number of areas of good practice as follows:

- There is a Cash Office Banking Procedures and Processes document in place which is available to all staff and clearly describes the steps to be taken;
- There is appropriate segregation of duties and authorisation processes in place to help mitigate the risk of fraud e.g. two different members of the finance team count the cash for banking;
- There is a strong audit trail to evidence the process of receipting, recording and banking cash.

## KEY FINDINGS:

Notwithstanding the areas of good practice noted above, we also identified some areas where there is opportunity for improvement as follows:

- **Takings Sheet Completion:** Two of the takings sheets were not fully completed to show the cash counted by Finance or the variance. One of the takings sheets we reviewed was not signed by a member of finance, as required by the procedure.
- **Variance Investigation:** There is no ongoing monitoring of trends in variances and the procedure for investigating variances isn't documented.
- **Department Takings:** The Library and Hair & Beauty departments do not bring takings to the cash office every day.
- **Procedure Gaps:** The procedures don't make it clear who may operate a till or what the training arrangements are in this regard, or what the procedure is for maintaining float.

## CONCLUSION:

At this time, we are able to offer moderate assurance around the design and operational effectiveness of the controls surrounding Cash Handling at Inverness College.


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

- ✓ Cash handling roles and responsibilities may not be clearly defined, with appropriate segregation of duties.

# INVERNESS COLLEGE, CASH HANDLING

## DETAILED FINDINGS

**RISK: CASH HANDLING PROCEDURES MAY NOT EFFECTIVELY PREVENT AND DETECT FRAUD AND ENSURE EFFECTIVE SECURITY.**

Ref	Sig.	Finding
1		<p><u>Takings Sheet Completion</u></p> <p>It is important that cash handling procedures are consistently applied to minimise the opportunity for fraud or errors.</p> <p>During our testing, we found that one of the Hair &amp; Beauty takings sheets and one of the Library takings sheets were not completed to show the breakdown of denominations counted by finance or the variance. We also found that the Hair &amp; Beauty takings sheet was not signed by finance to evidence that totals had been agreed.</p> <p>There is a risk that potential misappropriation of cash may go unnoticed if the total of cash takings for the day are not verified.</p>

## RECOMMENDATION:

It is our recommendation that Finance staff are reminded of the need to ensure takings sheets are fully completed and signed to evidence that totals have been verified. This should form part of the checks done by the second finance officer who countersigns the banking sheet. A further check could be made by the Finance Team Leader when posting the journal to the finance system.

## MANAGEMENT RESPONSE:


Agreed

Responsible Officer: Morag Jarvis

Implementation Date: Within one calendar month of lockdown ending

# INVERNESS COLLEGE, CASH HANDLING

**RISK: CASH HANDLING PROCEDURES MAY NOT EFFECTIVELY PREVENT AND DETECT FRAUD AND ENSURE EFFECTIVE SECURITY.**

Ref	Sig.	Finding
2		<p><u>Variance Investigation</u></p> <p>It is important that there is a procedure in place to monitor and investigate variances in cash takings.</p> <p>During testing we found that there were variances in takings that were not investigated as they were below £10; however, there is no ongoing monitoring of trends in variances and that the investigation process for variances was not documented. There is annual analysis of the net figure which for the year ended 31 July 2019 amounted to £340.57 over.</p> <p>There is a risk that there may be patterns in variances which are going unchecked and hence remedial action may not be taken.</p>

## RECOMMENDATION:

It is our recommendation that the College develops a procedure for monitoring and investigating variances in cash takings. The procedure should detail the variance tolerance level, the arrangements for monitoring variances to highlight any trends, and the remedial action which may be taken to address any identified issues such as re-training or disciplinary action. The existing banking procedures should be updated to include a section which refers to the procedure for monitoring and investigating variances.

## MANAGEMENT RESPONSE:


Agreed

Responsible Officer: Morag Jarvis

Implementation Date: Within one calendar month of lockdown ending

# INVERNESS COLLEGE, CASH HANDLING

**RISK:** CASH HANDLING PROCEDURES MAY NOT BE CONSISTENTLY APPLIED.

Ref	Sig.	Finding
3		<p><u>Department Takings</u></p> <p>It is important that cash handling procedures are consistently applied to minimise the opportunity for fraud or errors.</p> <p>During our testing, we found that the Library and Hair &amp; Beauty departments do not bring their takings to the cash office every day. There are some instances where there are no takings in these departments and it may also be the case that Hair &amp; Beauty have evening appointments after the cash offices is closed, they cash up their tills and keep the takings in a safe within their department. The Procedures outline a specific time each day that departments should pass takings on to the cash office but do not indicate that there may be instances where there are no cash takings or that cash maybe held overnight in departments.</p> <p>There is a risk that misappropriated takings could go unnoticed if there is not a daily reconciliation for each department.</p>

## RECOMMENDATION:

It is our recommendation that there is a daily reconciliation completed for each department; showing zero sums if there are no takings and that this is confirmed by the department. We also recommend that the procedures are updated to reflect this arrangement and that the Hair & Beauty department have a safe which will be used to hold cash from evening appointments overnight.

## MANAGEMENT RESPONSE:


Agreed

Responsible Officer: Morag Jarvis

Implementation Date: Within one calendar month of lockdown ending

# INVERNESS COLLEGE, CASH HANDLING

**RISK: CASH HANDLING PROCEDURES EFFECTIVELY PREVENTS AND DETECT FRAUD AND ENSURE EFFECTIVE SECURITY**

Ref	Sig.	Finding
4		<p><u>Procedure Gaps</u></p> <p>It is important that the cash handling procedures are fully documented to provide staff with guidance on processes.</p> <p>During our review we found that there were areas not covered by the procedures:</p> <ul style="list-style-type: none"> <li>- The procedures do not make it clear who may operate tills in each department or what the training arrangements are for till operation; and</li> <li>- There is no documented procedure for maintaining a float.</li> </ul> <p>There is a risk that staff may not be aware of the cash handling processes which increases the likelihood of errors.</p>

## RECOMMENDATION:

We recommend that the Banking Process and Procedures document is updated to include the following areas:

- Which members of staff may operate the till in each department and what the training arrangements are for till operators; and
- The procedure for maintaining a float including the arrangements for picking up, counting, storing and dropping off the float.

## MANAGEMENT RESPONSE:

Agreed

Responsible Officer: Morag Jarvis

Implementation Date: Within one calendar month of lockdown ending

# INVERNESS COLLEGE, CASH HANDLING

## 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.

Helen Simpson	Interim Finance Director
Morag Jarvis	Finance Team Leader
Lesley MacBean	Finance Officer
David Tanner	Finance Officer






# INVERNESS COLLEGE, CASH HANDLING

## APPENDIX I - DEFINITIONS

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

## RECOMMENDATION SIGNIFICANCE

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

# INVERNESS COLLEGE, CASH HANDLING

## APPENDIX II - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

The purpose of this review will be to gain assurance that cash handling procedures prevent and detect fraud. We will also assess whether income is receipted, recorded and banked accurately and promptly.

### 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:

- Cash handling procedures may not effectively prevent and detect fraud and ensure effective security.
- Cash handling roles and responsibilities may not be clearly defined, with appropriate segregation of duties.
- Cash handling procedures may not be consistently applied.
- Income may not be receipted, recorded and banked accurately and promptly. Action may not be taken against exceptions identified.

### SCOPE OF REVIEW:

The scope of our review is to assess whether:

- Cash Handling procedures effectively prevent and detect fraud and ensure effective security;
- Cash Handling roles and responsibilities are clearly defined, with appropriate segregation of duties;
- Cash Handling procedures are consistently applied; and
- Income may not be receipted, recorded and banked accurately and promptly. Action may not be taken against exceptions identified.

### 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 then evaluated these control to identify whether they adequately address the risks.

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

During the course of the review we kept management informed of any issues which arose as a result of our testing.

A de-brief meeting was undertaken to discuss findings and initial recommendations.

**FOR MORE INFORMATION:**

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## Board of Management

<b>Subject/Title:</b>	Risk Management
<b>Author:</b>	Helen Simpson
<b>Presented by:</b>	Chris O'Neil & Roddy Ferrier
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	2 June 2020
<b>Date Paper prepared:</b>	27 May 2020
<b>Brief Summary of the paper:</b>	Update on risk register.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Discussion and 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>	Risk Management – demonstrates our understanding of the key risks facing Inverness College UHI.
<b>Resource implications:</b>	
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: Organisational: Ineffective management of significant risks leading to adverse financial impacts
<b>Equality and Diversity implications:</b>	No
<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.)			

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)

## Audit Committee

<b>Subject/Title:</b>	COVID-19 & Business Continuity Update Report
<b>Author:</b> [Name and Job title]	Ken Russell, Depute Principal Academic Development and Allan Kerr, Health and Safety Manager
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	2 <sup>nd</sup> June 2020
<b>Date Paper prepared:</b>	26 <sup>th</sup> May 2020
<b>Brief Summary of the paper:</b>	The purpose of this narrative is to provide the Audit Committee with a Business Continuity perspective on how we have managed the transition to lockdown; continued delivery under lockdown; and our contingency planning process to support the phased implementation of the “new normal”.
<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>	<ul style="list-style-type: none"> <li>• Ongoing compliance with ICUHI policies/procedures and Scottish Government COVID-19 guidance</li> <li>• Risk assessment – health and wellbeing; delivery; cost management</li> <li>• Maintenance of student numbers and credits</li> <li>• Exploration of opportunities to create a “new normal” for delivery and operations</li> </ul>
<b>Resource implications:</b>	No <b>If yes, please specify:</b>
<b>Risk implications:</b>	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	A related but separate paper focused on Teaching, Learning and Research aspects of our delivery will be discussed at the L,T & R Committee.
<b>Status</b> – [Confidential/Non confidential]	Non confidential
<b>Freedom of Information</b>	Yes

## ITEM 9

Can this paper be included in "open" business* [Yes/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)		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

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## Introduction

This paper is split into 4 main sections covering:

1. The lead up to the building closure on 20<sup>th</sup> March 2020
2. Operations under lockdown
3. Contingency planning for reopening the building in line with the Scottish Government's 4 phase approach
4. Some initial reflections and lessons learned

### The lead up to building closure on 20<sup>th</sup> March 2020

The Depute Principal (Academic Development) was nominated to take the lead in preparing for lockdown. The starting point in the contingency planning process was to review the existing Business Continuity Plan, to make some minor revisions and to ensure that we had back-up cover in place. Two additional short life working groups were set up to manage the process: a) a Steering Group to monitor our state of readiness and commission work e.g. successful remote testing of payroll operations; and b) a Consultative group drawn from key staff across ICUHI to ensure that more detailed contingency planning was coordinated. The Depute Principal (AD) reported regularly to the SMT on progress. All academic and support teams were asked to complete an audit to identify any challenges and key assets required in moving to remote operations. Furthermore, HR assisted in the identification of staff who would need to be shielded and early plans were put in place for them to be prioritised to work from home. The curriculum teams worked on enhancements to the use of Brightspace to facilitate remote learning and additional staff training was provided. In advance of lockdown, we had put in place a process whereby a small core group would operate, with appropriate social distancing and hand hygiene arrangements, in the building to provide essential services. This team was to be located on the second floor in the area from the Management Suite running through to the Research workroom (201). A second team consisted of nominated backup staff who would work from home. These plans were not enacted due to lockdown being announced by the Scottish Government and clearly all staff were subsequently working from home. The Director for Research and Innovation led on the development of a protocol for managing access to the building once the lockdown was in place. It was made clear that under lockdown only Business Critical reasons for access to the building would be honoured. Nominated keyholder staff were given a training session on how to access and exit the building safely. Expectations were managed through regular communications to all staff and students, including several updates from the Principal. Staff were asked to complete DSE assessments based on their working from home arrangements. MS Teams was adopted as the platform for staff to use to promote communications and support. Students continued to be supported via Brightspace. Technicians and relevant academics were engaged in ensuring that laboratories and workshops were closed akin to what would happen during the normal Christmas/New Year building closure. Normal statutory duties such as legionella testing were organised between Estates and GTFM.

The main uncertainties at the time of the closure of the building were whether the ELCC would continue to operate to support children of key workers and obviously when we would exit lockdown. Some contractual issues such as that for the provision of cleaning services were not fully resolved prior to closure.



### Lockdown operations – 23<sup>rd</sup> March to date

One of the key messages that was transmitted at the time of lockdown was that whilst the buildings may be shut, we were still delivering teaching and learning online. Normal line management processes have continued to operate, and students have continued to be supported and encouraged. By and large, student engagement has increased and a record number of nominations for lecturer of the year have been received by IC staff. More details regarding teaching, learning and research will be presented in a separate paper to the L, T and R Committee in June.

Alongside our own arrangements at Inverness College, UHI instigated an Emergency Management Team (EMT) to address issues affecting the whole Partnership. The Principal and Depute Principal (AD) were core members of this team. The work of the EMT can be broadly characterised into the following key dimensions:

1. Ensuring Business Continuity; getting processes up and running online and coordinating communications across the partnership
2. Trouble shooting, responding to issues, and recording actions
3. Financial impact assessment, examining resilience and sustainability
4. Sharing good practices and lessons learned including the recognition that formal line management processes already exist and that we should avoid parallel processing/duplicating effort
5. Collating information for lobbying/influencing various bodies including Scottish Government, SFC, Universities Scotland, Colleges Scotland, SQA, SDS etc
6. Disseminating internal/external guidance around assessment and examination arrangements
7. Starting to consider post lockdown operations and preparing for the start of the next academic session (online or not)
8. Early anticipations of the new Scottish Tertiary Education landscape 18 months out. It was recognised by the VC that this was beyond the life of the EMT and the Team was formally stood down and replaced by a Business Continuity Group.

In many respects, IC was often acting in advance of the ideas promulgated via the EMT. In terms of some specific business continuity matters we have been:

1. Collating information on lost revenues and income, cost avoidance, and additional costs incurred as a direct result of COVID-19. (This will be reported on separately to Finance and General Purposes Committee). This information was also used to inform the UHI logs on the impact of COVID across the partnership. We have continued to review costs and sought to reduce the expenditure on leases for assets that are idle (e.g. printer/copiers).
2. Furloughing staff where there is no detriment to current services required.
3. Conducting a review to identify all those students who could not complete their current programme under lockdown as they needed to acquire and demonstrate practical skills. These students will be prioritised in the early stages of reopening.
4. Working to support students with ICT challenges (identified a list of priority students to receive laptops courtesy of the Martin Lewis Foundation and Alison Wilson at EO).
5. Providing proactive student support through student counselling, PDAs, and PATs to ensure that we achieve our KPIs as far as possible.

6. Providing estimates for our National 5s and Highers to SQA via an Internal Quality panel that has been convened to review the process and ensure consistency in assessor/verifier practice is in line with SQA guidance and with historic trend data
7. Ongoing requests for COVID-19 related information by the SFC have been managed by the Depute Principal (AD)
8. We ran an online open week that was widely supported by staff including the production of over 50 videos to encourage recruitment.

Normal business processes e.g. managing the applications and student recruitment process for next intake have continued to operate with relatively few challenges.

There is still uncertainty regarding whether Highland Council want us to reopen the ELCC and the main challenge is around being able to have a reliable source of PPE.

#### Contingency planning for reopening the buildings

The Depute Principal (AD) has been asked to chair a small group to coordinate the actions to reopen the buildings. The scope and remit of the group are as follows:

##### Scope:

- To consider and plan the logistics of transition from lockdown to post-lockdown operations with particular regard to health and safety, estates, infrastructure and human resource aspects.
- To liaise with: curriculum and support managers; and student representatives to scope and plan scenarios and contingencies and evolve these as the environment changes.

##### Remit:

1. To monitor, influence and enact: guidance, policies and plans from a variety of authoritative external and internal sources (from *inter alia* UK and Scottish Governments, SFC, SQA, SDS, Universities Scotland, Colleges Scotland, UHI Business Continuity Group) to learn from best practices, staff creativity, and inform the contingency planning for safely reopening operations on the main campus, SSF at Balloch, ELCC, An Lochran, and the WASPS facility, as well as the continued delivery of the curriculum and associated support functions by home working as necessary.
2. To maintain scenario plans contingent on advice and guidance from the above to promote a safe, prioritised, smooth, cost-effective and risk assessed transition to post lockdown operations.
3. To coordinate the needs (why, who, what, where when & how) for onsite activities with Curriculum teams (including: priorities for practical work and incorporating any revisions in pedagogy and delivery patterns), Business Solutions (including any shifts to offsite assessment) and Managers/Team Leaders of support staff functions.
4. To make recommendations to SMT for decisions on phased changes in operations.
5. To make effective utilisation of existing mechanisms for communication including consulting and informing: staff; students; Union representatives; GTFM and contractors (e.g. Pristine) on changes to operations and updates to existing protocols and to brief relevant external stakeholders.

The University has decided that the start date for the new academic year will remain as originally published. Alongside this we are working with three main scenarios:

1. That there is limited access in Semester 1 and normal access in semester 2
2. That there is no access in semester 1 and limited access in semester 2
3. There is no access in Academic year 2020-21.

An audit has taken place across the partnership to review the challenges and issues that each of these scenarios may present and this is now being scrutinised to help with the more detailed contingency planning.

The IC transition management group has been utilising a COVID-19 return to work package (a component of free to use documentation made available by Alcumus PSM) to conduct a gap analysis; instigate actions and risk manage the whole process. This is being led by Allan Kerr (Health and Safety Manager). We are just about to complete the gap analysis and will be sense checking this with a range of stakeholders to firm up on the actions that have yet to be completed. Some work has already been conducted in the following areas:

- Reviewing room capacity to maintain social distance
- Examining delivery patterns to maximise throughput and minimise losses of capacity through having to clean areas between use by different groups
- Traffic management inside buildings and egress and exit
- Scenarios for providing food and beverage services
- Procurement of signage, protective screens, PPE
- Considering behavioural training for staff and students to maintain social distance
- Use of technology such as visualisers to inspect student work and avoid encroaching on social distance

Work in these areas and others identified in the Alcumus gap analysis will be prioritised by the transition management group in consultation with support and academic staff. An early dialogue with the Union Health and Safety representatives is being scheduled.

The Depute Principal (AD) has also produced a short video to provide an update on our progress. This has now been shared on I-Connect. We are conscious that a small number of staff have had OH or Access to Work assessments and we are prioritising these cases to deliver equipment to them to support them working from home as soon as we are able.

Following the publication of the Scottish Government 4 Phase Route Map we can:

In stage 1 (may be announced as early as 28<sup>th</sup> May) mobilise for the conduct approved capital spend on any building alterations and additional change notices that we wish to proceed with. This may include installation of signage, Perspex screens, hand gel dispensing points etc to protect health and safety. GTFM have already provided an agreement that we can carry out such work provided we rectify any damage resulting from removal.

In stage 2 restart staff laboratory work (likely to be restricted to An Lochran)

In stage 3 commence face to face delivery with prioritised groups of students and staff so that we can deliver the skills-based units that we could not complete before lockdown and still maintain social distancing/separation of groups. Most of our students would still receive their tuition online.

In stage 4 we will be operating in the “new and better normal”

Transition to each subsequent stage will be risk managed and approved by SMT. We are also conscious that there may be a spike in the number of cases and restrictions may have to be re-instated.

### Some initial reflections and lessons learned

The following is an initial set of observations on the process so far:

- Throughout the process the health, safety and well being of staff and students has been paramount and Scottish Government guidance and that from the HSE form the starting point for any considerations
- Staff have risen to the challenge and have provided excellent support to students, applicants, and other staff
- There are some excellent examples of creativity in continuing to deliver the curriculum remotely
- Many staff have found that there are considerable benefits alongside the challenges of working from home
- Student engagement has increased in many areas of the curriculum
- The original contingency planning paid dividends for the transition to lockdown operations.
- Groups such as the Emergency Management Team outlive their usefulness as they are in danger of duplicating existing line management processes
- MS Teams has been a real asset to conducting business and has been a very stable platform
- The use of the Yammer social group has proved popular with staff to maintain social contacts
- Vigilance regarding data and cyber-security is something that we forget at our peril and several institutions have been targeted with phishing attacks
- The use of structured approaches such as the Alcumus Covid-19 Returning to Work package are invaluable in maintaining focus and helping to ask richer questions
- There is a lot more work to do – decanting from the building was relatively easy however the phasing of re-occupying the building will require much more careful choreography
- FE and apprentices have had more challenges in being able to complete their programmes and these will be prioritised to enable practical work to be undertaken
- Every crisis presents opportunity and we must recognise that there is scope to define a new normal and drive towards this and not lose some of the advantages that staff, and students have benefited from whilst delivering remotely.

## Board of Management

<b>Subject/Title:</b>	Health and Safety Q2 Report (2019-20)
<b>Author:</b> [Name and Job title]	Allan Kerr – Health & Safety Manager
<b>Meeting:</b>	<b>Audit Committee</b>
<b>Meeting Date:</b>	02 Jun 2020
<b>Date Paper prepared:</b>	26 May 2020
<b>Brief Summary of the paper:</b>	To provide the Audit Committee with the Quarter 3 report, 1 February 2020 – 30 April 2020 on matters pertaining to health and safety.
<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>	
<b>Resource implications:</b>	No <b>If yes, please specify:</b>
<b>Risk implications:</b>	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	Health and Safety Committee, comprising a cross section of the college including management, staff and trade union reps.

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

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

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

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

## Executive Summary

There have been no RIDDOR reportable events in Q3 2019-2020, with the last reportable incident occurring in June 2019. Of particular note during this quarter has been the impact of the COVID-19 pandemic, which led to the decision being made by the Principal to close campus buildings on the 20<sup>th</sup> March 2020 for all but essential maintenance operations by IC Estates and GTFM. In the lead up to the closure, the College created a Contingency Management Team to focus on managing the impact of COVID-19. The team is led by the Depute Principal, Ken Russel and comprises various stakeholders across several College functions and departments.

The Contingency Management Team initially set out to track and manage the potential instance of COVID-19 occurring within the College, though the focus of the group became increasingly weighted toward planning for operations in the event of a similar 'lockdown' being put in place as had already been implemented in other countries. The initial idea was to have a core of essential employees continue to attend work in a dedicated and managed work space while other members of staff worked from home. However, as the situation developed and the guidance from UK and Scottish Governments became more specific, this course of action was ultimately rejected.

## Statistics in General

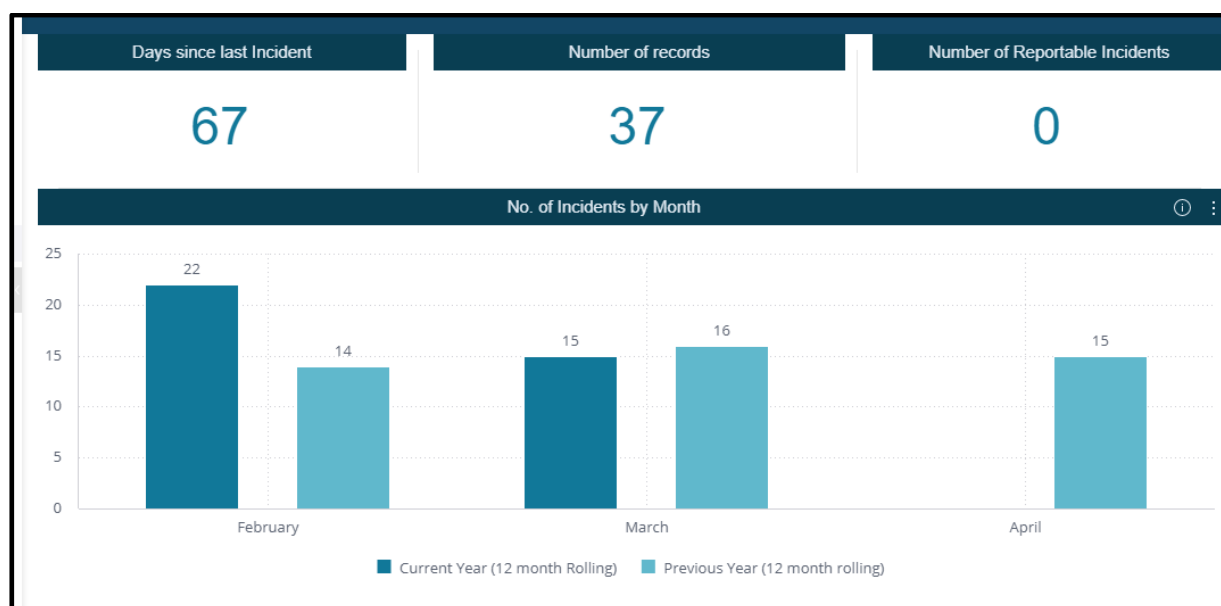


Figure 1 Q3 2019-2020 Incident Totals

The incidents recorded for the quarter were, once again, showing a continued increasing trend of reporting prior to the College closing at close of business on 20<sup>th</sup> March 2020 (Figure 1 refers). While the first reaction to an increase in incidents may be viewed as a negative result for the quarter, it may also be considered a truer reflection of incidents taking place which may previously have gone unrecorded. This is corroborated on viewing the incident severity information (Figure 2 refers), where 89% of incidents recorded were minor in nature, which is an indication of a willingness to report events without apparent immediate impact. With this being the case, it provides an indication of cultural improvement through employee participation, though

there are issues regarding incident management and culture in general which require further review and improvement.

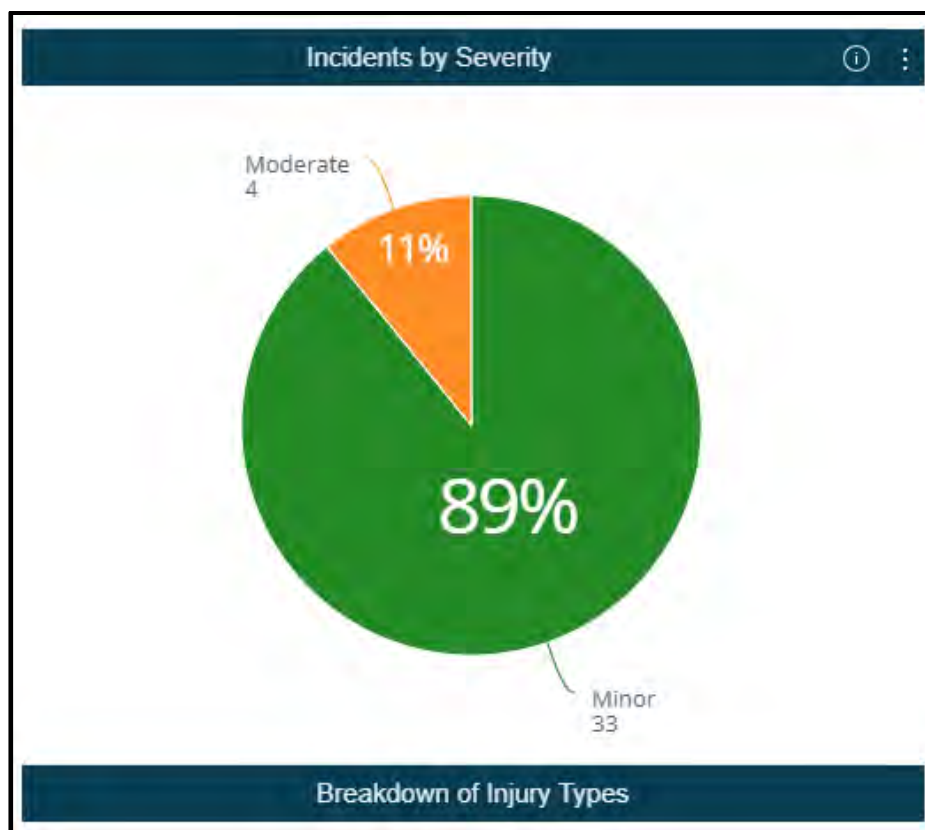


Figure 2 Q2 2019-2020 Incident Severity

### H&S Management System

The college has made a commitment to, and has adopted HSG65 as the Health and Safety Management quality framework. To implement, the framework the intention is to utilise the guidance provided by the University Safety and Health Association (USHA) which aligns with the HSG65 model of 'Plan, Do, Check, Act'. The key component of the USHA guidance involves devolved ownership and responsibility for Health and Safety, which is intended to be evaluated using the USHA 'HASMAP' auditing system.

The HASMAP audits that were scheduled to take place during this quarter have been postponed and it is unlikely a realistic alternative schedule can be provided at this time, given the current circumstances surrounding COVID-19. As the situation becomes clearer and appropriate resource available, a new and revised audit plan will be developed.

### H&S Management System Software Platform

The college, along with other UHI partners, utilises the 'SHE' software platform to facilitate the recording of Incidents, however, this contract has reached its final year with no further options to extend. The matter has been taken up as an agenda item at



the UHI Health and Safety Practitioner's Group, who have created a sub-committee to establish the options available to assist in managing Health and Safety information and, if required, advise APUC on the requirements of a Health and Safety software platform. The initial criteria and expectations of a new system have been compiled and multiple software providers have been provided to APUC.

The procurement of a new Health and Safety software system, or procurement of SHE software on a new contract, presents an opportunity to improve the framework criteria and data settings within the incident management function (as well as other aspects provided by the software). This will greatly improve not only the accuracy and ability to meaningfully manipulate and interpret data, but it will also provide an opportunity to promote use of the system, improving engagement in Health and Safety across the College. Work on this subject have continued during the closure of the College buildings.

### **Summary**

As the building has been unoccupied for a significant part of the quarter, it is natural that there has been a marked decrease in incident reporting, including an absence of incident reporting for the month of April. Prior to the College closure, the trend in incident reporting was continuing to show an increase on the previous year, which is an indication of some cultural improvement, however, there is still several cultural issues which require addressing, particularly the ownership and accountability for Health & Safety within individual functions.

This quarter has taken place during unprecedented times due to the COVID-19 pandemic and it is highly likely this will cause several ongoing health and safety challenges, not least the returning to operations within campus buildings. The planning for returning to work inside buildings is already underway, with multiple procedural and physical control measures being considered.

## Board of Management

<b>Subject/Title:</b>	General Data Protection Regulation (GDPR) – compliance report
<b>Author:</b> [Name and Job title]	Suzanne Stewart, Information Development Manager
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	2 June 2020
<b>Date Paper prepared:</b>	22 May 2020
<b>Brief Summary of the paper:</b>	To update the committee on the GDPR points of compliance
<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>	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.
<b>Resource implications:</b>	No
<b>Risk implications:</b>	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.
<b>Equality and Diversity implications:</b>	No
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	N/A

<b>Status</b> – [Confidential/Non confidential]	No		
<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.			
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Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	
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## 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”*

## Compliance Audits

Compliance auditing was due to commence in the period April-June 2020. This has not been possible due to the Covid 19 outbreak and the lockdown situation.

## Data Registers

Article 30 of the GDPR requires organisations to hold a current register of all personal data processing activity. Basically, if organisations don't know what data they've got where, how can it be demonstrated that adequate controls measures are in place to protect the data, keep it secure and manage it?

Data registers were completed by all managers during 2018. Since they were produced, there have been some organisational changes. Academic subjects have been re-grouped, and there has been staff turnover in some support areas which may have involved changes in job focus. All these things are likely to have had an impact on departmental records and the content of the departmental data registers.

Revised data registers were due for submission by the end of March 2020.

So far, updated registers have been received from the following support areas:

- Human Resources (HR)
- Library
- Skillzone
- Front of House
- Student Support Team
- Well Being & Learning Support
- Business Solutions

Reminders have been issued and responses are still awaited from many managers. It is acknowledged that the current lockdown circumstances have had an impact as staff are having to adapt to new ways of working whilst continuing to deliver a service in difficult circumstances.

The HR register is a real example of good practise. The way it has been designed has been extremely useful for the team. An extract of the register has been shared with the UHI Data Protection Officer so good practise can be share across the UHI network and other HR

teams can benefit (from the outline structure). Also, the content is currently being utilised by the college's Data Controller for a piece of work being undertaken in conjunction with the UHI Records Manager (regarding the UHI Records Retention Schedule).

The Information Development Manager has undertaken a review of the academic registers (previously submitted in 2018) to develop a standard academic register template so the task of completion is less onerous. This will be distributed for comment in the next couple of weeks. It is anticipated that once the template is agreed, it will be shared with the UHI DPO as part of a project to standardise the approach within teaching teams across the UHI Network.

Feedback has been provided to all relevant managers regarding their recent submissions (bar one that has just been submitted) to improve the quality of information. This will be followed up during June.

Further support will be required for managers to better understand how the register can and should be used to manage data on a departmental basis. This will be a significant piece of work for some managers but its crucial that time is allocated to getting it right.

Organisationally, we need to decide how best this is managed on an on-going basis, so it becomes business as usual. The register needs to be tied into the management of records to ensure personal data is destroyed as soon as there is no longer a legal basis for processing it.

### **Data & information Security Breaches**

Incidents reported are slightly down compared to a similar period for the last year.

2018/19 (Aug-May) = 40

2019/20 (Aug-May) = 28

Whilst there it looks like there has been a decrease in data incidents, it is recognised that there has probably been some under reporting of incidents since the country went into lockdown. Of the 29 incidents reported, 4 of these occurred during April/May.

### **2019/2020 Breakdown to date**

Month	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
Volume	0	7	1	1	2	8	5	0	3	1	28

### **Categories & Causes**

The following categories show a breakdown of cause of each breach/incident.

CATEGORY	Total Incidents
Disclosed in Error	2
Technical/Procedural Failure	19
Lost in transit	
Non secure disposal	
Lost data/hardware	2
Stolen data/hardware	
Unauthorised access	4

Other	1
<b>TOTAL</b>	<b>28</b>

### **Disclosed in Error**

- ICT team were copied into an email by mistake.
- Management report produced that did not take account of the small staff numbers which meant staff salaries could be calculated from the information.

### **Technical/Procedural Error**

- 5 disclosed in error emails were caused by staff having the “auto complete, send to” function turned on in Outlook. This results in the computer automatically completing the recipient’s name when you start typing.
- 2 incidents were information security matters, not data breaches. A spreadsheet containing staff personal data was sent between 2 departments without being protected by a password. There is a shared folder in place which negates the need to send the data by email.
- 2 incidents related to staff members handing their ID Badge to a student. 1 to collect something from the printer and the other to borrow a laptop from the Lapsafe. The ID badge provides access to areas of the college that are not readily available to students. Also, if other documents are in the staff member’s print queue, there is a risk that inappropriate information will be shared. If the laptop had been damaged or not returned the staff member would’ve ben liable.
- An email was sent to an individual to confirm their personal email address and a mailing list of 200 people were Bcc’d into the message in error.
- 1 incident involved the use of an electronic portfolio system where a staff member sent a personal document to the wrong student
- Staff member left an unencrypted USB stick in a computer and it contained personal data.
- 1 involved a whole student group receiving an email that was meant for just a couple of students.
- 1 email sent between 2 staff members (included student information) was copied to another student.
- 1 email containing extremely sensitive personal data was sent to a student group instead of a staff group. The information was too detailed and should have been summarised prior to sharing with staff.
- 1 related to a technical problem that involved a video clip becoming visible to a 3<sup>rd</sup> party who should not have had sight of it.
- Sensitive personal data became visible to a small group of individuals who should not have had access to it. This was both a records management and an access control issue.
- Email sent to a company regarding student college attendance, but information was sent about the wrong student.
- College application form was left unattended in a classroom following candidate interviews.

### **Lost Data/Hardware**

- 2 incidents related to lost hardware (USB stick and portable hard drive).

### **Unauthorised Access**

- On 3 separate occasions, staff have shared their personal log-in and password with a 3<sup>rd</sup> party to enable them to gain access to a system controlled.
- On 1 occasion, a staff member logged on to the UHI network and left the system open for a 3<sup>rd</sup> party to use for teaching purposes.

### **Other**

- 1 related to an occupational health appointment letter being sent to the wrong address (This was an NHS Highland incident).

### **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.

Many of the reported incidents could have been prevented by staff taking time to check the email addressee box prior to pressing the "send" key.

Mandatory staff briefings were organised at the start of Semester 2 (Jan/Feb 2020) and staff were made aware of recent breaches reported and how they can be prevented e.g.

- Turn off the "auto complete, send to" function on email
- Do not share your ID badge/security pass with students
- Never share personal log-in and password details to a 3<sup>rd</sup> party

2 incidents were subject to internal staff disciplinary procedures.

1 incident was reported to the ICO and has since been closed with no further actions identified by the ICO. It was a UHI breach that affected an IC student. A number of lessons learnt were identified from this incident. These are currently being taken forward by the college DPO in conjunction with the UHI DPO.

### **Staff Training**

Traditionally, staff data protection training has been delivered face to face to supplement the mandatory on-line modules. This is currently under review due to the current lockdown restrictions. Consideration is being given to the use of different technologies and how these might best be used to engage staff in short, sharply focussed sessions.

## Board of Management

<b>Subject/Title:</b>	Data Protection & Freedom of Information Annual Report
<b>Author:</b> [Name and Job title]	Suzanne Stewart, Information Development Manager Lisa Ross, Board Secretary
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	2 June 2020
<b>Date Paper prepared:</b>	26 May 2020
<b>Brief Summary of the paper:</b>	Annual reporting on Data Protection & FOI.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	For Noting
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Compliance – FOI and DPA legislation and reporting requirements on quality.
<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>	Yes/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]	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)	
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## DATA PROTECTION

The College is registered as a Data Controller with the Information Commissioner's Office (ICO) and registration is renewed annually in February of each year.

A section on Data Protection (how to make a Subject Access Request) has been available on the college website for approximately 9 years.

The law changes on 25<sup>th</sup> May 2018 when the EU General Data Protection Regulation comes into effect. The new regulation specifies that a subject access request must be answered within a month and organisations can no longer charge a £10 fee for processing.

The statistics for this report are now collated on a calendar year basis due to a requirement for quarterly reporting to the ICO.

Statistics for the period Jan-Dec 2016-18 have been provided for comparison purposes.

### Breakdown of statistics by category:

Category	2016	2017	2018	2019
	17	21	13	14
Solicitor	3	nil		
Employer/3rd Party	22	22	8	32
Individual	2	4	5	2
Public Agency	24	8	5	
<b>Total</b>	<b>68</b>	<b>54</b>	<b>31</b>	<b>48</b>

The table below shows the time taken to respond to the various enquiries.

### Jan – Dec 2019

1-5 Days	6-10 Days	11- 15 Days	16-20 Days	21-40 Days	Over 40 Days
39	6	1	2		

## FREEDOM OF INFORMATION

As a public authority, the College is required to comply with the Freedom of Information (Scotland) Act 2002.

### Number of Freedom of Information requests received

2016	2017	2018	2019
32	19	31	18

The number of requests received in 2019 appears a considerable reduction but is on a par with the 2017 figures.

**Number of Environmental Regulations requests received**

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
1	0	0	0

**Format of requests FOI and EIR requests**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Letter	4	0	0	0
E Mail	29	19	31	18
Website	0	0	0	1

All requests were received and responded to by e mail.

**Source of requests**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Journalists	3	3	7	1
Own Staff	0	0	0	0
Commercial organisations	2	0	1	0
Campaigning groups	1	0	1	0
Trade unions	11	5	14	4
MP's/ Political parties	8	4	5	2
Members of the public	3	1	2	1
Other	0	0	1	1
Local Resident	0	1	0	0
Information not given	3	5	0	1
Own Students	2	0	0	1
Other Stakeholders				6
Staff				1
<b>Total</b>	<b>33</b>	<b>19</b>	<b>31</b>	<b>18</b>

A number of requests were received from the whatdotheyknow.com website which is a site designed to help people make FOI requests. It is difficult to determine whether such a request should be defined as being submitted by a member of the public, other, local resident or under the category "information not given".

**Type of requests can de loosely defined as**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Admissions	1	0	0	0
Commercial activities	0	0	1	0
Procurement Issues	1	0	1	2
HR and staffing issues	9	7	11	6
Teaching and Assessment	0	0	1	1

Estates and Buildings	7	1	0	2
Student issues and numbers	9	9	11	3
Management & Administration of the Institution	0	1	0	1
IT	2	0	0	0
Financial information	4		5	3
Other	0	1 Marketing and communications	1 Query related to both staff and students – sexual misconduct / harassment	

The requests received on HR and staffing issues were on the following topics:

- Numbers of junior and senior teaching staff and SMT by gender, covering a 7 yr period
- Numbers of staff working in the area of Additional Support Needs
- Numbers of staff that fall out with the national pay bargaining arrangements
- Number of assaults on staff over a defined 1 yr period
- Variety of staff statistics
- Number of staff on permanent contracts

#### Response times – working days

	1-5 days	6-10 days	11-15 days	16 – 20 days	Over 20 days	Withdrawn
2016	4	2	8	11	8	0
2017	3	4	7	2	1	2
2018	7	8	4	12	0	0
2019	2	6	5	2	1	2

Only one response did not meet the statutory deadline of 20 working days. It took 25 days for a response to be issued. Delay was caused by staff turnover and confusion as to whether a response had been issued.

#### Average response times

	Number	Working days
2016	33	15.7
2017	19	11.59
2018	31	11.16
2019	18	10.9

#### Fees

There were no fees charged by the College for any freedom of information request in any of the above periods.

**Reviews**

The College did not receive any requests from the enquirer for a review.

**Publication Scheme**

Under the terms of the Freedom of Information (Scotland) Act 2002, Inverness College adopted and published the new model publication scheme for public authorities in 2013. A revised scheme was adopted in 2017 and it is available on the College website.

<b>Subject/Title:</b>	Extension of BDO contract
<b>Author:</b> [Name and Job title]	Roderick M Ferrier Director of Finance (Shared)
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	2 June 2020
<b>Date Paper prepared:</b>	26 May 2020
<b>Brief Summary of the paper:</b>	The paper provides information on the extension of the BDO contract  .
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Approval
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Compliance / Risk Management
<b>Resource implications:</b>	None
<b>Risk implications:</b>	Yes / No <b>If yes, please specify:</b> Operational: None Organisational: None
<b>Equality and Diversity implications:</b>	No
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	
<b>Status – [Confidential/Non confidential]</b>	Confidential
<b>Freedom of Information</b>	No

Can this paper be included in “open” business* [Yes/No]			
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## Board of Management

<b>Subject/Title:</b>	Annual Review of Internal Auditors' Performance
<b>Author:</b> [Name and Job title]	Lisa Ross, Board Secretary
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	2 June 2020
<b>Date Paper prepared:</b>	20 May 2020
<b>Brief Summary of the paper:</b>	It good practice to undertake an annual review of the performance of the College's internal auditors.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	The Audit Committee is asked to complete the appropriate forms at the meeting.
<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>	Requirement in terms of the Code of Good Governance for Scotland's Colleges
<b>Resource implications:</b>	
<b>Risk implications:</b>	Yes/No Operational: required for the proper Governance of the College
<b>Equality and Diversity implications:</b>	N/A
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	



<b>Status</b> – [Confidential/Non confidential]	Non-Confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes		
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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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**Recommendation(s)**

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

**Introduction/ Purpose**

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

**Background information**

The evaluation forms are attached for the internal auditors (Item 14a). This is the third evaluation for BDO who were appointed as Internal Auditors in July 2017.

The Director of Finance, will complete his sections separately **beforehand** (Item 14b) 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.

### Internal Audit Service Evaluation – 2019/20

#### **Part A**

**Internal Auditor:** BDO  
**Questionnaire completed by:** Audit Committee  
**Date completed:** 2 June 2020

**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			
		Rating	Comment
	How would you rate the internal auditor's:	<b>V G A P N</b>	
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?		
		<b>Rating</b>	<b>Comment</b>
		<b>Yes No</b>	
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:	<b>Rating</b>	<b>Comment</b>
		<b>VG G A P N</b>	
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?		
		<b>Rating</b>	<b>Comment</b>
		<b>Yes No</b>	
4.4	Is it clear from its reporting to the Audit Committee that internal audit: <ul style="list-style-type: none"> <li>Has delivered the services outlined in the plan?</li> <li>Has been in accordance with the agreed timetable?</li> <li>Has performed the audit work necessary to reach its opinions/ conclusions?</li> </ul>		
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?		

### Internal Audit Service Evaluation – 2019/20

#### **Part B**

**Internal Auditor:** BDO  
**Questionnaire completed by:** Roddy Ferrier, 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
		VG G A P N	
3.1	How responsive has internal audit been to the College's needs, including requests for special investigations?		
3.2	Are internal audit reports: <ul style="list-style-type: none"> <li>• Relevant, clear and constructive?</li> <li>• Sufficiently detailed to provide assurance that the necessary audit work has been carried out to support the opinions/ conclusions?</li> <li>• Sufficiently detailed to enable effective management action?</li> <li>• Issued on a timely basis?</li> </ul>	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
		Yes No	
4.1	Has internal audit added value to the institution?		

## Board of Management

<b>Subject/Title:</b>	Committee & Chair Evaluation
<b>Author:</b> [Name and Job title]	Lisa Ross, Board Secretary
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	2 June 2020
<b>Date Paper prepared:</b>	20 May 2020
<b>Brief Summary of the paper:</b>	Annual Audit Committee and Committee Chair Evaluation Exercises
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	<p>The committee is requested to collectively complete the Committee self-evaluation exercise.</p> <p>The Chair will leave the room and the members will complete the committee chair evaluation exercise.</p>
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	<p>The Code of Good Governance for Scotland's Colleges establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework. One of the five principles around which the code has been developed is effectiveness.</p> <p>Paragraph D24 states that "The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs"</p>
<b>Resource implications:</b>	
<b>Risk implications:</b>	Yes/No Operational: required for the proper Governance of the College
<b>Equality and Diversity implications:</b>	N/A
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	



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

Date:

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

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

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

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

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

### Evaluation of Audit Committee Chair

Chair being evaluated: Hazel Allen

Circle to indicate  
← Tendency →

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

Comments

Completed by Audit Committee

Date.....

## Board of Management

<b>Subject/Title:</b>	Complaints Summary Report YTD
<b>Author:</b> [Name and Job title]	Liz Cook, Quality Manager
<b>Meeting:</b>	<b>Audit Committee</b>
<b>Meeting Date:</b>	2 June 2020
<b>Date Paper prepared:</b>	25 May 2020
<b>Brief Summary of the paper:</b>	The report provides an analysis of the complaints received for Q1 - 3 in academic year 2019 – 20.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Noting
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	The report assists with a number of strategies' including Quality Assurance and Enhancement, Learning and Teaching, and Student Engagement
<b>Resource implications:</b>	Yes / No If yes, please specify:
<b>Risk implications:</b>	Yes / No If yes, please specify: Operational: Organisational:
<b>Equality and Diversity implications:</b>	Yes / No If yes, please specify:
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	None

<b>Status</b> – [Confidential/Non confidential]	Non-confidential		
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes		
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## Summary Report: Complaints 2019 – 20 year to date (YTD)

### Introduction

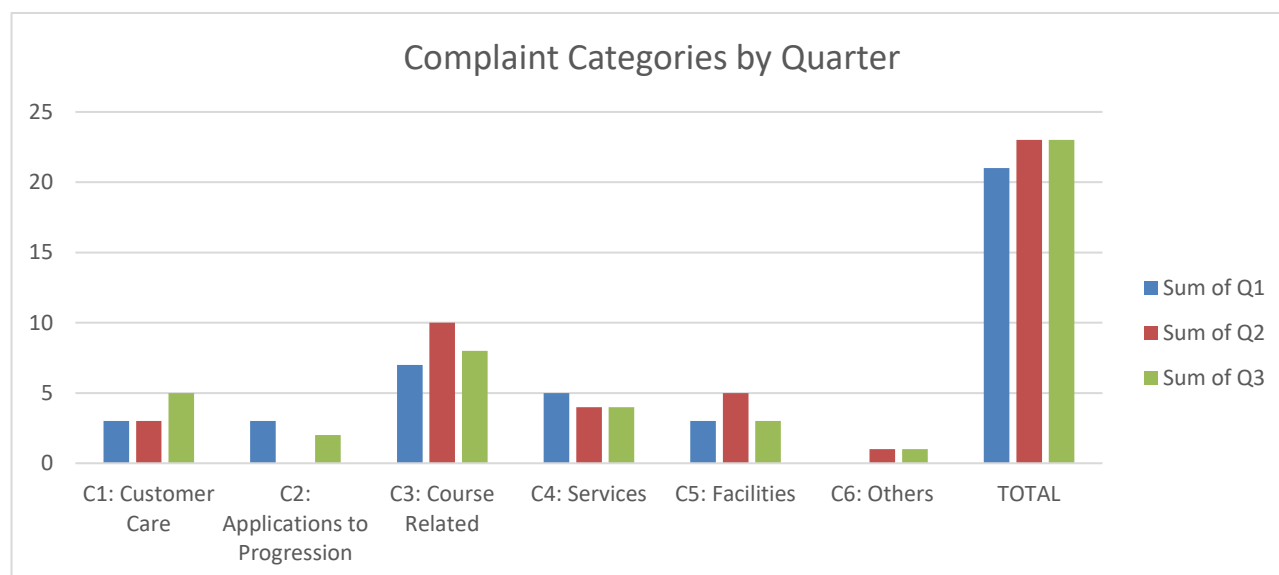
Complaints are received year round, from a number of different sources although the primary source tends to be from students. Complaints are received via a variety of mechanisms including direct emails, complaints forms, Red Button. IC UHI uses the SPSO categories and sub-categories to classify complaints.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

Complaints are grouped into quarters depending on the time of year in which they are received. The quarter dates are detailed below:

- Quarter 1 (Q1): August – end of October,
- Quarter 2 (Q2): November – end of January,
- Quarter 3 (Q3): February – end of April,
- Quarter 4 (Q4): May – end of July.

This report provides an overview of the complaint categories YTD and outcomes across academic year 2019 – 20 for Q3.

### Complaints by Category



**ITEM 16**

Customer Category: Current Year (Quarter)	YTD CY	Q1,CY	Q2,CY	Q3,CY	Q4,CY
C1: Customer Care	11	3	3	5	0
C2: Applications to Progression	5	3	0	2	0
C3: Course Related	25	7	10	8	0
C4: Services	13	5	4	4	0
C5: Facilities	11	3	5	3	0
C6: Others	2	0	1	1	0
<b>TOTAL</b>	<b>67</b>	<b>21</b>	<b>23</b>	<b>23</b>	<b>0</b>

Customer Category: Previous Year (Quarter)	YTD PY	Q1, PY	Q2,PY	Q3, PY	Q4, PY
C1: Customer Care	53	10	11	18	14
C2: Applications to Progression	11	4	0	1	6
C3: Course Related	21	3	7	9	2
C4: Services	4	1	2	0	1
C5: Facilities	17	6	2	7	2
C6: Others	3	0	0	2	1
<b>TOTAL</b>	<b>109</b>	<b>24</b>	<b>22</b>	<b>37</b>	<b>26</b>

23 complaints were received in Q3, a reduction of 14 compared to the 37 complaints received in Q3 in 2018-19.

The category of Course Related remains the highest category for the third consecutive quarter in 2019/20 receiving 8 complaints compared to the 9 complaints for Q3 in 2018/19. 37% of the total YTD complaints are registered within this category which has shown a 31.6% increase since the previous AY.

There has been a significant drop in Customer Care complaints with 5 received in Q3 this year compared to 18 received in Q3 2018-19. The YTD figures show a reduction from 39 in 2018-19 to 11 complaints in 2019-20.

Service complaints have increased from 3 in 2018-19 YTD to 13 in 2019-20 YTD, 4 being received in Q3, none were received in Q3 last year. The complaints received YTD are spread across five different departments with no specific issue being repeated.

Facilities complaints have fallen from 7 in Q3 2018-9 to 3 in the comparable quarter this year. Overall, the trend is a reduction in complaints from 15 YTD 2018-19 to 11 YTD 2019-20.

The remaining category of Other received 1 complaint in Q3 compared to 2 complaints in Q3 of 2018-19.



In relation to mode of delivery, 52.2% of complaints received in Q3 relate to HE programmes, 17.4% relate to FE programmes and 30.4% complaints came from members of the public.

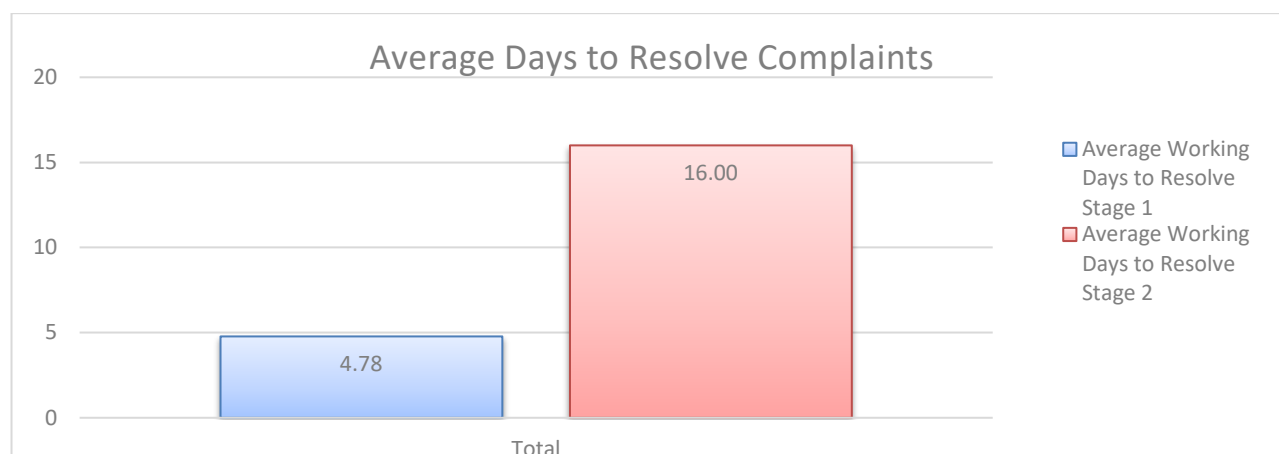
The seven complaints from members of public included four complaints relating to staff conduct, one service category relating to a job application, one applications complaint from a parent dissatisfied with the course interview process and one relating to student conduct.

### Complaint Outcomes

17.4% of the resolved complaints in Q3 have been upheld, compared to 38.7% for the same quarter in 2018/19. 26.1% of complaints have been partially upheld compared to 32.3% last year, 52.2% were not upheld compared to 29% last year, and two complaints are still to be resolved.

Outcome	Stage 1	Stage 2	Total
Not upheld	12	0	12
Partially upheld	2	4	6
Upheld	4	0	4
Still under investigation	0	1	1
Escalated to Stage 2	1		23

### 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 10 – 23 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.

### Learning from Complaints

Complaints often result in reviews of processes and procedures and they also allow us to identify opportunities for staff development. The Quality team continues to identify any learning points from each complaint in order to identify themes emerging. Curriculum 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 2019 - 20:

- The HR team members now ensure that if they are away from their desks their phones are diverted to a colleague or their voicemails to prevent job applicants being unable to contact them.
- Additional guidance has been provided to staff in the student services centre on handling course enquiries.
- Food service staff have been issued with and instructed to use tongs or scoops where practicable when handling food.
- Lecturing staff have been reminded that personal data must not be inadvertently displayed on any screen that can be seen by others.
- Communication etiquette is to be included in course induction (for MSc Psychology) and introduce holding emails where the students queries are complex or involve a number of staff which may delay a prompt response.
- Teaching staff will ensure further guidance is provided if a word count for an assignment differs to the indicative word count stated in the Academic Standards and Quality Regulations (2019-20).