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

Board of Management

Meeting	Audit Committee
Date and time	Tuesday 19th September 2017 at 8.30 a.m.
Location	Boardroom, 1 Inverness Campus

Board Secretary
12 September 2017

AGENDA

Welcome and Apologies

Declarations of Interest

ITEMS FOR DECISION

1. **MINUTES**
   Minutes of Meeting of the Audit Committee held on 29 May 2017

2. **AUDIT COMMITTEE - TERMS OF REFERENCE**
   Covering report by Board Secretary

3. **DATA PROTECTION POLICY**
   Covering report by Policy Officer

4. **RISK APPETITE**
   Discussion to agree the way forward

ITEMS FOR DISCUSSION

5. **AUDIT REPORTS - RECOMMENDATIONS**
   a) Staff Recruitment and Retention – Succession Planning
   b) New Campus – Maintenance and Unitary Charge Controls
   Audit reports by Henderson Loggie

6. **FOLLOW UP REVIEWS**
   Report by Henderson Loggie

7. **INTERNAL AUDIT ANNUAL REPORT FOR 2016/17**
   Report by Henderson Loggie

8. **OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS FROM 2016/17**
   Report by Depute Principal

9. **INTERNAL AUDIT ANNUAL PLAN 2017-18**
   Report by Internal Auditors - BDO

10. **HEALTH AND SAFETY ANNUAL REPORT 2016/17**
Report by Director of Organisational Development

11. **RISK MANAGEMENT AND BUSINESS CONTINUITY**
Report by Depute Principle

12. **GENERAL DATA PROTECTION REGULATION (GDPR) COMPLIANCE AND SYSTEM SECURITY**
Joint Report by ICT Manager and Information Development Manager

13. **ANNUAL REVIEW OF AUDITORS PERFORMANCE**
Covering report by Board Secretary
_____

ITEMS FOR NOTING

14. **GOOD GOVERNANCE**
Extract from Chairs Committee – 17th August 2017
a. Audit Committee Annual Report to the Board of Management – Model Format
b. CIPFA Best Practice Guide – Audit Committee Evaluation

15. **AOB**

16. **DATE OF NEXT MEETING**
Tuesday 28th November 2017 at 8.30 a.m.

MINUTES of the MEETING of the AUDIT COMMITTEE held in the Boardroom, 1 Inverness Campus, on Monday 29 May 2017

PRESENT:	Hazel Allen, Sarah Burton, Louise James, Lindsey Mitchell, Innis Montgomery, Fiona Neilson, Steve Walsh
CHAIR:	Hazel Allen
APOLOGIES:	Jaci Douglas
ATTENDING:	Acting Principal
	Director of Organisational Development
	Finance Services Manager
	Stuart Inglis, Henderson Loggie
	John Boyd, Ernst & Young
	Secretary to the Board of Management

Stuart Inglis of Henderson Loggie declared an interest in Item 7, Appointment of Internal Auditors. The Chair confirmed that the report was an update only on the tender process and that there would be no requirement for him to leave the room.

1. **MINUTES**
    The minute of the Meeting of the Audit Committee held on 28 February 2017 was **AGREED** as a correct record and was approved and signed.

2. **EXTERNAL AUDIT ANNUAL AUDIT PLAN FOR THE YEAR ENDED JULY 2017**
    The Financial Services Manager spoke to her covering report which explained the background to the appointment of Ernst and Young as the College's External Auditors for the 5 year period from August 2016, highlighted the audit fee which had been set by Audit Scotland and referred to the draft audit timetable within the proposed audit plan.

    John Boyd of Ernst & Young spoke to the external audit plan for the year ended 31 July 2017. The plan set out the responsibilities of the College and those of Ernst & Young as well as the responsibilities under the wider scope audit. The significant and inherent risks were also highlighted.

    There was a brief discussion as to whether the Finance Team had sufficient resources to deliver on the audit given that a Director of Finance had not yet been appointed. The Finance Services Manager confirmed that it would be challenging but she was confident that the team would deliver. It was recognised that the post of Director of Finance had to be filled as a matter of urgency.

    The Committee **APPROVED** the annual audit plan for the year ended July 2017 and an audit fee of £15,930.

3. **INFORMATION SECURITY POLICY**
A number of minor revisions had been made to the information security policy and these had been discussed at Scrutiny Panel (8 March 2017) and SMT (18 May 2017).

The Committee **APPROVED** the information security policy.

4. **AUDIT REPORTS**
   a) **PROCUREMENT AND CREDITORS/PURCHASING**
   Mr Inglis advised that the scope of the audit focused on the systems of internal control in place for the ordering of goods and services and the payment of invoices. The overall level of assurance given was "Satisfactory". A considerable number of strengths had been identified as well as a small number of weaknesses which were being addressed by the College.

   The Committee **NOTED** the positive report.

   b) **DATA PROTECTION**
   Mr Ingis advised that the scope of the audit assessed the adequacy and effectiveness of the processes and procedures in place to ensure compliance with the Data Protection Act 1998 and the College's preparations for the implementation of the GDPR in May 2018. The overall level of assurance given was "Good". A considerable number of strengths had been identified. Two minor weaknesses were being addressed by the College.

   The Committee **NOTED** the excellent audit report and thanked the Information Development Manager for all the work undertaken.

   d) **IT NETWORK ARRANGEMENTS**
   Mr Inglis advised that ICT security was an important element of ensuring that business applications were available for use and that sensitive information could not be accessed by unauthorised users. The scope of the audit considered the controls in place to ensure that ICT security was adequate. The overall level of assurance was "Good". A considerable number of strengths had been identified. There were no weaknesses although one area of concern had been raised by the ICT Manager and this was being addressed.

   The Committee **NOTED** the excellent audit report and thanked the ICT Manager for all the work undertaken

5. **OUTSTANDING AUDIT RECOMMENDATIONS**
A report by the Principal provided an update on the outstanding action points from previous audit cycles in addition to those arising from the most recent reports.

The outstanding action points from previous years had been reduced to two and one of these, relating to a function managed by UHI, was beyond the College's control.

A number of actions from the 2016/17 audits, namely Health and Safety, Data Protection and Procurement and Creditors/Purchasing were in the process of implementation or would be addressed during the calendar year

The Committee **NOTED** the report.

6.   **INTERNAL AUDIT PROGRESS REPORT – 2016/17 ANNUAL PLAN**
     Stuart Inglis referred to the progress made against the 2016/17 annual audit plan. Two audits were outstanding, namely Staff Recruitment and Retention – Succession Planning and New Campus – Maintenance and Unitary Charge Controls. Both audits would be carried out over the with the audit reports being presented to the Committee at its next meeting in September 2017.

     The Committee **NOTED** the report.

7.   **APPOINTMENT OF INTERNAL AUDITORS 2017**
     The Finance Services Manager referred to the last meeting of the committee in February when it had been agreed to enter into a collaborative process to procure internal audit services for 2017-18 onwards. Since that time, the other Colleges had withdrawn from the collaborative process and a tender would be issued by APUC for internal audit services to Inverness College only.

     Presentations would be made as part of the procurement process and three members of the Committee had confirmed their availability for this part of the process. If a successful tenderer was identified, a recommendation to appoint would be made to the Board of Management at its meeting on 20th June.

     The Committee **NOTED** the position.

8.   **RISK MANAGEMENT AND BUSINESS CONTINUITY**
     The Depute Principal referred to the updated risk register which now included the generic risks which had been adopted by the UHI partnership colleges and research institutes. The SMT had provisionally scored the generic risks but a further review would be undertaken following the approval of the underpinning strategies by the Board of Management at its meeting on 20 June.

     The risk level appeared to have increased rather than decreased following mitigating actions on a number of risks within the register and these would require to be reviewed.

     The Committee **REQUESTED** that the recent changes and improvements in the structure of the EO SMT, namely the establishment of the three part time Vice Principal posts and the current vacancies in the Inverness College SMT be included in the next review of the risk register.

9.   **HEALTH AND SAFETY**
     A report by the Director of Organisational Development provided an update on matters pertaining to health and safety in the previous three month period, namely
     * HSG 65 (management system) H&S software
     * One RIDDOR reportable incident
     * Accident/incident/near miss reporting Q3

- Significant incidents
- Fire

The Committee **NOTED** the report

10. OPERATIONAL PROCUREMENT REVIEW (OPR)

A report by the Finance Services Manager provided some background information to the OPR which had been undertaken by APUC in February 2017 and presented the draft report to the Committee. The final version of the report had not been issued but the College had been advised that there would be no change to the summary findings or recommendations.

Overall the College had a positive outcome from the OPR, with a number of positive statements being made. However, the review identified adequate resourcing of the procurement function as a risk. The college was currently exploring the key risks relating to resourcing.

The Committee **NOTED** the report.

Steve Walsh left the meeting during consideration of the following item of business.

11. MEETING WITH INTERNAL AUDITORS

It was considered good practice for Audit Committees to meet with internal and external auditors at least annually in a private session where management was not present.

Mr Inglis of Henderson Loggie answered Committee members' questions on the relationship and candidness of senior managers with the internal auditors and any areas of concern or risk for the College. Mr Inglis stated that it had been a difficult year with temporary appointments to the Director of Corporate Services position or the post remaining vacant. However, there had still been good communication with other members of the SMT and with the Finance Services Manager. He was confident that no actions had been missed and that all necessary controls were in place. The Director of Corporate Services was a key post and he acknowledged that the College understood the pressure caused by the long term vacancy, especially on the Finance team.

There was a brief discussion on procurement and the resources required for this function. This could be an area where a centralised approach across the partnership could be developed.

The Committee expressed their thanks to Mr Inglis for the help and assistance provided by Henderson Loggie throughout the year and over the five year period of their appointment.

Mr Inglis in turn thanked the management team and the committee.

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

12.   COMPLAINTS UPDATE REPORT
A report by the Quality Manager provided an overview of recorded complaints during quarters 1-3 of 2017-17.

13.   STUDENTS' ASSOCIATION ACCOUNTS AND AUDIT 2015/16
A covering report by the Finance Services Manager highlighted the main points resulting from the finalisation of the 2015-16 financial statements for the Students' Association and presented the financial statements to the Committee.

14.   DATE OF NEXT MEETING
19 September 2017 at 08.30

The Chair advised that this would be the last audit meeting attended by Louise James before she stepped down from the Board at the end of the month. On behalf of the Committee the Chair thanked Louise for her very valuable contribution during her time on the Committee.

Signed by the Chair: _____

Date: _____

University of the Highlands and Islands
Inverness College

BOARD OF MANAGEMENT

Subject/Title:	Audit Committee Terms of Reference
Meeting and date:	Audit Committee – Tuesday 19th September 2017
Author:	Fiona Ambrose, Secretary to the Board
Link to Strategic Plan:	
Cost implications:	No
Risk assessment:	Yes **If yes, please specify:** Financial: Operational: Organisational: required for the proper Governance of the College
Status – Confidential/Non confidential	Non Confidential
Freedom of Information Can this paper be included in "open" business	Open

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

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

Recommendation
The Committee is asked to consider the proposed changes to the terms of reference and to recommend them to Board of Management for approval

Purpose of report
To present the Committee with amended terms of reference for consideration

Background

The Audit Committee terms of reference were last reviewed in June 2015. In line with best practice, it is appropriate that the committee now carry out a review to ensure that they are up to date and meet the needs of the committee.

The Secretary to the Board has suggested some changes to the terms of reference to reflect the wording within the Code of Good Governance for Scotland's Colleges and also to meet one of the recommendations within the Externally Facilitated Review of Board Effectiveness which was carried out by Henderson Loggie and presented to the Board of Management in March 2017.

The amended wording, specifically "comprehensiveness, reliability and integrity of assurances" is used in Section C: Accountability – Audit Committee, within the Code of Good Governance for Scotland's Colleges.

The Board Effectiveness report observed that in practice, the members of the Audit Committee did meet internal and external auditors in private but that this was not formally recorded in the Audit committee terms of reference. This has now been included.

Audit Committee Terms of Reference

Membership

Not less than 5 members of the Board of Management.

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

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

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

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

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

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

Frequency of Meetings

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

Remit
The Committee's remit is to review and monitor the following aspects of the College's operations, and to advise the Board appropriately on the:
1. Comprehensiveness, reliability and integrity of assurance of the ~~G~~governance and management of the College.
2. Comprehensiveness, reliability and integrity of assurance of the ~~R~~risk management and business continuity of the College.
3. ~~Adequacy of the College's financial management~~.
4. Comprehensiveness, reliability and integrity ~~Effectiveness~~ of the College's financial management and other internal control and management systems.

5. Effectiveness of arrangements for safeguarding the assets of the College and the public funds at its disposal.
6. Economy, efficiency and effectiveness of the College's activities, including value for money .
7. Effectiveness of the corporate governance and conduct of the College operations.

8. All aspects of the provision of an effective Internal audit service.
9. All aspects of the provision of an effective External audit service.
10. Value for money audit.
11.10. Effective provision of Health and Safety arrangements to meet all legislative requirements
12.11. Public interest disclosure (whistle-blowing) arrangements.
13.12. Data Protection and Freedom of Information arrangements

Specifically, the Audit Committee shall:

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

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

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

4. prepare an annual report for the Board of Management

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

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

University of the Highlands and Islands
Inverness College

Board of Management

Subject/Title:	Data Protection Policy
Meeting and date:	Audit Committee, Tuesday 19th September 2017
Author:	Suzanne Stewart (Information Development Manager) – author of policy Claire Fraser (Quality Officer) – author of cover report
Link to Strategic Plan:	
Cost implications:	~~Yes~~ / No *(delete as applicable)* **If yes, please specify:**
Risk assessment:	~~Yes~~ / No *(delete as applicable)* **If yes, please specify:** Financial: Operational: Organisational:
Status – Confidential/Non confidential	Non confidential
Freedom of Information Can this paper be included in "open" business	Yes

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

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

Recommendation(s)

The Audit Committee is asked to approve the revised Data Protection Policy for use by Inverness College UHI.

Purpose of report / Summary

To inform the Audit Committee of the revisions to the Data Protection Policy.

Background

This revised policy has been discussed at Scrutiny Panel (6 June 2017) and SMT (17 August 2017).

Following approval from the Audit Committee, the policy will be published.

Main body of information

The current policy has been revised to remove reference to Appendix B and now refers to the Data Protection Guidelines for Staff.

The related policies section has also been updated.

A Responsibilities section has been added.

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	24 November 2015
Next Review Date	May 2020
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		

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 8 principles outlined within the Data Protection Act 1998.

2. **The Data Protection Principles**

   2.1. Personal data shall be processed fairly and lawfully. Schedule 2 of the Act states that:

   2.1.1. The data subject must have given his consent.
   2.1.2. The processing must be necessary.
   2.1.3. Personal data shall be obtained only for one or more specified and lawful purposes and shall not be further processed in any manner incompatible with that purpose or those purposes.
   2.1.4. Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.
   2.1.5. Personal data shall be accurate and, where necessary, kept up-to date.
   2.1.6. Personal data processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes.
   2.1.7. Personal data shall be processed in accordance with the rights of data subjects under the 1998 Act.
   2.1.8. Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data.
   2.1.9. Personal data shall not be transferred to a country or territory outside the European Economic Area unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data.

3. **Legislative framework/related policies**

   3.1. Legislative framework includes:

   3.1.1. Data Protection Act 1998
   3.1.2. Freedom of Information (Scotland) Act 2002
   3.1.3. Public Records Scotland Act 2011

3.2. Related policies & procedures include:

3.2.1. Inverness College Freedom of Information Policy
3.2.2. Inverness College Public Interest Disclosure (Whistle Blowing) Policy
3.2.3. Information Security Policy
3.2.4. IC University Partnership IS Acceptable Use Policy
3.2.5. Records Management Policy (including the college Records Retention Schedule)
3.2.6. Business Continuity Policy
3.2.7. Staff Recruitment & Selection Policy
3.2.8. Protecting Vulnerable Groups (PVG) Scheme procedure for New & Existing Staff Procedure
3.2.9. Protecting Vulnerable Groups (PVG) Admissions & Student Funding Team Procedure
3.2.10.   Secure Handling, Use, Storage and Retention of Disclosure Information Procedure

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; 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 found in Appendix A.

4.3. Detailed guidance for staff regarding gathering, storage, management and access to personal data is available in a separate document entitled "DP Guidelines for Staff".

4.4. 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 **Information Development Manager** 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 on data protection matters and compliance with legislation;

5.4.4. Acting as the Data Controller on behalf of the college;

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.

5.5. **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 for familiarising themselves with the Information Asset Owner Guidelines;

5.5.3 ensuring all staff they manage undergo training on data protection and information security.

5.6. **All staff** are responsible for the personal data that they process and ensuring they comply with both the data protection policy and the associated staff guidelines. Staff are also responsible for ensuring they notify any data breach to the college Data Controller immediately they become aware of it.

6. Compliance

6.1. This policy must be complied with and it will be audited regularly with reports going to the appropriate committee.

6.2. 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 Controller.

6.3. 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.

6.4. The Data Controller can be contacted by email: data.controller.ic@uhi.ac.uk

6.5. 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.

7. Monitoring

7.1. 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.

7.2. 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.

8. Review

8.1. This policy will be reviewed on a 3 yearly basis

HENDERSON LOGGIE
Chartered Accountants

Inverness College UHI

Staff Recruitment and Retention - Succession Planning

Internal Audit Report No: 2017/08

Draft Issued: 09 August 2017

Final Issued: 10 August 2017

LEVEL OF ASSURANCE   **Good**

HENDERSON LOGGIE
Chartered Accountants

Contents

Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

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

HENDERSON LOGGIE
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1. Overall Level of Assurance

Good	System meets control objectives.

2. Risk Assessment

This review focused on the controls in place to mitigate the following risks on the College's Risk Register:

- College fails to identify and take opportunities for development and progression (risk rating: high);
- Reduction in HE unit of resource (risk rating: high);
- College fails to maintain improvement in performance against national targets and outcomes (risk rating: medium);
- The institution has a poor reputation (risk rating: high);
- Disruption to services/projects and/or partnership working resulting from loss of a key staff member (risk rating: medium);
- Academic quality is sub-standard (risk rating: medium); and
- Research outputs are sub-standard (risk rating: medium).

3. Background

As part of the Internal Audit programme at Inverness College UHI ('the College') for 2016/17 we carried out a review of the College's succession planning arrangements. Our Audit Needs Assessment, completed in September 2015, identified this as an area where risk can arise and where internal audit can assist in providing assurances to the Board of Management and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Succession planning acknowledges that staff will not remain in employment with an organisation indefinitely, and it provides a plan and process for addressing the challenges that will arise when employees leave. A succession plan ensures that there are qualified and motivated employees (or a means of recruiting them) who are able to assume responsibilities when key personnel leave an organisation. Succession planning also develops staff in preparation for promoted posts when vacancies become available.

HENDERSON LOGGIE
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4. Scope, Objectives and Overall Findings

This audit specifically reviewed the College's approach to succession planning.

The table below notes each separate objective for this review and records the results:

Objective		Findings			Actions already in progress
The specific objectives of the audit were to obtain reasonable assurance that:		**1**	**2**	**3**	
		No. of Agreed Actions			
1. Critical positions have been identified that are the focus of succession planning efforts.	**Good**	0	0	0	
2. There is a clear understanding of capabilities needed for successful performance in key areas and critical positions.	**Good**	0	0	0	
3. Succession management strategies have been developed.	**Good**	0	0	0	
4. Strategies have been documented in an action plan and this is being implemented.	**Satisfactory**	0	0	0	✓
5. Succession planning activities are systematically evaluated and monitored, and adjusted where necessary.	**Good**	0	0	0	
Overall Level of Assurance	**Good**	**0**	**0**	**0**	
		System meets control objectives			

5. Audit Approach

From discussion with the Director of Organisational Development, the Acting Principal, other senior managers and Human Resources staff we established the succession planning strategies, action plans and monitoring arrangements which are in place within the College. These were evaluated to establish whether they follow recognised good practice.

6. Summary of Main Findings

Strengths
- Processes are in place which ensure that critical positions are filled to ensure that staff resources are available to meet commitments. Managers continually monitor staff numbers to ensure that sufficient resources are attached to each department to ensure curriculum and support service levels can be met. Skills gaps are filled either through redeployment of staff from other areas of the College or, where necessary, through external recruitment in line with the staff budget model. Staff profiling and staff turnover projections are performed annually and are used to inform succession planning and resourcing decisions.
- The College has identified critical positions linked to key curriculum growth areas which are identified within the Strategic Plan 2017 - 2020.
- The sample of staff interviewed demonstrated that they were aware of succession issues within their teams and that plans were in place to address any issues identified. We noted evidence of long term succession planning within the College.
- A personal skills framework is in place which forms part of every staff member's annual Professional Development and Review (PDR) process.
- Discussions with a sample of Managers identified that a formal means of evaluating the impact of staff learning and development on staff performance is in place through the PDR process and informally through regular one to one meetings held with staff.
- Although we established that there is no formal succession strategy in place we did obtain evidence that confirms that succession planning has been identified within College strategies and is being managed.
- Long term staff development and training is a key element of the College's succession arrangements, and our review evidenced the steps taken by the College to provide a supportive environment for staff development in this regard.
- Knowledge transfer is also a key component of the College's succession plans. Core organisational processes are well documented and existing staff are involved in helping to orient and train new staff members.
- Good practice in sustainable succession planning was identified within the College's research team where the core team of researchers are supplemented by a mix of interns, supply researchers and volunteers.
- Regular reporting of HR and Learning and Development activity is presented to the SMT, the Board and its sub-committees. Workforce data is regularly monitored by the Director of Organisational Development and HR and the effectiveness of training learning and development activity is monitored by the Professional Development Manager, as well as by managers through the PDR process.

Weaknesses
- No significant weaknesses were identified during our review.

7. Acknowledgements

We would like to take this opportunity to thank the College's staff that helped us during the course of our audit.

8. Findings and Action Plan

Objective 1: Critical positions have been identified that are the focus of succession planning efforts.

Without adequate identification of critical positions there is a risk that the College would be unable to effectively meet its strategic objectives. Workforce projection data and/or demographic analysis is essential in identifying risk areas.

Our review confirmed that there is no formal skills database currently in place, however we noted that there are alternative processes which ensure that critical positions are filled to ensure that staff resources are available to meet commitments. There is an approved establishment list maintained by HR and staffing budgets are based on approved posts. A review and approval process has been established to ensure that appointments, both internal and external, are managed in line with available budgets, curriculum and service demand and strategic objectives.

Managers continually monitor staff numbers to ensure that sufficient resources are attached to each department to ensure curriculum and support service levels can be met. Skills gaps are filled either through redeployment of staff from other areas of the College or, where necessary, through external recruitment in line with the staff budget model.

Profiling of staff over a three year period, in terms of age, qualifications and skills, is performed annually along with projections of staff turnover based on trends in previous years, staff age and access to pension funds, and known retirals. This is performed for all levels of staff including the Senior Management Team (SMT).

Staffing, including an analysis of skills mix, is reviewed annually as part of the curriculum planning and budget setting processes.

The College has identified critical positions, which are linked to key curriculum growth areas, which are identified in the Strategic Plan 2017 – 2020, including construction and research. The College has produced sector development plans which analyse resource requirements and feed into the curriculum planning process. Any planned increase in curriculum or commercial activity will be addressed by way of offering fixed term contracts which will be made permanent depending on demand, performance or where the College identifies a need to retain key staff. Bank staff are used to address resource gaps in the short term with the pool of bank staff reviewed annually to ensure that skills are available to meet College delivery requirements.

Objective 1: Critical positions have been identified that are the focus of succession planning efforts (continued).

The sample of staff interviewed demonstrated that they were aware of succession issues within their teams and that these would be managed through a combination of recruitment or providing further training, learning and development opportunities for staff. We noted evidence of long term succession planning within the College where staff have been identified to move into promoted roles in the future and have been provided with learning and development support to help them achieve that. For example, a member of staff within the MIS team recently completed a two-year secondment before moving into a promoted role and the Trainee HR Manager is currently going through a similar programme with a view to moving into a promoted role in time. Within the Curriculum teams, Programme Co-ordinators roles were created several years ago which allow lecturers to be appointed on a two-year fixed term basis allowing them to gain experience in reviewing quality of programmes and timetable management. All college managers undertake leadership training and new line managers and those aspiring to become line managers can access the college Chartered Management Institute level 6 qualification.

Objective 2: There is a clear understanding of capabilities needed for successful performance in key areas and critical positions.

A clear understanding of the capabilities required for successful performance in key areas and critical positions is essential for guiding learning and development plans, setting clear performance expectations, and for assessing performance. By completing the process of competency or position profiling current and future staff gain an understanding of the key responsibilities of the position; including the qualifications and behavioural and technical competencies required to perform them successfully.

There is a personal skills framework which forms part of every staff member's annual Professional Development and Review (PDR) process. This covers a mix of general skills such as customer service excellence, teaching quality framework and specific skills (as outlined in job specifications).

PDRs are conducted by line managers and any training needs to address skills gaps, or to meet future departmental or individual's aspirations are identified through this process and notified to the Professional Development Manager using the forms provided. The PDR also considers previous training provided and the impact this has had on employee performance and increasing understanding. Discussions with a sample of Managers identified that there is a formal means of evaluating the impact of staff learning and development on staff performance through the PDR process and informally through regular one to one meetings held with staff.

The College's strategic objectives are agreed by the Board of Management and cascaded down to the SMT, operational managers and to staff through the preparation of operational plans which directly link into the College's strategic objectives. We examined the College's strategic objectives and a sample of operational plans and found that the objectives outlined for each department aligned well with the strategic objectives of the College. Within the operational plans, each objective is assigned to individual members of staff which must be completed in order to meet the objective. This is linked to the PDR process.

Objective 3: Succession management strategies have been developed.

Although we found that there is no formal succession strategy in place we did obtain evidence that confirms that succession planning is being managed effectively. For example, the College has recently produced the Organisational and Professional Development Strategy 2017-2020 (OPDS) which is aligned with the objectives of the College Strategic Plan 2017-2020. A strategic objective of the College is '*to engage in proactive workforce planning to attract and equip our staff with the skills and attributes required to meet our ongoing and future needs*.' The College OPDS identifies how this will be achieved, including:

- Developing effective workforce planning processes;
- Developing robust recruitment practice that is closely aligned to organisational values, commitments and workforce planning mechanisms;
- Supporting continued opportunities for professional learning closely aligned to the strategic plan and associated workforce priorities;
- Developing a programme to support the development of those aspiring to future leadership and management roles; and
- Promoting development opportunities through secondments, networking and collaborative working with the wider partnership.

As part of the development of workforce planning, the College has undertaken an analysis of the age profile of staff at various levels across the College, including SMT, curriculum and support managers, lecturers and support staff. An analysis of temporary and permanent staff across curriculum subjects has also been completed.

Long term staff development and training is a key element of the College's succession arrangements, the aim of which is to build the capacity and skills of its staff to meet curriculum and support service commitments both now and in the future. Our review evidenced that the College provides a supportive environment for staff development in this regard, including:

- Leadership development and talent management provided through the LEAD management development programme and the Chartered Management Institute Certificate in First Line Management qualification which are offered to all managers;
- Staff are offered the opportunity to study towards teaching and postgraduate qualifications such as the PDA Teaching Practice in Scotland's Colleges, which is open to all staff, and the Teaching Qualification Further Education (TQFE), which all permanent teaching staff must complete after achieving the PDA;
- A range of practical support options, including secondments;
- Opportunities for staff to engage in research; and
- Various initiatives which run throughout the year which provide opportunities for teaching staff to share experiences and best practice, including the Learning and Teaching Working Group.

Objective 3: Succession management strategies have been developed (continued).

Knowledge transfer is also a key component of the College's succession plans. Core organisational processes are well documented and existing staff are involved in helping to orient and train new staff. Managers ensure that knowledge transfer is factored into operational and succession planning, by identifying skills gaps or reliance on specific individuals within their teams and addressing the associated risks. Work load analysis is undertaken by managers, particularly Programme Development Managers (PDMs) on the curriculum side. Managers are also expected to discuss these issues with other managers in order to identify any opportunities and risks across the College. Development of the College's work force planning processes, implementation of the OPDS and Research and Innovation Strategy, and future development of the HR system should also help to strengthen the College's succession planning processes.

Good practice in sustainable succession planning was identified within the College's research team where the core team of researchers are supplemented by a mix of interns, supply researchers and volunteers. This approach provides individuals with an opportunity to gain experience in a research environment whilst allowing the College to grow its research team and develop a pool of researchers who could potentially be offered a fixed term research contract subject to funding.

Objective 4: Strategies have been documented in an action plan and this is being implemented.

Although there is no formal succession strategy there are a number of key strategies which underpin the Strategic Plan 2017 – 2020, which collectively identify objectives relating to succession planning. These are then translated into actions which will be included within departmental operational plans from academic year 2017/18. The current Strategic Plan covers the period 2017 to 2020 and so the strategic objectives are not fully reflected in the College operational plans for the 2016/17 academic year which reflect those which were included within the previous strategic plan.

The OPDS and Research and Innovation Strategy include a set of KPIs which will be used to monitor the effectiveness of the strategies and achievement of the strategic objectives. A set of KPIs and targets were agreed between the SMT and the Board in June 2017. Academic year 2017/18 will be the first full year that the strategy will have been in place and in time trend data will become available which should provide a meaningful measurement of the effectiveness of both strategies.

Objective 5: Succession planning activities are systematically evaluated and monitored, and adjusted where necessary.

To ensure that the College's succession planning processes are successful, it is important to systematically monitor workforce data, evaluate activities and make necessary adjustments.

Regular reporting of HR and Learning and Development activity is presented to the SMT, the Board and its sub-committees. Workforce data is regularly monitored by the Director of Organisational Development and HR and the effectiveness of training learning and development activity is monitored by the Professional Development Manager, as well as by managers through the PDR process.

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Inverness College UHI

New Campus – Maintenance and Unitary Charge Controls

Internal Audit Report No: 2017/09

Draft Issued: 4 September 2017
2ⁿᵈ Draft Issued: 12 September 2017
Final Issued: 12 September 2017

LEVEL OF ASSURANCE   **Satisfactory**

Contents

Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

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

1. Overall Level of Assurance

Satisfactory	System meets control objectives with some weaknesses present.

2. Risk Assessment

This review focused on the controls in place to mitigate the following risks on the College's Risk Register:

- College estate not fit for purpose (risk rating: medium); and
- Poor student experience (risk rating: low).

3. Background

As part of the Internal Audit programme at Inverness College UHI ('the College') for 2016/17 we carried out a review of the College's New Campus maintenance and unitary charge arrangements. Our Audit Needs Assessment, completed in September 2015, identified this as an area where risk can arise and where internal audit can assist in providing assurances to the Board of Management and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The College's New Campus was funded through a Non-Profit Distributing (NPD) arrangement, whereby a private consortium, GT Equitix, built the Campus and operates certain parts of it over a 25-year period. The College makes unitary charge payments to the consortium over this period.

Under the contract GT Equitix is responsible for Hard Facilities Management (FM) services such as building and fabric maintenance (both planned and reactive) and the College is responsible for Soft FM such as cleaning and grounds maintenance.

4. Scope, Objectives and Overall Findings

This audit reviewed the arrangements in place to monitor the performance of GT Equitix against the terms of the contract.

The table below notes each separate objective for this review and records the results:

HENDERSON LOGGIE
Chartered Accountants

4. Scope, Objectives and Overall Findings (Continued)

Objective		Findings			
The overall objective of the audit was to determine whether:		**1**	**2**	**3**	**Actions already in progress**
		No. of Agreed Actions			
1. Appropriate controls have been put in place to ensure that the College receives value for money from the unitary charge payments made to GT Equitix.	**Satisfactory**	0	1	1	✓
Overall Level of Assurance	**Satisfactory**	0	1	1	
		System meets control objectives with some weaknesses present			

5. Audit Approach

We reviewed the terms of the contract with GT Equitix to identify what its responsibilities are. Through discussion with the Director of Organisational Development, Director of Finance and Estates & Campus Services Manager, and review of documentation, we established what systems and controls have been put in place to ensure that these responsibilities are met. These arrangements were also discussed with the GT Equitix appointed Contract Manager. We have reported on any areas where expected controls were found to be absent or where controls could be further strengthened.

Compliance testing was carried out where necessary to ensure that the controls in place are operating effectively.

6. Summary of Main Findings

Strengths
- The responsibilities of the College and Gifford Try Facilities Management (GTFM) regarding facilities management are clearly set out in the Project Agreement, including identification of performance, availability and service quality standards.
- The College continues to receive support and advice from the Scottish Futures Trust who were responsible for developing the Project Agreement.
- The Concept system is used to record and track maintenance to be undertaken, and this is used to allocate jobs GTFM staff to rectify. The job details are sent directly to handheld Personal Digital Assistants (PDAs) used by GTFM operatives who are based on the College campus.
- Monthly reports are obtained from Concept which show the number of maintenance jobs that have been logged and actioned and these reports are monitored by the College Contract Administrator.

6. Summary of Main Findings (Continued)

- The PayMech module in Concept contains all the performance and availability standards which are included in the Project Agreement. This provides the capability for both GTFM and the College to monitor jobs and ensure that performance standards are being adhered to.
- GTFM issues monthly deductions reports from the PayMech module, which are subject to scrutiny by the College. Some issues were encountered with the reliability of the PayMech deductions reporting, for the period to January 2017, which are described in more detail in the Weaknesses below.
- A detailed report is produced monthly by the College, which allows clarification to be sought from GTFM and sets out any identified breaches of the terms of the Project Agreement and highlights those areas where a deduction should apply.
- There are regular meetings between the College, GTFM and the GT Equitix Contract Manager and contract performance issues are regularly reported to the GT Equitix board.
- College staff have demonstrated a suitable level of understanding of the Project Agreement and have been successful in applying the existing performance and availability standards to achieve recurring monthly deductions.

Weaknesses
- Although Monthly Service Reports are produced in accordance with the Project Agreement, which are discussed at the monthly operational meetings of the GT Equitix Board, we noted that a summary of progress made by GTFM on all 69 performance standards was previously reported to the College but that these were not reported beyond November 2016. Due to an error in the mapping of the inter-dependent relationships of the performance and availability standards contained in PayMech the module did not operate as intended from August 2015 to January 2017, which resulted in inaccurate identification and calculation of deductions. GTFM rectified the systems issue in February 2017 and re-ran the deductions reports based on the data held in the PayMech module which calculated that further deductions totalling £202,666 were to be applied for the period August 2015 to January 2017. At the same time, the College also identified that the amended PayMech reports failed to include additional deductions totalling £28,783.
- The GTFM Facilities Manager post has been vacant since May 2017 and as an interim measure GTFM have reallocated the role internally in order to provide cover until a permanent replacement can be recruited. Our review found evidence that GTFM's performance standards and supervision of GTFM staff has been affected during this period.
- During our review, it was brought to our attention that as part of the monthly monitoring the College Contract Administrator had identified several instances where GTFM staff had manually amended data entries in the Concept system in contravention of the agreed procedure. These instances have been raised with GTFM by the College to prevent any incorrect reduction in potential deductions arising from the amendment of the data held in Concept and PayMech by GTFM staff.
- Under the terms of the Project Agreement the College is entitled to apply deductions to the unitary charge where performance standards have not been met. However, from the outset the College has taken a conscious decision not to apply deductions in respect of incomplete standards on the collective understanding that would provide GTFM with time to focus on rectifying underlying issues with the PayMech module. However, the PayMech deduction reporting issues were resolved in February 2017 and the College is now able to reconsider the application of deductions where GTFM standards have not been met, as stipulated in the Project Agreement.

6. Acknowledgements

We would like to take this opportunity to thank the College staff who helped us during the course of our audit.

7. Findings and Action Plan

Objective 1: Appropriate controls have been put in place to ensure that the College receives value for money from the unitary charge payments made to GT Equitix.

Background and High Level Overview of Processes

GT Equitix undertakes the facilities management contract with the College through its subsidiary Gifford Try Facilities Management (GTFM). GTFM use an asset management system, Concept, to log and track all of the required maintenance under the contract.

There is a standard Project Agreement between the College and GTFM, which sets out the responsibilities of both the College and GTFM regarding building and systems maintenance. The Project Agreement is based on the Non-Profit Distributing (NPD) model for the design, build and maintenance of the campus and was developed by the Scottish Futures Trust (SFT). The Project Agreement includes 69 Performance Standards which detail how various aspects of the contract are to be measured and monitored. The contract also includes a further nine availability standards which outline the response and rectification periods for the different classification of maintenance issue covered by the contract. As part of the Project Agreement there is also a schedule of service quality standards for buildings, systems and external elements which identify the items that need to be maintained and to what standard. The College has received advice from the SFT on how the College should monitor the key aspects of the Project Agreement. GTFM have created an operational manual which documents for assets in the College a range of information, such as technical information and maintenance requirements (e.g. maintenance frequency and maintenance standards to be applied).

Under the Project Agreement Performance Standards GTFM are required to produce a monthly and an annual service report, which detail the minimum set of information to be reported as outlined in the Project Agreement.

GTFM's presence at the College includes two operatives who are based on site and are supervised by a Facilities Manager who oversees several GTFM projects. The GTFM Facilities Manager identifies the maintenance tasks to be undertaken from the Concept system, allocates jobs to operatives based on priority and issues the job to the GTFM operative's handheld PDA when this is assigned to them. The GTFM operative has a prescribed timescale for responding and rectifying jobs as outlined in the Project Agreement. Once the job is finished the GTFM operative closes this off on their PDA and then this updates Concept on a real-time basis. The GTFM Facilities Manager is responsible for ensuring that the quality of work performed by GTFM is maintained. Quality of the GTFM work is also monitored by the College Estates team by way of service user feedback and review of maintenance issues logged in Concept.

The Concept system includes a PayMech module which contains all of the performance and availability standards detailed in the Project Agreement. PayMech is used to identify where maintenance jobs recorded in Concept have passed or failed the related standard and to calculate any deductions that are to be applied to the monthly unitary charge. A monthly report from PayMech is then provided by GTFM to the College.

Objective 1: Appropriate controls have been put in place to ensure that the College receives value for money from the unitary charge payments made to GT Equitix (continued).

The College's Contract Administrator runs monthly reports from Concept and populates an Excel spreadsheet which is utilised to monitor the actions taken by GTFM against each job, including response and rectification periods. This information is then used by the College as a check to confirm the accuracy of the monthly PayMech reports received from GTFM, including confirming that the description of the work is accurate, response and rectification periods are correct and, where applicable, that deductions have been applied and that the basis for the deductions calculation is correct. Where there are queries or insufficient detail is available then this information is sent to GTFM who are asked to provide explanations.

We confirmed that there were regular internal College meetings, and also meetings between the College, GTFM and representatives from the GT Equitix appointed Contract Manager where performance issues could be raised and deductions calculations discussed.

The Contract Administrator advised that a number of areas for improvement regarding adherence to performance standards and other areas had been highlighted by the College and that these had been brought to the attention of GTFM and the GT Equitix Contract Manager to allow them the opportunity to rectify these issues. A letter was issued by the Director of Organisational Development to GT Equitix in April 2017 in an effort to highlight areas of non-compliance with the NPD Contract and to move towards resolution. Examples of the areas identified for improvement are outlined in more detail below. The letter to GT Equitix made it clear that going forward the College expected the contractor to comply with the NPD contract and in particular schedule part 12 Section 1 – Service Level Specification which sets out Performance Standards; Availability Standards; Monthly Service Report; Annual Service Report and Appendix B Service Quality Standards.

Control and Process Weaknesses Noted

Monthly / Annual Reporting
The letter of April 2017 highlights a number of issues which impact on monthly reporting. These include: missing completion notes; evidence of tasks being recorded as closed in advance of the task being resolved; tasks allocated as routine which are not in line with the contract specifications; criteria applied for availability/unavailability was not consistent or in line with the contract and some events were missing from the monthly reports. In addition, no Annual Service Reports have been produced by GTFM since the Project Agreement commenced.

Objective 1: Appropriate controls have been put in place to ensure that the College receives value for money from the unitary charge payments made to GT Equitix (continued).

Deductions
The Project Agreement allows for eligible deductions to be applied to the unitary charge, subject to a complex mix of performance and availability standards not being met. Due to an error in the mapping of the inter-dependent relationships of the performance and availability standards contained in PayMech the module did not operate as intended from August 2015 to January 2017. This resulted in inaccurate identification and calculation of deductions during that period and accordingly the deductions included on the monthly unitary charge bills raised during this period were categorised as 'Draft'. GTFM rectified the systems issue in February 2017 and re-ran the deductions reports based on the data held in the PayMech module, which calculated that further deductions totalling £202,666 were to be applied for the period August 2015 to January 2017. At the same time the College also identified that the amended PayMech reports failed to include additional deductions totalling £28,783 relating to high ticket items which had been logged in Concept but had not appeared on the PayMech reports. At the time of our review a total of £231,449 in potential deductions had still to be applied to the contract. GTFM and the College have agreed the value of additional deductions and this has been communicated to the Board of GT Equitix who have yet to make a decision on how to proceed. From discussion with College management we understand that the College will seek reimbursement of the deductions from the amounts paid during this period.

GTFM Facilities Manager
The GTFM Facilities Manager post has been vacant since May 2017 and as an interim measure GTFM have reallocated the role internally in order to provide cover until a permanent replacement can be recruited. Our review found evidence that GTFM's performance standards and the supervision of GTFM staff has been adversely affected during this period. The College has raised this matter with GTFM and the GT Equitix Contract Manager and at the time of our review GTFM was taking steps to appoint a permanent Facilities Manager.

Concept Data
During our review, it was brought to our attention that the College had identified several instances where GTFM staff had manually amended data entries in the Concept system, which in turn had impacted the result of performance standards and the potential calculation of deductions. For example, the amount of time allowed for GTFM to respond to and rectify maintenance issues are outlined in the Project Agreement. The College's own checking procedures identified that rectification dates had been amended on the Concept system by GTFM. In each instance, we understand that these amendments resulted in the calculated deductions being reduced or removed. The College's concerns regarding these issues have been raised with GTFM and the GT Equitix Contract Manager by the College to prevent any incorrect reduction in potential deductions arising from the amendment of the data held in Concept and PayMech by GTFM staff. Through discussion with the GT Equitix Contract Manager we noted that GTFM have advised that the amendment of data in Concept and PayMech is a result of GTFM staff not using the system in accordance with the agreed procedure and that this is an area where further training on the system could be provided to GTFM staff. We also noted that amendments to the data in Concept were made during the period when a permanent Facilities Manager was not in post.

Objective 1: Appropriate controls have been put in place to ensure that the College receives value for money from the unitary charge payments made to GT Equitix (continued).

Observation	Risk	Recommendation	Management Response
Areas for Improvement Relating to GTFM Areas of Responsibility A number of the weaknesses noted above relate to operational areas where GTFM is responsible for processes and controls. Although we recognise that the College is not directly responsible for these issues, and has already taken steps to draw areas of non-compliance with the NPD contract to the attention of GTFM and GT Equifix, we have raised a recommendation to ensure that the issues identified during the course of our fieldwork are not lost and that members of the Audit Committee gain assurance (through the formal internal audit Follow-Up process) that the issues identified have been followed-up appropriately with GTFM to ensure that action is taken to resolve the issues highlighted.	GTFM may not be in a position to demonstrate to the College that the performance standards contained in the Project Agreement are being adequately satisfied and that work is carried out in a timely manner.	**R1** Discuss with GTFM the matters highlighted in our report which lie within their areas of responsibility, and obtain formal assurances from GTFM on a) how and b) when they will take the necessary action to address the areas of non-compliance noted.	This has now escalated to a meeting request with GTEIL Board Members and escalation of deductions in line with advice received from SFT. **To be actioned by:** Director of Organisational Development **No Later Than:** In progress

	Grade	2

Objective 1: Appropriate controls have been put in place to ensure that the College receives value for money from the unitary charge payments made to GT Equitix (continued).			
Observation	**Risk**	**Recommendation**	**Management Response**
Areas for Improvement Relating to College Areas of Responsibility Currently the College is monitoring performance and applying deductions on a narrow range of the performance standards contained in the Project Agreement. Monthly Service Reports are produced in accordance with the Project Agreement and are discussed at the monthly operational meetings of the GT Equitix Board. However, we noted that a summary of progress made by GTFM on all 69 performance standards was previously reported to the College but that these were not reported beyond November 2016. In the absence of these reports the College Contract Administrator has monitored GTFM's compliance with the standards and has identified a number of areas where GTFM has yet to complete actions to satisfy the requirements of the Project Agreement. For example, performance standard FM08 states that GTFM should implement a quality management system. The College has identified that this action has yet to be completed. Under the terms of the Project Agreement the College is entitled to apply deductions to the unitary charge where performance standards have not been met but our discussions with College staff confirmed that the College has not previously applied deductions in respect of incomplete standards to allow GTFM to focus on rectifying the underlying issues with the PayMech module. However, since these issues have now been resolved the College is now able to reconsider the application of deductions where GTFM standards have not been met.	The performance standards outlined in the Project Agreement are not achieved resulting in the College not achieving value for money in line with the terms of the contract.	**R2** The College should formally notify GTFM which performance standards that have not been met and set a target timescale by which GTFM should achieve these by. Alternatively, the College should seek assurance from GTFM that an action plan will be produced to achieve completion of outstanding performance standards within a reasonable timescale. The College should also inform GT Equitix that where agreed performance standards are not achieved the College will apply further deductions to the unitary charge in accordance with the terms of the Project Agreement.	**To be actioned by:** Director of Organisational Development **No Later Than:** In progress
			Grade 3

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Inverness College UHI

**Follow-Up Reviews
2016/17**

Internal Audit Report No: 2017/10

Draft Issued: 5 September 2017

Final Issued: 11 September 2017

Content

1. Management Summary

Introduction and Background

As part of the Internal Audit programme at Inverness College UHI ('the College') for 2016/17 we carried out a follow-up review of the recommendations made in the following Internal Audit reports issued during 2015/16:

- 2016/06 – Student Fees and Contracts;
- 2016/07 – Business Development; and
- 2016/08 – Follow-Up Reviews.

Internal Audit Reports 2016/01 – Audit Needs Assessment and Strategic Plan 2015-2017, 2016/02 – Annual Plan 2015/16, 2016/04 - Student Support Funds 2014/15, 2016/05 – Student Recruitment and Retention and 2016/09 – Annual Report 2015/16 did not contain any action plans and therefore no follow-up of these was required. Internal Audit Report 2016/03 – 2014/15 Student Activity Data has already been followed-up as part of the Internal Audit programme for 2016/17 (refer Internal Audit Report 2017/03 – 2015/16 Student Activity Data, issued 13 October 2016).

Objectives of the Audit

The objective of each of our follow-up reviews is to assess whether recommendations made in previous reports have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Audit Approach

For the recommendations made in each of the reports listed above we ascertained by enquiry or sample testing, as appropriate, whether they had been completed or what stage they had reached in terms of completion and whether the due date needed to be revised.

Action plans from the original reports, updated to include a column for progress made to date, are appended to this report.

Overall Conclusion

Overall, we found that the College has made good progress in implementing the recommendations followed-up as part of this review and only two recommendations have been assessed as showing 'little or no progress', one from report 2015/05 – Budgetary Control / General Ledger and one from report 2015/06 – Risk Management and Business Continuity / Disaster Recovery.

Overall Conclusion (Continued)

In report 2015/05 we recommended that the College should establish a formal timetable and procedure for the budget setting process and ensure that these were communicated to all budget holders. Due to the vacancy at Director level during the year, no formal timetable was prepared for the 2017/18 budget process. In report 2015/06, we recommended that the Risk Management Policy should be updated to ensure that the risk monitoring requirements of school / department Heads reflect current practice however this has not yet been done. Responsibility for the policy will be allocated in discussion with the new Principal.

One recommendation from report 2016/06 – Student Fees and Contracts, which related to reviewing the online application process has been 'considered but not implemented' by College management. The online enrolment process is a shared resource between the UHI Academic Partners and on an annual basis requests for updates and changes are passed to UHI MIS to update online forms / processes. The College provides support to students through the application process.

Our findings from each of the follow-up reviews have been summarised as follows:

From Original Reports			*From Follow-Up Work Performed*			
Area	Grades	Number Followed-Up	Fully Implemented	Partially Implemented	Little or No Progress Made	Considered But Not Implemented
Student Fees and Contracts	1	-	-	-	-	-
	2	1	-	1	-	-
	3	5	4	-	-	1
Total		**6**	**4**	**1**	**-**	**1**
Business Development	1	-	-	-	-	-
	2	-	-	-	-	-
	3	4	4	-	-	-
Total		**4**	**4**	**-**	**-**	**-**
Follow-Up Reviews	1	-	-	-	-	-
	2	1	-	1	-	-
	3	5	3	-	2	-
	A	-	-	-	-	-
	B	3	2	1	-	-
	C	-	-	-	-	-
Total		**9**	**5**	**2**	**2**	**-**
Grand Total		**19**	**13**	**3**	**2**	**1**

The grades, as detailed below, denote the level of importance that should have been given to each recommendation:

Reports issued from 2012/13

Priority 1	Issue subjecting the College to material risk and which required to be brought to the attention of management and the Audit Committee.
Priority 2	Issue subjecting the College to significant risk and which should have been addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, would have enhanced efficiency and effectiveness.

2

Overall Conclusion (Continued)

Reports issued prior to 2012/13

A   Issues which required the consideration of the Board of Management or one of its committees;

B   Significant matters which could have been resolved by the Senior Management Team (SMT);

C   Less significant matters that did not require urgent attention but which should have been followed up within a reasonable timescale.

Acknowledgements

We would like to thank all staff for the co-operation and assistance we received during the course of our reviews.

Appendix I – Updated Action Plan – Report 2016/06 – Student Fees and Contracts

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress at September 2017
R1 Review the procedure for processing 'Module / Unit Registration' forms for part-time students, ensuring that completed forms are passed to the Student Records team, by Finance and Academic staff, timeously in order that students can be matched to units, students are fully enrolled in SITS and, where appropriate, a fee invoice can be generated. It is recommended that the checking of forms by Finance staff is performed once SITS has been updated so as to not delay the invoicing of fees and fully enrolling students in SITS.	3	Revise procedure for module / unit registration and associated processes and create a clear and agreed process map (already an action within the Student Records Operational Plan).	MIS Manager / Finance Manager	End of June 2016	Process reviewed by Student Records and Finance teams. Pre-populated choice form is created by Student Records staff for part-time / infill students on Highers / National courses. On day of enrolment, forms are checked and confirmed by both Student Records and Finance to allow systems to be updated more timely. *Fully Implemented*

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress at September 2017
R2 The feasibility of allowing part-time FE students to select modules using the online enrolment system should be explored with UHI Executive Office Learning and Information Services. This would allow the enrolment process to be streamlined and reduce the time taken to raise student fee invoices.	3	Online module registration has been developed by EO for degree modules only. Feasibility of online unit selection for part-time FE students will be explored as part of the process mapping. It will also be raised with other Academic Partners. However, it is unlikely to be implemented by EO in the short term.	MIS Manager / Finance Manager	End of June 2016	The development of online module selection has not been taken forward by UHI Executive Office. However, there has been significant improvement to the online application process for Highers / Nationals which allows for subjects to be chosen by applicants and updated by Academic staff at interview. From this, reports are available to identify clearly subjects to be studied, which is used for the creation of the pre-populated choice forms used for confirmation by Student Records and Finance at enrolment. *Fully Implemented*
R3 Ensure that the in-year data integrity checks of the SITS data include a review of the fee generation data such as fee status, source of fees code and mode of attendance.	3	Process map and revised procedure to include this provision.	MIS Manager / Finance Manager	End of June 2016	Regular data integrity checks are carried out throughout the year by the Student Records team and MIS Manager. Any anomalies are passed to the Finance team for clarification. *Fully Implemented*

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress at September 2017
R4 Review the options available to students at each stage of the online enrolment process, removing those that are not applicable to students based on the details submitted by the student.	3	Discuss this issue with EO and continue to review the information and guidance provided to students before and during completion of the online enrolment process.	MIS Manager / Finance Manager	End of June 2016	As part of the UHI network the online enrolment process is a shared resource between the Academic Partners. On an annual basis requests for updates and changes are passed to UHI MIS to update online forms / processes, taking into consideration changes in Further Education Statistics (FES) data requirements. Full-time students are encouraged to complete online enrolment prior to attending induction, other students and those requiring support are guided through the process during induction week by Student Records staff. *Considered But Not Implemented*
R5 Amounts transferred between SITS and SUN should be reconciled regularly and explanations for any variances documented and corrections made if necessary. Such reconciliations should be reviewed and agreed by a second member of staff; with both the preparer and reviewer signing the reconciliations as evidence this is being done.	2	This task has been reallocated and reconciliations will be brought fully up-to-date. Thereafter this reconciliation is to be embedded into month end procedures.	Financial Services Manager	End of August 2016	The Finance Officer has been working on bringing this up-to-date. Due to the volume of transactions it is taking a significant amount of time. This task is being incorporated into the Finance Officer's monthly task list. *Partially Implemented*

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress at September 2017
R6 Ensure that a review of Sales Ledger transactions and sample checking of credits to supporting documentation, conducted by senior members of the Finance team, is incorporated into the month / year end procedures.	3	A review of sales ledger transactions and sample check of credit notes to supporting documentation by appropriate staff will be added to the month-end procedures.	Financial Services Manager	End of May 2016	The month-end procedure list has been updated for this. *Fully Implemented*

Appendix II - Updated Action Plan – Report 2016/07 – Business Development

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress at September 2017
R1 Amend the costing and pricing form to add a section to record which competitors' prices have been reviewed, what these were, the date of review, source of information and justification of prices if these are significantly different from competitors' rates.	3	There is a competitor pricing spreadsheet that provides a range of comparators for each course. A box to add the average price for each will be added to the pricing form.	a) Finance Manager to add box b) BD staff to complete box	1 August 2016	Box added to incorporate average competitor price from competitor pricing spreadsheet. *Fully Implemented*
R2 Ensure that as part of the development of a business case a robust analysis of activity and associated costs is undertaken in order to fully understand all costs borne by the College and those that can be recovered through competitive pricing.	3	Equipment and method of course delivery already included in pricing as variable costs. Staff identity and therefore utilisation unknown when pricing. Management check / sign-off to be implemented to ensure all costs are listed in pricing document.	Director of Business Development	July 2016 for 16/17 courses.	Pricing form is still in use and subject to management check and sign-off. Spreadsheet summarising these is still in place which is updated after each course in order that it can be evaluated with regard to actual course occupancy. *Fully Implemented*

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress at September 2017
R3 Undertake an analysis of staff hourly rates used in costings with greater consideration given to determining a relevant overhead recovery rate. Calculation of the rate should be based on suitable cost drivers and should consider teaching time, staff utilisation, premises, equipment and method of course delivery.	3	Equipment and method of course delivery already included in pricing as variable costs. Staff identity and therefore utilisation unknown when pricing. Hourly (lecturer) rate under review. Hourly (lecturer) rate to be agreed.	Director of Corporate Resources	July 2016 for 16/17 courses.	Hourly lecturer rate calculated and template updated. This action is closed as the lecturer rate is updated at least annually. Current 2017/18 rate was updated in May 2017. *Fully Implemented*
R4 Identify relevant staff involved in business development and research activities and consider the need to provide targeted training which includes managing the risks relating to IP.	3	Three BD staff and three research staff to undertake training to manage the risks relating to IP.	Director of Business Development	End September 2016	Business Development staff have undertaken this training. *Fully Implemented*

Appendix III – Updated Action Plan – Report 2016/08 – Follow-Up Reviews

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress at August 2016	Progress at September 2017
Internal Audit Report 2015/05 – Budgetary Control / General Ledger						
Process for Setting Budgets **R1** Establish a formal timetable and procedure for the budget setting process and ensure that these are communicated to all budget holders.	3	The timetable will be completed as part of the operational planning cycle for 2015/16.	Director of Corporate Services	March 2015	Due to the move to the new campus and changeover of Director of Corporate Services the 2015/16 and 2016/17 budget processes have both been completed without a formal timetable in place *Little or No Progress Made*	Due to the vacancy at Director level, no formal timetable was prepared for the 2017/18 budget process. A timetable will be developed for the 2018/19 budget process. There is no longer a Director of Corporate Services, the post is now Director of Finance. *Little or No Progress Made*

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress at August 2016	Progress at September 2017
Month End / Year End Financial Close Process **R2** Ensure that each process listed on the year-end accounts checklist is signed-off by the appropriate member of staff as and when it is completed and reviewed.	3	The checklist will be completed and signed off by staff members as part of this year's accounts closure.	Director of Corporate Services	September 2015	The year-end accounts timetable for 2014/15 provided by Finance had only been partially completed to show the date that tasks were carried out. A timetable is again being used for the 2015/16 accounts preparation. *Partially Implemented*	The timetable for the 2015/16 accounts preparation was followed and completed by staff. The team is currently following an updated timetable for the preparation of the 2016/17 accounts. *Fully Implemented*

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress at August 2016	Progress at September 2017
Internal Audit Report 2015/06 – Risk Management and Business Continuity / Disaster Recovery						
Risk Management **R1** Update the Risk Management Policy to ensure that the risk monitoring requirements of school / department Heads reflect current practice.	3	Agreed. The policy will be updated to reflect current practice.	Director of Corporate Services	July 2015	The Risk Management Policy has not been updated since the original audit was carried out. *Little or No Progress Made*	The policy has not been updated. Responsibility for the policy will be allocated in discussion with the new Principal. *Little or No Progress Made*

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress at August 2016	Progress at September 2017
Internal Audit Report 2015/07 – ICT Strategy						
ICT Strategy **R1** The College should ensure that a timetable is established and followed when drafting strategies and policies. This should include ensuring that the staff consultation process is conducted timeously and that strategies and policies are formally approved by the Board before being implemented.	3	Agreed. A reminder will be issued to ensure the timetable for production of strategies is followed.	Director of Corporate Services	July 2015	No additional policies or strategies have been presented by ICT since the report date. *No Opportunity to Implement*	Dates for Board and committee meetings and approvals are made clear via the Quality team from initial Audit and Scrutiny approval through to Board of Management. This allowed the recent update to the College Information Security Policy to be planned as part of the Information Security Check Up around the dates of the relevant committees. Drafting through to sign-off was complete in a six-month period. *Fully Implemented*

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Recommendation	Grade	Comments	Responsible Officer	Agreed Completion Date	Progress Previously Reported	Progress at September 2017
Internal Audit Report 2009/05 – Risk Management and Business Continuity						
Business Continuity Plans **R4** Realistic timescales should be set for finalisation of the overall Business Continuity Plan and individual plans for schools / departments and sufficient priority and resources should be allocated to the project to ensure that the targets are met.	B	Agreed. Will be completed following the training for staff.	Director of Corporate Services	June 2009	**Progress at July 2013** Some departmental business continuity plans are yet to be completed. It is hoped that these will be completed by 30 September 2013. **Progress at August 2014** Some departmental business continuity plans have still to be completed although it had been hoped that these would be completed over the Summer break.	The Business Continuity Plan was considered and approved by the SMT at its meeting at the end of August 2016. The plan was then presented to and approved by the Audit Committee at its meeting on 13 September 2016. The plan was updated to include, amongst other things, new contact details following the move to the New Campus, changes in personnel and significant improvements to the robustness of the wide area network.

Recommendation	Grade	Comments	Responsible Officer	Agreed Completion Date	Progress Previously Reported	Progress at September 2017
Business Continuity Plans **R4 (Continued)**					**Progress at August 2015** As part of the move to the New Campus a new Business Continuity Plan is being developed. Previous departmental plans have not been completed as a result. **Progress at August 2016** The new College-wide Business Continuity Plan is at final draft stage and is to be presented to the next round of Board committees for approval. The College no longer intends to complete individual plans for schools and departments. *Partially Implemented*	Due to changes in the SMT over the Summer of 2017, further amendments are required and a training session on the plan will be arranged for the SMT when the new Principal is in post. *Fully Implemented*

Recommendation	Grade	Comments	Responsible Officer	Agreed Completion Date	Progress Previously Reported	Progress at September 2017
Internal Audit Report 2011/06 – Data Protection / Freedom of Information						
Policies and Procedures **R4** The Project Steering Group for the information management project should meet and agree a plan of action to complete the project within a reasonable timeframe. This should include the completion of the information audits and drafting of a Records Management Policy. The Policy should clearly document the College's procedures in relation to record creation, maintenance, closure, archiving, retention and disposal.	B	In light of changes within the College, the project will be reviewed as will the composition of the Steering Group with a view to taking the whole project forward in the near future.	Information Development Manager (IDM)	April 2011	**Progress at July 2013** The information audit commenced in May 2013 and is expected to be completed by August 2014. A Project Steering Group has yet to be set up. The UHI Library and Information Services team are developing Microsoft SharePoint which will be used as the UHI records management system and the Information Development Manager is working towards a timescale of August 2014 to implement this. A very basic Records Management Policy was approved in December 2012. A new Records Management Policy will be developed once SharePoint has been configured. **Progress at August 2014** Project team established which reports on project progress each month to the SMT. Information audits have now been completed with some work still required to finalise findings with a deadline of 14 September 2014 set for this work to be completed. Once classification scheme is complete the naming conventions will then be determined in order to progress the revised Records Management Policy.	The Records Management Project was set aside six months prior to the campus relocation and the IDM's focus moved to one of preparation for the move. Departments were supported and monitored in their clear out activities. The technical resource to support the continued development of SharePoint was not available due to on-going workload related to re-location. The project has not been resurrected.

Recommendation	Grade	Comments	Responsible Officer	Agreed Completion Date	Progress Previously Reported	Progress at September 2017
R4 (Continued)					**Progress at August 2015** A pilot of the SharePoint system for the Finance team was put on hold largely due to the workload created by the move to the New Campus. A new project plan will be put in place by the end of September 2015 so the project can re-start. **Progress at August 2016** The records management project is still on hold due to the move to New Campus. It is intended to restart the project again shortly although it is thought that Sharepoint will not be used. *Partially Implemented*	However, as part of the college's preparation for the meeting the requirements of the EU General Data Protection Regulation (GDPR), the information audits have been reviewed and work is on-going but with a narrower focus of identifying where all personal data is gathered / processed / stored etc. It is recognised that records management is also a large part of meeting the EU GDPR. The IDM is working with the UHI Records Manager (and others) to address the need to manage (delete when no longer required) the student data in the SITs database. The College SMT are driving this forward to ensure it happens. *Partially Implemented*

Recommendation	Grade	Comments	Responsible Officer	Agreed Completion Date	Progress Previously Reported	Progress at September 2017
R5 Once approved, the Records Management Policy should be communicated to staff and training provided.	B	Agreed.	Information Development Manager	September 2011	**Progress at July 2013** A very basic Records Management Policy was approved in December 2012. A new Records Management Policy will be developed once SharePoint has been configured and it is fully understood how things will work. Communication and training will be provided once the new Records Management Policy has been developed.	The Records Management Policy was revised earlier this year and approved by the Board of Management in March 2017. The policy is available to all staff via the college pc desktop. Revised policies are promoted at the time of revision on the staff intranet. Staff have been made aware of the policy and associated procedures as part of the training that has been delivered to managers and teams on the EU GDPR requirements. *Fully Implemented*

Recommendation	Grade	Comments	Responsible Officer	Agreed Completion Date	Progress Previously Reported	Progress at September 2017
R5 (Continued)					**Progress at August 2014** As noted at **R4** above, once the classification scheme is complete the naming conventions will then be determined in order to progress the revised Records Management Policy. Communication and training will then be provided. **Progress at August 2015** Training had commenced before the pilot was put on hold. Further training will cover the revised Records Management Policy. **Progress at August 2016** Although a Records Management Policy has been drafted and communicated to staff, there will be no training until a records management system is in place. *Partially Implemented*	

Recommendation	Grade	Comments	Responsible Officer	Agreed Completion Date	Progress Previously Reported	Progress at September 2017
Internal Audit Report 2013/06 – Procurement and Creditors / Purchasing						
Quotations and Tenders **R3** Written quotations obtained by budget holders should be retained and attached to Purchase Order Requests when sent to Finance.	2	Agreed. Finance staff will ensure that quotations are received along with the Purchase Order Requisitions.	Financial Services Manager	30 April 2013	*Progress at August 2014* A sample of eight Purchase Order Requests raised in 2013/14 was tested and we noted that on three occasions evidence of the number of quotes required to be submitted, as detailed in the Financial Regulations, was not attached. In one instance there was no evidence that any quotes had been obtained and in the other two instances there was evidence of one quote, when two were required. *Progress at August 2015* A sample of eight Purchase Order Requests raised in 2014/15 was tested and we noted that on four occasions evidence of the number of quotes required to be submitted, as detailed in the Financial Regulations, was not attached. In two instances, there was no evidence that any quotes had been obtained and in the other two instances there was evidence of one quote, when more were required.	Finance staff know to return Purchase Order Requests to requistioners if they are not accompanied by the appropriate number of quotes. PECOS orders are returned through the system if quotes are not attached.

Recommendation	Grade	Comments	Responsible Officer	Agreed Completion Date	Progress Previously Reported	Progress at September 2017
R3 (Continued)					***Progress at August 2016*** A sample of five Purchase Order Requests raised in 2015/16 was tested and we noted that on four occasions evidence of the number of quotes required to be submitted, as detailed in the Financial Regulations, was not attached. ***Partially Implemented***	A sample of five Purchase Order Requests raised in 2016/17 was tested and we noted that on one occasion evidence of the number of quotes required to be submitted, or an explanation as to why they had not been obtained, was not attached. ***Partially Implemented***

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at September 2017
Internal Audit Report 2014/07 – Publicity & Communications						
R2 Consider providing further information to staff relating to marketing and communications services, including the role and remit of the external PR company. This should be made available to all staff on the shared network drive or staff intranet.	**3**	A series of marketing policies, procedures and general information of interest will be published on the shared network drive/staff intranet.	C Sutherland / C Hamilton	July 2014	*Progress at August 2015* The department is undergoing significant change as a result of the move to the New Campus and staff turnover. The Interim Communications and Marketing Manager has primary goal of developing new brand guidelines by October 2015 and envisages further development once this has been completed. *Progress at August 2016* Brand Guidelines were approved at the July 2016 Operational Management Group meeting and are now available to staff on Sharepoint. A Marketing Policy is currently at the draft stage and this will provide guidance on marketing and communications services. *Partially Implemented*	The contract with Weber Shandwick for PR Services finished this year and the SMT agreed to take the service in-house. Helen Aird was appointed Marketing and PR Officer in June 2017. A new Marketing Strategy was prepared this year, following publication of the 2017-2020 Strategic Plan. The Strategy has been presented and staff have been consulted on it. Marketing procedures have been approved by SMT and made available to staff, which cover: • PR and internal marketing; • Promotions and publications; • Social media; and • Website and e-marketing.

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at September 2017
R2 (Continued)						Processes have also been added to the Operational Management Group and Academic Management Group agendas. The Marketing and Communications Manager and Marketing and PR Officer have attended staff briefings to remind staff of the communications process. *Fully Implemented*

HENDERSON LOGGIE
Chartered Accountants

Inverness College UHI

Annual Report to the Board of Management and Principal on the Provision of Internal Audit Services for 2016/17

Internal Audit Report No: 2017/11

Draft Issued: 5 September 2017

Final Issued: 12 September 2017

Content

1. Annual Report and Opinion

Introduction

1.1 We were re-appointed in August 2015 as internal auditors of Inverness College UHI ('the College') for the period 1 August 2015 to 31 July 2017. This report summarises the internal audit work performed during 2016/17.

1.2 An updated Audit Needs Assessment (ANA), based on the areas of risk that the College is exposed to, was prepared as part of our internal audit programme for 2015/16 (internal audit report 2016/01, finalised September 2015). The ANA was prepared following discussion with the Director of Corporate Services and review of previous internal and external audit reports, and covered the two-year extension of our internal audit appointment from 2015/16 to 2016/17. The ANA was based on the College's own Strategic Risk Register and this was supplemented by our own assessment of the risks faced by the College. Following on from the ANA, a Strategic Plan was formulated covering the two-year extension period, and this was approved by the Audit Committee, together with the ANA, at its meeting on 15 September 2015.

1.3 The work undertaken in the year followed that set out in the Strategic Plan for 2016/17, with two exceptions. Five days were included in the plan for a review of the New Campus – Maintenance and Unitary Charge Controls. This assignment was originally scheduled to be undertaken during 2015/16 but was deferred to 2016/17 following further discussion with College management to allow time for controls to fully bed in. A proposed review of Asset Management was removed from the 2016/17 plan to accommodate this. Also, three days were included in the plan for a review of Health and Safety. This assignment was also deferred to 2016/17 at the request of College management as the College's previous Health and Safety Manager left in November 2015, with the post covered on an interim basis until late March 2016 when a new permanent member of staff was appointed.

1.4 The reports submitted are listed in Section 2 of this report and a summary of results and conclusions from each assignment is given at Section 3.

1.5 An analysis of time spent against budget is at Section 4.

Public Sector Internal Audit Standards (PSIAS) Reporting Requirements

1.6 The College has responsibility for maintaining an effective internal audit activity. You have engaged us to provide an independent risk-based assurance and consultancy internal audit service. To help you assess that you are maintaining an effective internal audit activity we:

- Confirm our independence;
- Provide information about the year's activity in this report; and
- Provide quality assurance through self-assessment and independent external review of our methodology and operating practices.

Public Sector Internal Audit Standards (PSIAS) Reporting Requirements (Continued)

1.7   Self-assessment is undertaken through:

- Our continuous improvement approach to our service. We will discuss any new developments with management throughout the year;
- Ensuring compliance with best professional practice, in particular the PSIAS;
- Annual confirmation from all staff that they comply with required ethical standards and remain independent of clients;
- Internal review of each assignment to confirm application of our methodology which is summarised in our internal audit manual; and
- Annual completion of a checklist in April to confirm PSIAS compliance.

1.8   The results of our self-assessment are that we are able to confirm that our service is independent of the College and complies with the PSIAS.

1.9   External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie is a member of MHA, a national association of accountancy firms. Continued membership of MHA is dependent on maintaining a good level of quality and adhering to accounting and auditing standards in the provision of our services. Annual quality reviews are conducted to confirm our continuing achievement of this quality. The MHA review in April 2014 included our internal audit service. Overall the review found the firm's policies and procedures relating to internal audit to be compliant with the PSIAS in all material respects.

Significant Issues

1.10   All work in 2016/17 assessed systems as 'Good' or 'Satisfactory', or provided an unqualified audit opinion on College returns, and there were therefore no significant issues identifying major internal control weaknesses arising from our internal audit work. In some cases however areas for further strengthening were identified and action plans have been agreed to address these issues.

Opinion

1.11   In our opinion the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2016/17 and in prior years since our first appointment in 2007/08.

2. Reports Submitted

Number	Title	Overall Grade	Recommendations	Priority 1 / Grade A	Priority 2 / Grade B	Priority 3 / Grade C
2017/01	Annual Plan 2016/17	N/A	N/A	N/A	N/A	N/A
2017/02	Health and Safety	Satisfactory	3	-	-	3
2017/03	2015/16 Student Activity Data	Audit opinion unqualified	2	-	-	2
2017/04	Student Support Funds 2015/16	Audit opinion unqualified	-	-	-	-
2017/05	IT Network Arrangements	Good	-	-	-	-
2017/06	Procurement and Creditors / Purchasing	Satisfactory	2	-	1	1
2017/07	Data Protection	Good	2	-	-	2
2017/08	Staff Recruitment and Retention – Succession Planning	Good	-	-	-	-
2017/09	New Campus – Maintenance and Unitary Charge Controls	Satisfactory	2	-	1	1
2017/10	Follow-Up Reviews	N/A	5 of 19 required further action	-	3	2

Overall gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Recommendation grades are defined as follows:

Reports issued from 2012/13

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

Reports issued prior to 2012/13 (recommendations included in report 2017/10 – Follow-Up Reviews, refer split on page 21)

A	Issues which required the consideration of the Board of Management or one of its committees.
B	Significant matters which could have been resolved by the Senior Management Team.
C	Less significant matters that did not require urgent attention but which should have been followed up within a reasonable timescale.

3. Summary of Results and Conclusions

2017/01 – Annual Plan 2016/17

Final Issued September 2016

The purpose of this document was to present, for consideration by the Audit Committee, the annual operating plan for the year ended 31 July 2017. The plan was based on the proposed allocation of audit days for 2016/17 set out in the ANA and Strategic Plan 2015 to 2017 (although refer paragraph 1.3 above).

The outline scope, objectives and audit approach for each audit assignment to be undertaken, arrived at following discussion with the Director of Corporate Services were set out in the report.

2017/02 – Health and Safety (H&S)

Final Issued –
November 2016
Overall grade: Satisfactory

The scope of this audit was to review the arrangements in place within the College to deal with H&S issues.

The main objective of this audit was to review the College's overall arrangements for dealing with H&S issues and to consider whether these are adequate.

The table opposite notes each separate objective for this review and records the results.

Strengths
- The College had a H&S Policy in place covering key areas and there was a H&S Policy Statement, which was signed by the Chair of the Board of Management and the Principal.
- The College had adopted Health and Safety Executive guidance HSG65 'Managing for health and safety' as the standard by which it would manage H&S.
- Appropriate H&S induction programmes were delivered to both students and staff when they started at the College and further training was provided as required. The College was qualified to deliver British Safety Council courses and, going forward, these courses were to be available to relevant College staff who required additional H&S training in these areas.
- The H&S Manager had undertaken a wide range of thorough H&S audits making use of the Health and Safety Management Profile (HASMAP) methodology, which mapped to HSG65, and there was an ongoing programme of audit visits.
- The H&S Manager had a wealth of knowledge and experience, including quality auditing experience, and had made a number of improvements to College processes since his appointment in March 2016 and was progressing others.
- There was regular H&S reporting to the H&S Committee, Audit Committee and the Board.

The specific objectives of this audit were to ensure that the College has:	
1. A H&S policy and documented procedures which are communicated to all staff.	**Satisfactory**
2. A formal risk identification and assessment process, distinguishing between College and contractor responsibilities for the new campus.	**Satisfactory**
3. A H&S training programme which includes induction training, refresher training and training for new equipment and legislation.	**Good**
4. Regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive.	**Good**
5. An incident and accident recording system with follow-up and implementation of new controls where required.	**Satisfactory**
6. Regular reporting of H&S to senior management and to the Board of Management.	**Good**
Overall Level of Assurance	**Satisfactory**

2017/02 – Health and Safety (Continued)

Weaknesses

- The College's H&S Manual had not been updated since 2012 and procedures may not always have fully reflected working practice. This was being redrafted by the H&S Manager.
- The risk identification and assessment process was not consistent throughout the College, with different formats being used by different departments.
- Risk assessment documents were not always being reviewed on a timely basis. This had already been identified by the H&S Manager from his audit visits and a new H&S management software system was being procured to address this.
- The College incident and accident recording system did not contain the functionality which would have allowed for more accurate incident tracking, action management and statistical analysis. Again, this was to be addressed through the new H&S management software system.

2017/03 – 2015/16 Student Activity Data

Final Issued October 2016

In line with guidance issued by the Scottish Funding Council (SFC) on 12 August 2016 we considered the reasonableness of the procedures in place for the compilation of the Credits related element of the FES return submitted to the SFC.

In accordance with the Credits Audit Guidance we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was also carried out. Our testing was designed to cover the major requirements for recording and reporting fundable activity identified at Annex C to Credits Audit Guidance and the key areas of risk identified in Annex D.

Our report to the SFC was submitted on 13 October 2016 prior to the deadline date of 14 October 2016. We reported that, in our opinion:

• 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
• on the basis of our testing we can provide reasonable assurance that the FES return contains no material mis-statement.

Two minor recommendations were made in our internal audit report including that, for courses other than full-time, the College should ensure that the required date input into SITS is calculated as the day on which 25 per cent of the total calendar days between the course start and end have passed.

2017/04 – Student Support Funds 2015/16

Final Issued November 2016

We carried out an audit on the following fund statements for the 2015/16 academic year: Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return.

The audit objectives were to ensure that:

- the College complies with the terms, conditions and guidance notes issued by SFC and the Student Awards Agency for Scotland;
- payments to students are genuine claims for hardship or bursary and have been processed and awarded in accordance with College procedures; and
- the information disclosed in the return for the year ending 31 July 2016 is in agreement with underlying records.

We were able to certify all fund statements for the year and submit these to the appropriate bodies, without reservation.

We reported last year that the College did not check that students had met the 90% attendance requirement for bursary payments for the first eight weeks of the academic year due to delays in the attendance registers being reliably set up. There was therefore a potential risk that some students may have been overpaid during that period. Although there was no major change to the system for 2015/16, attention was paid by the College to students with particularly poor attendance during this period and payments withheld from them where appropriate. This was evidenced during our sample testing of bursary payments for 2015/16 and we did not highlight the issue in our covering letter to the SFC.

2017/05 – IT Network Arrangements

Final Issued – April 2017   **Overall grade: Good**

ICT security is an important element of ensuring that business applications are available for use and that sensitive information cannot be accessed by unauthorised users. This audit reviewed the controls in place to ensure that ICT security is adequate.

The table opposite notes each separate objective for this review and records the results.

Strengths
- Access to server and communication rooms was adequately controlled and appropriate environmental controls were in place to protect equipment.
- Hardware and software inventories had been created.
- Vulnerability scans of the UHI network were conducted regularly by UHI IT Services with relevant issues reported to Academic Partners, and both the College and UHI IT teams constantly monitored the health and activity on the IT network.
- Processes were in place for applying updates and patches to all devices connected to the College network.
- The IT architecture protected the College network through the use of firewalls and prevented direct connections to untrusted external services and protected internal IP addresses.
- Penetration testing of the external boundaries was conducted annually by Janet (Joint Academic Network) for UHI and any findings were acted upon by UHI IT Services to address any security weaknesses identified.
- Management of user accounts was linked to the College's Human Resources led starter, leaver and change of role procedures.
- The ICT Services Manager approved the use of all administrator accounts and also conducted periodic reviews of administrator accounts and actions.

The objective of our audit was to obtain reasonable assurance that adequate systems are in place covering:	
1. Physical controls over access to network servers.	**Good**
2. Compliance with an acceptable usage policy, including mobile technology and the use of social media.	**Good**

3. Logical access controls, including:
  ◆ checks to ensure user access and user functionality is appropriate;
  ◆ passwords; and
  ◆ procedures for setting up and revoking users.
	Good

4. Adequate review of change control (upgrades, patches) and emergency access.	**Good**
5. Review of system administrator actions.	**Good**
6. Monitoring of attempted unauthorised access.	**Good**
7. Identifying unlicensed software.	**Good**
8. Remote user security procedures.	**Good**
Overall Level of Assurance	**Good**

10

2017/05 – IT Network Arrangements (Continued)

Strengths (continued)

- All mobile devices, such as smartphones and laptops that were issued to staff, were encrypted by ICT Services.
- Appropriate segregation and access controls were in place governing staff, student and guest access to the College network, databases and services.
- Network hardware was protected by an antivirus solution, which was updated daily and automatically scanned for malware.
- All ICT equipment and removable media was scanned for malware when connected to the College network or networked equipment.
- Software was deployed across the network which monitored, amongst other things, the number of approved user licences and renewal dates.
- All upgrades, patches, hardware and software configurations that affected the UHI network, and therefore the Academic Partner's local area network, were approved by the UHI Change Control Board.
- The College used a Citrix solution which allowed staff remote access to College data and applications via a virtual desktop environment without accessing the Active Directory database directly, thereby reducing the risk of compromise of data security.
- A College-wide Information Security Project was being conducted which was reviewing security practices across the College, including ICT, Data Protection and records management.

Weaknesses

No significant weaknesses were identified during our review. We noted that the ICT Services Manager had raised concerns over the access which facilities management company staff had to a server room, which jointly housed both College and UHI ICT equipment, in order to undertake routine maintenance. At the time of our audit, UHI IT Services had agreed to install CCTV within the server room on the Inverness campus, which was scheduled to be in place by the Summer of 2017.

2017/06 – Procurement and Creditors / Purchasing

Final Issued – May 2017 **Overall grade: Satisfactory**

This audit focused on the systems of internal control in place for the ordering of goods and services and the payment of invoices. We also considered whether the procurement strategy followed and procedures in place support best value purchasing across the College in relation to non-pay spend.

The table opposite notes each separate objective for this review and records the results.

Strengths
- We found that the College's draft Procurement Strategy was in line with the guidance produced by the Scottish Government.
- The College made use of information provided by APUC (Advanced Procurement for Universities and Colleges) to monitor areas of high spend and identify potential opportunities for pooling.
- The College made regular use of the framework agreements to which it had access. The Procurement and Contracts Co-ordinator was also involved in a Strategic Procurement Team organised by APUC which was used to identify collaborative procurement opportunities.
- From our testing of a sample of 15 invoices we found that these had been accurately entered onto the SUN finance system. Invoices could either be entered manually or could be transferred from the e-procurement system, PECOS, to SUN by journal.
- For a sample of 15 PECOS purchase orders we found that these had been appropriately authorised by staff members within their delegated limit.
- All payments were authorised by the Financial Services Manager or an Accountant. They also sample checked the invoices in each payment run to ensure these were genuine.
- All changes to supplier standing data were reviewed by the Financial Services Manager or an Accountant. A member of the Finance team also checked with the supplier to ensure that requests were genuine.

The objective of this audit was to obtain reasonable assurance that:	
1. The College's Procurement Policy, Strategy and procurement guidance are comprehensive, kept up-to-date and in line with the Procurement Reform (Scotland) Act 2014 ('the Act') and The Procurement (Scotland) Regulations 2016 ('the Regulations').	**Satisfactory**
2. Procurement procedures ensure that: • areas of high spend across the College are monitored appropriately; • opportunities for pooling of expenditure are identified in order to achieve best value; and • collaborative procurements and frameworks available to the College are utilised where appropriate.	**Satisfactory**
3. Purchase orders are completed for relevant purchases and are approved by members of staff with sufficient delegated authority prior to issue to suppliers, with the risk of unauthorised and excessive expenditure being minimised.	**Requires Improvement**
4. The College's procurement guidance on quotes and tenders, together with the Act and Regulations, are being complied with.	**Good**
5. All liabilities are fully and accurately recorded.	**Good**
6. All payments are properly authorised, processed and recorded.	**Good**
7. Appropriate controls are in place over the amendment of standing supplier data on the finance system.	**Good**
Overall Level of Assurance	**Satisfactory**

2017/06 – Procurement and Creditors / Purchasing (Continued)

Weaknesses

- The College did not have a comprehensive list of the staff members with delegated purchasing authority and their authorisation limits.
- A significant amount of expenditure was not being processed through PECOS. The Procurement and Contracts Co-Ordinator had been working with College staff to try and address this. Going forward the College will be using a new finance system and this system will require all purchase orders to be processed through its e-procurement function.
- For a sample of 15 non-PECOS purchases tested we found that a purchase order requisition had only been raised in two instances. The instances where purchase order requisitions had not been raised related mainly to recurring supplies such as for utilities, cleaning, recycling, rent, leasing etc. and, from discussion with the Financial Services Manager, we were advised that it would not be expected that an order would be raised in all these instances. Only four instances were highlighted where an order should have been raised, based on annual spend. The Financial Regulations required an official College purchase order to be placed for the purchase of all goods or services and, other than in emergency circumstances, no exceptions were set out. We recommended that the College should fully document appropriate exceptions where no purchase order is required to be raised and ensure that purchase orders are raised in all other instances.
- The College BACS software only required a single authorisation for payments. Risk could be reduced by requiring two authorisations for each payment but the Financial Services Manager advised that this was not practical due to staffing levels. A similar point had been raised in previous audits.

2017/07 – Data Protection   **Final Issued – May 2017**   **Overall grade: Good**

The scope of the review was to assess the adequacy and effectiveness of the processes and procedures in place to ensure compliance with the Data Protection Act 1998, and also the College's preparations for the implementation of the General Data Protection Regulation (GDPR) in May 2018.

The table opposite notes each separate objective for this review and records the results.

Strengths
- A member of staff had been formally appointed with overall responsibility for implementation of the Data Protection Act 1998;
- Data Protection responsibilities were documented within staff job descriptions;
- Staff induction training included Data Protection and Information Security;
- All staff had access to the Data Protection Policy on the College's internal computer network. The Policy was reviewed every three years as part of the College's policy review cycle;
- Detailed Data Protection procedures had been developed, which had been communicated to staff. These procedures were reviewed annually, or following any significant changes in College processes;
- The College's IT security policy contained a reference to data protection requirements and appropriate IT security controls were in place to prevent unauthorised access to personal data that was stored electronically;
- Data protection statements were included on College forms that captured personal and sensitive data; and
- The College was undertaking a comprehensive internal information security review which included a review of current arrangements for compliance with the Data Protection Act but also preparations for compliance with the GDPR which becomes effective in May 2018.

The specific objectives of the audit were to ensure that:	
1. Members of staff have been formally appointed with overall responsibility for implementation of the Data Protection Act 1998 and responsibilities for these members of staff have been clearly documented and communicated to all staff.	**Good**
2. Data Protection policies and procedures exist within the College that comply with legislation, are revisited and revised regularly and are effectively communicated to all staff.	**Good**
3. There are appropriate information security arrangements in place, including guidance on identification checks prior to releasing information and a Data Protection breach plan or procedure.	**Satisfactory**
4. Where relevant, adequate Data Protection statements are included on College forms.	**Good**
5. The College has developed an awareness and training programme for all staff, including sufficient awareness training during the induction process, and that all staff have received this training.	**Satisfactory**
Overall Level of Assurance	**Good**

2017/07 – Data Protection (Continued)

Weaknesses

- The College Data Protection Policy set out the responsibilities of the Data Controller only. It would be beneficial to formalise the Data Protection roles and responsibilities of the Board of Management, Senior Management Team, departmental managers and staff, particularly the obligations of each group; and
- We noted from a review of the information request register that although there was a field available for recording confirmation that the requester's identity had been verified this field had not been completed. Discussions with the Information Development Manager determined that checks were done, however these checks had not been recorded on the register. However, we received management assurances that the checks would be recorded on the register with immediate effect.

2017/08 – Staff Recruitment and Retention – Succession Planning   Final Issued – August 2017   Overall grade: Good

This audit specifically reviewed the College's approach to succession planning.

The table opposite notes each separate objective for this review and records the results.

Strengths

- Processes were in place which ensured that critical positions were filled to ensure that staff resources were available to meet commitments. Managers continually monitored staff numbers to ensure that sufficient resources were attached to each department to ensure curriculum and support service levels could be met. Skills gaps were filled either through redeployment of staff from other areas of the College or, where necessary, through external recruitment in line with the staff budget model. Staff profiling and staff turnover projections were performed annually and used to inform succession planning and resource decisions.
- The College had identified critical positions which were linked to key curriculum growth areas which were identified in the Strategic Plan.
- The sample of staff interviewed demonstrated that they were aware of succession issues within their teams and that plans were in place to address these and we noted evidence of long term succession planning within the College.
- A personal skills framework was in place which formed part of every staff member's annual Professional Development and Review (PDR) process.
- Discussions with a sample of Managers identified that there was a formal means of evaluating the impact of staff learning and development on staff performance through the PDR process and informally through regular one to one meetings held with staff.
- Although we found that there was no formal succession strategy in place we did obtain evidence that confirmed that succession planning had been identified within College strategies and was being managed.

The specific objectives of the audit were to obtain reasonable assurance that:	
1. Critical positions have been identified that are the focus of succession planning efforts.	**Good**
2. There is a clear understanding of capabilities needed for successful performance in key areas and critical positions.	**Good**
3. Succession management strategies have been developed.	**Good**
4. Strategies have been documented in an action plan and this is being implemented.	**Satisfactory**
5. Succession planning activities are systematically evaluated and monitored, and adjusted where necessary.	**Good**
Overall Level of Assurance	**Good**

2017/08 – Staff Recruitment and Retention – Succession Planning (Continued)

Strengths (continued)
- Long term staff development and training was a key element of the College's succession arrangements, and our review identified evidence that the College provided a supportive environment for staff development in this regard.
- Knowledge transfer was also a key component of the College's succession plans. Core organisational processes were well documented and existing staff were involved helping to orient and train new staff.
- Good practice in sustainable succession planning was identified within the College's research team where the core team of researchers were supplemented by a mix of interns, supply researchers and volunteers.
- Regular reporting of Human Resources (HR) and Learning and Development activity was presented to the SMT, the Board and its sub-committees. Workforce data was regularly monitored by the Director of Organisational Development and HR and the effectiveness of training learning and development activity was monitored by the Professional Development Manager, as well as by managers through the PDR process.

Weaknesses
- No significant weaknesses were identified during our review.

2017/09 – New Campus – Maintenance and Unitary Charge Controls

Final Issued – September 2017   **Overall grade: Satisfactory**

This audit reviewed the arrangements in place to monitor the performance of GT Equitix against the terms of the facilities management contract.

The table opposite notes the objective for this review and records the results.

Strengths
- The responsibilities of the College and Gifford Try Facilities Management (GTFM) regarding facilities management were clearly set out in the Project Agreement, including identification of performance, availability and service quality standards.
- The College continued to receive support and advice from the Scottish Futures Trust who were responsible for developing the Project Agreement.
- The Concept system was used to record and track maintenance to be undertaken, and this was used to allocate jobs GTFM staff to rectify. The job details were sent directly to handheld Personal Digital Assistants (PDAs) used by GTFM operatives who were based on the College campus.
- Monthly reports were obtained from Concept which showed the number of maintenance jobs that had been logged and actioned and these reports were monitored by the College Contract Administrator.
- The PayMech module in Concept contained all the performance and availability standards which were included in the Project Agreement. This provided the capability for both GTFM and the College to monitor jobs and ensure that performance standards were being adhered to.
- GTFM issues monthly deductions reports from the PayMech module, which were subject to scrutiny by the College. Some issues were encountered with the reliability of the PayMech deductions reporting, for the period to January 2017, which are described in more detail in the Weaknesses below.
- A detailed report was produced monthly by the College, which allowed clarification to be sought from GTFM and set out any identified breaches of the terms of the Project Agreement and highlighted those areas where a deduction should apply.

The overall objective of the audit was to determine whether:	
1. Appropriate controls have been put in place to ensure that the College receives value for money from the unitary charge payments made to GT Equitix.	**Satisfactory**
Overall Level of Assurance	**Satisfactory**

2017/09 – New Campus – Maintenance and Unitary Charge Controls (Continued)

Strengths (continued)

- There were regular meetings between the College, GTFM and the GT Equitix Contract Manager and contract performance issues were regularly reported to the GT Equitix board.
- College staff demonstrated a suitable level of understanding of the Project Agreement and had been successful in applying the existing performance and availability standards to achieve recurring monthly deductions.

Weaknesses

- Although Monthly Service Reports were produced in accordance with the Project Agreement, which were discussed at the monthly operational meetings of the GT Equitix Board, we noted that a summary of progress made by GTFM on all 69 performance standards was previously reported to the College but that these were not reported beyond November 2016.
- Due to an error in the mapping of the inter-dependent relationships of the performance and availability standards contained in PayMech the module did not operate as intended from August 2015 to January 2017, which resulted in inaccurate identification and calculation of deductions. GTFM rectified the systems issue in February 2017 and re-ran the deductions reports based on the data held in the PayMech module which calculated that further deductions were to be applied for the period August 2015 to January 2017. At the same time, the College also identified that the amended PayMech reports failed to include additional deductions.
- The GTFM Facilities Manager post had been vacant since May 2017 and as an interim measure GTFM have reallocated the role internally in order to provide cover until a permanent replacement could be recruited. Our review found evidence that GTFM's performance standards and supervision of GTFM staff had been affected during this period.

2017/09 – New Campus – Maintenance and Unitary Charge Controls (Continued)

Weaknesses (continued)

- During our review, it was brought to our attention that as part of the monthly monitoring the College Contract Administrator had identified several instances where GTFM staff had manually amended data entries in the Concept system in contravention of the agreed procedure. These instances have been raised with GTFM by the College to prevent any incorrect reduction in potential deductions arising from the amendment of the data held in Concept and PayMech by GTFM staff.
- Under the terms of the Project Agreement the College was entitled to apply deductions to the unitary charge where performance standards have not been met. However, from the outset the College has taken a conscious decision not to apply deductions in respect of incomplete standards on the collective understanding that would provide GTFM with time to focus on rectifying underlying issues with the PayMech module. However, the PayMech deduction reporting issues were resolved in February 2017 and the College was now able to reconsider the application of deductions where GTFM standards had not been met, as stipulated in the Project Agreement.

2017/10 – Follow-Up Reviews

Final Issued – September 2017

We carried out a follow-up review of recommendations made in Internal Audit reports issued during 2015/16.

The objective of each of our follow-up reviews was to assess whether recommendations made in previous reports had been appropriately implemented and to ensure that, where little or no progress had been made towards implementation, that plans were in place to progress them.

Our findings from each of the follow up reviews has been summarised as follows:

From Original Reports			From Follow-Up Work Performed			
Area	Grades	Number Followed-Up	Fully Implemented	Partially Implemented	Little or No Progress Made	Considered But Not Implemented
Student Fees and Contracts	1	-	-	-	-	-
	2	1	-	1	-	-
	3	5	4	-	-	1
Total		**6**	**4**	**1**	**-**	**1**
Business Development	1	-	-	-	-	-
	2	-	-	-	-	-
	3	4	4	-	-	-
Total		**4**	**4**	**-**	**-**	**-**
Follow-Up Reviews	1	-	-	-	-	-
	2	1	-	1	-	-
	3	5	3	-	2	-
	A	-	-	-	-	-
	B	3	2	1	-	-
	C	-	-	-	-	-
Total		**9**	**5**	**2**	**2**	**-**
Grand Total		**19**	**13**	**3**	**2**	**1**

Overall, we found that the College had made good progress in implementing the recommendations followed-up as part of this review and only two recommendations had been assessed as showing 'little or no progress', one from report 2015/05 – Budgetary Control / General Ledger and one from report 2015/06 – Risk Management and Business Continuity / Disaster Recovery.

In report 2015/05, we recommended that the College should establish a formal timetable and procedure for the budget setting process and ensure that these were communicated to all budget holders. Due to the vacancy at Director level during the year, no formal timetable was prepared for the 2017/18 budget process. In report 2015/06, we recommended that the Risk Management Policy should be updated to ensure that the risk monitoring requirements of school / department Heads reflect current practice however this had not been done. Responsibility for the policy will be allocated in discussion with the new Principal.

One recommendation from report 2016/06 – Student Fees and Contracts, which related to reviewing the online application process had been 'considered but not implemented' by College management. The online enrolment process was a shared resource between the UHI Academic Partners and on an annual basis requests for updates and changes were passed to UHI MIS to update online forms / processes. The College provided support to students through the application process.

4. Time Spent – Actual v Budget

Internal Audit	Report number	Planned days	Actual days feed	Days to fee at Sep 2017	Days to spend at Sep 2017	Variance
Reputation						
Health and Safety	2017/02	3	3	-	-	-
Staffing Issues						
Recruitment and Retention	2017/08	4	-	4	-	-
Estates and Facilities						
New Campus – maintenance and unitary charge controls	2017/09	5	-	5	-	-
Financial Issues						
Procurement and Creditors / Purchasing	2017/06	5	-	5	-	-
Information and IT						
IT Network Arrangements	2017/05	4	-	4		
Data Protection	2017/07	4	-	4	-	-
Other Audit Activities						
Credits Audit	2017/03	6	6	-	-	-
Bursary, Childcare and Hardship Funds	2017/04	4	4	-	-	-
Management and Planning)	2017/01	4	2	2	-	-
External audit / SFC)	N/A					
Attendance at audit committees)	N/A					
Follow-up Reviews	2017/10	3	-	3	-	-
Ad hoc review – Student Association accounts	N/A	1	-	1	-	-
		_____	_____	_____	_____	_____
Total		43	15	28	-	-
		=====	=====	=====	=====	=====

Board of Management

Subject/Title:	Outstanding Internal Audit Recommendations 2016-17
Meeting and date:	Audit Committee – 19 September 2017
Author:	Roddy Henry, Depute Principal
Link to Strategic Plan:	Yes: sustainability
Cost implications:	n/a
Risk assessment:	**If yes, please specify:**
Status – Confidential/Non confidential	Non-confidential
Freedom of Information Can this paper be included in "open" business	Yes

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

Purpose of report / Summary

This report provides the Committee with an updated position regarding the implementation of action points arising from Internal Audit reports in 2016-17.

Background

The College is committed to following up on internal recommendations and implementing these timeously and has made significant progress in efficient and timely implementation of action points arising from internal audit recommendations.

Outstanding Audit Recommendations 2016-17

Of the seven outstanding recommendations from audits conducted in 2016-17, 4 are now complete and the other 3 are partially complete and progressing. Of those 3, completion of the 2 actions associated with the procurement and creditors/purchasing audit is expected by the end of September. Completion of the remaining actions associated with health and safety audit is expected by December 2017.

A summary of the recommendations and their status is attached.

Roddy Henry
Depute Principal

AUDIT ACTION PLAN (Outstanding Actions from 2016/17)

Action No	Audit Recommendation	Action Required	Actioned By	Date of Rec.	Due Date	Comments
						Updated 12 September 2017

Health and Safety

Action No	Audit Recommendation	Action Required	Actioned By	Date of Rec.	Due Date	Comments
1	**R1 Policy documentation** The Health and Safety Manual is out of date and certain procedures within it may not fully reflect the improved working practices implemented throughout the College.	The re-drafting of the Health and Safety Manual should be completed within a reasonable timeframe, improving cnsistency, reducing duplication and accurately reflecting current practice, capturing processes that document safe operating practice at department level.	Health and Safety Manager	01/11/2016	01/02/2017	**Partially Complete** The updated health and safety policy and the following procedures have been updated and approved: risk assessment procedure, incident reporting and investigation, fire management plan, first aid procedure. More detailed work instructions/work flows in line with the health and safety management system have now been developed and will be implemented by December 2017 .
2	**R2 Risk Identifcation and Assessment** The risk assessment procedure in the H & S Maual does not reflect current practice. Not all Departments are using the same template and not all risk assessments are being reviewed to a relevant timescale. There was no systems for identification and follow of action points and no high level summary of risk in departments.	The H & S Management System should be implemented within a reasonable timeframe. The system should include: Recording of risk assessments in a standards form; Automatic flagging of risk assessments that require updating; and Identification of action points from risk assessments.	Health and Safety Manager	01/11/2016	01/07/2017	**Complete**
3	**R3 - Accident and Incident Reporting** The current recording system is not as efficient as it could be. This may give rise to inaccuracies in reporting.	The planned H & S management system should contain the following functions: Recording of incidents and accidents; Identification and tracking of action points from incident and accident reports; and Action sign-off levels of authority relevant to the seriousness of the incident e.g. RIDDOR incident and accident actions may need to be signed off by department head, H & S Manager, meber of the SMT and Principal.	Health and Safety Manager	01/11/2016	01/07/2017	**Complete**

Action No	Audit Recommendation	Action Required	Actioned By	Date of Rec.	Due Date	Comments

Data Protection

Action No	Audit Recommendation	Action Required	Actioned By	Date of Rec.	Due Date	Comments
1	**R1 Documenting Roles and Responsibilities** Although the responsibilities of the Data Controller are set out in the Data Protection Policy the data protection roles of the Board of Management, SMT, Departmental Managers and staff are not.	The roles and responsibilities of Board of Management, SMT, Departmental Managers and staff to be clearly defined in the Data Protection Policy.	Data Controller	27/05/2017	01/11/2017	**Complete**
2	**R2 Information Security Arrangements (prior to information release)** Although identity checks are being carried out prior to releasing information to requesters, there is no formal recording of that these checks have been carried out on the information request register.	Details of check undertaken to verify a requester's identity to be fully recorded on the information request register.	Data Controller	27/05/2017	immediate effect	**Complete**

Action No	Audit Recommendation	Action Required	Actioned By	Date of Rec.	Due Date	Comments
	Procurement and creditors/purchasing					
1	**R1 Matching invoices to purchase order requisitions** Not all non-PECOS invoices matched an appropriately authorised purchase order requisition, although all invoices sampled had been authorised by an appropriate signatory within their authorisation limits. This was due to a lack of clarity regarding exceptions to the requirement to raise a purchase order requisition.	Fully describe in the financial regulations and/or other college documents appropriate exceptions where no purchase order requisition is required to be raised. Ensure purchase orders are raised in all other circumstances, including, where appropriate, annual orders for recurring spend.	Accountant	15/05/2017	01/07/2017	**Partially complete** Financial Regulations updated and updated Finance Manual to be available by 28 September 2017.
2	**R2 Clarity over authorisation limits** Lack of clarity over the authorisation limits for staff members may result in invoices or purchase orders being inappropriately authorised.	The college should maintain a full list of staff with delegated purchasing authority and their authorised limits to ensure that all purchase orders or invoices are appropriately authorised.	Business Services Team Leader	15/05/2017	01/07/2017	**Outstanding** Due to staff availability, this has still to be completed. New listing will be complete by 30 September 2017.

Inverness College

ANNUAL INTERNAL AUDIT PLAN 2017-18

August 2017 – DRAFT FOR DISCUSSION

CONTENTS

Restrictions of use

1. INTERNAL AUDIT APPROACH

Introduction

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

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

Internal Audit at Inverness College

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

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

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

- The overall business strategy of Inverness College

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

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

- The information required to 'run the business'

- The key challenges facing Inverness College

2. AUDIT RISK ASSESSMENT

Background

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

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

Planned approach to internal audit 2017-20

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

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

Individual audits

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

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

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

Variations to the Plan

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

3. PROPOSED RESOURCES AND OUTPUTS

Staffing

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

Name	Grade	Telephone	Email
Claire Robertson	Director	07583 237579	claire.robertson@bdo.co.uk
Andrew O'Donnell	Manager	07583 044332	andrew.odonnell@bdo.co.uk

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

Grade	2016-17 (days)	Grade Mix (%)
Director	5	11
Manager	15	33
Auditors	25	56
Total	45	100

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

Reporting to the Board of Management

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

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

APPENDIX I
Internal Audit Plan 2017-18

Assurance Theme	Subject	Days	Assurance / Advisory
Governance and Risk	Corporate Governance	5	Assurance
	Risk Management	3	Assurance
Financial Control	Financial Controls	4	Assurance
Internal Control Systems	Partnership Working	5	Assurance
	Data Protection	5	Assurance
	Student Support	5	Assurance
Regulatory reviews	Credits / FES	5	Regulatory
	Student Support Funds	3	Regulatory
Follow up and contract management	Follow up	3	
	Audit 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 2017-18, 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
Corporate Governance	We will assess whether management committees have a clear and appropriate terms of reference and programme of work, and whether meetings are well attended and effective engagement demonstrated. We will also consider whether the committees are receiving sufficient high quality management information to discharge their role.	a) BDO Assessment b) Executive management c) Board
Risk Management	BDO's risk based approach to internal audit will seek to place reliance on the risk management arrangements in place at Inverness College to inform the annual planning process. In order for BDO to place assurance on the risk register, a review will be performed to assess the maturity and on going effectiveness of the risk management arrangements currently in place, including policy, role and responsibilities, methods for identifying, evaluating and measuring key risks and risk reporting arrangements.	a) BDO Assessment b) Executive Management c) Board
Financial Controls	We have included coverage of key financial control areas in each year of the internal audit plan. We will perform a high level controls review across all key financial control systems. This will include a review of processes relating to purchasing, income, cash and banking, payroll and fixed assets. This will be complemented by more detailed reviews of specific financial control areas in year 2 and 3 of the plan, informed by the outcome of this review.	a) BDO Assessment b) Risk Register

APPENDIX II
Internal Audit Plan Overview

Audit Area	Comment	Source
Partnership working	Inverness College maintains close working relationships with a number of partners. We will assess the arrangements put in place to strategically manage key relationships and how the relationships are managed to ensure common understanding of aims, roles and responsibilities, and effective partnership working.	a) BDO assessment b) Risk Register
Data Protection	The European Commission has enacted the General Data Protection Regulation (GDPR), which will apply to the UK from 25 May 2018. GDPR will grant individuals the right to rectification, to erasure, to restrict processing, to data portability, and to object. The penalties for breaches will also be increased, with a maximum fine of up to 4% of global revenue for the most serious offences. The audit will assess the work that has been completed to prepare for GDPR. We will perform a gap analysis of Inverness Colleges' planned arrangements for managing its compliance with GDPR and identify any areas where improvements could be made.	a) BDO assessment b) Risk Register
Student Support	We will assess the key controls in place in relation to the provision of student support services. We will consider the types of services being offered, the management of the services, the student feedback sought and how it is actioned, and the continuous improvement practices in place in order to improve learning support in the future.	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) Risk Register

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 2017

Review	Proposed Audit Sponsor
Risk Management	Roddy Henry
Corporate Governance	Chris O'Neill
Credits / FES	Roddy Henry
SSF	Roddy Henry / Fiona Mustarde

Block 3: December – March 2018

Review	Proposed Audit Sponsor
Financial Controls	Fiona Mustarde
Partnership Working	Chris O'Neill
Data Protection	Lindsay Ferries

Block 4: April – July 2018

Review	Proposed Audit Sponsor
Student Support	Lindsay Snodgrass
Follow up	Fiona Mustarde

APPENDIX IV
Internal Audit Strategy 2017- 2020

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

APPENDIX V
Internal Audit Charter

Purpose of this Charter

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

Internal Audit's Purpose

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

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

Internal Audit's Authority

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

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

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

Internal Audit's Responsibility

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

The Head of Internal Audit will:

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

APPENDIX V
Internal Audit Charter

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

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

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

APPENDIX V
Internal Audit Charter

Independence and Internal Audit's Position within the College

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

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

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

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

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

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

Internal Audit's Scope

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

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

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

Standards of Internal Audit Practice

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

Approval and Validity of this Charter

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

APPENDIX VI
Internal Audit Working Protocols & Performance

Working Protocols

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

Table One: Liaison Meetings between Internal Audit and the College

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

APPENDIX VI
Internal Audit Working Protocols & Performance

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

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

APPENDIX VI
Internal Audit Working Protocols & Performance

Performance Measurement

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

Internal Audit Performance measures and indicators

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

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

Table Three: Performance Reporting to each Board of Management

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

APPENDIX VI
Internal Audit Working Protocols & Performance

Table Four: Annual performance reporting to Board of Management

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

Management Performance Measures and Indicators

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

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

Other Performance Measures

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

APPENDIX VII
Inverness College Risk Register Summary

Ref	RISK DESCRIPTION	Gross Risk	Net Risk
1	College fails to identify and take opportunities for development and progression	High	Moderate
2	Reduction in HE unit of resource	High	High
3	Financial instability of UHI	High	High
4	College fails to maintain improvement in performance against national targets and outcomes	Moderate	Moderate
5	College does not achieve allocated HE student number targets.	High	Moderate
6	College does not achieve allocated FE Credit targets.	High	Moderate
7	The institution has a poor reputation.	High	Low
8	Disruption to services/projects and/or partnership working resulting from loss of a key staff member.	Moderate	Moderate
9	Non-compliance with relevant statutory regulations.	High	Moderate
10	Failure to market effectively to generate opportunities leads to non-achievement of targets.	Moderate	Moderate
11	Failure to achieve cohesive culture.	High	Moderate
12	Financial failure/operating loss. Inability to achieve a balanced budget.	High	Moderate
13	College estate not fit for purpose.	Moderate	Moderate
14	Academic quality is sub standard	Moderate	Moderate
15	Poor Student Experience	Low	Moderate
16	Institutional, personal and sensitive data is corrupted, lost, stolen or misused.	High	Moderate
17	Research outputs are sub standard	Moderate	Moderate

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University of the Highlands and Islands — Inverness College

Board of Management

Subject/Title:	Health and Safety Annual Report
Meeting and date:	Audit Committee – Tuesday 19th September 2017
Author:	Lindsay Ferries, Director of Organisational Development
Link to Strategic Plan:	
Cost implications:	No
Risk assessment:	Yes **If yes, please specify:** Financial: Operational: Organisational: required for the proper Governance of the College
Status – Confidential/Non confidential	Non Confidential
Freedom of Information Can this paper be included in "open" business	Open

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

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

Recommendation(s)

For discussion

Purpose of report

To provide the Audit Committee with an annual report on matters pertaining to health and safety.

RIDDOR

There has been 1 Reported RIDDOR incident during the reporting year.

RIDDOR 1

RIDDOR Notification No 64D361E53D

Student was carrying out tree felling activities in Culloden woods approximately 1 mile from the School of Forestry. On his way back to the minibus to go for lunch he stood on a small piece of log which was embedded into the side of a small embankment he was walking up. The log was completely hidden from view. It was covered in grass and moss and was not visible. As he stood on this, the log displaced causing his left leg to come away from under him. His left knee took the full force of his weight as he fell down. The student suspected he had broken his leg. An ambulance was called and directed to the scene where the student was taken to Raigmore, where he was examined and it was discovered he had dislocated his knee.

Note: This was reportable under RIDDOR as the student suffered an injury in connection with their work activity in which they were taken directly to hospital from the scene of the accident

Reports received August 2016 – July 2017 (175 reported)
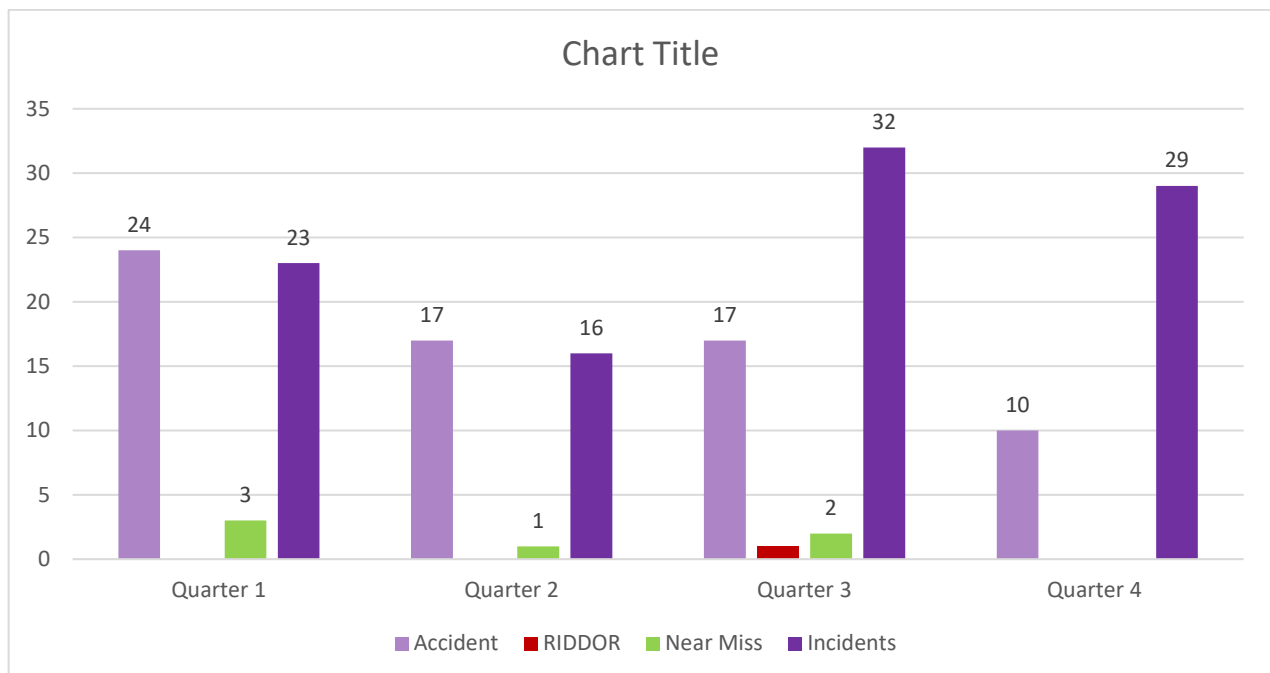
Reports received August 2015 – July 2016 (101 reported)

Chart Title

Accident ■ RIDDOR ■ Near Miss ■ Incidents

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Accident	14	14	16	6
RIDDOR	1	1		
Near Miss	5	4	1	
Incidents	10	6	15	8
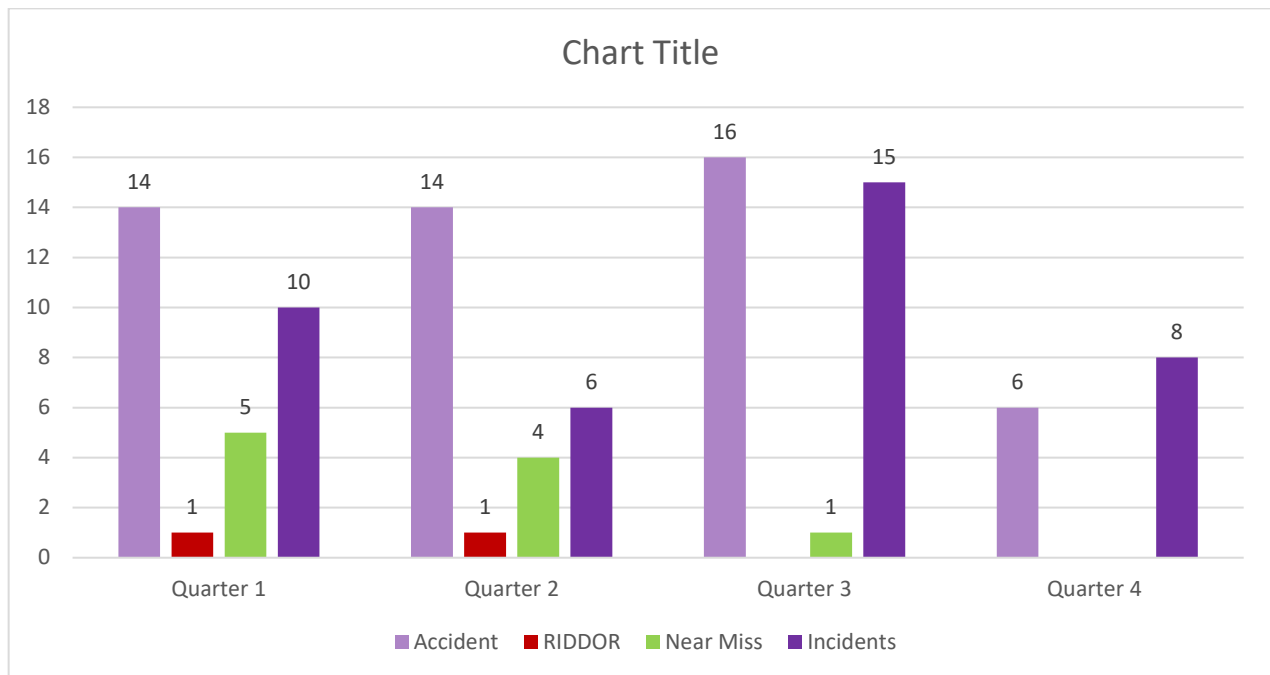
Reports received August 2016 – July 2017 associated to college activities (74)

Chart Title

Accident ■ RIDDOR ■ Near Miss ■ Incidents

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Accident	19	14	8	6
RIDDOR			1	
Near Miss	3	3	2	
Incidents	5	4	7	2
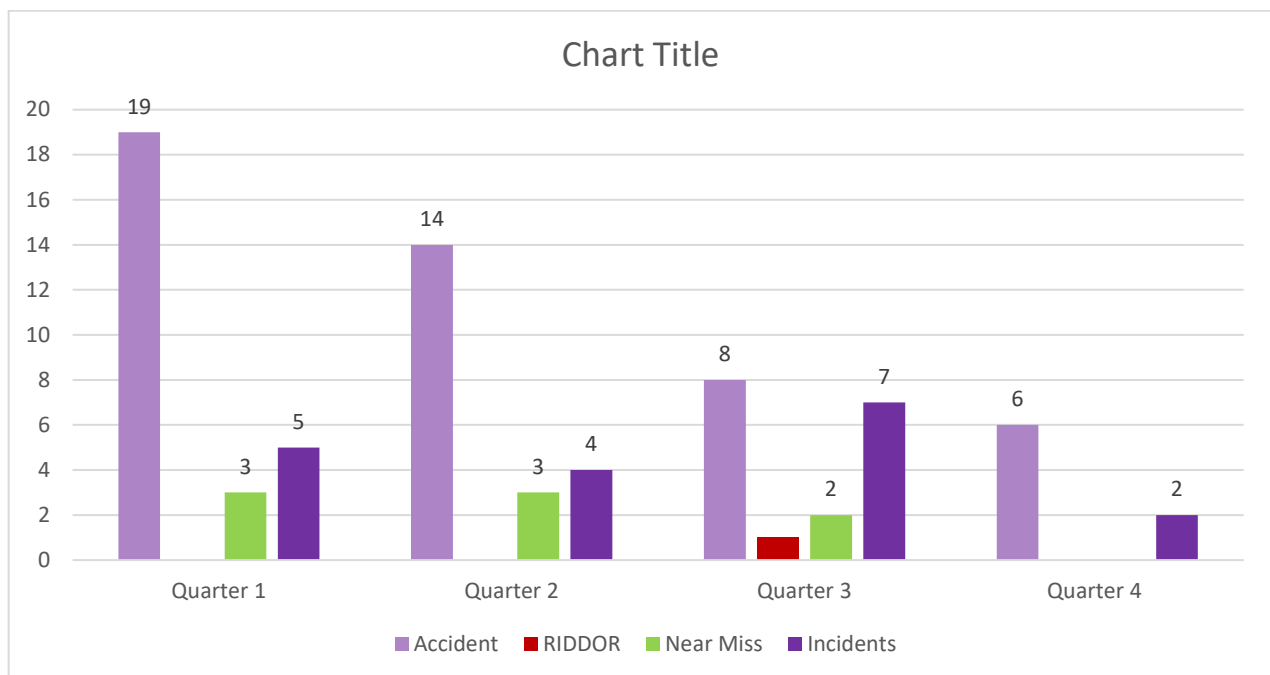
ACCIDENT/INCIDENT/NEAR MISS REPORTING

There has been a further increase in the number of reports relating to accidents/incidents and near misses in comparison to the previous year.

August 2016 –July 2017 No. of reports received 175
August 2015 - July 2016 No. of reports received 101
August 2014 - July 2015 No. of reports received 78
August 2013 - July 2014 No. of reports received 43

- Of the 175 reports received, 74 were related directly to college activities
- The remaining 101 were attributed to students/staff feeling ill,fainting,seizures,falls etc.

As you can see from the figures above, there has been a year on year increase in the amount of reports received. This was anticipated and is due to several factors including;
- Increase in student numbers
- Staff training and awareness raising
- The online system that was put in place (wufoo) making reporting easier for staff.

Moving from the wufoo online reporting form to the new SHE software will allow us to further improve on the collection of incident data within the College and the follow through required to evidence actions taken and continuous improvement. Under the new system, departments now have greater insight into incidents within their area and PDM's are now receiving notifications immediately on any incident reported through the system that is attributed to their department. They will assign actions and track these actions through to completion. The Health and Safety Manager will thereafter oversee and ensure that actions are progressed and will report across the college on these.

HAND & FINGER INJURIES

The start of 2016 academic year saw an increased campaign of awareness regarding hand and finger injuries this included induction leaflets, and hand safety presentations for staff to progress with their students. This has not had the intended impact, however what it may indicate in relation to the increased incidents is a raised awareness to report incidents. This continues to be an area of focus for improvement.

Between August 2016 and July 2017 hand and finger injuries accounted for 48.6% of the colleges recorded accidents and incidents. There were a total 35 hand injuries with just over 90% of these being classed as minor first aid cases.

In comparison to the August 2015-2016 academic year this was an increase of 15%. It needs to be considered alongside an overall increase in incident reporting of 73% over the same period.   The biggest increase in incidents is in the first quarter. Student induction in the following areas, hair dressing, catering, construction and engineering is a focus.

Hand Injuries 2016-2017
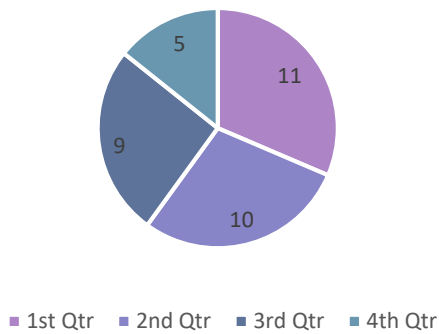
11 · 1st Qtr
10 · 2nd Qtr
9 · 3rd Qtr
5 · 4th Qtr

- 1st Qtr - 2nd Qtr - 3rd Qtr - 4th Qtr

Hand Injuries 2015-2016

5
5
9
9

- 1st Qtr - 2nd Qtr - 3rd Qtr - 4th Qtr

Hand Injury Type 2016-2017

7
1
0
1
24

- Cuts/Scratch - Bruises/Swelling
- Break/Fracture - Puncture wound
- Other

Hand Injury Type 2015-2016

1
1
2
4
21

- Cuts/Scratch - Bruises/Swelling
- Break/Fracture - Puncture wound
- Other
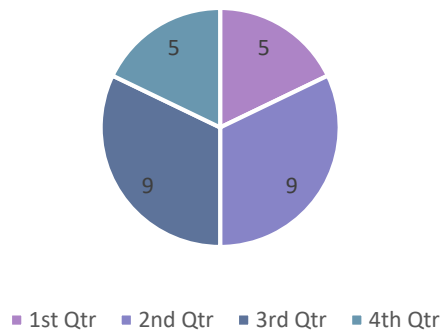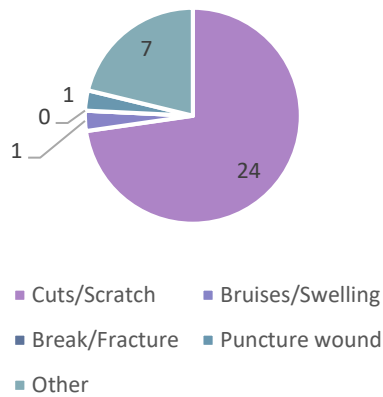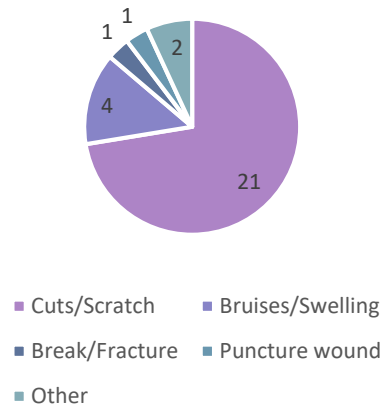
Accident Reporting Charts

Below are the charts showing comparisons between 2015-2016 reporting year and the previous year

People Affected August 2016 –July 2017

Chart Title
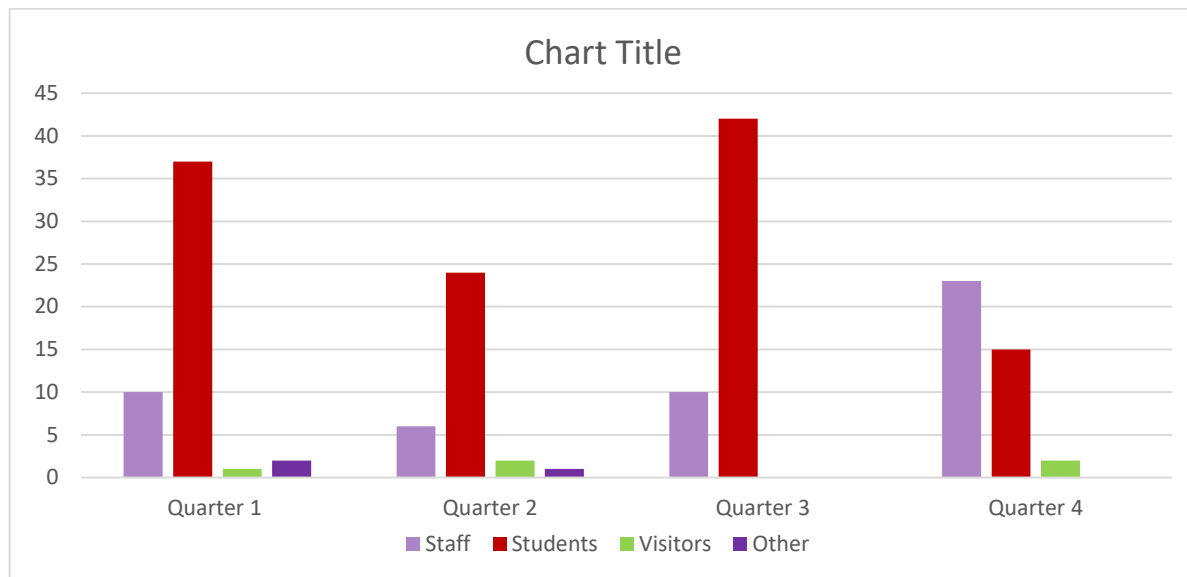
People Affected August 2015 –July 2016

Chart Title
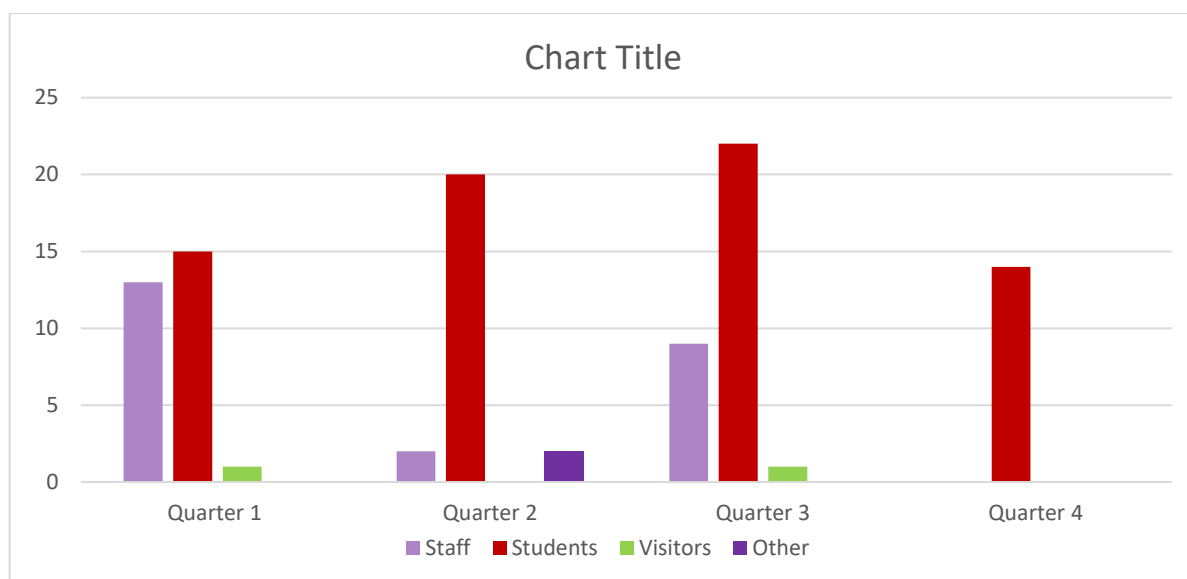
<u>PEOPLE AFFECTED COMPARISON</u>

August 2016 - July 2017
- Percentage of students affected was 67%
- Percentage of staff affected was 28%
- Percentage of others was 4.5%

August 2015 - July 2016
- Percentage of students affected was 71%
- Percentage of staff affected was 24%
- Percentage of others was 5%

In relation to the turnover of student's staff and visitors throughout the academic year, and the incidents reported, the incident rate is around 1% . Whilst this is clearly very positive, there were still some incidents of high potential which could have resulted in a much more serious injury. For example:

Significant incidents

- Student exiting tractor twisted his knee trying to get past the gear levers.
- Goods lift had a fire system cable hanging out between the Lift Inner doors and the 2nd Floor Outer doors.
- 2nd floor barrier safety glass shattered. CCTV did not identify any malicious or human factors.
- Catering student suffered deep laceration whilst chopping vegetables, to his finger which required stitches.
- Stanley blade placed on CO2 fire extinguisher bracket in such a way that if a person had to remove the extinguisher they could have sustained a nasty cut.
- Northern recycling skip reversing into goods yard, made contact with a lamppost causing significant damage to the post
- A student was using the pillar drill as an operational element of manufacturing a screw vice. After he had secured the drill bit in the chuck, the chuck key was left in the chuck of the pillar drill. The student turned the drill on, ejecting the chuck key at speed approximately 2.5-3 metres behind and to the left of the student's standing position in front of the Pillar Drill. The chuck key hit a cupboard door on the workbench immediately behind the student, and dropped to the floor. It did not hit any person or equipment at any stage
- The Logbus forwarding trailer tipped on to its side whilst the student was operating the crane. This is because after re-positioning the tractor/trailer combination, the student forgot to deploy the stabilizer legs. Only the trailer tipped, not the tractor, due to the type of hitch on the trailer. Other students were out with the risk zone.

H&S Management System – Update

Implementation of the SHE software is in the completion stage. The system is live and system testing will be complete by end of September. Testing is using live data and staff have been trained.

 Feedback from members of staff who have used the system thus far for creating risk assessments and for reporting has been extremely positive. Final review by the College partners implementing the system including, Moray College, North Highland, West Highland, Argyll and UHI Executive Office took place on 7th of September.   All partners

are implementing the system and are working together sharing their policies procedures with the view of agreeing/adopting some standard documentation.

A tile for accessing the SHE portal has been placed on the staff myday page. This information has been cascaded to staff through the recent staff briefings.

Over the coming month the H&S Manager will be working with the technicians that have been assigned user licenses to ensure that all department risk assessments have been uploaded to the new system in the new risk assessment format.

Inverness College UHI SHE Portal

Below is an image of the IC UHI portal, which staff now see upon accessing the SHE tile.

This is where staff are able to create a record such as reporting a hazard, or creating a risk assessment.

Under the records section, staff are able to view any risk assessments, COSHH assessments etc. that have been shared to the portal.

Under the policies and procedures section, staff are able to view H&S procedures, policies and best practice guidance. The new H&S manual is currently undergoing final review before it is uploaded to the SHE portal under policies and procedures. Under this section staff are able to view all H&S information including the IC UHI Health and Safety Policy, and various H&S procedures such as Fire, first aid, risk assessment, work placement, lone working and driving for work purposes. There are also best practice guides such as those from the HSE.

This section of the portal will become a valuable resource for all staff for all matters relating to H&S within the College.

Software System training

Training on the SHE system for licence users took place over the two staff development days at the end of June. Further management training for line manager licence users, using live data is scheduled in October. The Health and Safety manager continues to project manage the full implementation and utilization of the new system and this will continue into the new year.

Health and Safety Training

Inverness College has procures and invested in a new Health & Safety training system called Safetyhub. It was hope that in line with the SHE Hand S Management System that UHI partners would jointly procure this resource. This will be reviewed again next year on the anniversary of the contract.

- Safetyhub is a cross-platform Safety Training Video Streaming with Assessments and Trainee Management

- Staff will be assigned mandatory safety courses along with other courses relevant to their role.

- There are over 80 training videos and assessments.

- Videos can be used as a teaching tool for students

Staff will be able to access the Safetyhub site through the tile on myday.

As mentioned in the point above, staff will be assigned mandatory refresher courses to complete. This will include refreshers on fire awareness, manual handling, display screen equipment etc.

Conclusion

During the last reporting year there have been some significant changes with regards to how health & safety is managed within the college. We will continue to progress throughout the year our HASMAP audits, working with each department to drive continuous improvement. The new H&S software system is in place and ready to use for the new academic year, along with the recently purchased Safetyhub online training and learner management system. Both of these systems represent a significant investment by the college and will provide staff with a valuable resource for H&S

Board of Management

Subject/Title:	Risk Management and Business Continuity
Meeting and date:	Audit Committee, 19 September 2017
Author:	Roddy Henry, Depute Principal
Link to Strategic Plan:	Yes – Sustainability, organisational development.
Cost implications:	n/a
Risk assessment:	Yes **If yes, please specify:** Key foundation of risk management strategy
Status – Confidential/Non confidential	Non-confidential
Freedom of Information Can this paper be included in "open" business	Yes

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

Recommendation:

The Audit Committee is asked to discuss this paper.

Purpose of report / Summary

To provide the Committee an update on the college's Risk Register and the Business Continuity Plan.

Background

The college's Risk Register was adjusted in 2016-17 to include the 11 generic risks proposed by the UHI Court. A paper to the Audit Committee in May 2017 stated that the SMT had undertaken to review the risk register following the approval of the underpinning strategies at the June Board meeting.

The current Risk Register is attached for reference.

The College's business continuity plan was last updated following the move to the new campus and to reflect a number of changes in personnel. The current version was approved by SMT in August 2016.

Update

Following the appointment of the new principal at the end of May 2017, it was decided to postpone the full review of the risk register until the principal took up post in September. Meantime, the risk register remained a standing item at each SMT meeting to ensure that any circumstances that might impact on existing risks or introduce new risks were identified.

The business continuity plan is a 'live' document and requires further amendment to reflect recent changes to the senior management team. In addition, the changes to the SMT necessitate a review and updating of the team's understanding and familiarity with the plan and its requirements.

Both of the above will be discussed at the SMT meeting on 14 September and a verbal update on actions will be provided to the Audit Committee at the meeting on 19 September.

Roddy Henry
Depute Principal

UHI STRATEGIC RISK REGISTER TEMPLATE

| TIMESCALE 3 Years

Ref ID	Risk Status	Category	Risk Description	Causes	Impacts/Evidence	Owner	Likelihood	Impact	Gross Risk		Actions to minimise risk in place	Residual Likelihood	Residual Impact	Residual Risk	
Inverness/9	Active	Financial	College fails to identify and take opportunities for development and progression	lack of investment; insufficient funding; focus on mitigating downside risks; lack of strategic planning; lack of senior management resource; performance management focus on maintaining status quo; partners and stakeholders do not engage into proposed change; failure to develop commercial and international income streams.	Stagnation; lack of research and innovation; loss of potential income; reputational damage; curriculum becomes out of date; College is not seen as the partner of choice.	Principal	4-Likely	4-Major	16		Oversight of curriculum planning process led by Depute Principal. Chairing Reseach Committee to review progress income/investment balance of each research grouping, continued discussuionswith UHI Principal regarding IC UHI's potential expansion on Inverness Campus. Identification of opportunities by SMT through development of external relationships in key sectors. Identification of additional opportunities for development at team/subject level to maximise opportunities fpr growth	3-Possible	3-Significant	9	
Inverness/15	Active	External	Reduction in HE unit of resource	Government reduces HE funding; increase in top-slice.	Unable to meet staffing costs, unable to offer remitted time to develop research and therefore unable to enhance teaching and to attract and recruit new staff and students.	Director of Corporate Services	4-Likely	4-Major	16		Regular finance monitoring reports circulated to budget holders, SMT and Board of management. Monitor financial KPI's reported to Board to ensure we are meeting and exceeding collective activity targets. Ensure all budget holders are aware of college financial regulations. More efficient working practices, eg further savings in procurement. Further increase in non SFC funding including international, research.	4-Likely	4-Major	16	
Inverness/17	Active	External	Financial instability of UHI	Financial instability of UHI academic partners.	Reduced unit of resource to the College; unable to meet operating costs, unable to develop new curriculum, unable to develop research, surpluses are taken from the College, unable to progress strategic developments.	Director of Corporate Services	4-Likely	4-Major	16		Regular finance monitoring reports circulated to budget holders, SMT and BOM. Monitor financial KPIs reported to Board to ensure we are exceeding collective activity targets. Ensure all budget holders are aware of college financial regulations. More efficient working practices, eg further savings in procurement. Further increase in non SFC funding including international, research. Monitor financial performance of Academic Partners and of the UHI partnership as a whole.	4-Likely	4-Major	16	
Inverness/18	Active	Organisational	College fails to maintain improvement in performance against national targets and outcomes	Staff recruitment; staff training; student recruitment; lack of staff buy in to targets and outcomes.	Reputational damage; partners fail to support in College development; SFC intervention.	Depute Principal	3-Possible	3-Significant	9		Implement targeted intervention and internal review of learning and teaching processes	2-Unlikely	4-Major	8	
Inverness/19	Active	Organisational	College does not achieve allocated HE student number targets.	Failure to recruit sufficient students due to various factors such as: over ambitious PPF target, poor marketing, curriculum gaps, poor NSS result, poor relationship with schools etc	Reduction of college income from UHI, regional student number target at risk resulting in possible clawback to SFC from UHI in year or reduction in future years grant.	Depute Principal	5-Almost certain	3-Significant	15		Rigorous curriculum planning process in place, proactive development of school/college relationships, proactive development of relationships with employers, excellent quality management processes, systematic monitoring of applications through to enrolment.	3-Possible	3-Significant	9	
Inverness/20	Active	Organisational	College does not achieve allocated FE Credit targets.	Failure to recruit sufficient students due to various factors such as: reduction in school leaver numbers, curriculum that lacks relevance to local economy, curriculum gaps, ineffective marketing and engagement with local schools/employers	Reduction of college income from UHI, regional student number target at risk resulting in possible clawback to SFC from UHI in year or reduction in future years grant.	Depute Principal	5-Almost certain	4-Major	20		Rigorous curriculum planning process in place, proactive development of school/college relationships, proactive development of relationships with employers, excellent quality management processes, systematic monitoring of applications through to enrolment.	2-Unlikely	3-Significant	6	
Inverness/21	Active	Organisational	The institution has a poor reputation.	Significant or sustained adverse publicity, governance/management failure, negative comments on social media, poor academic results, poor performance in league tables, significant withdrawal rates, major health and safety incident, student/staff involvement in criminal activity	Inability to recruit students or attract and retain high calibre staff, inability to attract funding and/or develop strategic partnerships.	Principal	5-Almost certain	3-Significant	15		Internal audit of governance procedures (supported by additional process of external validation of self-evaluation), current and effective policy environment closely monitored to ensure compliance, use of externally validated quality frameworks to support organisational commitment to quality enhancement. Close monitoring of PIs and implementation of systematic process to effect improvement where remedial action required. PVG checks undertaken. Proactive promotion of collective ownership of Health and Safety management. H & S management system implemented and systematically reviewed. On-going media relationship management.	2-Unlikely	2-Minor	4	
Inverness/22	Active	Organisational	Disruption to services/projects and/or partnership working resulting from loss of a key staff member.	Retirement, resignation or death in service of key staff member(s). Inadequate succession planning. Unsystematic management of corporate knowledge, Associated knock on impacts resulting from transition arrangements with staff acting up and possible failure of backfill solutions.	Projects delayed due to loss of continuity, corporate knowledge gaps and disruption/loss of established relationships and contacts.	Director of Organisational Services	3-Possible	2-Minor	6		Workforce planning process adopted to anticipate future skill need, staff development funding aligned with strategic plan to support succession planning, in particular development of skill sets to support future curriculum developments, systematic recording of coporate procedures and corporate knowledge, systematic approach taken to development of supervisory skills and leadership and management to support succession planning.	3-Possible	3-Significant	9	
Inverness/23	Active	Organisational	Non-compliance with relevant statutory regulations.	Lack of awareness of relevant laws and penalties. Management failures. E.g new General Data Protection Regulation from 25th May 2018, Bribery Act, Health and Safety Regulations etc. lack of incident and near miss reporting; high risk courses e.g. forestry, construction, aquaculture, science; people failing to take responsibility or ownership for health and safety issues.	GDPR will provide new rights for individuals and impose additional obligations on data controllers and processors. GDPR will also introduce an increased penalty framework for non-compliance/data breaches and includes new requirements for authorities to ensure that they maintain evidence to demonstrate compliance with the Law. Major risk to reputation caused by serious health and safety incident; risk to students caused by non-compliance with PVG/Disclosure requirements	Principal	5-Almost certain	3-Significant	15		Dedicated Health and Safety Management role, Health and Safety Management system implemented, systematic use of internal audit, SMT commitment and proactive leadership to develop a strong H & S management culture, strong emphasis on near miss recording and lessons learned, H & S Committee chaired by Principal, systematic recording and analysis of incident, accident and near miss trends, Dedicated Data Controller role with responsibility for awanreness raising and adaptation of policy/procedures win line with legislative change, current shared project on effective data management with IT Manager, rigorous implmentation of mandatory staff training. Director of Organisational Development with direct responsibility for awareness raising and adaptation of policy/procedure in line with legislative change. All of the above reported systematically to relevant Board of Management Committees.	2-Unlikely	3-Significant	6	
Inverness/24	Active	Organisational	Governance Failure.	Governing body does not have an appropriate balance of skills and experience. Role of a governor/director is perceived to be onerous making it difficult to attract a broad range of high calibre individuals to serve for non-remunerated roles.	Recent advertisements for new members have attracted few applications;	Chair of the Board of Management	3-Possible	3-Significant	9		Regular recruitment drives undertaken. Skills matrix approach used to support recruitment of members with relevant skills base. Proactive approach taken to encourage application from diverse backgrounds, development of strong governance culture verified through internal audit processes and external validation of self-evaluation procedures.	2-Unlikely	2-Minor	4	

Ref	Status	Type	Risk	Cause	Consequence	Owner	Likelihood	Impact	Score		Mitigation	Likelihood	Impact	Score	
Inverness/25	Active	Organisational	Financial failure/operating loss. Inability to achieve a balanced budget.	Increased pay costs (national bargaining), pensions and NI contributions. Efficiency savings are not achieved quickly enough to counteract reductions in income.	Services cut resulting in reduction of teaching expertise and/or research capacity leading to a reduction in service quality leading to student dissatisfaction and risk of reputational damage; missed opportunities for development.	Principal	4-Likely	4-Major	16		Efficiency savings achieved through efficient and effective deployment of staff, effective cost control, all spend aligned to achievement of strategic aims and objectives. Lobbying regionally for share of regional funding that reflects actual learning and teaching delivered, lobbying nationally for increased funding for Highlands and Islands region to reflect on going increasing participation rates. Development of alternative income streams, SDS and apprenticeship family, bespoke provision, international summer schools, catering business and events management	4-Likely	3-Significant	12	
Inverness/26	Active	Organisational	College estate not fit for purpose.	Risk of little new capital project expenditure caused by partnership perception of significant recent estates development. Potential for rapid growth of student population without investment in new expanded facilities. Risk to student satisfaction scores in the absence of a dedicated student union social space.	Unable to meet new growth targets; unable to diversify in line with emerging opportunities; unable to provide the economies of scale required to counter the financial challenges of smaller partners.	Director of Corporate Services	3-Possible	3-Significant	9		Space utilisation audits undertaken to support efficient use of the estate. Centralised timetabling to ensure efficient use of the estate. Twilight classes introduced to ease pressure on rooms. Collaborative projects pursued to create opportunities for growth that do not require estates development. Development work undertaken to maximise blended learning opportunities/use of VLE to reduce required face to face teaching.	2-Unlikely	3-Significant	6	
Inverness/27	Active	Organisational	Academic quality is sub standard	Difficulty recruiting and retaining high calibre staff. Conditions and terms of employment are not competitive with limited scope for career progression; quality enhancement policies and processes are ineffective; student engagement is weak; performance management systems are ineffective.	Poor performance in quality monitoring/assurance reviews. Loss of staff to competitor institutions. Poor attainment levels, high level of withdrawal and poor retention, loss of income, damage to reputation.	Principal	3-Possible	3-Significant	9		Achievement and maintenance of IiP Gold reflecting organisational commitment to staff, development and maintenance of attractive recognition and reward systems, alignment with national pay bargaining, investment in CPD and staff development, not least support for advanced degree study, development of research and scholarship scheme, encouragement of staff ERASMUS exchange praticipation. Effective, rigorous quality management systems, systematic monitoring and reporting on PI trends and external verification processes. Effective staff induction and effective observation of learning and teaching. Maintenance of higher levels of formal teacher training certification. Development of research teaching linkages, promotion of conference attendance and speaking. Excellent employer engagement. Formal monitoring of quality of the student experience through the Learning and Teaching Committee of the Board of Management.	2-Unlikely	3-Significant	6	
Inverness/28	Active	Organisational	Poor Student Experience	No student union provision, restricted space avaiable for students to interact socially our of college hours, inability to create a student community feel.	Poor performance in national student satisfaction surveys; difficulty in recruiting students; Risk to core income streams.	Principal	2-Unlikely	2-Minor	4		Partnership approach in place to enhance the student experience evidenced by the Student Partnership Agreement, multi-faceted approach to student engagement and student feedback. Student feedback scores, trends and themes monitored systematically and inform action planning. Regional lobbying for capital funds to support the development of a students' union facility.	3-Possible	3-Significant	9	
Inverness/29	Active	Financial	Institutional, personal and sensitive data is corrupted, lost, stolen or misused or servcies are disrupted through malicious and illegal activities by external individuals or bodies.	Poor IT security measures. Equipment with security holes. Poor patching regime. Anti-virus is not up-to-date and comprehensive. Firewalls are configured incorrectly. Coordinated DDOS attack on university infrastructure. Increasing number of security alerts. DDOS attacks on UK academic institutions up to 527 in 2015 - Janet CSIRT. Increase in cyber attacks such as ransomware reported in national media.	Information Commissioner fine of up to £500k. Adverse press coverage. Loss of confidence by regulators, stakeholders and HE sector. Ransomware encryption has been detected on UHI network.	Principal	4-Likely	4-Major	16		Firewalls and proxy filters automatically updated regularly. Proactive internal and external NVT and external scanning for at risk devices. Anti-virus software deployed to all corporate devices. Wi-Fi BYOD on segregated VPN. WSUS servers in place for regular MS Windows updates. Use of Janet Security advice service and UHIHelpdesk issues alerts for known attacks. UHI IT security group formed to share intelligence and react to published alerts. OpenDNS applied to fcache filetring with added protection functionality against botnet, malware etc.. Real IP address ranges reduced. Out of hours password reset enabled.	3-Possible	4-Major	12	
Inverness/30	Active	Organisational	Research outputs are sub standard	Inability to fund remission to enable the publication of sufficient quality papers and upload to PURE; loss of opportunity to develop strong RTL; loss of key staff; lack of funding; terms and conditions of employment are not comparable with competitor organisations; impact of Brexit on access to European projects.	Damage to reputation. Brexit. Poor performance in next REF. Inability to retain staff and research teams. Reduced income; negative impact on recruitment.	Head of Research and Post Graduate Development	3-Possible	2-Minor	6		Significant college annual investment in research to support development of research institutes and research embedded in the curriculum. Research and scholarship fund established to encourage further staff engagement in the research agenda. Support for staff through staff development fund to attend and speak at conferences. Dedicated research posts created. Proactive targeting of grant funding to support research activity. Staff encouraged to seek financial support for activity through relevant available UHI funds.	3-Possible	2-Minor	6	
Inverness/246															
Inverness/247															
Inverness/248															
Inverness/249															

Board of Management

Subject/Title:	GDPR Compliance and system security
Meeting and date:	Audit Committee – Tuesday 19th September 2017
Author:	Martin Robinson, ICT Manager and Suzanne Stuart, Information Development Manager
Link to Strategic Plan:	To ensure that our practice is aligned with national, sector and/or industry recognised standards and best practice, and to our values and commitments; To continue to develop our financial planning, risk management and business continuity processes to actively mitigate risk, protect our reputation and ensure our ongoing organisational sustainability;
Cost implications:	No
Risk assessment:	Yes Financial: Risk of fines for data exposure Operational: Risk of impacting working practice through implementing new processes or ways of working Organisational: Risk of reputational damage if negative publicity for data loss
Status – Confidential/Non confidential	Non Confidential
Freedom of Information Can this paper be included in "open" business	Open

If a paper should **not** be included within "open" business, please highlight below the reason.			
Its disclosure would substantially prejudice a programme of research (S27)		Its disclosure would substantially prejudice the effective conduct of public affairs (S30)	
Its disclosure would substantially prejudice the commercial interests of any person or organisation (S33)		Its disclosure would constitute a breach of confidence actionable in court (S36)	
Its disclosure would constitute a breach of the Data Protection Act (S38)		Other (please give further details)	

Recommendation(s)

To note the on-going work with regards to Information Security and Data Protection.

Purpose of report

To update the Committee on the on-going work to adhere to imminent legislative changes and recent best practice with regards to data protection and information security.

Information Security Check Up Project

An Information Security Check Up project was initiated last autumn to update relevant governance and controls to ensure the College was adhering to the latest standards and guidance with regards to Information Security.

The core of this project was to update and review the Information Security Management Systems (ISMS) and to carry out a Data Protection review across the College.

An ISMS (as documented in ISO/IEC 27001 Information Security Management Standard) is a system of policies, processes and technologies to safeguard the information and personal data the College is entrusted with, and needs to work with, on a daily basis. The ISMS does not just cover ICT or Data Controller roles, it is just important to ensure we have a secure building and recruit and train staff appropriately.

One of the first objectives of the project was to introduce mandatory training in Information Security and Data Protection for all staff. This was successfully rolled out over a 3 month period earlier this year, with new staff now required to undertake this training as part of their induction. More advance training was also rolled out to key data processers, such as system owners and managers, on the impact of GDPR and responsibilities of being a data owner. Meetings were also held with some support teams e.g. Admissions, Learner Admin and Guidance to explain the implication of GDPR. In addition to this activity, the Information Development Manager has recently completed training towards becoming a Certified Data Protection Officer (in relation to the new EU GDPR).

Other processes and documents updated or introduced include a new acceptable use policy, information transfer requirements, clear desk guidelines, social media guidelines and information asset owner guidelines as well as raising the profile generally of the need to keep data secure.

General Data Protection Regulation (GDPR) Compliance

Another key work stream in the Information Security Check-Up Project was to carry out a Data Protection audit/assessment at team level. To review how data is handled across the College to ensure the policies and procedures in place are being adhered to and to ensuring personal data is only used and available to those that should have access, when and where required.

Work commenced with support managers/teams in the spring but was postponed over the summer due to staff holidays. The data protection assessment results in an action plan for teams to help them prioritise the activity required.

One of the requirements of the GDPR is for IC to hold a register of all personal data processed. Whilst the regulation specifies the Data Protection Officer (DPO) must hold this, it is clear that the data processors must create and manage this at departmental level. The DPO role is to oversee the creation and maintenance of the register and to audit compliance with it.

Appendix 1 provides a detailed update on the 12 steps towards compliance with the GDPR.

Student Data and Tertiary Retention Schedule

One of the key issues raised within the Information Security Check Up project was regarding the processing of student data. In particular, that the data within the Student Records system does not currently have a defined tertiary retention schedule. That is, it is not clear when student data should be deleted and which data, such as exam results, may need to be retained for longer periods. A UHI retention schedule is currently in place for Higher Education only, and academic partners have their own FE retention schedules. Currently, there is no single or unified approach to managing the data in our student records system (SiTs).

Discussions are now on-going across the Partnership to create a Tertiary Retention Schedule for student data (academic administration initially) with a draft agreed by Inverness UHI, Perth UHI and Executive Office. Which is to be confirmed by the other partners by the end of September. The College focus now is pushing for the processes to be put in place to achieve both a data clean up exercise and an automated process for deletion of records that have reached their retention limit.

Internal Audits

In the context of this project several relevant internal audits have been carried out this year. That is for IT Network Arrangements and Data Protection, both of which were give a "Good" level of assurance in meeting the expected control objectives of the audits, with no significant risk exposure.

The IT Network Arrangements covered the IT technologies, policies and processes in place and provided reassurance in the Information Security Management System being implemented. In summary it stated:

> Overall, the College ICT team has a high awareness of the risks around IT network security. This is reflected in the control environment currently operating within the College, which demonstrates good practice in most areas.

The Data Protection Audit assessed the adequacy and effectiveness of the processes and procedures in place to ensure compliance with the Data Protection Act 1998, and also the College's preparations for the implementation of the GDPR in May 2018. Again, the Good overall audit response, provided reassurance with the controls in place and work in progress with regards to GDPR compliance.

Cyber Resilience - Letter from Deputy First Minister of Scotland

In August, all Scottish public bodies, including the College, received a letter from the Deputy First Minister on the implementation of a new strategy and best practice guidelines to improve Cyber Resilience. A response is required to provide feedback to this approach as a number of obligations are involved with regards to information security that will have an impact College wide. Such as, the implementation of a global UHI password policy.

Due to the project and work documented above, the College is already able to address many of the recommendations and requirements. The main omission being the need to achieve a Cyber Essentials Plus certification (an external audit of controls, policies, and network security) by March 2018.

The College is working with colleagues across the UHI Partnership, in order to provide a response to the Scottish Government as well as to achieve the Cyber Essential Plus certification within these challenging timescales. In particular, to ensure the process is cognisant of our learning and teaching remit as well as ICT infrastructure requirements.

EU GDPR Compliance

1. **Awareness Raising**
   12 training sessions have been delivered:
   6 aimed at SMT, PDMs and Support Managers
   6 to catch those that missed and to include support staff from Admissions, Student Records, Foundation Apprenticeships, Guidance, Additional Support Needs, HR and the Nursery.
   1:1 meetings were also held with Marketing, Estates & the Nursery Manager(s)

2. **Information You Hold**
   Following the training, individual meetings took place with managers to review the information audit sheets collated in recent years but with a focus only on the aspect of personal data.

   To date, a current personal data register exists in the following areas:
   - Business Solutions
   - Additional Support Needs
   - Guidance
   - Early Education & Childcare Centre

   The following timescales have been agreed to update departmental registers:
   - Admissions & Funding – Mid October
   - Student Records – November
   - HR – November
   - Foundation Apprenticeships – November
   - Marketing – mid October
   - Estates – December
   - Front of House – December
   - ICT - January

3. **Communication Privacy Information**
   Following the data protection assessment, departments have been reviewing the forms and on-line processes used to gather personal data and prioritising where privacy statements require revision (or to be put in place). This work is on-going and will continue throughout the year. The Information Development Manager is supporting this activity.

   The college website has been updated to provide a more detailed account of where and why we gather, process and store personal data.

4. **Individuals' Rights**

   Deletion of personal data is covered as part of the dialogue with teams regarding the records retention schedule.

   There is a UHI wide project looking at management of the student record within SiTs. This is being driven by IC SMT and IC staff are contributing to this dialogue.

5. **Subject Access Requests**
   The timescale for processing reduces from 40 days to 1 month. The college continues to meet the timescales as outlined.

Legal Basis for Processing Personal Data
The legal basis for processing has been covered during training. This will be revisited as part of the departmental assessments and documented as part of the data processing register. Privacy notices are being reviewed in light of the legislation and will be in place before May 2018 to cover the legal basis for processing in order to comply with the GDRP.

6. **Consent**
Consent is in the process of review as part of points 3 & 6. Consent is the last basis on which we wish to gather personal data as it provides individuals with more information rights than the other legal basis e.g. stronger rights with regard to having their information deleted (the right to be forgotten) and portability of data.

Consent where explicit is being reviewed to ensure that individuals "opt in" rather than "opt out" as they currently can.

7. **Children**
The new regulation requires organisations to have systems in place to verify individuals ages and to gather parental/guardian consent for the data processing activity. This affects our Early Years Childcare Centre and has been discussed as part of the nursery's audit. It is not anticipated to be problematic as parents/guardians currently provide the children's data to the college.

8. **Data Breaches**
The new regulation brings with it specific timescales for notification of a breach internally (SMT/BoM, UHI etc.) and to the ICO, where the individual is likely to suffer some form of damage, such as identify theft or a confidentiality breach.

Action: Develop a procedure for reporting & investigation of data breaches by **November 2017** (for approval by Audit Committee Nov 17 and Board of Management Dec 2017)

9. **Data Protection by Design & Date Protection Impact Assessments (PIAs)**
PIAs are currently recommended as good practice under current legislation. The new regulation makes these a requirement where systems for gathering personal data are being amended or new systems are being introduced

The ICO PIA template has been adapted for use by college staff and is already being piloted. It is anticipated that the form will further evolve as it is more widely used. At present, the process is in its early stages of development. All new systems require a PIA.

Acton: Produce a flowchart of the PIA process from start to sign off **by end of Sept 2017.**

10. **Data Protection Officers**
The new regulation requires organisations (where required) to have a designated Data Protection Officer to take responsibility for date protection compliance, have the knowledge of the legislation, support and authority to do so effectively.

The college has an assigned Data Controller in the Information Development Manager.

11. **International**
Articles 44-47 of the GDPR cover the transfer of data internationally. This affects the college's activities with regard to international student exchanges. The legislation requires similar safeguards are put in place out with the European Economic Area as there are within it.
Action: Progress data sharing agreements with the International Officer.

Board of Management

Subject/Title:	Annual Review of Auditors' Performance
Meeting and date:	Audit Committee – Tuesday 19th September 2017
Author:	Fiona Ambrose, Secretary to the Board
Link to Strategic Plan:	
Cost implications:	No
Risk assessment:	Yes **If yes, please specify:** Financial: Operational: Organisational: required for the proper Governance of the College
Status – Confidential/Non confidential	Non Confidential
Freedom of Information Can this paper be included in "open" business	Open

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

Recommendation(s)

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

Introduction/ Purpose

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

Background information

The evaluation forms are attached for both the internal and external auditors. This is the final evaluation for Henderson Loggie who completed their period as the Colleges Internal Auditors in July 2017. Ernst and Young were appointed by Audit Scotland to be the Colleges External Auditors in August 2016. They carried out the audit of the Annual Accounts for 2015-16 in December 2016. This is therefore the first evaluation to be carried out on the service they provided.

The new Director of Finance, Fiona Mustarde was only appointed to the post in July this year so will complete the two evaluations with the knowledge she has.. She will complete her sections (in part) separately beforehand and these will be provided to the Committee at the meeting to discuss.

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

University of the Highlands and Islands
Inverness College

External Audit Service Evaluation – 2016/17

<u>Part A</u>

Appointed Auditor: **Ernst & Young**
Questionnaire completed by: Audit Committee
Date completed: **19th September 2017**

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

1. The Auditor's interaction with the Audit Committee

		Rating VG G A P N	Comment
1.1	**Availability** • Availability of/ access to senior audit staff. • Frequency of attendance of audit staff at Audit Committee meetings.	☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐	
1.2	**Accountability** • Adequacy of (pre audit) discussion of work planned. • Adequacy of (post audit) discussion of work actually carried out.	☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐	
1.3	**Quality of oral presentations to the Audit Committee** • Quality of presentations generally.	☐ ☐ ☐ ☐ ☐	

2. Overall view of service quality

		Rating VG G A P N	Comment
2.1	Overall, how do you rate the quality of the service provided by the auditor?	☐ ☐ ☐ ☐ ☐	
2.2	How do you rate the 'value added' overall to the College by the auditor?	☐ ☐ ☐ ☐ ☐	

External Audit Service Evaluation – 2016/17

Part B

Appointed Auditor:	**Ernst & Young**
Questionnaire completed by:	**Fiona Mustarde, Director of Finance**
Date completed:	

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

1. Staffing & Working Relationships							
		Rating					**Comment**
		VG	G	A	P	N	
1.1	In terms of their general ability and contribution to the audit, how do you rate the following categories of staff?						
	▪ Senior audit staff	☐	☐	☐	☐	☐	
	▪ Other audit staff	☐	☐	☐	☐	☐	
1.2	How do you rate the following categories of staff in terms of their understanding of Inverness College and the issues affecting it?						
	▪ Senior audit staff	☐	☐	☐	☐	☐	
	▪ Other audit staff	☐	☐	☐	☐	☐	
1.3	How would you rate the overall relationship with the external auditor?	☐	☐	☐	☐	☐	

2. Consultation and Communication

2.1	How do you rate the auditor's consultation and communication with you in relation to the following aspects of the audit?	Rating					Comment
		VG	**G**	**A**	**P**	**N**	
	Discussion of the content of the audit plan.	☐	☐	☐	☐	☐	
	Focus on areas of risk.	☐	☐	☐	☐	☐	
	Keeping you appraised of any significant issues arising during the audit year.	☐	☐	☐	☐	☐	
	Discussing the audit fee.	☐	☐	☐	☐	☐	

3. Corporate Governance (including appraisal of systems of internal control

3.1	How do you rate the following?	Rating					Comment
		VG	**G**	**A**	**P**	**N**	
	The appropriateness and range of the external audit work carried out on systems of internal control.	☐	☐	☐	☐	☐	
	The significance of recommendations made by the auditor relative to the potential risks of control weaknesses and failures.	☐	☐	☐	☐	☐	
	The degree of cooperation with internal audit to avoid duplication of effort and to ensure that effective and efficient use is made of the combined audit resource.	☐	☐	☐	☐	☐	
	The appropriateness of the reliance placed on the work of internal audit.	☐	☐	☐	☐	☐	
	The external auditor's review of the College's arrangements for preventing and detecting fraud and irregularity.	☐	☐	☐	☐	☐	
	The adequacy of the external auditor's coverage of standards of conduct, integrity and openness (for example, this might cover the College's arrangements for monitoring compliance with codes of conduct covering standards of behaviour).	☐	☐	☐	☐	☐	

4. Audit of the Financial Statements

4.1	In relation to the audit of the financial statements, generally, how do you rate?	VG	G	A	P	N	
	The appropriateness of the range of work carried out by external audit.	☐	☐	☐	☐	☐	
	The auditor's knowledge and understanding of the relevant financial reporting framework.	☐	☐	☐	☐	☐	
	The relevance and value of issues raised by the auditor.	☐	☐	☐	☐	☐	

5. Audit Reporting							
		VG	**G**	**A**	**P**	**N**	
5.1	In relation to **reports generally** how do you rate?						
	▪ The appropriateness of the volume of issues raised.	☐	☐	☐	☐	☐	
	▪ The relevance and value of audit recommendations.	☐	☐	☐	☐	☐	
	▪ The clarity with which issues are reported.	☐	☐	☐	☐	☐	
	▪ The timeliness of reports.	☐	☐	☐	☐	☐	
	▪ The overall quality of reports.	☐	☐	☐	☐	☐	
5.2	In respect of the **annual audit report** specifically how do you rate?						
	▪ The extent to which the auditor provided an appropriate summary of the significant matters arising from the audit.	☐	☐	☐	☐	☐	
	▪ The relevance of the content to Board members.	☐	☐	☐	☐	☐	
	▪ The clarity with which issues are reported.	☐	☐	☐	☐	☐	
	▪ The timeliness of reporting.	☐	☐	☐	☐	☐	
	▪ The overall quality of the report.	☐	☐	☐	☐	☐	

Identify the three most positive aspects of the 2016/17 audit.

Identify what you consider would most improve the quality of the service provided by your auditor.

Comment Reference	Explanatory Comments

University of the Highlands and Islands
Inverness College

Internal Audit Service Evaluation – 2016/17

<u>Part A</u>

Internal Auditor: Henderson Loggie
Questionnaire completed by: Audit Committee
Date completed: **19 September 2017**

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 2015/16 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?	☐	☐	☐	☐	☐	

		Rating					Comment
2.4	How would you rate the Audit Committee's confidence in internal audit?	☐	☐	☐	☐	☐	

3. Communication

	How would you rate the internal auditor's:	Rating					Comment
		VG	G	A	P	N	
3.1	Responsiveness to requests from the Audit committee, including requests for special investigations?	☐	☐	☐	☐	☐	
3.2	Frankness and candour with the Audit Committee?	☐	☐	☐	☐	☐	
3.3	Handling of difficult or contentious issues?	☐	☐	☐	☐	☐	
3.4	Usual level of preparation for Audit Committee?	☐	☐	☐	☐	☐	
3.5	Quality, relevance and clarity of reports/ papers tabled with the Audit Committee.	☐	☐	☐	☐	☐	
3.6	Process for monitoring the status of outstanding recommendations?	☐	☐	☐	☐	☐	

		Rating		Comment
		Yes	No	
3.7	Has internal audit attended all the Audit Committee meetings it was scheduled to attend?	☐	☐	
3.8	Has internal audit made itself available for consultation outside of Audit Committee meetings?	☐	☐	
3.9	Have reports been received from internal audit on a sufficiently timely basis?	☐	☐	
3.10	Does internal audit promptly advise the Audit Committee about significant issues and developments, including on special projects such as fraud investigations?	☐	☐	
3.11	Does internal audit promptly advise the Audit Committee about significant changes to the internal audit plan?	☐	☐	

| 3.12 | Has internal audit contributed to the Audit Committee's understanding of the overall assurance framework within the College and the role that internal audit plays in this framework? | ☐ | ☐ | |

4. Performance				

	Assess the quality of the internal audit plan in terms of its:	**Rating**		**Comment**
		VG G A P N		
4.1	Comprehensiveness, clarity and timeliness.	☐ ☐ ☐ ☐ ☐		
4.2	Coverage of priority and high-risk areas.	☐ ☐ ☐ ☐ ☐		
4.3	How would you assess internal audit's overall performance?	☐ ☐ ☐ ☐ ☐		

4.4	Is it clear from its reporting to the Audit Committee that internal audit:	**Rating**		**Comment**
		Yes	No	
	• Has delivered the services outlined in the plan?	☐	☐	
	• Has been in accordance with the agreed timetable?	☐	☐	
	• Has performed the audit work necessary to reach its opinions/ conclusions?	☐	☐	
4.5	Did the original internal audit plan leave unanswered any significant issues of concern to the Audit Committee?	☐	☐	
4.6	Is there evidence of effective co-ordination of internal and external audit work?	☐	☐	
4.7	Do you consider that internal audit has added value to the College?	☐	☐	

University of the
Highlands and Islands
Inverness College

Internal Audit Service Evaluation – 2016/17

<u>**Part B**</u>

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

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

1. Planning

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

2. Skills and experience

		Rating					Comment
		VG	**G**	**A**	**P**	**N**	
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?	☐	☐	☐	☐	☐	

		Rating		Comment
		Yes	**No**	
2.3	Do you consider that the internal audit team have sufficient expertise, professional experience, project management ability, interpersonal skills and seniority to effectively carry out the work required?	☐	☐	
2.4	Have members of the internal audit team consistently demonstrated independence in all their deliberations?	☐	☐	
2.5	Have members of the internal audit team been adequately supervised?	☐	☐	

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?	☐	☐	☐	☐	☐	

		Rating		Comment
		Yes	**No**	
3.2	Are internal audit reports:			
	• Relevant, clear and constructive?	☐	☐	
	• Sufficiently detailed to provide assurance that the necessary audit work has been carried out to support the opinions/ conclusions?	☐	☐	
	• Sufficiently detailed to enable effective management action?	☐	☐	
	• Issued on a timely basis?	☐	☐	
3.3	Has effective co-operation been achieved between the internal auditors and your department, including avoidance of undue disruption to normal activities?	☐	☐	
	Is there a formal process to ensure that internal audit keeps you up to date with audit/ project progress?	☐	☐	
3.4	Has internal audit provided early identification and advice regarding contentious issues, problem	☐	☐	

	areas and delays?				
3.5	Has internal audit suggested how such issues could be resolved?	☐	☐		
	Were suggestions realistic, robust and presented clearly and on a timely basis?	☐	☐		
3.6	Have internal audit findings been discussed with you prior to being tabled with the Audit Committee?	☐	☐		
3.7	Has internal audit followed up recommendations to see if they have been implemented?	☐	☐		
3.8	Do you have any major unresolved disagreements with internal audit?	☐	☐		
3.9					
3.10					

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

Subject/Title:	Good Governance
Meeting and date:	Audit Committee – 14 September 2017
Extract from Minutes of the Meeting of the Chairs Committee held on 17 August 2017	

GOOD GOVERNANCE

A covering report by the Board Secretary referred to a model reporting format for Audit Committee annual reports to the Board of Management which had been suggested by UHI and to two CIPHA best practice guides on Audit and Finance committee self-evaluation.

The Committee **AGREED** that
1. the model reporting format for the Audit Committee annual report be adopted and that it be submitted to the Audit Committee for noting and
2. the two CIPHA best practice guides should be adopted for Audit and Finance Committee evaluations, that they be circulated to both Committees for noting, and that the first evaluations would take place at the end of this academic year.

Audit Committee Annual Reports - Best Practice

1.1. **Background**

1.2. It is recognised best practice that as part of the annual cycle ahead of the production of the institutions annual report and financial statements that the audit committee should produce an annual report for the governing body and the head of institution.

1.3. **Academic Partner Annual Audit Committee Reports**

1.4. As part of the partnership assurance process, the Head of Internal Audit provided to the UHI Audit Committee (March 2017) a summary of the assurances available from Academic Partner Annual Audit Committee reports. The UHI Audit Committee recognised an opportunity through the Joint Meeting of the Chairs of UHI and Academic Partner Audit Committees to identify audit committee annual report best practice and to promote the adoption of a standard reporting template. This would assist Academic Partner Audit Committees in producing annual reports that cover all the key areas and in the provision of opinions to their respective College Boards.

1.5. **Requirements for Annual Audit Committee Reports**

1.6. The Scottish Funding Council (SFC) Financial Memorandum with the College Sector sets out among other things a requirement that the Audit Committee must produce an annual report to the governing body of the institution. UHI has put in place a Financial Memorandum between itself and each of the assigned colleges, which reciprocates this requirement.

1.7. For the Assigned Incorporated Colleges the Financial Memorandum makes it a term and condition of grant from UHI as Regional Strategic Body that Assigned Incorporated Colleges comply with the requirements of the Scottish Public Finance Manual (SPFM). The SPFM includes the Scottish Government Audit Committee Handbook. The Audit Committee Handbook helpfully sets out the following good practice for Audit Committee Annual Reports.

ANNUAL REPORTS

The Audit Committee should also provide an Annual Report, as part of the annual review cycle of annual accounts and the wider governance framework, timed to support preparation of the Statement on Internal Control. This internal report needs to be open and honest in presenting the Audit Committee's views if it is to be of real benefit to the Board and Accountable Officer.

The Annual Report should summarise the Audit Committee's work for the year past, and present the Audit Committee's opinion about:

- the comprehensiveness of assurances in meeting the Board and Accountable Officer's needs;
- the reliability and integrity of these assurances;
- whether the assurance available is sufficient to support the Board and Accountable Officer in their decision taking and their accountability obligations;
- the implication of these assurances for the overall management of risk;
- any issues the Audit Committee considers pertinent to the Statement on Internal Control and any long term issues the Committee thinks the Board and/or Accountable Officer should give attention to;
- financial reporting for the year;
- the quality of both Internal and External Audit and their approach to their responsibilities; and
- the Audit Committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.

1.8. Best Practice for Annual Audit Committee Reports

1.9. The Committee of University Chairmen Handbook for Members of Audit Committees in Higher Education Institutions provides some very useful good practice for audit committees in general. It identifies the following principle for communication and reporting as well as a model format for Annual Audit Committee Reports shown at paragraph 1.11.

> The audit committee should produce an annual report for the governing body and the head of institution. This report should include the committee's opinion of the adequacy and effectiveness of the institution's arrangements for risk management, control and governance, and for economy, efficiency and effectiveness (value for money).The report should describe how the audit committee has discharged its duties, and should include any significant issues arising during the financial year and the period up to the date of the report.

1.10. AUDIT COMMITTEE ANNUAL REPORT: MODEL FORMAT

1.11. The audit committee annual report should be supported by the internal audit annual report, which would therefore normally accompany it. The annual report should be prepared as early as possible after the end of each financial year, with the aim of it being available before the annual financial statements are signed. The report should be signed and dated by the chair of the committee. This model indicates what could be included in the annual report.

Title	Full name of institution, audit committee annual report, financial year. Addressed to governing body and head of institution.
Introduction	Period covered; this should relate specifically to the audit committee's work on the relevant financial year. However, any additional issues should be covered where appropriate, particularly if they affect the opinion (for example, where the previous year's annual report could not include something because of timing, or issues have arisen since the year end).
Membership	Names; details of changes and dates thereof; terms of office; identity of chair; also separately give details of the clerk to the committee.
Meetings	Dates of meetings, note of members attending, and a general statement about who else is normally is in attendance).
Terms of Reference	If applicable, details of changes and their effect on the work of the committee.
Internal Audit	1. Name of provider; details of any changes made or due; fee basis; audit committee's assessment of performance for the year (including the use of performance measures and obtaining the views of the external auditors).
	2. Review of appointment; when market testing is due for consideration.
	3. Review of internal audit annual report (which may be attached to the audit committee annual report); achievement of planned work; consideration of and comment on internal auditors' overall opinion of risk management, control and governance arrangements, and VFM arrangements, as necessary.
	4. Review of audit risk assessment and strategy as appropriate. Number of audit days last year/next year (compare); inclusion of VFM studies. Details of any restrictions placed on the work of the internal auditors.
	5. Review of audit reports (may appropriately focus on only the more significant issues); audit committee's view of management responses to audit findings and recommendations; resolution of issues arising.
	6. Review of unplanned or special reports; audit committee's view of management responses to the findings and recommendations; details of any significant recommendations outstanding.

	7. Review of VFM studies; summary of important findings and recommendations. 8. Confirmation that the audit committee has held one or more closed meetings with the internal auditors during the course of the year.
External audit	1. Name of provider; details of any changes made or due; fee basis; audit committee's assessment of performance for the year (for example, audit planning, timetable set and met); confirmation to governing body of recommendation of annual re-appointment (or deferral to next meeting); when market testing is due for consideration. 2. Details of any non-audit services provided. 3. Review of the external auditors' management letter (draft and final versions where appropriate); significant points arising; audit committee's view of management responses to the findings and recommendations. 4. Confirmation that the audit committee has held a closed meeting with the external auditors following completion of the audit.
Other work done	1. Where undertaken, review of specific parts of the annual accounts (preferably between finance committee and governing body), including members' responsibility and statement of internal control, any relevant issue raised in management letter, and external auditors' formal annual opinion. 2. Review of assurances received from management and other significant assurance providers. 3. Review of the institution's risk management strategy. 4. Other work, including funding council reports, letters and other requirements (such as HEFCE Assurance Service report, student number audit if undertaken, VFM studies; review or changes to codes of audit practice and CUC guidance); special reports or investigations not dealt with elsewhere (e.g. on major fraud or irregularity); significant changes to the institution's risk management, internal control and governance systems; review of relevant reports from the 5. NAO and its counterparts throughout the UK, other formal certificates or returns seen; review of financial regulations, including amendments, communication or recommendations made; issues arising on trusts, joint ventures, subsidiary or associated companies; other VFM work such as review of VFM strategy. Recommendations made not dealt with elsewhere.
Other	Issues not relevant to the reporting year, such as forthcoming events and issues relating to prior years.
Opinion	Audit committee's opinion on the adequacy and effectiveness of institutional arrangements (up to date of its report) for the following: • risk management, control and governance (risk management element includes accuracy of statement of internal control included with annual statement of accounts) • economy, efficiency and effectiveness (value for money). These opinions should be based on the information presented to the committee. New arrangements coming into effect on 1 August 2008 may require audit committees to consider whether quality control of their institutional returns is adequate.
Circulation	Copy to the Board and auditors once approved by the governing body.

CIPHA - A Good Practice Self-Evaluation Tool for the Audit Committee

The audit committee is a governance group, independent of management, charged with providing oversight of the adequacy of the risk management framework, the internal control environment, and the integrity of financial reporting[1].

Introduction

Academies, colleges and universities receive significant public funding and it is of paramount importance that they adhere to the highest standards of governance. Audit committees are responsible for forming an opinion and reporting on the internal control and financial reporting arrangements within an institution. As such, they play an essential part in the governance process. Further and higher education institutions are required to appoint an audit committee by their memorandum of assurance and accountability; financial memorandum or funding agreement with their funding body. Academies, depending on their circumstances, are required by the *Academies Financial Handbook* either to establish a dedicated audit committee or ensure that an existing committee covers the functions of an audit committee (see below).

The audit self-evaluation tool is intended to help audit committee members assess the effectiveness of their own committee and will also provide a useful basis for future actions. Institutions may find that not all the questions are directly applicable to their circumstances - for example, Scottish further education colleges do not appoint their external auditors – and this will need to be taken into account when using the self-evaluation tool.

Regulatory background

The funding bodies may make specific requirements for the operation of audit committees in their sectors including :

o   Membership
o   Regularity of meetings
o   Terms of reference and duties.

The documents detailing sector specific requirements are listed on page four of this briefing. It is essential that committee members are aware of the documents relevant to them and to their content.

The situation with regard to audit committees in academies is different to that for colleges and universities. The *Academies Financial Handbook 2016* notes that :

"….taking into account the differing risks and complexity of their operations:

•   all trusts with an annual income over £50 million **must** have a dedicated audit committee

•   all other trusts have flexibility to establish either a dedicated audit committee, or to include the functions of an audit committee within another committee. "

In some academies, therefore, the role of the audit committee is combined with that of the finance committee. Similarly, some small institutions do not have a finance committee and the governing body undertakes this role. In such instances, there may be members of the audit committee present when issues associated with the finance committee role

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[1] International Framework : Good Governance in the Public Sector (CIPFA, IFAC 2014)

are being discussed. In both such cases, the potential for conflicts of interest need to be very carefully thought through and addressed appropriately.

Audit committees responsibilities : overview

A brief description of an audit committee's key responsibilities is set out below :

- providing assurance to the governing body on the effectiveness of :

    o arrangements for control, governance and risk management
    o arrangements for economy, efficiency and effectiveness
    o management of data quality

- overseeing the institution's policy on fraud

- advising the governing body on the appointment and remuneration of external auditors and (where appropriate) internal audit and their performance and scope

- considering and advising the governing body on the audit aspects of the financial statements including the external auditor's opinion and monitoring management action in response to issues raised by external audit.

Benefit of a good audit committee

Effective audit committees bring many benefits to the academies, further and higher education sectors. They:
- reduce the risk of illegal or improper acts and help ensure the institution's compliance with laws and regulations
- make an important contribution to ensuring that effective assurance arrangements are in place
- reinforce the objectivity, importance and independence of internal and external audit and therefore their effectiveness, as the audit function comes under scrutiny in a high level arena and has to respond accordingly
- increase public confidence in the objectivity and fairness of financial and performance reporting and in the quality of the institution's governance
- seek to ensure that value for money is being obtained
- help improve the adequacy and effectiveness of risk assessment, risk management and internal control
- provide advice to the accounting officer or equivalent (normally the principal/vice-chancellor/chief executive)
- provide a channel for the institution's auditors to communicate directly with members of the governing body/board of trustees.

Strict internal control and the establishment of an audit committee can never eliminate the risks of serious fraud, misconduct or misrepresentation of the financial position. However, an audit committee:

- gives additional assurance through a process of independent and objective review
- raises awareness of the need for sound control and the implementation of recommendations by internal and external audit
- offers a route for a 'whistle blower' to report irregularities.

The self-evaluation tool

The self-evaluation tool is a questionnaire that looks at the following themes that underpin the effectiveness of an audit committee:

- The **role of audit committee members**
- Their **skills and expertise**
- **Behavioural and operational aspects** of the committee
- The **information and support** provided to audit committee members
- The **activities and functions** undertaken by audit committee members
- The **review** of the committee's effectiveness.

Each question included in the evaluation tool provides an opportunity to reflect on a particular aspect of the audit committee's operation and on the institution's practice and performance, resulting in an assessment of areas for development. In general, negative assessment against the question posed should result in some consideration of the impact of the assessment on the system of governance. It may lead to appropriate action for further developing this aspect of the institution's arrangements.

The judgement can be expressed as a score from 1 – 3 based on the response to the question where:

1. No, not at all
2. Yes, partly
3. Yes, strongly.

Using the self-evaluation tool in practice

The tool can be used in a number of ways, by:

- audit committee members singularly or jointly to assess their own performance
- chief financial officers to assess the adequacy of the institutions arrangements
- clerks to the audit committee to assess the adequacy of the institutions arrangements
- internal auditors.

The tool poses various questions which in formulating assessments require both subjective and objective responses, the degree of subjectivity or 'opinion' varies between questions – so the tool could be completed by the groups above and give varying responses for the same institution. This itself is a strength of the tool as it allows those with different responsibilities to reflect their judgement in an assessment.

Where committee members are using the tool, it is important that the chair of the audit committee agrees the arrangements for its use and that the forum is one that allows them to feel free to express their views. It therefore may be appropriate for members to meet without officers of the institution to review the questionnaire and then feed back the issues they have identified for future development to the clerk and chief financial officer.

If agreed with the chair of the committee, it may be appropriate for the clerk or chief financial officer to pre complete some aspects of the questionnaire with some of the factual aspects of the institution's arrangements (eg training arrangements for new committee members) but ensuring that drawing conclusions on the effectiveness should be left to committee members.

Frequency of use

It is recommended that the tool is used as part of a cycle of governance effectiveness review and ideally should be considered on at least a three year cycle. In addition, the tool can be used when establishing new or revised arrangements by clerks and chief financial officers to evaluate models prior to their implementation and may prove useful for internal auditors as part of reviews of governance arrangements.

A GOOD PRACTICE SELF-EVALUATION TOOL FOR THE AUDIT COMMITTEE

Ref	Good practice	Evaluation level 1 to 3	Further action required? Y/N	Evidence for assessment and improvement actions
	Role of audit committee members			
1	Does the audit committee have written terms of reference (TOR)?			
2	Are the TOR adopted by the governing body and reviewed periodically?			
3	Does the role and operation of the audit committee comply with funding body requirements?			
4	Is the role and purpose of the audit committee understood and accepted across the institution?			
5	Is the audit committee's role clear in respect of other committees with responsibility for financial matters within the institution?			
6	Are the audit committee's authorities			

	properly constituted and specified in the institution's financial regulations?			
7	Do the audit committee members clearly understand their roles and responsibilities? Do they understand the part they play individually?			
8	Do the committee members clearly understand the interface between the committees with financial responsibilities including the audit committee and the finance committee, and with the governing body and how they relate to each other?			
9	Is the audit committee's role defined in respect of the following**?** • good governance • assurance • risk management and internal control • internal audit • external audit • financial reporting • value for money . **Skills and expertise**			
10	Do the audit committee members have the right skills and expertise to enable them to challenge effectively?			
11	Are there any qualified accountants amongst the members?			

12	Does the committee have an appropriate mix of knowledge and skills among the membership?			
13	Does the chair of the committee have appropriate knowledge and skills?			
14	Do the committee members demonstrate appropriate commitment?			
15	Do members understand the financial regime in which the institution operates?			
16	Are the audit committee members familiar with, and do they understand, their institution's financial memorandum or funding agreement and articles of government			
	Behavioural and operational aspects			
17	Does the audit committee meet regularly eg termly?			
18	Are audit committee meetings scheduled in good time in respect of important decisions and financial deadlines?			
19	Are members attending meetings on a regular basis and if not is appropriate action taken?			
20	Is an audit committee meeting scheduled to discuss proposed adjustments to the			

	accounts and issues arising from the audit where appropriate?		
21	Is the timing of audit committee's meetings discussed with all the parties involved?		
22	Has each member declared his or her business interests?		
23	Is the register of interests checked on a regular basis? Is the register easily accessible?		
24	Are audit committee members independent of the management team and other committees?		
25	Are there at least three members of the governing body on the committee?		
26	Do co-option arrangements include the involvement of the governing body's search or nominations committee?		
27	Are arrangements in place to rotate governing body membership?		
28	Are all the committee members fully engaged and participative in meeting discussions?		
29	Do the audit committee members ask 'tough questions'?		

30	Does the audit committee demonstrate an independent and challenging approach to its role?			
31	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?			
32	Does the audit committee hold periodic private discussions with the chief internal auditor?			
33	Does the audit committee hold periodic private discussions with the external auditor?			
34	Do the audit committee members draw and reflect on their experiences of other organisations in discussions?			
35	Do the audit committee members have access to the chief financial officer and vice versa?			
36	Does the chief financial officer attend meetings of the audit committee?			
37	Are the activities of the audit committee reported to the governing body after each meeting?			
38	Does the audit committee produce an annual report for the governing body?			

	Information and support			
39	Are there appropriate training and induction procedures for the audit committee members?			
40	Does the audit committee have an independent secretary/clerk?			
41	Do the clerking arrangements for the audit committee ensure that the members' time is used effectively? eg : • is there a good reason for each item being on the agenda? • Are all papers circulated sufficiently in advance (and none tabled?) and distributed in sufficient time for members to give them due consideration? • Do the reports prepared for the audit committee members make it clear what they are being asked to do/agree?			
42	Does the audit committee have a mechanism to keep them aware of topical legal and regulatory issues and institutional developments, for example, by receiving circulars, training or briefing papers? Are they briefed on significant changes?			

43	Do the audit committee members receive reports that are comprehensive but concise and tailored to their needs? Is the information they receive robust and objective?			
44	Has the audit committee considered the information it wishes to receive from internal audit?			
45	Does the audit committee receive periodic reports from the internal audit service?			
46	Are audit committee members encouraged to increase their familiarity with risk management, control and governance issues by visiting various departments within the institution?			
	Activities and functions			
	Governance			
47	Does the audit committee's TOR include oversight of governance arrangements?			
48	Does the audit committee provide support to the institution in meeting the requirements of good governance?			
49	Does the audit committee oversee an assessment of the governance arrangements of the institution and advise the governing body on their effectiveness?			

50	Does the audit committee consider whether the annual governance statement reflects the institution's risk environment?			
51	Does the audit committee consider whether the annual governance statement demonstrates how the institution's governance arrangements support its objectives?			
52	Does the audit committee consider reports and recommendations from external audit and regulators/agencies as appropriate and their implications for governance, risk management and control?			
53	Does the audit committee monitor arrangements for ensuring value for money and for managing exposure to the risk of fraud and corruption?			
54	Does the audit committee scrutinise and challenge the finance committee effectively?			
55	Is the audit committee's role in relation to whistle blowing clear?			
56	Is the audit committee's role in relation to the institution's fraud and corruption procedures clear?

Assurance | | | |

57	Does the audit committee seek to ensure that assurance is planned and delivered?			
58	Does the audit committee understand what assurance is available to support the annual governance statement?			
59	Does the audit committee seek clarity regarding what assurance is required?			
60	Does the audit committee gain assurance that the institution's risk management, control and governance arrangements are adequate and effective?			
	Risk management			
61	Does the audit committee's TOR include oversight of risk management processes?			
62	Does the audit committee keep risk management on its agenda throughout the year?			
63	Does the audit committee monitor how the institution assesses risk?			
64	Does the audit committee review the institution's risk register on a regular basis?			

65	Is the committee made aware of the role of risk management in the preparation of the audit plan?			
	Internal audit			
66	Does internal audit have a direct reporting line to the audit committee?			
67	Does the audit committee approve, annually and in detail, the internal audit strategic and annual plans?			
68	Are follow up audits by internal audit monitored by the audit committee?			
69	Does the committee consider the adequacy of implementation of internal audit recommendations?			
70	Does the audit committee receive regular progress reports from the internal audit service summarising internal audit activity?			
71	Do the reports describe major audit issues and compare activity to date against the audit plan?			
72	How does the audit committee ensure that a professional relationship is maintained between internal and external audit?			

73	Does the audit committee review the adequacy of internal audit staffing and other resources?			
74	Has the audit committee evaluated whether its internal audit service complies with the Government Internal Audit Standards?			
75	Does the audit committee, in conjunction with the internal audit service and management, have a role in establishing and maintaining appropriate performance indicators to measure the work of the internal audit service?			
76	Are audit committee members aware of the key issues to take into account when selecting or reviewing their internal audit function?			
	External audit			
77	Are follow up audits by external audit monitored by the audit committee?			
78	Does the committee consider the adequacy of implementation of external audit recommendations?			
79	Does the audit committee seek the views of senior managers, the CFO, vice chancellor/principal/chief executive and internal audit service when considering			

	whether to recommend the external auditors for reappointment?			
80	Do the external auditors present their audit plans and strategy to the audit committee for review?			
81	Does the audit committee assess the performance of external audit?			
82	Is the audit committee clear regarding its role in the rare event of external audit qualifying the institution's financial statements?			
83	Are audit committee members aware of the key issues to take into account when selecting or reviewing external audit?			
	Financial reporting			
84	Does the audit committee review the external auditor's management letter when considering the institution's financial statements?			
85	Do the institution's financial statements include a description of the audit committee's establishment and activities?			
86	Does the audit committee consider whether the financial statements satisfy all statutory and regulatory requirements to which the institution is subject?			

87	Is the role of the audit committee with regard to the financial statements compatible/clear/ consistent with that of the finance committee?			
88	Does the audit committee review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit?			
	Value for money			
89	Does the audit committee include reference to its responsibility for overseeing value for money arrangements in its annual report to the governing body?			
	Review			
90	Does the audit committee assess its performance and effectiveness on a regular basis?			
91	Do the members assess how they could carry out their business more effectively? eg improved meeting time table			
92	Are there KPIs in place against which the members can assess their performance?			

93	Has the audit committee evaluated whether and how it is adding value to the institution?			
94	Does the audit committee have an action p to improve any areas of weakness?			
95	Has the committee obtained feedback on it those interacting with the committee or relying on its work?			
96	Does the audit committee benchmark its performance against good practice for audit committees in its sector and more widely as appropriate?			