

Meeting	Audit Committee
Date and time	Tuesday 18 <sup>th</sup> September 2018 at 8.30 a.m.
Location	Boardroom, 1 Inverness Campus

Board Secretary  
12 September 2018

**AGENDA**

**Welcome and Apologies**

**Declarations of Interest**

**ITEMS FOR DECISION**

1. **MINUTES**  
Minutes of Meeting of the Audit Committee held on 29 May 2018
2. **OUTSTANDING ACTIONS**  
Action list
3. **POLICIES**
  - a. **Freedom of Information**  
Covering report by Board Secretary
  - b. **E Mail Usage & Retention**  
Covering report by ICT Services Manager

**ITEMS FOR DISCUSSION**

4. **RISK MANAGEMENT**  
Joint Report by Depute Principal and Director of Finance
5. **LETTER FROM EXTERNAL AUDITORS - ERNST & YOUNG**  
Report by Board Secretary
6. **FOLLOW UP REVIEWS 2017-18**  
Report by BDO
7. **OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS 2017-18**  
Report by Director of Finance
8. **INTERNAL AUDIT ANNUAL REPORT FOR 2017-18**  
Report by BDO
9. **INTERNAL AUDIT ANNUAL PLAN 2018-19**  
Report by BDO

10. **HEALTH AND SAFETY ANNUAL REPORT 2017/18**  
Report by Director of Organisational Development
  11. **ANNUAL REVIEW OF AUDITORS PERFORMANCE**  
Covering report by Board Secretary
  12. **AUDIT COMMITTEE SELF EVALUATION EXERCISE**  
Covering report by Board Secretary
  13. **COMMITTEE CHAIR EVALUATION**  
Covering report by Board Secretary
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#### **ITEMS FOR NOTING**

14. **REGULATORY AUDITS – TERMS OF REFERENCE**
  - a) FES Return
  - b) Education Maintenance Allowance
  - c) Student Support Funds
15. **BUSINESS CONTINUITY (CONFIDENTIAL)**  
Report by Director of Organisational Development
16. **GENERAL DATA PROTECTION REGULATION (GDPR) COMPLIANCE**  
Report by Information Development Manager
17. **AOB**
18. **DATE OF NEXT MEETING**  
Tuesday 27<sup>th</sup> November 2018 at 8.30 a.m.

**MINUTES of the MEETING of the AUDIT COMMITTEE held in the Boardroom, 1 Inverness Campus, on Tuesday 29 May 2018**

**PRESENT:** Hazel Allen, Jaci Douglas, Innis Montgomery, Fiona Neilson, Steve Walsh  
**CHAIR:** Hazel Allen  
**APOLOGIES:** Sarah Burton,  
**ATTENDING:** Depute Principal  
Director of Organisational Development  
Director of Finance  
Claire Robertson, BDO  
Andrew O'Donnell, BDO  
Stephen Reid, Ernst & Young  
Olga Potapova, Ernst & Young  
Secretary to the Board of Management

**1. MINUTES**

a. The Minutes of the Meeting of the Audit Committee held on 27 February 2018 were **AGREED** as a correct record, were **APPROVED** and signed by the Chair.

**2. OUTSTANDING ACTIONS**

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

**3. POLICIES**

**a. Complaints**

The SQA Systems verification visit had identified the need for changes to wording within the complaints policy. These changes related primarily to the use of the wording around appealing complaints; and the extension of SQA criteria to include other regulatory bodies, for example, Ofqual, Qualification Wales.

Further changes included an alignment of the definition of a complaint across the documentation, and a review of the legislative frameworks covered by the policy.

The Committee **APPROVED** the revised complaints policy.

**b. Data Protection**

The Policy had been revised to take account of the introduction of the EU General Data Protection Regulation (GDPR) which would supersede the Data Protection Act 1998.

Although there were only minor revisions made to the existing policy, because of the high profile of GDPR, the Committee **AGREED** to recommend the revised data protection policy to the Board of Management for approval.

**c. Records Management**

The Policy had been revised to take account of the introduction of the EU General Data Protection Regulation (GDPR) which would supersede the Data Protection Act 1998. The records retention schedule had been associated with, but had not been formally recorded as being part of the policy. The revision took this into account.

Although there were only minor revisions made to the existing policy, because of the high profile of GDPR, the Committee **AGREED** to recommend the revised records management policy to the Board of Management for approval.

**d. E mail usage and retention**

A recent internal audit was carried out by BDO into the College's preparation for compliance with the new General Data Protection Regulations Act. Whilst the audit highlighted that the College had appropriate policies and procedures in place a recommendation was made to automatically delete email after a defined period of time.

This approach was not appropriate for Inverness College, with a diverse education portfolio, research activities and funding and legislative requirements across various works streams and functions. Therefore, an Email and usage retention policy had been drafted to address the need to manage email appropriately, and not to retain indefinitely.

Monitoring reports would be provided to the committee.

The Committee **AGREED** to recommend the new E Mail usage and retention policy to the Board of Management for approval.

**e. Health and Safety**

This Policy had been submitted to the last Audit Committee in February. The committee had requested some changes. Whilst incorporating these into the policy, the Director of Organisational Development saw the opportunity to add reference to the business continuity plan.

As the information on the business continuity plan had not been seen by the Committee, it was agreed that the policy be referred back to this meeting for consideration.

The Committee **AGREED** to recommend the revised Health and Safety Policy to the Board of Management for approval.

**4. EXTERNAL AUDIT ANNUAL AUDIT PLAN FOR THE YEAR ENDED JULY 2018**

A report by the External Auditors, Ernst & Young outlined their annual audit plan for the year ending July 2018. The financial statement audit included two fraud risks - fraud in revenue and expenditure recognition and management override and three inherent risks - valuation of property, plant and equipment and capital funding, capital financing arrangements and pension liabilities. The wider scope audit would relate specifically to the audit dimensions of financial sustainability and governance and transparency. A letter had been sent to the Board Secretary in April 2018 in

this regard and the Chair confirmed that this would be considered at the next meeting of the Committee in September.

The Committee **APPROVED** the external audit annual plan for the year ended July 2018.

## 5. **AUDIT REPORTS**

### a) **DATA PROTECTION / GDPR**

As part of the 2017-18 Internal Audit Plan, a review was undertaken of the arrangements in place to prepare for compliance with the EU General Data Protection Regulation (GDPR). The report, dated March 2018, provided a limited level of assurance for both design and operational effectiveness and four recommendations had been made (three medium and one low significance)

The Director of Organisational Development spoke to her report on GDPR (item 12 on the agenda) which detailed the actions which had been taken on the recommendations within the audit report. All actions had been implemented by 25<sup>th</sup> May when GDPR came into force.

BDO confirmed that the immediate implementation of the actions would be acknowledged in their annual report.

The Committee **NOTED** the key findings and recommendations within the data protection audit report.

A member of the Committee asked who was responsible for student records. It was **AGREED** that the Director of Organisational Development would submit a report to the next meeting of the committee clarifying who was the data controller and who was the data processor of these records.

### b) **PARTNERSHIP WORKING**

The purpose of the review was to provide assurance on whether Inverness College UHI had effective arrangements in place to strategically manage key relationships and to ensure common understanding of aims, roles and responsibilities, and effective partnership working. The report, dated April 2018 provided a substantial level of assurance for both design and operational effectiveness. Two recommendations had been made (both low significance).

The stakeholder engagement review, which had recently been approved by the Learning, Teaching and Research Committee, would allow the quality and impact of the College's engagement with key stakeholders to be systematically captured and evaluated. The Learning, Teaching and Research Committee would monitor ongoing progress.

The Committee **NOTED** the key findings and recommendations within the partnership working audit report.

**c) STUDENT SUPPORT**

As part of the 2017-18 internal audit plan, an assessment was made of the key controls in relation to the provision of student support services within the college.

The report, dated May 2018 provided a substantial level of assurance for both design and operational effectiveness. One recommendation had been made (low significance).

The Committee **NOTED** the key findings and recommendation within the support services audit report.

**6. OUTSTANDING AUDIT RECOMMENDATIONS**

A report by the Director of Finance provided an update on progress against audit recommendations resulting from the risk management and financial control audit. A number of actions had been completed and others were still being progressed.

The Committee **NOTED** the outstanding actions and the Chair **REQUESTED** that an extra column be included in the report to identify whether actions had been completed or could be carried forward.

**7. INTERNAL AUDIT PROGRESS REPORT – 2017/18 ANNUAL PLAN**

A report by the Internal Auditors, BDO advised of the progress of the internal audit plan for 2017-18. All reports within the annual plan had been completed with the final three reports having been presented at this meeting.

The Committee **NOTED** the position.

**8. RISK MANAGEMENT**

A report by the Depute Principal presented the risk register for review.

The Committee **REQUESTED** that the wording of risk 32, relating to student residences be reviewed as both the risk description and the causes related to the recent specific incident as it was felt that it should be shown as a more generic risk.

**9. FINANCE STRATEGY / RISK**

The Chair referred to the financial risks to the college and suggested that the Board needed to consider a financial strategy going forward. She was unsure if all board members fully understood the level of risk from e.g. the recent outcomes of national bargaining.

The Board needed to further consider risk appetite and to consider proposals and developments which would mitigate the financial risks.

The Director of Finance advised that the SMT were currently working on the development of a 5 year financial strategy. The financial strategy would be discussed at the Board of Management meeting in October.

It was **AGREED** that the Chair would raise this with the Chair of the Board.

## 10. BUSINESS CONTINUITY

A report by the Director of Organisational Development provided an update to the Business Continuity Plan following the recent UHI Business Continuity Exercise. A number of key observations of what went well, identified areas for improvement as well as lessons learned from the exercise were highlighted in the report.

Members of the committee asked about the level of and the timescale for counselling support for staff after the event. It was suggested that the specific services of an external agency might be required.

It was **AGREED** that the Director of Organisational Development would look at the level of counselling support available across the college and investigate additional external support.

She also provided an update on the progress made with Police Scotland anti-terrorist officers, Emergency Planning and Staff training.

## 11. HEALTH AND SAFETY

A report by the Director of Organisational Development provided a quarterly report on matters pertaining to health and safety. During Q3 of 2017-18 the reporting of incidents throughout the College in comparison with the same point last year had increased by 11% from 54 to 60. However, out of the 54 incidents reported in Q3 2016-2017, only 18 were attributed to college activities. Further guidance was now provided to ensure that only those incidents within the college boundary and associated with college activity were recorded. There were no RIDDOR incidents over the period, but there were two significant incidents, namely

- A fire alarm activation on 13<sup>th</sup> March 2018
- An incident involving a cyclist and a child at the nursery on 20<sup>th</sup> March 2018.

Two Health and Safety Management (HASM) audits had been carried out, namely a GTEIL Audit and a GTFM PPM compliance audit and a risk assessment and risk control audit. A Health and Safety Management (HASM) audit had been undertaken at the Scottish School of Forestry in March 2018.

The Committee **NOTED** the report.

*Jaci Douglas left the meeting during consideration of the following item.*

## 12. FINANCE SYSTEM UPDATE

A joint report by the UHI Director of Business Improvement and the Director of Finance provided an update on the current status of the new finance system implementation. The agreed date of 8 May for Inverness College UHI to commence UAT had been postponed. Recognising the existing level of risk in relation to the 8 May date, the College decided that any further delays created an unacceptable risk for an August go live. Accordingly, the college could not commit to a 1 August go live date.

The Director of Finance suggested that the revised go live date might be February 2019.

The Committee expressed considerable concern about this further delay. It **REQUESTED** that a report be provided by UHI for the next Board of Management meeting on 26 June 2018 which outlined

1. The risks associated with this further delay against those risks of retendering for the project.
2. The costs of the overspend within the core team and
3. Whether any costs could be recovered by way of compensation.

### **13. FINANCE TEAM RESOURCING**

The Director of Finance advised that a full review of the finance team structure would be undertaken by the Finance Manager and a member of staff would be appointed to backfill the Finance Manager role during the period of the review.

The Committee **REQUESTED** the Director of Finance to provide an update to the next meeting in September.

### **14. MEETING OF UHI AUDIT CHAIRS – 3 May 2018**

The Chair provided a very brief update on the meeting of UHI Partner audit chairs held at the beginning of May.

The next meeting would be held in November 2018 and risk and risk management would be included on the agenda

*The External Auditors and Members of the Senior Management team left the meeting.*

### **15. MEETING WITH INTERNAL AUDITORS**

The Board Secretary advised that the Code of Good Governance for Scotland's Colleges required that the audit committee members should meet with the internal auditors without the executive team present at least annually.

Claire Robertson of BDO advised that in their first year of appointment, BDO had ensured that there had been a consistency in the team providing the service, namely herself (Director), Andrew O'Donnell (Manager – Risk & Advisory Services) and Adam Brown (Senior – Risk & Advisory Services). She was pleased to report that Management had co-operated quickly with queries and had taken on board the recommendations made.

It had been helpful to agree in advance the dates and the terms of reference of the audits to be carried out. Very strong control arrangements had been found to be in place in the majority of audits.

A member of the committee asked whether the Committee were asking challenging enough questions and Claire confirmed that she thought this was the case.

A number of improvements would help the process in the next year including BDO having more regular conversations with management and an improved outline for the risk register would enhance the content and give Board members a clearer understanding of the key issues and of the remediation actions which were being taken. BDO were of the opinion that the current format of the UHI risk register was not helpful to either Board members or to management.

It was suggested that the Committee should consider in depth a number of risks at each committee, similar to the format which the SMT had adopted. This would lead to an improved discussion and understanding of the key risks. The Chair agreed to discuss this suggestion with the Depute Principal.

The first year of the internal audit service provision had been about establishing relationships and understanding the culture of the organisation and identifying the specific risks. The effectiveness of processes had been established through the identification of controls although this did not always guarantee a good outcome. Further reporting on the triangulation process would be beneficial.

**16. ANNUAL REVIEW OF AUDITORS PERFORMANCE**

Consideration of this item was deferred until the meeting in September.

**17. AUDIT COMMITTEE SELF EVALUATION EXERCISE**

Consideration of this item was deferred until the meeting in September

**18. COMMITTEE CHAIR EVALUATION**

Consideration of this item was deferred until the meeting in September

*The following item was included in the agenda for noting only and therefore no discussion took place at the meeting.*

**19. COMPLAINTS UPDATE REPORT**

A report by the Quality Manger provided an update on complaints received for Quarters 1 – 3 of the academic year 2017 - 18.

**20. DATE OF NEXT MEETING**

18 September 2018 @ 8.30 a.m.

**Signed by the Chair:** \_\_\_\_\_

**Date:** \_\_\_\_\_

### Outstanding Actions - Audit Committee

<b>27 February 2018</b>				
<b>Item</b>	<b>Action</b>	<b>Responsibility</b>	<b>Time line</b>	<b>Actioned</b>
<b>Capability and resource within the finance team</b>	Update to committee	Director of Finance	<del>29 May 2018</del> September 2018	
<b>Outstanding recommendations – risk management audit</b>	Progressed at board development day or at Joint Audit committee chairs meeting	Chair – Audit	Next Audit Chairs meeting Nov 2018	
<b>Risk Register</b>	Additional risk re disaster recovery	SMT	Next SMT – March	
<b>Academic Partner Audit Committee Chairs meeting</b>	Risk, including those identified within the RM audit, finance system contract and student residences to be considered	Board Secy/Chair of Audit	<del>3 May 2018</del> November 2018	
<b>29 May 2018</b>				
<b>Item</b>	<b>Action</b>	<b>Responsibility</b>	<b>Time Line</b>	<b>ACTIONED</b>
<b>Data Protection</b>	Report clarifying who is data controller and who is data processor of student records	Director of Org Dev	Sept meeting	
<b>Outstanding audit recommendations</b>	Extra column in report to identify whether actions had been completed or would be carried forward	Director of Finance	Sept Meeting	
<b>Risk management</b>	Wording of risk 32, Student residences be reviewed – both description and causes to be more generic	Depute Principal	Next SMT/Sept meeting of committee	
<b>Finance strategy / risk</b>	Understanding of risk by board members. Need to consider further risk appetite, development of financial strategy, actions to mitigate financial risks	Chair to discuss with Chair of the Board	ASAP	

<b>Business Continuity plan</b>	Look at the level of counselling support within college and available after an event – investigate additional support	Director of Org Dev	By end August	
<b>Finance System update</b>	<p>report be provided by UHI for the next Board of Management meeting on 26 June 2018 which outlined</p> <ol style="list-style-type: none"> <li>1. The risks associated with this further delay against those risks of retendering for the project.</li> <li>2. The costs of the overspend within the core team and</li> <li>3. Whether any costs could be recovered by way of compensation.</li> </ol>	Board secretary / Director of Finance	Board Meeting 26 June	Complete
<b>Finance Team resourcing</b>	Update to next meeting	Director of Finance	September meeting	
<b>Meeting with Internal Auditors</b>	<p>More regular conversations with management</p> <p>Improved outline for risk register</p> <p>Suggestion that Committee consider in depth a number of risks at each meeting</p>	<p>Director of Finance</p> <p>Depute Principal</p> <p>Chair to discuss with depute Principal</p>	By mid August	

## BOARD OF MANAGEMENT

<b>Subject/Title:</b>	Freedom of Information Policy
<b>Author:</b> [Name and Job title]	Fiona Ambrose, Board Secretary
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	18 September 2018
<b>Date Paper prepared:</b>	29 August 2018
<b>Brief Summary of the paper:</b>	.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	The Committee is asked to approve the minor changes to the policy
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Compliance with Freedom of Information and associated Legislation.
<b>Resource implications:</b>	No <b>If yes, please specify:</b>
<b>Risk implications:</b>	<b>Yes / No</b> <b>If yes, please specify:</b> Operational: Organisational:.
<b>Equality and Diversity implications:</b>	<b>Yes/No</b> <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	N/A
<b>Status – [Confidential/Non confidential]</b>	Non Confidential
<b>Freedom of Information</b> Can this paper be included in “open” business* [Yes/No]	Yes
*If a paper should <b>not</b> be included within “open” business, please highlight below the reason.	

**ITEM 3a**

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

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

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

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

For how long must the paper be withheld? (express either as the time which needs to pass or a condition which needs to be met.)	
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**Recommendation(s)**

The Audit Committee is asked to approve the changes to the draft (revised) Freedom of Information policy.

**Background**

The Policy was discussed at Scrutiny Panel (30 May 2018) and SMT (19 July 2018). Following final approval by Audit Committee, the policy will be published.

**Main body of Information**

Minor changes have been made to the policy. The legislative framework has been updated.



**FREEDOM OF INFORMATION POLICY**

**REFERENCE: PL/GO/2018/**

Policy Owner	Principal
Lead Officer	College Secretary
Review Officer	College Secretary
Date first approved by SMT	9 June 2008
First Review Date	24 November 2009
Date review approved by SMT	24 November 2015
Next Review Date	June 2018
Equality impact assessment	3 March 2010 11 June 2012
Further information (where relevant)	

Reviewer	Date	Review Action/Impact
College Secretary	24.11.09	Audit Committee
College Secretary	04.09.12	Audit Committee
College Secretary	24.11.15	Audit Committee

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## 1. Policy Statement:

Inverness College UHI will comply with the requirements of the *Freedom of Information (Scotland) Act 2002* (the "Act") and the *Environmental Information (Scotland) Regulations 2004* (the "EIRs") which place obligations upon Inverness College UHI, as a designated Scottish Public Authority, to provide information to the public.

The Act aims to increase openness and accountability in government and across the public sector by ensuring that people (anywhere in the world) have the right to access information held by Scottish public authorities.

This policy applies to all information held by the College, including information stored on the College's behalf by another organisation or authority. Information can be held in a variety of media, including paper, analogue or digital formats.

Subject to certain conditions and exemptions, any person who makes a request for information in writing (or some other permanent form) to Inverness College UHI will be entitled to receive it.

## 2. Legislative framework/related policies

- 2.1 Freedom of Information (Scotland) Act 2002 (the "Act")
- 2.2 Environmental Information (Scotland) Regulations 2004 (the "EIRs")
- 2.3 ~~Data Protection Act 1998.~~
- 2.4 EU General Data Protection Regulation (GDPR)
- 2.5 UK Data Protection Bill
- 2.6 This policy should also be read in conjunction with the College's:
  - 2.6.1 Data Protection Policy
  - 2.6.2 ~~Section 61 Code of Practice on Records Management (revised 16 December 2011)~~
  - 2.6.3 FOI/EIR: Section 60 code of practice
  - 2.6.4 Complaints Policy
  - 2.6.5 Publication Scheme

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## 3. Scope

### General

- 3.1 This policy applies to all information held by the College, including that contained within the Publication Scheme and information stored on the

College's behalf by another organisation or authority. Information can be held in a variety of media, including paper, analogue or digital formats.

- 3.2 It is the responsibility of Managers to ensure that staff are made aware of the existence and content of this policy.

### **Information Requests**

- 3.3 All FOI requests, received by the College must be in a permanent form (eg letter, e-mail, fax, audio/video recording). EIR requests do not need to be received in a permanent form.
- 3.4 Applicants do not need to explain why they require the information they seek. Applicants need not quote their rights under the Act or regulations to make a request for information.

### **Exemptions**

- 3.5 Inverness College [UHI](#) may refuse to provide information that it deems to be exempt under the Act or regulations. In such circumstances, the College will issue a refusal notice to the applicant, explaining why the information requested is considered to be exempt from disclosure in terms of the Act.

## **4 Compliance**

- 4.1 The College will appoint two Freedom of Information Officers (FoIOs) to ensure that this policy is complied with and that it is audited regularly with reports going to the appropriate committee.
- 4.2 The College will ensure that the FoIOs receive appropriate and ongoing training as part of their Continual Professional Development.

## **5 Monitoring**

- 5.1 This college policy will be monitored and its implementation evaluated.

## **6 Review**

- 6.1 The Freedom of Information policy and procedures shall be reviewed every three years.

## Board of Management

<b>Subject/Title:</b>	Email Usage and Retention Policy
<b>Author:</b> [Name and Job title]	Martin Robinson, ICT Services Manager
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	18 September 2018
<b>Date Paper prepared:</b>	12 September 2018
<b>Brief Summary of the paper:</b>	The policy was recommended for approval at the Audit committee in May 2018 subject to clarification of a couple of minor points. The attached addresses these for the audit committee.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	The Committee is asked to recommend the new policy to the Board of Management for approval
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	6.4 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;
<b>Resource implications:</b>	<b>Yes / No</b> <b>If yes, please specify:</b>
<b>Risk implications:</b>	<b>Yes / No</b> <b>If yes, please specify:</b> Operational: Risk of FOI requests being burdensome due to retention of data beyond processing period Organisational: Risk of personal data being held outside appropriate processing timescales.
<b>Equality and Diversity implications:</b>	<b>Yes/No</b> <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	N/A
<b>Status</b> – [Confidential/Non confidential]	Non Confidential
<b>Freedom of Information</b>	Yes

**ITEM 3d**

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

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

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

## **Background**

At the Audit Committee meeting in May 2018, the use of college e-mail and personal devices was raised as a point of clarification. Section 4 has now been updated to include the following points.

- 4.4. Staff should NOT download College email to a non-College PC, laptop or mobile device using an email client (e.g. Apple Mail, Microsoft Outlook on a non-College PC).
- 4.5. College email should NOT be downloaded on a non-College PC, laptop or mobile device using an email client (e.g. Apple Mail, Microsoft Outlook).
- 4.6. College email should NOT be forwarded to an alternate email account, such as hotmail or yahoo.
- 4.7. Do NOT use .pst files (Outlook personal folders) to archive emails to a PC or external hard disk. These are liable to be lost or overlooked when requested under FOI.
- 4.8. Anything you write, send or receive in an email may be subject to disclosure under FOI or the DPA. Email may also be used as evidence in legal proceedings.

## **Recommendation**

The Audit Committee is asked to recommend the policy to the Board of Management for approval.



## Email Retention and Usage Policy

**REFERENCE: (will be inserted by Quality Unit)**

**DRAFT- date**

Policy Owner	Director of Organisational Development and Performance
Lead Officer	ICT Services Manager
Review Officer	Information Development Manager
Date first approved by BoM	
First Review Date	
Date review approved by BoM	
Next Review Date	
Equality impact assessment	N/A
Further information (where relevant)	

Reviewer	Date	Review Action/Impact

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8. Review	<b>Error! Bookmark not defined.</b>

## **1. Policy Statement**

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

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

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

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

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

## **3. Scope**

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

## **4. Use of College Email**

- 4.1. College email accounts should be managed securely and for work purposes only to comply with the relevant legislation above.
- 4.2. College email addresses should NOT be used to subscribe or login to non-work related websites or mailing lists, e.g. paypal, ebay, shopping websites, facebook etc.
- 4.3. College email should NOT be used for non-work related communication or activity.
- 4.4. Staff should NOT download College email to a non-College PC, laptop or mobile device using an email client (e.g. Apple Mail, Microsoft Outlook on a non-College PC).
- 4.5. College email should NOT be downloaded on a non-College PC, laptop or mobile device using an email client (e.g. Apple Mail, Microsoft Outlook).

- 4.6. College email should NOT be forwarded to an alternate email account, such as hotmail or yahoo.
- 4.7. Do NOT use .pst files (Outlook personal folders) to archive emails to a PC or external hard disk. These are liable to be lost or overlooked when requested under FOI.
- 4.8. Anything you write, send or receive in an email may be subject to disclosure under FOI or the DPA. Email may also be used as evidence in legal proceedings.

## **5. Retention of Emails**

- 5.1. College staff are responsible for managing their email in the same way they manage other business records.
- 5.2. The retention of email is governed by the information within it, not the medium it is stored. Please refer to the Record Management Policy for more information on the appropriate storage or records. For example, key communication regarding an EU funded project would require much more thought before deleting than emails to a colleague to arrange a meeting.
- 5.3. That is, due to the diverse work across the College, there is no “one size fits all” approach to email retention.
- 5.4. However, the presumption is that unless there are good reasons to retain an email it should be deleted and there are automated methods within your email client to comply with this.
- 5.5. Retention of emails should comply with the current data protection legislation. In particular, “Personal data shall be kept in a form which permit identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed”.
- 5.6. College staff should consult their line manager, in the first instance, where they require clarification on email retention and department records management.

## **6. Compliance**

- 6.1. This policy is a cross wide college policy; and all staff must work to meet the requirements outlined within the policy.
- 6.2. Any staff found to be in breach of this policy may be subject to action through the College’s disciplinary procedures.

## **7. Monitoring**

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

## Board of Management

<b>Subject/Title:</b>	Risk Management
<b>Author:</b> [Name and Job title]	Roddy Henry, Depute Principal Fiona Mustarde, Director of Finance
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	18 September 2018
<b>Date Paper prepared:</b>	11 September 2018
<b>Brief Summary of the paper:</b>	Highlighting the key financial risks/challenges currently facing Inverness College UHI and finance resourcing within this context.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Discussion
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Risk Management – demonstrates our understanding of the key risks facing Inverness College UHI
<b>Resource implications:</b>	No
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: Organisational: Ineffective management of significant risks leading to adverse financial impacts
<b>Equality and Diversity implications:</b>	No
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	N/A

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

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

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

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

## Risk Management

### Executive summary

The most significant risk to Inverness College UHI is an inability to maintain financial sustainability. This paper outlines the drivers behind this and identifies the actions taken to mitigate the risk.

### Background information

Risk management reporting to the Audit Committee on significant risks has primarily been undertaken through the provision of the College's Risk Register for review. On discussion with the Chair of Audit Committee, it was agreed that it would be beneficial for the most significant risks to be brought to the Committee's attention separately from the Risk Register and also incorporate information relating to the resourcing of the finance function. The Risk Register is provided for information.

### Risk

The most significant risk to the College is an inability to maintain financial sustainability. The context to this includes other risks identified on the College's Risk Register, including the impacts resulting from any financial instability of the UHI partnership:

- increased on-costs and increased staffing costs due to national bargaining
- unknown outcomes relating to support staff job evaluation
- a real-terms reduction in the unit of resource for FE and HE delivery
- increasing difficulty to recruit to student numbers targets, particularly at FE

Actions to mitigate the risk include:

- a review of the curriculum to ensure the College offer is in line with demand
- further diversification of income streams (particularly, apprenticeship contracts, commercial activity and international student recruitment)
- rigorous financial and operational planning to maximise efficiencies

A further action to minimise the overall risk is the College's continued, positive and influential engagement in the discussions around integration.

### Finance Resourcing

In order to effectively support the College in addressing the key financial risks, a sufficiently robust finance function is required. One of the primary recommendations resulting from the external audit process last year related to finance departmental resourcing. At the time of the external audit, the Director of Finance had been in post for three months and recruitment for a new Finance Manager was still active. This was a

challenging post to recruit to but ultimately led to a successful appointment with a new manager in post at the end of January 2018.

The current financial system in place is outdated and no longer meets our organisational needs. We are part of a UHI led project to procure and implement a new finance system which will transform the way in which the finance function operates (procurement took place in 2015). In anticipation of this, no permanent establishment decisions were taken, with an expectation that a full review would be undertaken once the new system was in use (originally scheduled for 2016) and therefore we would be in a better position to make informed decisions on our future requirements.

However, this project is more than two years behind schedule and the earliest go live date for Inverness College UHI is now August 2019. Given the difficulties encountered with the development and configuration to date, even if the system successfully completes user acceptance testing in the coming months, we are of the view that an in-year go live is too high risk.

The Finance Manager has undertaken a review of resource required to maintain service levels, build resilience and provide stability within the team, and Resource Panel has approved the immediate requirements. A redistribution of tasks between some roles will provide opportunities for change. This, combined with a process review underway by the UHI Business Improvement Team, should alleviate some of the current pressures.

Whilst this should enhance the level of support provided to managers, this is unlikely to fully address our need for further appropriately skilled financial expertise to support managers in meeting the challenges faced. A full review is to be carried out by bringing in external resource to identify opportunities and requirements.

## Board of Management

<b>Subject/Title:</b>	External Auditors - Assurances
<b>Author:</b> [Name and Job title]	Fiona Ambrose, Board Secretary
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	18 September 2018
<b>Date Paper prepared:</b>	7 September 2018
<b>Brief Summary of the paper:</b>	Auditing standards require Ernst & Young, the Colleges External Auditors to formally update their understanding of the College's arrangements for oversight of management processes and arrangements annually. A letter was received in April 2018 and the Committee, at its meeting in May 2018 agreed that the letter be considered at this meeting in September. The 10 questions asked in the letter of April 2018 are outlined in the body of the report and suggested responses are shown
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Discuss and agree an appropriate response to the letter
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with::  <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Compliance  Risk Management
<b>Resource implications:</b>	Yes / No  <b>If yes, please specify:</b>

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

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## External Auditors - Assurances

### Executive summary

Auditing standards require Ernst and Young, the Colleges External Auditors to formally update their understanding of the College's arrangements for oversight of management processes and arrangements annually. A letter was received in April 2018 and the Committee, at its meeting in May 2018 agreed that the letter be considered at this meeting in September.

### Background information

The 10 questions asked in the letter of April 2018 and suggested responses (shown in blue) are as follows:-

1) How does the Audit Committee, as 'those charged with governance' at Inverness College ("the College"), exercise oversight of management's processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
  - identifying and responding to risks of fraud in the College, including any specific risks of fraud which management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
  - communicating to employees its view on business practice and ethical behaviour, for example by updating, communicating and monitoring against the College's code of conduct;
  - encouraging employees to report their concerns about fraud; and
  - communicating to you the processes for identifying and responding to fraud or error?
- The College's financial regulations. An extensive review of the Financial Regulations was undertaken during 2017/18. They will be reviewed again in 2018-19. Reference to Fraud and Corruption is included in Para 3.2
  - the Financial Memorandum between UHI as the Regional Strategic Body and Inverness College UHI
  - Finance monitoring statements submitted to the Finance and General Purposes committee on a quarterly basis
  - Risk Register submitted to the Audit committee on a quarterly basis
  - The Financial Controls Audit, carried out by the Internal Auditors BDO
  - Opinions of both the Internal and External Auditor which are included within the Annual Audit report to the Board of Management

2) How does the Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

This appears to be a repeat of question 1?

3) Is the Audit Committee aware of any:

- breaches of, or deficiencies in, internal control; and
- actual, suspected or alleged frauds during 2017/18?

No. The Financial Controls Audit in February 2018 identified that all controls were appropriate if followed. It was acknowledged that some controls were not being followed fully due to resource issues within the finance team.

4) Is the Audit Committee aware any organisational or management pressure to meet financial or operating targets?

Yes. All committees and the Board of Management are very aware of the pressure to meet financial targets and student numbers and this has been debated on a number of occasions already and will continue to be debated in the future

5) How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2017/18?

Management reporting to Committee on issues such as the new GDPR regulations and the six monthly employment law updates to the Human Resources Committee. In addition, the Chair of the Board and Board Secretary receive SFC circulars and these are shared with the relevant Committee Chair and Vice Chair.

6) Is the Audit Committee aware of any actual or potential litigation or claims that would affect the financial statements?

No

7) How does the Audit Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

The Director of Finance provides the Finance and General Purposes Committee with quarterly monitoring statements. Agendas and papers for all Board and Committee meetings are available on the Inverness College website. The Minutes of all committees are included in the quarterly Board of Management agenda and papers

8) How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with the Scottish Funding Council's ("SFC") Accounts Direction and Financial Memorandum?

The Financial Regulations refer to the Financial Memorandum between the University of the Highlands and Islands and Inverness College UHI and to the SFC Accounts Direction. As referred to in question 5 above, the Annual Accounts Direction is shared with appropriate Board Members

9) How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with its requirements as an independent charity as set out by OSCR?

The annual OSCR return was included in the agenda and papers for the Board of Management meeting in June 2018. A draft will be submitted ahead of submission in future.

10) How does the Audit Committee satisfy itself that the College has arrangements to monitor and maintain the regularity of income and expenditure?

Finance monitoring statements are considered by the Finance and General Purposes Committee every quarter. All Board members have access to all Committee papers. Minutes from Committee meetings are included in the agenda and papers for each quarterly Board Meeting.

# Inverness College UHI

## INTERNAL AUDIT REPORT

Follow up review

July 2018



# CONTENTS

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## REPORT STATUS

Auditor:	Adam Brown
Dates work performed:	3 <sup>rd</sup> May - 20 <sup>th</sup> July 2018
Final report issued:	7 <sup>th</sup> August 2018

## DISTRIBUTION LIST

Fiona Mustarde	Director of Finance
Members of the Audit Committee	

### Restrictions of use

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

# EXECUTIVE SUMMARY

## Scope and Work Undertaken

### Background

To provide assurance that the control improvements recommended by Internal Audit are being achieved, a review of the progress made by Management in implementing previous Internal Audit recommendations was undertaken. In accordance with the Annual Internal Audit Plan, we have followed up on the implementation status of all recommendations raised during 2017-18, and those raised in previous years which were still outstanding at the time of the last follow up review.

A total of 22 audit recommendations were followed up. These relate to 11 separate internal audit reports, as shown below:

Data Protection/Freedom of Information (2011/12) (1 recommendation)	New Campus - Maintenance and Unitary Charge Controls (2016/17) (1 recommendation)
Procurement and Creditors/Purchasing (2013/14) (1 recommendation)	FES Return (2017/18) (7 recommendations)
Budgetary Control/General Ledger (2015/16) (1 recommendation)	Risk Management (2017/18) (3 recommendations)
Risk Management and Business Continuity/Disaster Recovery (2015/16) (1 recommendation)	Corporate Governance (2017/18) (1 recommendation)
Student Fees and Contracts (2016/17) (2 recommendations)	Financial Controls (2017/18) (2 recommendations)
Procurement and Creditors/Purchasing (2016/17) (2 recommendations)	

### Methodology

Inverness College's Internal Audit recommendation progress reports were reviewed to ascertain Management's assessment of the degree of implementation achieved. Where the report stated that recommendations had been implemented or partially implemented testing was undertaken to verify compliance.

### Acknowledgement

We appreciate the assistance provided by the staff involved in the review and would like to thank them for their help and on-going co-operation (see Appendix I for a list of staff consulted during the follow-up review).

# EXECUTIVE SUMMARY

## Status of recommendations due for implementation as at June 2018

Overall, Inverness College has made some progress in implementing the recommendations made, but further work is required to improve the control environment. The summary below provides an overview of the status of each recommendation. Of the 21 recommendations due for implementation that have been followed up and are due, 14 recommendations (66%) have been categorised as fully implemented, 1 recommendations remain outstanding (5%), 6 (29%) remain partially implemented, details of which are shown from page 5 onwards.

As a result of the implementation of these recommendations, Inverness College have made good control improvements in a number of areas, notably within the FES Return process and within Procurement. Further work to ensure implementation of the remaining recommendations is required.

Audit	Status at June 2018					Total
	Fully Implemented	Partially Implemented	Not Implemented	Superseded	Not yet due for Implementation	
Data Protection/Freedom of Information		1				1
Procurement and Creditors/Purchasing	1					1
Budgetary Control/General Ledger		1				1
Risk Management and Business Continuity/Disaster Recovery	1					1
Student Fees and Contracts		1	1			2
Procurement and Creditors/Purchasing	2					2
New Campus - Maintenance and Unitary Charge Controls	1					1
FES Return	7					7
Risk Management		3				3
Corporate Governance	1					1
Financial Controls	1				1	2
<b>TOTAL</b>	<b>14</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>22</b>

# RECOMMENDATION STATUS - DATA PROTECTION/FREEDOM OF INFORMATION (2011/12)

Ref.	Original Recommendation from Previous Internal Audits	Sig.	Original Management Response to Previous Internal Audits	Responsibility & Implementation Date
1	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.	Unknown	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.	<i>Responsible Officer:</i> <i>Information Development Manager</i>  <i>Implementation Date:</i> <i>31 April 2011</i>
<b>Status at June 2018</b>				
<b>Partially Implemented</b>				
<p>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 and stored etc. It is recognised that records management is also a large part of meeting the EU GDPR by the college. The IDM is working with the UHI Records Manager (and others) to address the need to manage, and delete when no longer required, the student data in the SITs database. The College SMT are driving this forward to ensure it happens.</p> <p>Work with UHI colleagues in relation to records retention within SiTs is still on going. Retention periods have been agreed and a SiTs consultant has been consulted with regard to implementation. This is being led by UHI LIS team. Dialogue is still on going with the UHI Records Manager with regard to a records retention schedule for tertiary education and will be for some time. The student administration section was agreed in the Autumn of 2017. The last meeting held was on 02/05/18 and it is planned that a meeting will be held on a monthly basis going forward.</p>				

# RECOMMENDATION STATUS - BUDGETARY CONTROL/GENERAL LEDGER (2015/16)

Ref.	Original Recommendation from Previous Internal Audits	Sig.	Original Management Response to Previous Internal Audits	Responsibility & Implementation Date
2	Establish a formal timetable and procedure for the budget setting process and ensure that these are communicated to all budget holders.	Unknown	The timetable will be completed as part of the operational planning cycle for 2015/16	<i>Responsible Officer:</i> <i>Director of Corporate Services</i> <i>(Post no-longer)</i>  <i>Implementation Date:</i> <i>31 March 2015</i>
<b>Status at June 2018</b>  <b>Partially Implemented</b>  A formal timetable was not prepared due to delays in Finance Manager recruitment. However, there is an operational calendar which is discussed at each OMG (operational managers group) and this shows the time period budgeting takes place over. This calendar is accessible to all staff. In addition, the new Finance Manager and Accountants between them met with all budget holders to discuss 2018/19 requirements. A timetable for 2019/20 will be produced once the committee dates have been agreed.				

# RECOMMENDATION STATUS - STUDENT FEES AND CONTRACTS (2016/17)

Ref.	Original Recommendation from Previous Internal Audits	Sig.	Original Management Response to Previous Internal Audits	Responsibility & Implementation Date
3	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.	Unknown	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.	<i>Responsible Officer:</i> <i>MIS Manager/Finance Manager</i>  <i>Implementation Date:</i> <i>30 June 2016</i>

## Status at June 2018

### Not Implemented/Ongoing

The new MIS manager agrees with the comment made during the 2017 follow up that 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.

There is a UHI led project (Student Records Procedure Group) just getting underway to review the student data framework across the partnership. This project is tasked 'to develop a set of procedures to be adopted by all partners in collecting, processing and managing data'. It is possible that online module selection for FEPT learners will be considered as part of the work of this group but that cannot be guaranteed by the MIS manager.

The MIS manager also noted that the college use module selection forms to support the collection of optional units from students including FEPT students. The completion of these forms is supported by academic staff.

# RECOMMENDATION STATUS - STUDENT FEES AND CONTRACTS (2016/17)

Ref.	Original Recommendation from Previous Internal Audits	Sig.	Original Management Response to Previous Internal Audits	Responsibility & Implementation Date
4	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.	Unknown	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.	<i>Responsible Officer:</i> <i>Finance Manager</i>  <i>Implementation Date:</i> <i>31 August 2016</i>
<b>Status at June 2018</b>				
<b>Partially Implemented</b>				
The college have made significant progress regarding bringing the SITS reconciliation up to date. There is still progress required as the investigations needed to clear off some of the remaining items require a number of staff. Our debtors officer is now working on this along with another finance officer with the hope of completion in coming months.				

# RECOMMENDATION STATUS – RISK MANAGEMENT (2017/18)

Ref.	Original Recommendation from Previous Internal Audits	Sig.	Original Management Response to Previous Internal Audits	Responsibility & Implementation Date
5	<p>Inverness College may not have set out clearly its strategic direction and objectives in relation to risk management (including policy, roles and responsibilities, objectives and communication). We recommend that the College takes the following steps to improve the effectiveness of the Risk Management Policy:</p> <ol style="list-style-type: none"> <li>1. Review and update the Risk Management Policy to reflect current risk management procedures and staffing structures;</li> <li>2. Develop a risk appetite model in consultation with the Audit Committee and embed this into the risk management policy and risk register;</li> <li>3. Develop detailed risk management processes that outline the methods of identifying, analysing and reporting risks. This should include a framework for escalating and de-escalating risks as required; and</li> <li>4. Document detailed responsibilities in relation to risk management, including the Board of Management, Audit Committee, SMT and departments.</li> </ol> <p>We also recommend that the Audit Committee reviews and approves the Risk Management Policy on an annual basis to ensure that it is accurate and reflects current practice.</p>		<ol style="list-style-type: none"> <li>1. Risk Management policy will be updated to reflect current practice and structures, and a procedure developed to document responsibilities.</li> <li>2. Engage with Executive Office, directly and via the Joint Audit Committee, to review risk appetite and management processes.</li> <li>3. The Board will hold a development day in February 2018 to better understand its role in relation to risk management and appetite, and embedding risk management across its committees.</li> </ol>	<p><i>Responsible Officer:</i> <i>Depute Principal</i></p> <p><i>Implementation Date:</i> <i>27 February 2018</i></p> <p><i>(Continued Overleaf)</i></p>

# RECOMMENDATION STATUS - RISK MANAGEMENT (2017/18)

Ref.	Original Recommendation from Previous Internal Audits	Sig.	Original Management Response to Previous Internal Audits	Responsibility & Implementation Date
5	<i>Per p12</i>		<i>Per p12</i>	<i>Per p12</i>
<b>Status at June 2018</b>				
<p><b>Partially Implemented</b></p> <p>The policy was approved at the February Audit Committee with a procedure yet to be presented. A Board Development Day occurred on Friday 27th of April which aided the understanding of their role in relation to risk management and appetite. At the Joint Audit Committee on 14th Nov engagement will be made in relation to risk appetite and processes by the college</p>				

# RECOMMENDATION STATUS – RISK MANAGEMENT (2017/18)

Ref.	Original Recommendation from Previous Internal Audits	Sig.	Original Management Response to Previous Internal Audits	Responsibility & Implementation Date
6	<p>Inverness College may not have adopted a systematic process in identifying, evaluating and measuring its key strategic and operational risks. We recommend that Management takes the following steps to improve the effectiveness of the risk register:</p> <ol style="list-style-type: none"> <li>1. Consider significant risks that are currently omitted for inclusion within the College’s risk register;</li> <li>2. Expand the categories of risks currently utilised. Example categorisations is provided within Appendix VII;</li> <li>3. Record actions to mitigate each risk, with assigned owners and target completion dates;</li> <li>4. Assess the effectiveness of each control listed, with actions identified where controls are not operating as expected;</li> <li>5. Record the College’s risk appetite within the risk register;</li> <li>6. Agree and document a target score for each risk identified; and</li> <li>7. Review existing risk matrices to reflect the impact and likelihood of risks occurring during one year, in line with annual reporting arrangements.</li> </ol>		<ol style="list-style-type: none"> <li>1. Consideration of risks and potential omissions will be embedded in the updated risk management policy and new procedure (see previous section).</li> <li>2. Actions to mitigate risk will be recorded in the risk register template from now on, with immediate effect.</li> <li>3. The effectiveness of actions taken is reflected in the residual risk score, which includes consideration of the actions and controls in place. The effectiveness of the actions is monitored on an ongoing basis through the reporting and analysis of KPIs at management and Board committees. No further action on this point is required.</li> <li>4. The recommendations relating to risk categories, recording risk appetite and three-year timescale will be presented to the Chair of Audit Committee for discussion at the Joint Audit Committee, as they relate to the university risk management template and processes.</li> </ol>	<p><i>Responsible Officer:</i> <i>Depute Principal</i></p> <p><i>Implementation Date:</i> <i>27 February 2018</i></p> <p><i>(Continued Overleaf)</i></p>

# RECOMMENDATION STATUS - RISK MANAGEMENT (2017/18)

Ref.	Original Recommendation from Previous Internal Audits	Sig.	Original Management Response to Previous Internal Audits	Responsibility & Implementation Date
6	Per p13		Per p13	Per p13
<b>Status at June 2018</b>				
<b>Partially Implemented</b>				
The policy was approved at the February Audit Committee with procedure yet to be presented. A risk register template has been produced and is now in operation. At the Joint AC on 14th Nov 18 the chair will be presented with the information within the recommendation				

# RECOMMENDATION STATUS – RISK MANAGEMENT (2017/18)

Ref.	Original Recommendation from Previous Internal Audits	Sig.	Original Management Response to Previous Internal Audits	Responsibility & Implementation Date
7	<p>Inverness College may not be providing appropriate risk management training. We recommend that the College develops a risk management training plan/programme to ensure that appropriate provisions are in place for staff at all levels of the College.</p> <p>We also recommend that, at all levels, risk management is made a part of the staff appraisal process.</p> <p>Agreed training arrangements for risk management should be documented within the Risk Management Policy.</p>		<p>1.The college will develop a risk management training plan, to include all key staff, which will be documented in the updated risk management policy.</p> <p>2. Where risk management is identified as a key part of a staff member’s role, it will already feature within the existing Professional Development and Review (PDR) process. The college will ensure that the training programme emphasises the need for this aspect to be covered effectively during PDRs.</p>	<p><i>Responsible Officer:</i> <i>Director of Organisational Development</i></p> <p><i>Implementation Date:</i> <i>27 February 2018</i></p>
<b>Status at June 2018</b>				
<p><b>Partially Implemented</b></p> <p>Training for business continuity planning has been put in place and options for risk management training are still being considered as this may be taken forward in conjunction with UHI.</p>				

# APPENDIX I - STAFF INTERVIEWED/CONSULTED

NAME	JOB TITLE
Fiona Mustarde	Director of Finance
Alison Rodgers	Finance Manager
Suzanne Stewart	Information Development Manager
Andy Coulter	MIS Manager
Roddy Henry	Depute Principal
Swarna Bhargava	Contracts and Procurement Co-ordinator

NAME	JOB TITLE
Lindsay Ferries	Director of HR and Organisational Development
Shona MacDonald	PA to the Principal
Lindsay Snodgrass	Head of Student Services
Carlene Vincent	Accountant
Gill Berkeley	Head of Curriculum
Fiona Ambrose	Secretary to the Board of Management

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.

# APPENDIX II - DEFINITIONS

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

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

# APPENDIX III - TERMS OF REFERENCE

## BACKGROUND

As part of the 2017-18 Internal Audit plan for Inverness College, we will follow up on previously agreed recommendations made in Internal Audit reports in previous years, and in some cases during the current year.

## PURPOSE OF REVIEW

The aim is to provide assurance to the Audit Committee and the Senior Management Team that previous internal audit recommendations have been implemented effectively and within targeted timescales.

## KEY RISKS

The key risk associated with the area under review is:

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

## DOCUMENT REQUEST

Reports on progress on implementing recommendations / recommendation tracker.

## SCOPE OF REVIEW

We will review management's action taken to implement internal audit recommendations. This will involve the review of recommendations made in each of the internal audit reports issued during 2017/18, and a follow up of outstanding recommendations from previous years.



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## Board of Management

<b>Subject/Title:</b>	Outstanding Internal Audit Recommendations
<b>Author:</b> [Name and Job title]	Fiona Mustarde, Director of Finance
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	18 September 2018
<b>Date Paper prepared:</b>	10 September 2018
<b>Brief Summary of the paper:</b>	Update on progress against audit recommendations resulting from 2017/18 internal audits not previously reported as completed.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Discussion
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Risk Management – demonstrates the steps taken to address the risks identified as a result of internal audit reviews.
<b>Resource implications:</b>	Yes. Potential for reduced income/increased costs if correct procedures not followed.
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: clear procedures identified and followed Organisational: reputational risk of failure to adhere
<b>Equality and Diversity implications:</b>	No
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	N/A

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

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

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

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

## Update on Outstanding Internal Audit Recommendations

### Executive summary

This report provides the Committee with an updated position regarding the implementation of action points arising from Internal Audit reports in 2017-18 that have not already been reported to Committee as completed.

### Background information

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.

A summary of the recommendations is attached that contains their status and a progress update.

### Outstanding Audit Recommendations 2017-18

There are a number of action points resulting from the Risk Management audit which reported back to the November Audit Committee meeting. These actions are all either complete or in progress, with further detail in the attached summary.

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

There are four action points resulting from the Data Protection (GDPR) review which took place in February 2018 and reported back to the May Audit Committee meeting. Of these actions, three are now complete and one remains in progress. Further details is provided in the attached summary.

There is one remaining action point from the Partnership Working review that reported back to the May Audit Committee meeting. This action is now complete.

There is one action point from the Student Support Services review that reported back to the May Audit Committee meeting. This action is now complete

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
<b>2017/18 Internal Audit Actions</b>						
<b>Risk Management – Report Date 15 November 2017</b>						
1	<p><b>Inverness College may not have set out clearly its strategic direction and objectives in relation to risk management (including policy, roles and responsibilities, objectives and communication).</b> We recommend that the College takes the following steps to improve the effectiveness of the Risk Management Policy:</p> <ol style="list-style-type: none"> <li>1. Review and update the Risk Management Policy to reflect current risk management procedures and staffing structures;</li> <li>2. Develop a risk appetite model in consultation with the Audit Committee and embed this into the risk management policy and risk register;</li> <li>3. Develop detailed risk management processes that outline the methods of identifying, analysing and reporting risks. This should include a framework for escalating and de-escalating risks as required; and</li> <li>4. Document detailed responsibilities in relation to risk management, including the Board of Management, Audit Committee, SMT and departments.</li> </ol> <p>We also recommend that the Audit Committee reviews and approves the Risk Management Policy on an annual basis to ensure that it is accurate and reflects current practice.</p>	<ol style="list-style-type: none"> <li>1. Risk Management policy will be updated to reflect current practice and structures, and a procedure developed to document responsibilities.</li> <li>2. Engage with Executive Office, directly and via the Joint Audit Committee, to review risk appetite and management processes.</li> <li>3. The Board will hold a development day in February 2018 to better understand its role in relation to risk management and appetite, and embedding risk management across its committees.</li> </ol>	Depute Principal	27/02/2018	In progress	<ol style="list-style-type: none"> <li>1. The policy was approved at the February Audit Committee with a procedure yet to be presented. The procedure will be developed following the risk management training/workshop.</li> <li>2/3. A Board Development Day occurred on Friday 27th of April that aided the understanding of their role in relation to risk management and appetite. At the Joint Audit Committee on 14th Nov engagement will be made in relation to risk appetite and processes by the college</li> </ol>

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
2	<p><b>Inverness College may not have adopted a systematic process in identifying, evaluating and measuring its key strategic and operational risks.</b></p> <p>We recommend that Management takes the following steps to improve the effectiveness of the risk register</p> <ol style="list-style-type: none"> <li>1. Consider significant risks that are currently omitted for inclusion within the College's risk register;</li> <li>2. Expand the categories of risks currently utilised. Example categorisations is provided within Appendix VII;</li> <li>3. Record actions to mitigate each risk, with assigned owners and target completion dates;</li> <li>4. Assess the effectiveness of each control listed, with actions identified where controls are not operating as expected;</li> <li>5. Record the College's risk appetite within the risk register;</li> <li>6. Agree and document a target score for each risk identified; and</li> <li>7. Review existing risk matrices to reflect the impact and likeliness of risks occurring during one year, in line with annual reporting arrangements.</li> </ol>	<ol style="list-style-type: none"> <li>1. Consideration of risks and potential omissions will be embedded in the updated risk management policy and new procedure (see previous section).</li> <li>2. Actions to mitigate risk will be recorded in the risk register template from now on, with immediate effect.</li> <li>3. The effectiveness of actions taken is reflected in the residual risk score, which includes consideration of the actions and controls in place. The effectiveness of the actions is monitored on an ongoing basis through the reporting and analysis of KPIs at management and Board committees. No further action on this point is required.</li> <li>4. The recommendations relating to risk categories, recording risk appetite and three-year timescale will be presented to the Chair of Audit Committee for discussion at the Joint Audit Committee, as they relate to the university risk management template and processes.</li> </ol>	Depute Principal	27/02/2018	Complete with one outstanding	Complete with the exception of 4 which is for discussion at Joint Audit Committee November 2018

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
3	<p><b>Inverness College may not be providing appropriate risk management training.</b> We recommend that the College develop a risk management training plan/programme to ensure that appropriate provisions are in place for staff at all levels of the College. We also recommend that, at all levels, risk management is made a part of the staff appraisal process.</p> <p>Agreed training arrangements for risk management should be documented within the Risk Management Policy.</p>	<p>1.The college will develop a risk management training plan, to include all key staff, which will be documented in the updated risk management policy. 2. Where risk management is identified as a key part of a staff member’s role, it will already feature within the existing Professional Development and Review (PDR) process. The college will ensure that the training programme emphasises the need for this aspect to be covered effectively during PDRs.</p>	Director of Organisational Development	27/02/2018	In progress	<p><b>Partially complete.</b> Training for business continuity planning has been put in place and options for risk management training are still being considered as this may be taken forward in conjunction with UHI.</p>
<b>Financial Controls 2017/18 – Report Date 19 February 2018</b>						
2	<p><b>Ineffective or inefficient procedures and controls may be in place for the finance processes.</b> We recommend that a comprehensive fixed asset register is developed and maintained on a regular basis.</p>	<p>All fixed assets are identified at time of purchase and recorded appropriately. Assets are correctly allocated to a class in line with the depreciation policy and depreciated accordingly. We are aware that the fixed asset register currently used requires to be enhanced to reflect all relevant information at a detailed asset level.</p>	Finance Manager	31/07/2018	In progress	<p><b>Partially complete.</b> This task could not be completed without the detailed group 2 equipment from GTEIL. This information was received in June</p>

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
<b>Data Protection (GDPR) – Report Date 22 May 2018</b>						
1	<p><b>Target Completion Dates in Action Plan</b>                      We recommend that for all outstanding tasks that a target completion date and priority to complete column is added to ensure that key areas are prioritised prior to 25 May 2018. In addition, we recommend that the importance of the completion of these registers is communicated to data owners and that a detailed plan is developed and monitored to ensure that the exercise is completed prior to 25 May 2018.</p>	Agreed	Information Development Manager	18/05/2018	Complete	Complete. Dates added to the tracker.
2	<p><b>GDPR Working Group</b>                      We recommend that a GDPR working group is established. The group should meet on a regular basis, weekly prior to 25 May 2018 and monthly post May, for example. We would suggest this group consists of Senior Management from various areas of the College including IT, HR, Payroll, Finance, and Estate Management. The group should monitor progress with the agreed action plan, and provide updates to the Board as to the readiness of the College to comply with GDPR. The working group can then drive data protection compliance and knowledge throughout the organisation post GDPR implementation and promote the responsibilities of GDPR compliance to their respective manager groups.</p>	We agree that this is a good way forward and will ensure the ongoing focus on GDPR beyond 25 May.	Information Development Manager	25/05/2018	Complete	Complete. Working group established and meeting on a monthly basis.

**UPDATE ON ACTIONS FROM INTERNAL AUDIT REVIEWS**

Updated 10 September 2018

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
3	<p><b>Emails</b> We recommend that e-mail should be deleted automatically after a set period of time and that this should be clearly documented within the policy for data retention.</p>	<p>This needs to be done to fit in with requirements to maintain data for audits (e.g. EU funding audits can go back 20 years) and business practice e.g. Finance current year plus 6, Researchers can be 10+ years, educators 1 module length etc. I think the recommendation, therefore, has a lack of awareness of our business requirements, as one size may not fit all in a body with a wide tertiary education, research and commercial remit. We would suggest that this action is better met by the creation of an Email Retention Policy to address the points above. In the interim, however we will look to analyse the exceptions and consider a reasonable general e-mail retention period.</p>	ICT Manager	31/07/2018	In progress	Partially Complete. The Email Usage and Retention Policy was presented to the Board of Management on 26 June 2018. Suggested amendments require the policy to return to the October Board of Management meeting for approval.
4	<p><b>Policies and Procedures</b> We recommend that it should be ensured that the data protection policy or a supplementary policy contains information relating to how to respond to a 'right to be forgotten'.</p>	<p>A formal records management policy and retention schedule has been revised and will be tabled at the Audit Committee for approval and thereafter implemented. The DPO will monitor compliance with the personal data aspect of the schedule.</p>	Information Development Manager	31/05/2018	Complete	Complete. Records Management Policy approved by the Board of Management on 26 June 2018.

Action No.	Audit Recommendation	Action Required	Actioned By	Due Date	Status	Comments
<b>Partnership Working – Report Date 15 May 2018</b>						
1	<p><b>Formalised Feedback Process</b> We recommend that the College issue a questionnaire on an annual basis to all key partners to assess the management of the partnership.</p>	<p>The Stakeholder Survey has been approved by the Board’s Learning and Teaching Committee and is currently being finalised for use before the end of this academic year.</p>	Depute Principal	29/06/2018	Complete	<p>We have piloted the survey and based on the results and stakeholder feedback we are changing the approach to direct engagement with stakeholders as part of the College self-evaluation requirements.</p>
<b>Student Support Services – Report Date 23 May 2018</b>						
1	<p><b>Provision of services to all campuses</b> We recommend that the College consults with students to determine whether the level of support services accessible to students based at the Scottish School of Forestry and the Falcon Centre is sufficient. We further recommend that the utilisation of services by students from these centres is regularly monitored, in order to keep demand under review.</p>	<p>This will be performed as part of our assessment of what support services are required at SSF and how we make best use of resource at the start of the new academic session.</p>	Head of Student Services	30/09/2018	Complete	<p>The student services centre at Inverness Campus opens from 8.30 to 5pm to enable SSF students to attend. We continuously review what service input is required at SSF and respond to this demand where we can.</p>

# INVERNESS COLLEGE

INTERNAL AUDIT ANNUAL REPORT 2017-18

SEPTEMBER 2018



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## Restrictions of use

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

# EXECUTIVE SUMMARY

## Background

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 BDO'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.

## Internal Audit Plan 2017-18

BDO LLP has been appointed as internal auditors to Inverness College to provide the Board (via the Audit Committee) and Management Team with assurance on the adequacy of the following arrangements:

- Risk Management;
- Corporate Governance; and
- Internal Control.

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 is also aimed at helping management to improve risk management, governance and internal control, so reducing the effects of any significant risks facing the organisation.

Our risk evaluations and tests are designed to ensure that controls are sound both in design and effective in operation. Our conclusions are based on evidence obtained during the course of our audit work, verification tests and samples selected from the year's transactions to date. However, our conclusions should not be taken to mean that all transactions have been properly authorised and processed or that all elements of systems have been tested.

# EXECUTIVE SUMMARY

## Audit Approach

We have reviewed the control policies and procedures employed by Inverness College to manage risks in business areas identified by management set out in the 2017-18 Annual Internal Audit Plan approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation.

Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards and the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with Inverness College management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- Performing compliance tests (where appropriate) to determine whether the risk management activities and controls are operating as expected.

The assurance statement provided on page 8 of this report is based on historical information and the projection of any information or conclusions contained in our assurance statement to any future periods is subject to the risk that changes may alter its validity.

## Coverage

During 2017-18 BDO LLP has reviewed and evaluated Inverness College's processes in the following areas:

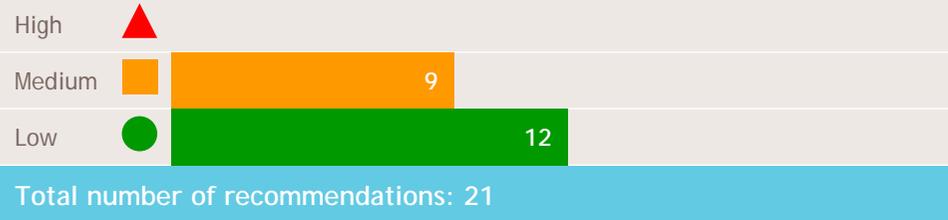
- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Student Support Funds</li><li>• FES Return</li><li>• Corporate Governance</li><li>• Risk Management</li><li>• Financial Controls</li></ul> | <ul style="list-style-type: none"><li>• Partnership Working</li><li>• Data Protection</li><li>• Student Support</li><li>• Follow up</li></ul> |
|--|---|

# EXECUTIVE SUMMARY

## Recommendations

To assist management in addressing our findings, we categorise our recommendations according to their level or priority. The recommendations made in the completed reviews totalled 21.

## Summary of Recommendations (SEE APPENDIX I)



## Reporting mechanisms and practices

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Audit Committee is to agree reports with management and then present and discuss the matters arising at the Audit Committee meetings.

## Management action on our recommendations

Management have been conscientious in review and commenting on our reports. For the reports which have been finalised, management have responded positively. The responses indicate that appropriate steps to implement our recommendations are being put in place.

# EXECUTIVE SUMMARY

## Relationship with external audit

All our final reports are available to the external auditors through the Audit Committee papers and are available on request. Our files are also available to External Audit should they wish to review working papers in order to place reliance on the work of Internal Audit.

## Follow up

During the year we undertook independent exercises to assess the progress made by Inverness College in implementing internal audit recommendations made in previous years.

Implementation of recommendations is a key determinant of our annual assurance statement. If recommendations are not implemented on a timely basis then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment. Within Inverness College we found a good level of commitment and effort in clearing as many outstanding recommendations as possible from previous audit reports, however continued focus is necessary to ensure the remaining outstanding recommendations are implemented within a reasonable timeframe.

We followed up 21 recommendations from 2017-18 and prior years. At the time of our work, we noted that 14 of these recommendations had been fully implemented, 6 had been partially implemented, and the remaining 1 recommendation was not implemented.

On the basis of follow up work and additional commentary provided by management on planned implementation actions we can take reasonable assurance that management's resolve to implement previously agreed recommendations is sound.

## Summary of work performed

Details of the seven internal audit reviews and the follow up review have been reported to the Audit Committee throughout the year and have been discussed at length with consideration and scrutiny of management responses and timescales proposed.

For the purpose of this annual report, we set out in the following pages our summary of recommendations and assessment of the design and effectiveness of the risk assurance for each of the audit areas reviewed.

# REVIEW OF 2017-18 WORK

Reports Issued	Overall Report Conclusions - see appendix I				
				Design	Operational Effectiveness
Student Support Funds	0	0	0	n/a	n/a
FES Return	0	1	6	n/a	n/a
Corporate Governance	0	0	1	Substantial	Substantial
Risk Management	0	3	0	Moderate	Moderate
Financial Controls	0	1	1	Substantial	Moderate
Partnership Working	0	0	2	Substantial	Substantial
Data Protection	0	4	1	Limited	Limited
Student Support	0	0	1	Substantial	Substantial
Follow Up	n/a	n/a	n/a	n/a	n/a

# ANNUAL STATEMENT OF ASSURANCE

## Report by BDO LLP to Inverness College

As the internal auditors of Inverness College we are required to provide the Board, via the Audit Committee, and the Senior Management Team with a view on the adequacy and effectiveness of Inverness College's risk management, governance and internal control processes.

In giving our view it should be noted that assurance can never be absolute. The internal audit service provides Inverness College with reasonable assurance that, with the exception of Data Protection, there are no major weaknesses in the internal control system for the areas reviewed in 2017-18. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weakness in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- All internal audit reviews undertaken by BDO LLP during 2017-18;
- Any follow-up action taken in respect of audits from previous periods for these audit areas;
- Whether any significant recommendations have not been accepted by management and the consequent risks;
- The effects of any significant changes in the organisation's objectives or systems;
- The requirements of the Public Sector Internal Audit Standards; and
- Any limitations which may have been placed on the scope of internal audit (no restrictions were placed on our work).

## Conclusion

In our view, based on the reviews undertaken during the period, and in the context of materiality:

- With the exception of our review on Data Protection, whereby we concluded that further work is required to ensure robust processes, the risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements.
- Based on our verification reviews and sample testing (and with the exceptions noted above), the risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review.

# PERFORMANCE AGAINST OPERATIONAL PLAN

Visit	Date of visit	Proposed Audit	Planned Days	Actual Days	Status
1	September 2017	Student Support Funds	3	3	Complete
2	September 2017	FES Return	5	5	Complete
3	September 2017	Corporate Governance	5	5	Complete
4	December 2017	Risk Management	3	3	Complete
5	December 2017	Financial Controls	4	4	Complete
6	February 2018	Partnership Working	5	5	Complete
7	March 2018	Data Protection	5	5	Complete
8	March 2018	Student Support	5	5	Complete
	April 2018	Follow up	3	3	
		Indirect Audit Activity	7	7	
<b>TOTAL</b>			<b>45</b>	<b>45</b>	

# AUDIT PERFORMANCE

AUDIT	COMPLETION OF FIELDWORK/DEBRIEF MEETING	DRAFT REPORT	FINAL MANAGEMENT RESPONSES	FINAL REPORT
Student Support Funds	29 September 2017	29 September 2017	24 October 2017	24 October 2017
FES Return	29 September 2017	4 October 2017	24 October 2017	24 October 2017
Corporate Governance	20 October 2017	3 November 2017	15 November 2017	16 November 2017
Risk Management	25 October 2017	1 November 2017	15 November 2017	15 November 2017
Financial Controls	7 February 2018	12 February 2018	19 February 2018	19 February 2018
Partnership Working	31 March 2018	12 April 2018	15 May 2018	15 May 2018
Data Protection	5 February 2018	13 March 2018	26 March 2018	26 March 2018
Student Support	30 April 2018	14 May 2018	22 May 2018	23 May 2018
Follow Up	20 July 2018	3 August 2018	7 August 2018	7 August 2018

On average:

- All reports were issued in draft within 10 working days of completion of our fieldwork and debrief meetings with management.
- Initial responses were received within 10 working days of the draft report being issued.
- Final reports were issued within 1 working day of final management responses being received.

# APPENDIX I - DEFINITIONS

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

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



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# Inverness College

ANNUAL INTERNAL AUDIT PLAN 2018-19

August 2018 - DRAFT FOR DISCUSSION



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# 1. INTERNAL AUDIT APPROACH

## Introduction

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

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

## Internal Audit at Inverness College

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

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

In producing the internal audit plan for 2017-2020 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	2018-19 (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 2018-19

Assurance Theme	Subject	Days	Assurance / Advisory
Financial Control	Financial Controls	5	Assurance
Internal Control Systems	Business Continuity Management	5	Assurance
	Curriculum Planning	6	Assurance
	Research governance	6	Assurance
	Business & commercial development	5	Assurance
	Regulatory reviews	Credits / FES	5
Follow up and contract management	Student Support Funds	3	Regulatory
	Follow up	3	
	Audit Committee	3	
	Client Liaison	3	
	Annual Reporting	1	
<b>TOTAL</b>		<b>45</b>	

# 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
Business Continuity Management	It is important that Inverness College develops, and tests, appropriate plans to ensure operations can continue in the face of a major event. We will review the BCP arrangements to confirm they are well designed and can operate effectively to minimise disruption to key business processes in the event of a business disruptive event, and to ensure a co-ordinated, effective response to these events.	a) BDO Assessment b) Risk Register
Curriculum Planning	We will review the processes Inverness College has put in place to deliver a regional curriculum which meets the needs of the region. We will assess whether a robust curriculum planning process is in place which is aligned to the requirements of the regional outcome agreement, and whether research is embedded across the curriculum.	a) BDO Assessment b) Risk Register
Financial Controls	<p>We have included coverage of key financial control areas in each year of the internal audit plan. In 2018-19, we will assess the design and effectiveness of the controls in place surrounding forward financial planning. This will include an assessment of whether the financial plans are based on robust assumptions and realistic targets.</p> <p>The FGPC obtains regular reports against budget. We will assess how Inverness College links strategy and financial planning, how this translates into annual budgets, and whether there is appropriate governance over these arrangements.</p>	a) BDO Assessment b) Risk Register

# APPENDIX II

## Internal Audit Plan Overview

Audit Area	Comment	Source
Research governance	We will assess whether the governance structure and management processes currently in place at the College to ensure that sufficient levels of direction, support, management and scrutiny are being provided to the College's research department.	<ul style="list-style-type: none"> <li>a) BDO assessment</li> <li>b) Risk Register</li> </ul>
Business & commercial development	We will review the processes in place within the College to plan for and manage commercial activity. This will include a review of whether the College is setting and achieving targets for commercial activity in areas which align to the College's strategic objectives, and a review of whether an appropriate framework is in place to cost, risk assess, and approve commercial activities to ensure they offer value for money, and risks are effectively managed. We will also assess whether appropriate contractual arrangements are put in place for commercial activities, and review whether there is appropriate management reporting and oversight in place with regard to commercial activities.	<ul style="list-style-type: none"> <li>a) BDO assessment</li> <li>b) Executive management</li> </ul>
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.	<ul style="list-style-type: none"> <li>a) BDO assessment</li> <li>b) Executive management</li> </ul>

# 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 2018

Review	Proposed Audit Sponsor
Business Continuity Management	Lindsay Ferries
Credits / FES	Roddy Henry
SSF	Roddy Henry / Fiona Mustarde

### Block 2: December 2018 - March 2019

Review	Proposed Audit Sponsor
Financial Controls	Fiona Mustarde
Curriculum Planning	Roddy Henry / Gillian Berkeley
Research governance	Melanie Smith

### Block 3: April - July 2019

Review	Proposed Audit Sponsor
Business & commercial development	Georgina Parker
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	✓			✓	
	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
<i>Audit Coverage</i>
Audits completed against the Annual Audit Plan
Actual days input compared with Annual Audit Plan
<i>Audit Planning and Reporting</i>
Days to issue draft report after end of fieldwork
Day to issue final report after management comments

# APPENDIX VI

## Internal Audit Working Protocols & Performance

Table Four: Annual performance reporting to Board of Management

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

### Management Performance Measures and Indicators

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

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

### Other Performance Measures

In addition to the above mentioned measures we will also provide the Audit Committee with the results of other reviews of our internal audit service as and when they become available, including:

- Independent quality assurance reviews as required by the Chartered Institute of Internal Auditors (IIA); and
- BDO internal quality assurance reviews

# APPENDIX VII

## Inverness College Risk Register Summary

Ref	RISK DESCRIPTION	Gross Risk	Net Risk
1	College fails to identify and take opportunities for development and progression	High	Moderate
2	Ongoing issues of non-compliance by GTFM	High	Moderate
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	Governance failure	Moderate	Low
11	A serious incident in the college residencies, including anti-social or illegal behaviour.	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	Moderate	Low
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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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

BUSINESS CONTINUITY MANAGEMENT

2018-19

# INVERNESS COLLEGE, BUSINESS CONTINUITY MANAGEMENT

## BACKGROUND

In accordance with the 2018-19 Internal Audit Plan, it was agreed that Internal Audit would review the design and operating effectiveness of the controls in place at Inverness College surrounding business continuity management arrangements.

## PURPOSE OF REVIEW

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

## KEY RISKS

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

- There may not be a clear business continuity plan in place to allow for recovery from business disruptive events;
- Roles and responsibilities in relation to business continuity may not be fully defined within the business continuity plan;
- Inverness College may not have clearly defined business critical systems and processes within the business continuity plan;
- The plan may not be suitable to allow Inverness College to recover from a significant disruption in required timescales;
- The business continuity plan may not be regularly tested, and the results appropriately reported to management;
- The plan may not be appropriately communicated to staff, and key staff may not be aware of their roles to instigate the plan;
- The plan may not be suitably located to allow it to be put into effect in the event of an emergency incident; and
- Staff contact details may not be kept up to date within business continuity plan.

## SCOPE OF REVIEW

We will assess the adequacy of Inverness College's business continuity plans and disaster recovery arrangements, drawing on recognised good practice (BS25999 - the British Standards Institution's published standard on Business Continuity Management).

This will include the following areas:

- Inverness College has a clear business continuity plan in place and has communicated it to relevant staff;
- Inverness College has clearly defined business critical systems and processes and maximum acceptable downtime in the event of an incident;

# INVERNESS COLLEGE, BUSINESS CONTINUITY MANAGEMENT

- The business continuity plan is sufficient to enable business critical processes to be backed up and running within required timeframes to prevent significant business disruption;
- The business continuity plan is tested regularly and is kept up to date; and
- There is a process in place to highlight lessons learned and offer necessary training to improve future response to incidents.

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

## APPROACH

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

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

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

## MANAGEMENT COMMENTS

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

## LOCATIONS

Fieldwork will be performed at 1 Inverness Campus, Inverness, IV2 5NA.

## EXCLUSIONS

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

## REQUIREMENTS

Outlined below is an initial information request relating to this audit. Timely receipt of this information is critical to ensure that the objectives of the audit are met and that the work is

# INVERNESS COLLEGE, BUSINESS CONTINUITY MANAGEMENT

completed on time. We have provided an overview of what we require from you and when we require each piece of information. We have tried to be specific wherever possible however, please do contact us as soon as possible if you're unsure about any of the information required.

Please note that this is an initial request and is not exhaustive - further information requiring your attention (including meetings) will be required at the time of our fieldwork.

REQUIREMENT	DETAILS	RESPONSIBLE PERSON	REQUIRED BY
Documentation	<ul style="list-style-type: none"> <li>- Business Continuity Plans</li> <li>- All planning documentation, including any business impact analysis, that contributed to the formation of the above plans</li> <li>- Testing schedules and any results of any testing performed on Business Continuity Plans</li> </ul>	Lindsay Ferries	5 November 2018  (2 weeks ahead of fieldwork)

#### Access to information/staff

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

#### Timing changes and cancellation:

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

## KEY CONTACTS

### BDO LLP

Claire Robertson	Director	T: 0141 249 5206 E: claire.robertson@bdo.co.uk
Andrew O'Donnell	Manager	T: 0141 249 5280 E: andrew.odonnell@bdo.co.uk
Gemma Rickman	Internal Auditor	T: 0141 249 5240 E: gemma.x.rickman@bdo.co.uk

Inverness College

# INVERNESS COLLEGE, BUSINESS CONTINUITY MANAGEMENT

Lindsay Ferries	Director of HR and Organisational Development	T: 01463 273000 (switchboard) E: lindsay.ferries.ic@uhi.ac.uk
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## PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	19/11/2018
Number of audit days planned	5 days
Planned date for closing meeting	23/11/2018
Planned date for issue of the draft report	7/12/2018
Planned date for receipt of management responses	21/12/2018
Planned date for issue of proposed final report	28/12/2018
Planned Audit Committee date for presentation of report	TBC

## SIGN OFF

ON BEHALF OF BDO LLP:		ON BEHALF OF INVERNESS COLLEGE:	
Signature:	Claire Robertson	Signature:	
Title:	Director	Title:	
Date:	21/08/2018	Date:	



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## Board of Management

<b>Subject/Title:</b>	Health and Safety Annual Report 2017-18
<b>Author:</b> [Name and Job title]	Lindsay Ferries, Director of Organisational Development
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	18 Sep 2018
<b>Date Paper prepared:</b>	01 Sep 2018
<b>Brief Summary of the paper:</b>	To provide the Audit Committee with the annual report on matters pertaining to health and safety
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Discussion
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	
<b>Resource implications:</b>	No <b>If yes, please specify:</b>
<b>Risk implications:</b>	No <b>If yes, please specify:</b> Operational: Organisational:
<b>Equality and Diversity implications:</b>	No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	Health and Safety Committee, comprising a cross section of the college including management, staff and trade union reps.

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

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

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

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## Executive Summary

Over the last three academic years, there has been a year on year percentage increase in the reporting of accidents, incidents and near misses as the table below indicates.

Academic Year	No. of reports	Percentage increase
August 2017- July 2018	340	94%
August 2016 –July 2017	175	73%
August 2015 - July 2016	101	—

There have been a number of factors which have contributed to the increase in reporting, with the main factors listed below:

- The investment by the College in the SHE software which allows easy access for staff to report incidents, in real time and on-line.
- The Early Learning and Child Care Centre now report through the system
- Increase in staff awareness of reporting ALL incidents and accidents, including near misses.

## RIDDOR

There were 3 HSE reportable incidents in academic year 2017-18.

### **RIDDOR Notification No 767FBFDA0E**

The IP had exited the College at the rear of the building and was making her way to be picked up by her father who was parked out on the campus road. As she reached the end of the footpath, where it joins the campus road, she slipped and fell. Her father took her to the hospital (Raigmore) and returned to the College later that evening to inform that his daughter had suffered a broken elbow.

Weather conditions that day and evening were extremely cold. Earlier on in the day there had been a 'jingle jog' organised in which 90 people participated in, and took place in the same area. Prior to this event, all areas had been checked and gritted to ensure there was no danger to people participating. This included the campus road and the footpaths. Upon investigation it was found that water from previously melted snow and ice had frozen again, and external contractors responsible for clearing footpaths were not due in until the following morning. Estates staff had been actively working around the College area in general to try and maintain all paths, walkways and car parks. The external contractor was also contacted again to ensure that they were putting sufficient amounts of grit down and to ensure all areas of responsibility are taken care off. HIE on behalf of the campus owners were also contacted to

ensure that their contractors were keeping the campus roads clear as it was unclear whether the IP had slipped on college grounds or on ICOA campus grounds as managed by HIE.

**RIDDOR Notification No 046522A172**

One of the estates officers injured his hand whilst moving a goods trolley with a colleague. The officer's hand got jammed between a door frame and the trolley. After a visit over to A&E to have hand examined the estates officer returned to work that day, however several days later, a small puncture wound which had not been picked up by his GP had become infected and subsequently the officer had to go into hospital for a small operation on his hand. This resulted in him being off work for more than seven days and although they had returned to work after initial injury, the incident was reported to HSE.

**RIDDOR Notification No 94088BBC9A**

On Tuesday the 15 May 2018 the Preparation for Uniformed Emergency Services & Sport took part in a 24 km mountain bike cycle charity event as part of the course work. This was done in aid of the local Highland Hospice.

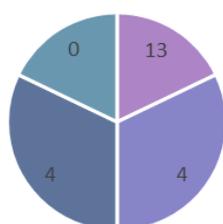
The course had completed 22 km and were on the last 2 km when the accident happened.

At approximately 15.25hrs one of the students lost control of the bike they were on and subsequently fell off. The student then suffered a seizure. An ambulance was called for and the student was made as comfortable as possible by the lecturer until the ambulance arrived. According to the lecturer, it is thought the student may have lost a bit of concentration as they were being passed by another student who was on another bike. The student returned to classes after the incident.

**HAND & FINGER INJURIES**

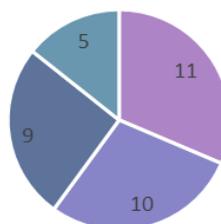
Between August 2016 and July 2017 hand and finger injuries accounted for 48.6% of the colleges' recorded accidents and incidents. This academic year has seen a significant decrease in the amount of hand injuries. For 2017-18 there were 21 reported hand/finger injuries, compared to 35 in 2016-17. However there was a slight increase in the 1<sup>st</sup> Quarter of 2017-18 from 11 to 13.

Hand Injuries 2017-2018



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

Hand Injuries 2016-2017



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

Stats have shown that the 1<sup>st</sup> Quarter of a new year is when most hand injuries occur. As a result of this our hand safety presentation is being continuously rolled out by staff. Departments such as Construction, Engineering and Professional Cookery, where the majority of hand injuries take place, have been provided with their incident stats for the previous year with a view to increasing awareness of previous incidents within the department and educating students.

This academic year, hand injuries only made up around 7% of reported accidents/incidents, compared to 48% the previous year. There was a strong focus on hand injuries given the stats of previous academic year and it is very encouraging to see a vast improvement. Again, the hand safety presentation has been made available to all teams to utilise with the students throughout the year.

<b>Accident/Incident/Near Miss Reporting QTR 2 Summary Sheet</b>			
		<b>2016-17</b>	<b>2017-18</b>
No. of reports		<b>175</b>	<b>340</b>
<b>2017-18 Incident Severity</b>			
	<b>Minor</b>	<b>Moderate</b>	<b>Major</b>
	<b>289</b>	<b>48</b>	<b>3</b>
<b>Incidents by Locality</b>		<b>Total</b>	
<b>Inverness Campus</b>		<b>205</b>	
<b>SSOF</b>		<b>8</b>	
<b>Nursery</b>		<b>106</b>	
<b>Car park 1</b>		<b>7</b>	
<b>Car park 2</b>		<b>3</b>	
<b>Other</b>		<b>11</b>	
<b>Who was involved</b>		<b>2016-17</b>	<b>2017-18</b>
<b>Student</b>		<b>118</b>	<b>140</b>
<b>Staff Member</b>		<b>49</b>	<b>37</b>
<b>Member of the public</b>		<b>5</b>	<b>5</b>
<b>Child</b>		<b>-</b>	<b>112</b>
<b>Not Set</b>		<b>-</b>	<b>38</b>
<b>Contractor</b>		<b>-</b>	<b>3</b>
<b>Other</b>		<b>3</b>	<b>5</b>
<b>Type of Incident</b>		<b>Total</b>	

<b>UE (Undesired Event/Near Miss)</b>	<b>149</b>
<b>Property Damage</b>	<b>22</b>
<b>Theft</b>	<b>5</b>
<b>Dangerous Occurrence</b>	<b>2</b>
<b>First Aid Case</b>	<b>135</b>
<b>MTC (medical treatment Case)</b>	<b>26</b>
<b>Specified injury</b>	<b>1</b>
<b>Definitions:</b>	
<ul style="list-style-type: none"> <li>• <b>First Aid case</b> - An injury for which an injured person requires treatment by a First Aider and returns to full duties</li> <li>• <b>Medical treatment case</b> - is an injured or sick person who requires treatment (more than First Aid) and is advised to seek professional medical treatment or an ambulance is called.</li> <li>• <b>Undesirable Event/Near miss</b> – An event during which injury, ill health, loss of equipment/asset or death could have occurred, but didn't actually occur.</li> <li>• <b>Specified Injury</b> – Injuries specified by HSE which are reportable</li> </ul>	

## **H&S Management System (HASMAM) and GTFM PPM Compliance Audits**

### **Department Risk assessment and risk control audits**

Audits carried out thus far;

- Forestry
- Welding and Fabrication
- Hospitality/Professional Cookery

Utilising the HASMAP audit standard, we are progressing through departmental audits, focusing on risk assessment and risk control. Of the several carried out this year, reports have been submitted to the department along with actions to close out any observations made. There were no issues subjecting the organisation to material risk. Actions and close out of actions are reported to the Health and Safety Committee.

### **GTFM Compliance**

In response to the repeated failure to produce statutory PPM information, an internal audit of GTFM's statutory PPM compliance was carried out on the 20<sup>th</sup> of December 2017 by the Health and Safety Manager and the Estates and Campus Services Manager. Four major non-compliance areas were identified. These concerned the absence of statutory inspections and schedules for future inspection activity.

A further follow up audit on the 19th January 2018 was undertaken which resulted in a further areas of significant concern.

Areas of concern included Fire safety systems, Gas systems and Insurance inspections. This was escalated by the college to GTEIL at the monthly Board Meeting in January 2018.

A further audit was undertaken on the 13<sup>th</sup> February 2018. A final close out meeting was held on Friday 16<sup>th</sup> February where documentation and evidence was presented along with a future schedule to close out the areas of non-compliance.

Weekly joint inspections with GTFM have been introduced which includes a random spot check on selected PPM's carried out that week. A further full annual audit is scheduled in December 2018.

### **Health and Safety Training**

The cross-platform Safety Training Video Streaming with Assessments and Trainee Management system (Safetyhub) has been a valuable resource to the College. The mandatory courses for staff are still to be finalised but currently we have 2 mandatory courses running, fire safety awareness and DSE.

- Fire safety awareness 78% of all staff have completed, new staff will now have the on-line training included in induction.
- DSE refresher 51% of all staff have completed.

Admin rights for role specific training has been assigned to the Estates and the Hospitality managers as a trial. They are thereafter assigning their staff to complete specified courses which is working well.

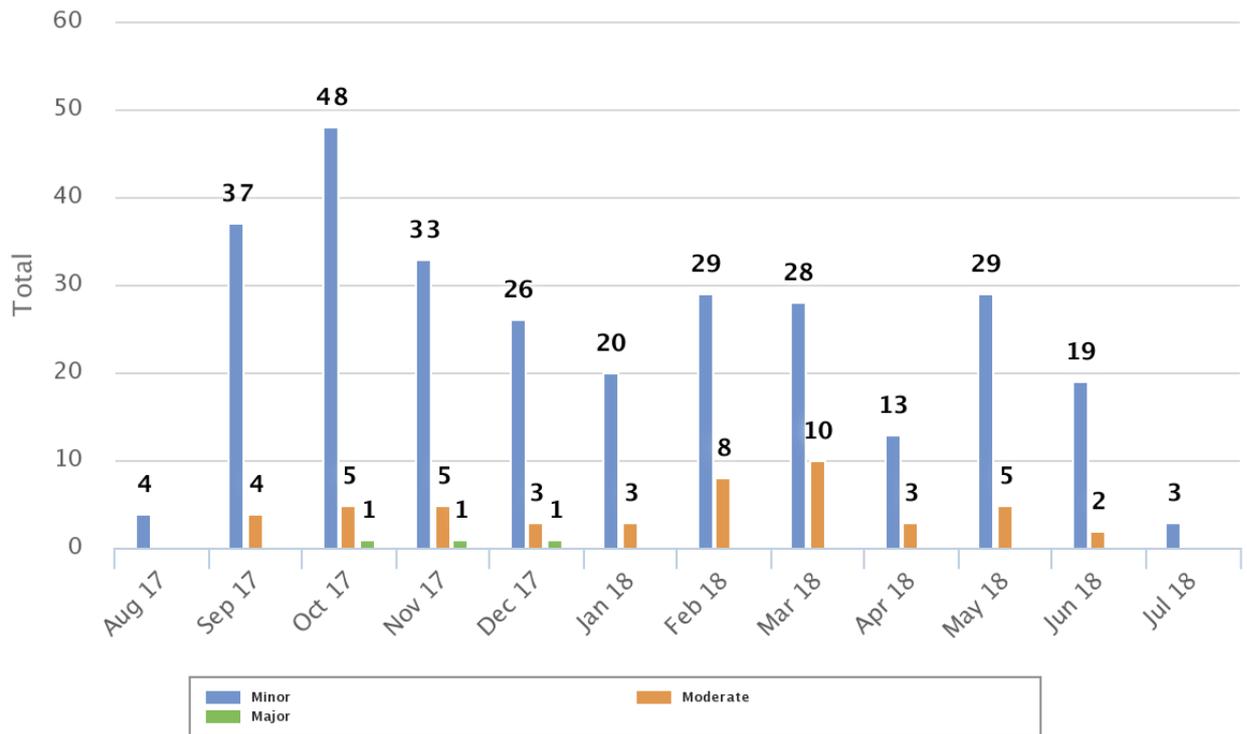
Training on 'SHE' (H&S management system) for licence users and new staff will be a continuous process and the H&S Manager is available to provide the necessary training to staff as and when required. Given the increase in reporting and the risk assessments that are being generated through the system, there is a clear level of engagement from staff in using the system.

### **Conclusion**

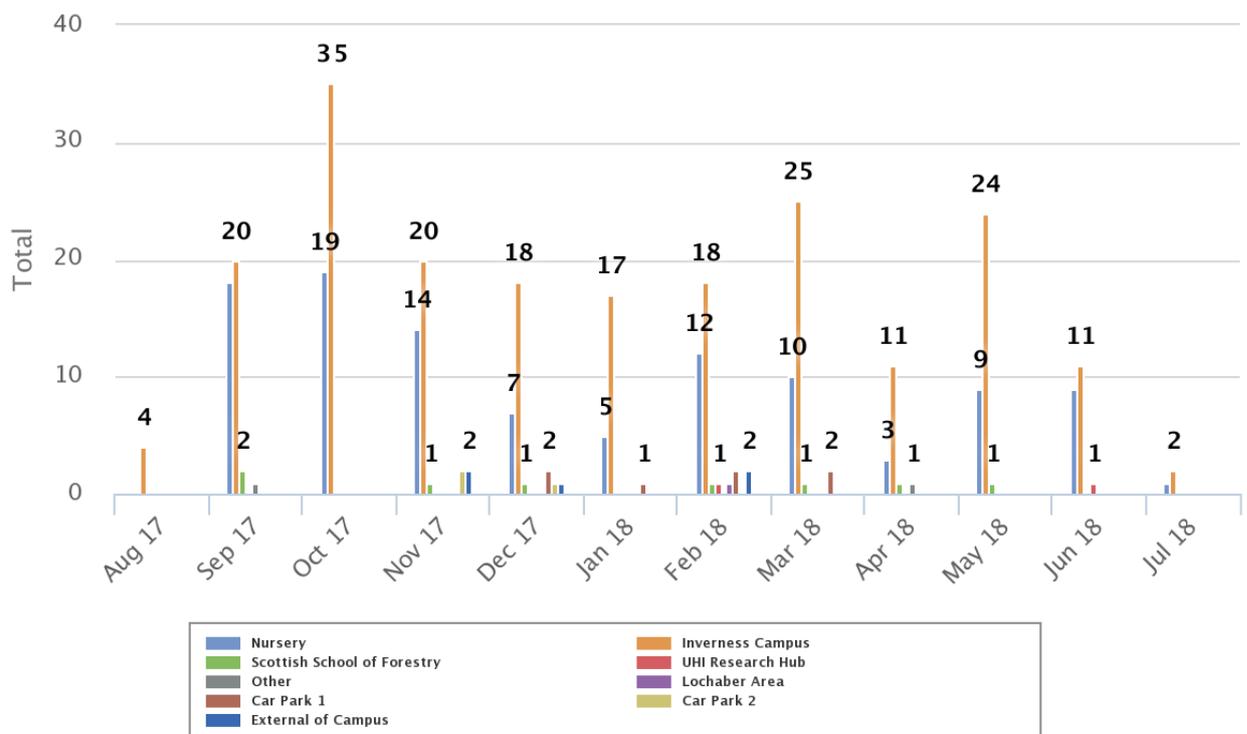
During the last academic year there has been some significant developments to how we manage Health and Safety within the College. The HASMAP standard adopted by the College as the standard to follow has been working well, especially with regards to auditing. When this was first introduced one of the key observations from the very first audit carried out in 2016, was that there was a need for a more centralized system for reporting and recording H&S information such as accidents and incidents. As a result of this, the 'SHE' system was procured and implemented in Q1 of 2017 and has become a vital part of our management of H&S. Other positives have been the reduction in hand injuries from previous year and the increase in the reporting of incidents.

The engagement from staff involved in audits, the H&S training and using SHE has been excellent and there has been some really good progress made this academic year. Moving forward we will continue to work closely with each department to continually improve the management of H&S within their area and working towards further reducing accidents and incidents within the College.

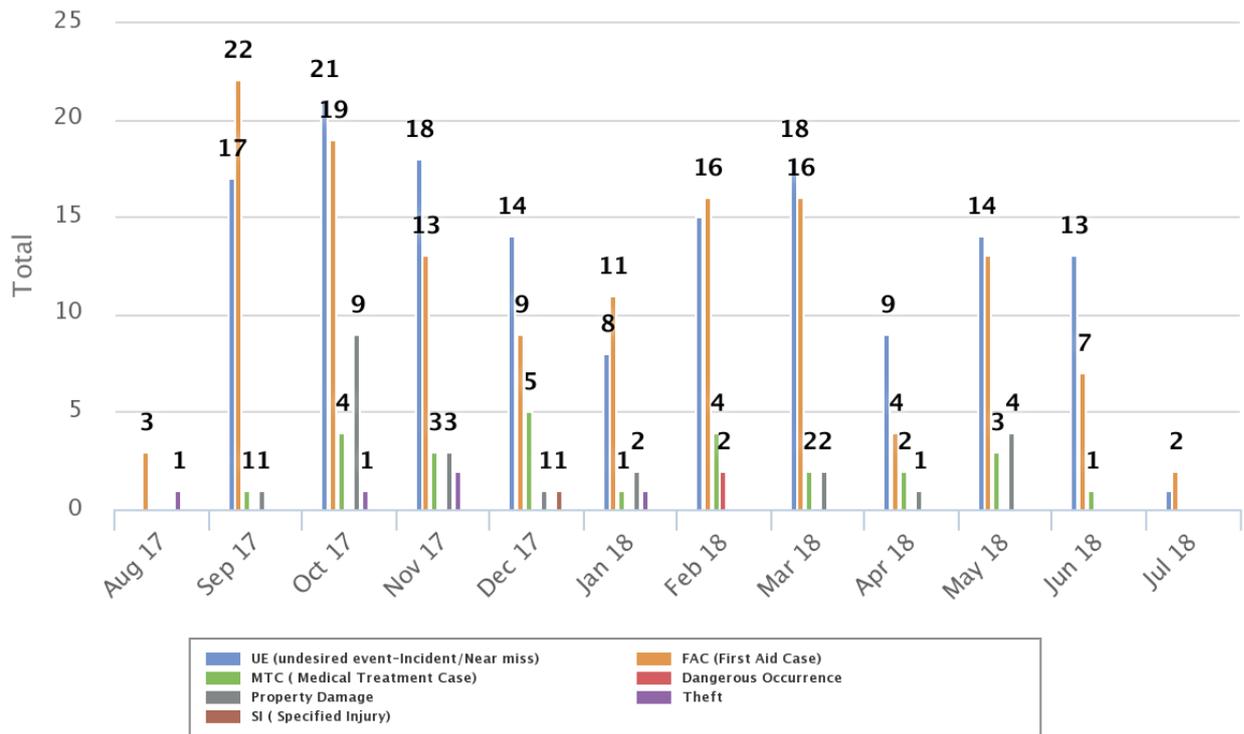
### Incident Record – Date Range – Incident Severity



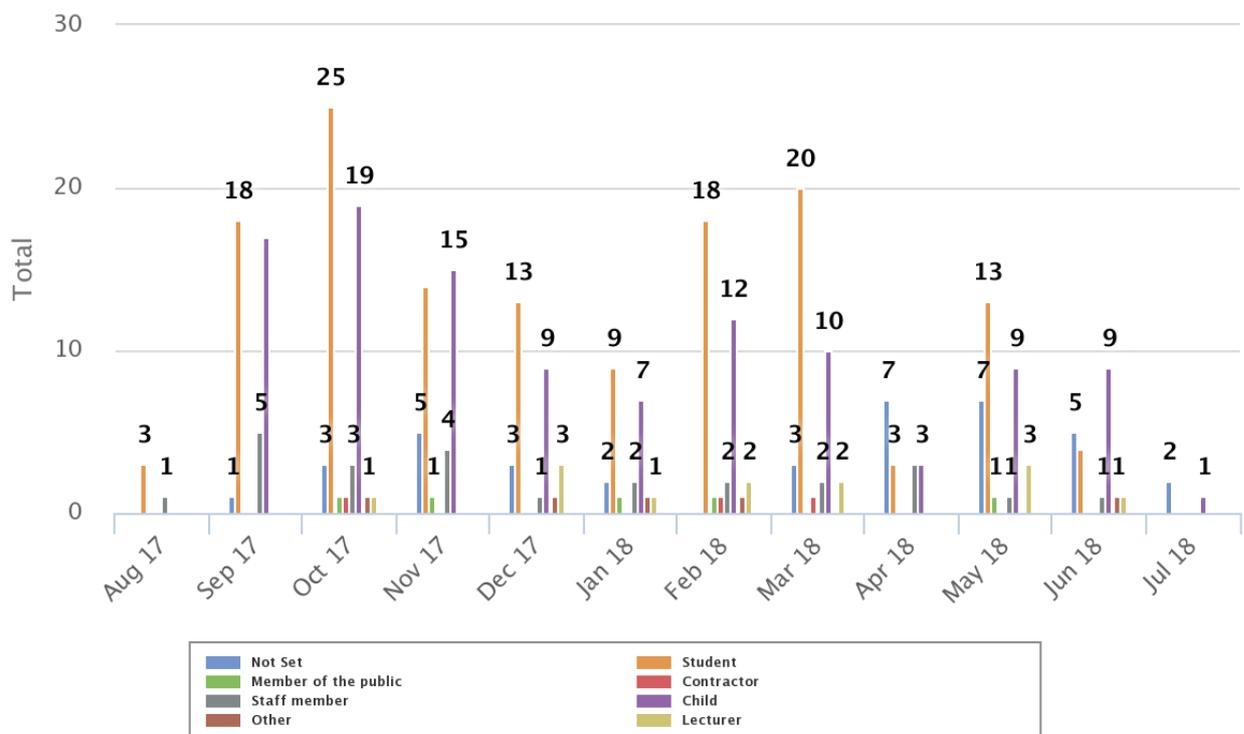
### Incident Record – Date Range – Locality



### Incident Record – Date Range – Type of Incident



### Incident Record – Date Range – Who Was Involved



## Board of Management

<b>Subject/Title:</b>	Annual Review of Auditors' Performance
<b>Author:</b> [Name and Job title]	Fiona Ambrose, Board Secretary
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	18 September 2018
<b>Date Paper prepared:</b>	6 September 2018
<b>Brief Summary of the paper:</b>	It good practice to undertake an annual review of the performance of the College's internal and external auditors.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	The Audit Committee is asked to complete the appropriate forms at the meeting.
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	
<b>Resource implications:</b>	
<b>Risk implications:</b>	Yes/No Operational: required for the proper Governance of the College
<b>Equality and Diversity implications:</b>	N/A
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	

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

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

### **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 first evaluation for BDO who were appointed as Internal Auditors in July 2017. Ernst and Young were appointed by Audit Scotland to be the Colleges External Auditors in August 2016. This will be their second evaluation.

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

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

## External Audit Service Evaluation – 2017/18

### Part A

**Appointed Auditor:** Ernst & Young  
**Questionnaire completed by:** Audit Committee  
**Date completed:** 18 September 2018

**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					Comment
		VG	G	A	P	N	
1.1	<b>Availability</b> <ul style="list-style-type: none"> <li>▪ Availability of/ access to senior audit staff.</li> <li>▪ Frequency of attendance of audit staff at Audit Committee meetings.</li> </ul>	<input type="checkbox"/>					
1.2	<b>Accountability</b> <ul style="list-style-type: none"> <li>▪ Adequacy of (pre audit) discussion of work planned.</li> <li>▪ Adequacy of (post audit) discussion of work actually carried out.</li> </ul>	<input type="checkbox"/>					
1.3	<b>Quality of oral presentations to the Audit Committee</b> <ul style="list-style-type: none"> <li>▪ Quality of presentations generally.</li> </ul>	<input type="checkbox"/>					

2. Overall view of service quality							
		Rating					Comment
		VG	G	A	P	N	
2.1	Overall, how do you rate the quality of the service provided by the auditor?	<input type="checkbox"/>					
2.2	How do you rate the 'value added' overall to the College by the auditor?	<input type="checkbox"/>					



External Audit Service Evaluation – 2017/18

**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?  <ul style="list-style-type: none"> <li>▪ Senior audit staff</li> <li>▪ Other audit staff</li> </ul>	<input type="checkbox"/>					
		<input type="checkbox"/>					
1.2	How do you rate the following categories of staff in terms of their understanding of Inverness College and the issues affecting it?  <ul style="list-style-type: none"> <li>▪ Senior audit staff</li> <li>▪ Other audit staff</li> </ul>	<input type="checkbox"/>					
		<input type="checkbox"/>					
1.3	How would you rate the overall relationship with the external auditor?	<input type="checkbox"/>					

<b>2. Consultation and Communication</b>			
2.1	How do you rate the auditor's consultation and communication with you in relation to the following aspects of the audit?  <ul style="list-style-type: none"> <li>▪ Discussion of the content of the audit plan.</li> <li>▪ Focus on areas of risk.</li> <li>▪ Keeping you appraised of any significant issues arising during the audit year.</li> <li>▪ Discussing the audit fee.</li> </ul>	Rating	Comment
		VG G A P N	
		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

<b>3. Corporate Governance (including appraisal of systems of internal control)</b>			
3.1	How do you rate the following?  <ul style="list-style-type: none"> <li>▪ The appropriateness and range of the external audit work carried out on systems of internal control.</li> <li>▪ The significance of recommendations made by the auditor relative to the potential risks of control weaknesses and failures.</li> <li>▪ 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.</li> <li>▪ The appropriateness of the reliance placed on the work of internal audit.</li> <li>▪ The external auditor's review of the College's arrangements for preventing and detecting fraud and irregularity.</li> <li>▪ 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).</li> </ul>	Rating	Comment
		VG G A P N	
		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

<b>4. Audit of the Financial Statements</b>			
4.1	In relation to the audit of the financial statements, generally, how do you rate?  <ul style="list-style-type: none"> <li>▪ The appropriateness of the range of work carried out by external audit.</li> <li>▪ The auditor's knowledge and understanding of the relevant financial reporting framework.</li> <li>▪ The relevance and value of issues raised by the auditor.</li> </ul>	Rating	Comment
		VG G A P N	
		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

5. Audit Reporting		
		VG G A P N
5.1	<p>In relation to <b>reports generally</b> how do you rate?</p> <ul style="list-style-type: none"> <li>▪ The appropriateness of the volume of issues raised.</li> <li>▪ The relevance and value of audit recommendations.</li> <li>▪ The clarity with which issues are reported.</li> <li>▪ The timeliness of reports.</li> <li>▪ The overall quality of reports.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
5.2	<p>In respect of the <b>annual audit report</b> specifically how do you rate?</p> <ul style="list-style-type: none"> <li>▪ The extent to which the auditor provided an appropriate summary of the significant matters arising from the audit.</li> <li>▪ The relevance of the content to Board members.</li> <li>▪ The clarity with which issues are reported.</li> <li>▪ The timeliness of reporting.</li> <li>▪ The overall quality of the report.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

**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



**Internal Audit Service Evaluation – 2017/18**

**Part A**

**Internal Auditor:** BDO  
**Questionnaire completed by:** Audit Committee  
**Date completed:** 18 September 2018

**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
		VG	G	A	P	N	
1.1	How well does internal audit demonstrate that it: Recognises its direct reporting responsibility to the Board of Management and the Audit Committee?	<input type="checkbox"/>					
1.2	Has a strong understanding of the responsibilities and operation of the Audit Committee?	<input type="checkbox"/>					
1.3	Understands the expectations of the Audit Committee and the Board of Management?	<input type="checkbox"/>					
1.4	Understands the College's business and risk environment?	<input type="checkbox"/>					

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?	<input type="checkbox"/>					
2.2	On the basis of the work performed by internal audit over the 2017-18 academic year, does it appear to have the right staff mix and competences in any specialist areas?	<input type="checkbox"/>					
2.3	How would you rate internal audit's independence from the activities it audits?	<input type="checkbox"/>					

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

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?	<input type="checkbox"/>	<input type="checkbox"/>
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<b>4. Performance</b>							
		<b>Rating</b>		<b>Comment</b>			
4.1	Assess the quality of the internal audit plan in terms of its:  Comprehensiveness, clarity and timeliness.	<b>V</b>	<b>G</b>	<b>A</b>	<b>P</b>	<b>N</b>	
4.2	Coverage of priority and high-risk areas.	<input type="checkbox"/>					
4.3	How would you assess internal audit's overall performance?	<input type="checkbox"/>					
4.4	Is it clear from its reporting to the Audit Committee that internal audit:	<b>Rating</b>		<b>Comment</b>			
	<ul style="list-style-type: none"> <li>Has delivered the services outlined in the plan?</li> <li>Has been in accordance with the agreed timetable?</li> <li>Has performed the audit work necessary to reach its opinions/ conclusions?</li> </ul>	<b>Yes</b>	<b>No</b>				
4.5	Did the original internal audit plan leave unanswered any significant issues of concern to the Audit Committee?	<input type="checkbox"/>	<input type="checkbox"/>				
4.6	Is there evidence of effective co-ordination of internal and external audit work?	<input type="checkbox"/>	<input type="checkbox"/>				
4.7	Do you consider that internal audit has added value to the College?	<input type="checkbox"/>	<input type="checkbox"/>				



**Internal Audit Service Evaluation – 2017/18**

**Part B**

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

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

1. Planning				
		Rating		Comment
		Yes	No	
1.1	Are internal audit's terms of reference sufficiently visible to everyone within the institution?	<input type="checkbox"/>	<input type="checkbox"/>	
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?	<input type="checkbox"/>	<input type="checkbox"/>	
1.3	Has internal audit discussed its approach and major areas of audit focus with you?	<input type="checkbox"/>	<input type="checkbox"/>	
1.4	Have you raised any major areas of concern that have not been reviewed by the internal audit team?	<input type="checkbox"/>	<input type="checkbox"/>	

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.	<input type="checkbox"/>					
2.2	How well have the members of the internal audit team demonstrated an appreciation of the issues key to your role and responsibilities?	<input type="checkbox"/>					
		<b>Rating</b>					<b>Comment</b>

		<b>Yes</b>	<b>No</b>	
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?	<input type="checkbox"/>	<input type="checkbox"/>	
2.4	Have members of the internal audit team consistently demonstrated independence in all their deliberations?	<input type="checkbox"/>	<input type="checkbox"/>	
2.5	Have members of the internal audit team been adequately supervised?	<input type="checkbox"/>	<input type="checkbox"/>	

<b>3. Work programme</b>							
		<b>Rating</b>					<b>Comment</b>
		<b>VG</b>	<b>G</b>	<b>A</b>	<b>P</b>	<b>N</b>	
3.1	How responsive has internal audit been to the College's needs, including requests for special investigations?	<input type="checkbox"/>					
		<b>Rating</b>					<b>Comment</b>
		<b>Yes</b>	<b>No</b>				
3.2	Are internal audit reports: <ul style="list-style-type: none"> <li>• Relevant, clear and constructive?</li> <li>• Sufficiently detailed to provide assurance that the necessary audit work has been carried out to support the opinions/ conclusions?</li> <li>• Sufficiently detailed to enable effective management action?</li> <li>• Issued on a timely basis?</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>				
3.3	Has effective co-operation been achieved between the internal auditors and your department, including avoidance of undue disruption to normal activities?	<input type="checkbox"/>	<input type="checkbox"/>				
3.4	Is there a formal process to ensure that internal audit keeps you up to date with audit/ project progress?	<input type="checkbox"/>	<input type="checkbox"/>				
3.5	Has internal audit provided early identification and advice regarding contentious issues, problem areas and delays?	<input type="checkbox"/>	<input type="checkbox"/>				

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

<b>4. Overall Performance</b>				
		<b>Rating</b>		<b>Comment</b>
		<b>Yes</b>	<b>No</b>	
4.1	Has internal audit added value to the institution?	<input type="checkbox"/>	<input type="checkbox"/>	

## Board of Management

<b>Subject/Title:</b>	Audit Committee Self Evaluation
<b>Author:</b> [Name and Job title]	Fiona Ambrose, Board Secretary
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	18 September 2018
<b>Date Paper prepared:</b>	6 September 2018
<b>Brief Summary of the paper:</b>	Annual Audit committee self-evaluation exercise. This item was deferred from the meeting in May to allow all members to feed into the process. A combined evaluation document has been prepared and a number of actions identified.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	It is recommended that the committee consider the suggested actions and if in agreement, the Board Secretary will draw up an implementation plan.
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Compliance with Code of Good Governance for Scotland's Colleges.  Providing assurance to the Board on the effectiveness of the audit committee's key responsibilities and thus mitigating risk.
<b>Resource implications:</b>	Cost of Internal Audit services
<b>Risk implications:</b>	Yes/No Operational: to ensure that the internal audit function is appropriate and effective
<b>Equality and Diversity implications:</b>	N/A
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	

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

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

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

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

## **Introduction**

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. It is a requirement within the Code of Good Governance for Scotland's Colleges and other key regulatory documents that an audit committee is appointed.

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.

## **Combined evaluation**

Responses have been received from all Audit committee members and combined into one evaluation document (attached)

The scores within the evaluation range from 1 to 3

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

Where all, or at least 50% of responses given is a 3, no new action requires to be taken. Current practice will continue and where members have raised a question, clarification will be provided by the Board Secretary and the Director of Finance.

Where all, or at least 50% of the responses given is a 2 or a 1, actions have identified to improve current practice and / or understanding.

## **Recommendation**

It is recommended that the Committee consider the suggested actions identified and if in agreement, the Board Secretary will draw up an implementation plan.

	<b>Good Practice</b>	Evaluation Level 1 to 3	Further action required? Y / N	Evidence for assessment and improvement actions
	<b>Role of Audit Committee Members</b>			
1	Does the audit committee have written terms of reference (TOR)?	3,3,3,3,3	Y,N,N	Latest written ToR approved at recent Board meeting; continue to review/update on regular basis <a href="#">Check ToR</a>
2	Are the TOR adopted by the governing body and reviewed periodically?	3,3,3,3,3	Y,N,N,N	Board minutes; continue ToR review periodically in accordance with agreed schedule or as required <a href="#">Check the periodic review cycle</a>
3	Does the role and operation of the audit committee comply with funding body requirements?	2,3,3,3,3	Y,N	ToR (refers SFC and other regulatory codes/guidance) and audit committee minutes; review of all funding body requirements to confirm
4	Is the role and purpose of the audit committee understood and accepted across the institution?  <b>ACTION</b>  Prepare a brief introduction to the Board and the role of it's committees and make this accessible to all staff and students through iConnect and MyDay internet portals.	3,2,3,2,3	Y,N	Board induction process/documents package; minutes of Board and committees; continue periodic training/updates for Board members and Senior Management Team <i>It's a "2" because we have new staff and student members in or on their way in and so we haven't assessed their understanding of the Audit Committee yet. Also, how do we know that all staff/students understand the Committee's role?</i> <a href="#">I think the committee is understood by the BoM and the other committees but I have no evidence to how much wider it is understood</a>
5	Is the audit committee's role clear in respect of other committees with responsibility for financial matters within the institution?	3,3,3,3,3	Y,N	Written ToR for audit and finance committees as approved by Board; induction process/documents package; continue periodic training/updates for Board and Senior Management Team <a href="#">See response to Q 4 above</a>

6	Are the audit committee's authorities properly constituted and specified in the institution's financial regulations?	2,3,3,3,3	Y,N,N	Appointed by Board under written ToR; review ICUHI financial regulations to confirm
7	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?	3,3,3,3,3	Y,N,N	Board induction process/documents package; continue periodic training/updates for Board members and Senior Management Team <a href="#">There is a joint Audit and F&amp;GP committee made up of both committees to ensure there is an interface</a>
8	<p>Is the audit committee's role defined in respect of the following?</p> <ul style="list-style-type: none"> <li>• good governance</li> <li>• assurance</li> <li>• risk management and internal control</li> <li>• internal audit</li> <li>• external audit</li> <li>• financial reporting</li> <li>• value for money .</li> </ul> <p><b>ACTION</b> Review standing orders as scheduled - May 2019</p>	2,2,3,3,3	Y,Maybe,N,N	<p>Written ToR; regular review and clarification as necessary – ToR remit does not refer to “good governance”, nor to “assurance” separately from governance and risk management or “financial reporting” in addition to financial management and might be adjusted slightly to clarify</p> <p><i>Maybe it's just me but I'm not sure we've completely defined this in terms of risk management vis-à-vis risk appetite and risk capacity.</i></p>

	<b>Skills and Experience</b>			
9	<p>Do the audit committee members have the right skills and expertise to enable them to challenge effectively?</p> <p><b>ACTION</b> All members of Audit committee have been asked to undertake the Audit committee online training module from CDN. Review question upon completion of the training</p>	2,2,2,2,2	Y, Maybe, Y, N	<p>Audit committee members have wide spread of relevant skills and expertise; induction process/documents package and continuing periodic training/updates for committee members should ensure</p> <p><i>I'm not party to the appraisal outcomes for some members so cannot be clear on this other than to observe that members certainly seem to have the required expertise. Also, the CDN training for AC members is new and so we haven't all completed this yet.</i></p> <p>Check the membership have had access to and followed appropriate training. The membership is made up of a diverse group of professionals from different backgrounds which should make it a well rounded committee</p> <p>It will never be perfect, but there is a good mix of skills and experience</p>
10	<p>Are there any qualified accountants amongst the members?</p> <p><b>CLARIFICATION</b> Yes – Chair of the Committee</p>	3,3,2,1,2	Y, N	<p>I'm assuming Fiona Mustarde is a qualified accountant</p> <p>Don't know</p> <p>No idea</p>
11	<p>Does the committee have an appropriate mix of knowledge and skills among the membership?</p>	2,3,3,2,3	Y, N, N	<p>See 9 + 10 above</p> <p>See response to Q 9 above</p>
12	<p>Does the chair of the committee have appropriate knowledge and skills?</p>	3,3,3,3,3	Y, N, N	<p>Chair appears to be experienced and competent</p> <p>Very strong chair</p>
13	<p>Do the committee members demonstrate appropriate commitment?</p>	3,3,3,3,2	N, N	<p>Audit committee minutes record attendance/participation; ongoing commitment and training/updates</p> <p>Committee seems to be well attended. In the year I have been on the committee it has always had a quorum</p> <p>Could always be better</p>

14	Do members understand the financial regime in which the institution operates?	3,3,2,3,3	Y,N	Board induction process/documents package and recent briefings from Director of Finance; continue periodic training/updates/briefings for committee members Finance training was given to all committee members but might be worth checking that all members attended
15	Are the audit committee members familiar with, and do they understand, their institution's financial memorandum or funding agreement and articles of government  <b>ACTION</b> Provide links to the financial memorandum and other articles of governance to allow refresh of knowledge and understanding	2,3,2,3,2	Y,N	Board induction process/documents package and recent briefings from Director of Finance provided summaries and info. on how to access; more detailed review by committee members and periodic refresher briefing should ensure See answer to Q14 above

	<b>Behavioural and Operational aspects</b>			
16	Does the audit committee meet regularly e.g. termly?	3,3,3,3,3	N,N,N	Minutes of quarterly meetings; continue to schedule quarterly Meets in accordance with audit committee guidelines
17	Are audit committee meetings scheduled in good time in respect of important decisions and financial deadlines?	3,3,3,3,3	N,N,N	Schedule of meeting dates is circulated well in advance; notice with agenda and papers are usually issued at least 3 days in advance
18	Are members attending meetings on a regular basis and if not is appropriate action taken?	3,3,3,2,3	N,N,N	Audit committee minutes Not aware of non-attendance so this might be worth checking with the secretary
19	Are members attending meetings on a regular basis and if not is appropriate action taken?	See 18	See 18	See 18 Repeat of Q 18
20	Is an audit committee meeting scheduled to discuss proposed adjustments to the accounts and issues arising from the audit where appropriate?	3,3,3,3,3	Y,N,N	Audit committee minutes and list of outstanding issues for review/progress update at next meeting until resolved; continue to monitor action to resolve any such issues Not routine but would be called if so required
21	Is the timing of the audit committee's meetings discussed with all the parties involved?	3,3,3,2,3	Y,N,N	Continue to consult re timing/changes to timing
22	Has each member declared his or her business interests?	2,3,3,3,3	Y,N	Director's declarations of business interests – completion/updating by all members to be confirmed
23	Is the register of interests checked on a regular basis? Is the register easily accessible?  <b>ACTION</b> The Board Secretary updates the register of interests when aware of any changes and also sends the register to all Board members on an annual basis for review. Last review August 2018.	2,3,3,3,3	Y,N	Frequency of regular checks (last in May 2017?) to be confirmed; accessible via Inverness College website (tbc) It is probably accessible but would need assistance to locate it Members sit on other committees

24	<p>Are audit committee members independent of the management team and other committees?</p> <p><b>CLARIFICATION</b>  Audit committee members are independent of the management team. As a legal requirement, members of audit do not sit on the F&amp;GP committee. Good practice for audit committee members to sit on another board committee</p>	2,2,3,3,3	Y,Maybe,N,N	<p>ToR confirm exclusion of Chair of Board, Principal and staff from membership of audit committee; its members are also members of other committees but not finance and general purposes committee – periodic review of composition to ensure funding/other regulatory requirements are met</p> <p><i>Some AC members also serve on other Board committees. I think this is important. Therefore members are not completely and utterly independent of other Board committees but as long as members understand the need for objective independence between committee roles then perhaps this is enough?</i></p>
25	<p>Are there at least three members of the governing body on the committee?</p>	3,3,3,3,3	N,N,N	<p>ToR confirms not &lt; 5 members of governing body are on audit committee</p>
26	<p>Do co-option arrangements include the involvement of the governing body's search or nominations committee?</p> <p><b>CLARIFICATION</b>  Yes – any recruitment / co-option would be considered by the Selection Panel drawn up (which has an independent member and a member of the UHI Court as well as two members of the Inverness College Board of Management). The Search and Nomination committee does not play a large part as we are required to comply with the ministerial guide for Board Appointments. Board member appointment is approved by the UHI Court as the RSB</p>	2,3,1	Y	<p>Arrangements for co-option to Board are understood to include such involvement – to be confirmed; ToR for search and nominations committee might be adjusted to clarify</p> <p><b>Don't know</b>  <b>No idea what this means</b></p>

27	<p>Are arrangements in place to rotate governing body membership?</p> <p><b>CLARIFICATION</b>  No formal arrangements in place but Search and Nomination Committee would consider this when reviewing members skills and experience. Opportunity given to members to change committee membership in 2017 when new members allocated to committees</p>	3,3,2,2,3	Y,Y, N	<p>Fixed term of office for Board members; regular review of skills matrix and recruitment process</p> <p>Not sure if there is an arrangement in place</p>
28	Are all the committee members fully engaged and participative in meeting discussions?	2,3,3,3,3	Y,N,N	Audit committee minutes - extent of participation varies depending on issues and from meeting to meeting; continue to encourage
29	Do the audit committee members ask 'tough questions'?	3,3,2,3, 3	Y,Y, N	<p>Audit committee minutes; quality of papers and information provided is generally good and quite detailed but committee members (particularly Chair) do ask "tough questions" and monitor issues; continue to do so and record in minutes</p> <p>Seek a view from the committee secretary</p>
30	Does the audit committee demonstrate an independent and challenging approach to its role?	3,3,3,3,3	Y,N, N	See 29
31	Does the audit committee hold periodic private discussions with the chief internal auditor?	3,3,3,3,2	N,N,Y	<p>Audit committee minutes record reporting to committee by chief internal auditor; continue scheduling on regular basis</p> <p>Not sure about this</p>
32	Does the audit committee hold periodic private discussions with the external auditor?	3,3,3,3	N,N	Audit committee minutes record reporting to committee by external auditor; continue scheduling on regular basis

33	Do the audit committee members draw and reflect on their experiences of other organisations in discussions?	2,2,3,3,3	Y, Not necessarily,N	Yes, Chair most often due to her specific experience but other committee members encouraged to do so; audit committee minutes might record that where appropriate <i>It is likely but I cannot say this in the absolute terms required to give a "3".</i>
34	Do the audit committee members have access to the chief financial officer and vice versa?	3,3,3,3,3	N,N,N	Director of finance provides briefings for audit committee/its members and is available by e-mail/in person at committee meetings - to continue
35	Does the chief financial officer attend meetings of the audit committee?	3,3,3,3,3	N,N,N	Audit committee minutes confirm attendance of director of finance – to continue
36	Are the activities of the audit committee reported to the governing body after each meeting?	3,3,3,3	N,N,n	Audit committee minutes to Board on regular basis
37	Does the audit committee produce an annual report for the governing body?	3,3,3,3	N,N	Audit committee reports annually to Board

	Information and Support			
38	<p>Are there appropriate training and induction procedures for the audit committee members?</p> <p><b>ACTION</b> Review this question following completion of CDN online training module (see question 9)</p>	2,2,3,3,3	Y, Maybe, Y, N	<p>Board induction process/package contains some relevant info. and subsequent briefings on finance/other relevant issues plus fairly detailed papers for committee meetings; continual review of training advisable <i>The CDN training on this is new and so we haven't all undertaken this yet. We would need to write this in to our induction programme.</i> Check all members have been trained</p>
39	Does the audit committee have an independent secretary / clerk?	3,3,3,3,3	N, N, N	Board secretary
40	<p>Do the clerking arrangements for the audit committee ensure that the members' time is used effectively? eg :</p> <ul style="list-style-type: none"> <li>• is there a good reason for each item being on the agenda?</li> <li>• Are all papers circulated sufficiently in advance (and none tabled?) and distributed in sufficient time for members to give them due consideration?</li> <li>• Do the reports prepared for the audit committee members make it clear what they are being asked to do/agree?</li> </ul>	3,3,3,3,3	Y, N, N	Yes, papers generally good and include useful agenda notes on items incl. whether for discussion/approval (although sometimes fairly lengthy) inclusion of executive summaries in reports provides helpful summary and clarification
41	<p>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?</p> <p><b>Clarification</b> Board Secretary provides SFC circulars and any other relevant documents received to committee chairs and vice-chairs as appropriate.</p>	3,2,2,2,3	Y, Not necessarily, Y, N	<p>Circulars, briefings and training all provided via e-mail alerts, briefings or reports at committee meetings – continue to update on significant changes <i>There are various mechanisms by which we receive circulars, briefings etc – and these are fairly comprehensive – perhaps some of these should be picked up and included explicitly on AC agendas as items for noting?</i> I'm aware of what is presented to the committee and have no visibility of any gaps should they exist</p>

42	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?	2,3,3,3,3	N,N,N	Reports are comprehensive and generally fairly concise (executive summaries are helpful) – see 40 above; information received appears to be robust & objective
43	Has the audit committee considered the information it wishes to receive from internal audit?	3,3,3,3,3	Y,N,N	Audit committee minutes – ongoing review (new auditors)
44	Does the audit committee receive periodic reports from the internal audit service?	3,3,3,3,3	Y,N,N	Audit committee minutes – ongoing review (new auditors)
45	Are audit committee members encouraged to increase their familiarity with risk management, control and governance issues by visiting various departments within the institution?  <b>CLARIFICATION</b> Need to ensure that Audit members focus on their governance role and not stray into operational / management activities, however departmental visits can be arranged on request.	2,2,2,2,3	Y, maybe, Y,N	Tour of facility made available – no pre-arranged visits to specific departments but presume available on request - to be considered/confirmed <i>There is a general invitation to tour the institution as part of induction and we see specific departments if we happen to have committee or board meetings therein. Do we visit departments specifically in relation to audit activities?</i> The committee is familiar with risk management. In the year I have been on the committee I do not recall visiting departments within the institution in relation to risk management

	<b>Activities and Functions</b>			
	<i>Governance</i>			
46	Does the audit committee's TOR include oversight of governance arrangements?	3,3,3,3,3	Y,N,N	See 8
47	Does the audit committee provide support to the institution in meeting the requirements of good governance?	3,3,3,3,3	N,N,N	Internal audit report & committee minutes
48	Does the audit committee oversee an assessment of the governance arrangements of the institution and advise the governing body on their effectiveness?	3,3,3,2,3	N,N	Annual internal audit report & committee minutes
49	Does the audit committee consider whether the annual governance statement reflects the institution's risk environment?	3,3,1,3	N,N	Annual internal audit report & committee minutes
50	Does the audit committee consider whether the annual governance statement demonstrates how the institution's governance arrangements support its objectives?	3,3,3	N,N	Annual internal audit report & committee minutes
51	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?	3,3,3,2,3	N,N,N	Annual internal & external audit reports & audit committee minutes
52	Does the audit committee monitor arrangements for ensuring value for money and for managing exposure to the risk of fraud and corruption?	3,3,3,2	Y,N,N,N	Risk register update (may not mention specific risk of fraud/corruption- tbc)

53	Does the audit committee scrutinise and challenge the finance committee effectively?  <b>ACTION</b> There is a standing item on the Chairs agenda allowing committee chairs to raise any items of interest. Full discussion is possible through Board of Management meetings.	2,3,2,2,3	Y,Y,N,N	Audit committee minutes & internal audit report - Internal audit plan 2017-18 incl. review of financial controls & internal report on value for money and procurement It does challenge. How is it measured to be effective? At joint meeting
54	Is the audit committee's role in relation to whistle blowing clear?	2,3,3,3,3	Y,N,N	Clarification might be helpful (reporting discussed in relation to health & safety and also relevant to other e.g. LTR and HR committees' remits)
55	Is the audit committee's role in relation to the institution's fraud and corruption procedures clear?  <b>ACTION</b> Clarification to be provided to all board members.	2,3,3,2,3	Y,N,N	Clarification might be helpful (also relevant to other e.g. finance and HR committees' remits)
	<i>Assurance</i>			
56	Does the audit committee seek to ensure that assurance is planned and delivered?	3,3,3,3,3	N,N	Internal audit and external audit plans & audit committee minutes
57	Does the audit committee understand what assurance is available to support the annual governance statement?	3,3	N,N	Internal audit and external audit plans & audit committee minutes
58	Does the audit committee seek clarity regarding what assurance is required?	3,3,3,2,3	N,N,N	Internal audit and external audit plans & audit committee minutes
59	Does the audit committee gain assurance that the institution's risk management, control and governance arrangements are adequate and effective?	3,3,3,3	N,N,N	Internal audit and external audit plans & audit committee minutes

	<i>Risk Management</i>			
60	Does the audit committee's TOR include oversight of risk management processes?	3,3,3,3	Y,N,N	Risk register update and audit committee minutes – ongoing review
61	Does the audit committee keep risk management on its agenda throughout the year?	3,3,3,2,3	N,N,N	audit committee meeting agenda
62	Does the audit committee monitor how the institution assesses risk?	3,3,3,2,3	Y,N,N	Audit committee minutes, risk register and recent Board development day session on risk appetite – ongoing
62	Does the audit committee monitor how the institution assesses risk?	See 62 above	See 62 above	See 62 above <a href="#">Repeat of Q 62</a>
64	Is the committee made aware of the role of risk management in the preparation of the audit plan?	3,3,3,2,3	N,N,N	Audit committee minutes and meetings with director of finance and internal auditors to discuss audit plan
	<i>Internal Audit</i>			
65	Does internal audit have a direct reporting link to the audit committee	3,3,3,3,3	N,N,N	Audit committee minutes of internal auditors' attendance at meetings and presentation of internal audit report
66	Does the audit committee approve, annually and in detail, the internal audit strategic and annual plans?	3,3,3,3	N,N	Audit committee minutes and internal audit plan presented in draft for approval on annual basis
67	Are follow up audit by internal audit monitored by the audit committee?	3,3,3,3,3	Y,N,N	Audit committee minutes and internal audit reports - ongoing
68	Does the committee consider the adequacy of implementation of internal audit recommendations?	3,3,3,3,3	N,N,N,N	Audit committee minutes and internal audit reports
69	Does the audit committee receive regular progress reports from the internal audit service summarising internal audit activity?	3,3,3,3,3	N,N,N	Audit committee minutes and internal audit reports
70	Do the reports describe major audit issues and compare activity to date against the audit plan?	3,3,3,3,3	N,N,N	Audit committee minutes and internal audit reports

71	How does the audit committee ensure that a professional relationship is maintained between internal and external audit?	2,2,3,3	Y,N,N	Both internal and external auditors invited to attend audit committee meeting at start of year for introductions (further meetings between them as necessary) and monitored throughout year by updates from internal auditors and finance director – ongoing particularly following change of auditors <i>Annual review of internal/external audit arrangements and inclusion of representatives at committee meetings? Maybe this is a “3” – I’m just not 100% sure.</i>
72	Does the audit committee review the adequacy of internal audit staffing and other resources?  <b>CLARIFICATION</b> Director of Finance and SMT regularly review staffing and resources and raise with Internal and External audit as required. Any outstanding issues would be brought to the attention of the committee. The Audit Committee Chair and other members form part of the evaluation panel for internal audit appointments. The Chair meets with the Director of Finance and internal audit representatives to discuss planning and any concerns.	3,3,2,2	N,Y,Y	Audit committee minutes audit plan and briefings from director of finance/SMT and internal auditors Not sure if the committee has reviewed the capability of internal audit and other resources I do not recall any discussion on this topic
73	Has the audit committee evaluated whether its internal audit services complies with the Government Internal audit standards?	2,3,3,3	Y,N,N	Audit committee minutes and annual evaluation - clarify to what extent compliance with such standards is evaluated (extent of assurance from finance director/SMT, APUC procurement process, internal and external auditors’ expertise and assurance of regulatory compliance?) to be confirmed
74	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?	2,3,3	Y,N	Clarify whether terms of APUC procurement process included KPIs for internal audit service and management/performance indicators set by audit committee to be confirmed

75	Are audit committee members aware of the key issues to take into account when selecting or reviewing their internal audit function?	2,3,3,2,3	Y,N,N	ToR for audit committee remit (Director of finance briefing on financial regulations/Government and funders' audit requirements was helpful – further insight into on procurement/ terms of appointment of internal/external might assist new members)
	<i>External Audit</i>			
76	Are follow up audits by external audit monitored by the audit committee?	3,3,3,3,3	Y,N,N	Audit committee minutes and external auditors' reports - ongoing
77	Does the committee consider the adequacy of implementation of external audit recommendations?	3,3,3,3,3	N,N,N	Audit committee minutes and external auditors' reports
78	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?	3,3,2,3	N,N	Audit committee minutes New external auditors were appointed just when I joined the committee so not fully aware of the recommendation process Don't know
79	Do the external auditors present their audit plans and strategy to the audit committee for review?	3,3,3,3,3	N,N,N	Audit committee minutes and external audit plan
80	Does the audit committee assess the performance of external audit?	3,3,3,3,3	N,N,N	Audit committee minutes & annual evaluation
81	Is the audit committee clear regarding its role in the rare event of external audit qualifying the institution's financial statements?  <b>ACTION</b> Director of Finance to provide short briefing paper for all Board members	2,2,3	Y, Y,N	Addressed as part of overall induction training process and committee members have varied skills and expertise/experience but might be helpful to clarify specifically We may be, I'm not personally sure how we do this.

82	Are audit committee members aware of the key issues to take into account when selecting or reviewing external audit?	2,3,3	Y,N	ToR for audit committee remit (Director of finance briefing on financial regulations/Government and funders' audit requirements was helpful – further insight into procurement/ terms of appointment of internal/external might assist new members) <a href="#">I have not been through a selection process</a>
	<i>Financial reporting</i>			
83	Does the audit committee review the external auditor's management letter when considering the institution's financial statements?	3,3,3,3	N,N,N	Minutes of joint audit/F&GP meeting and external auditors' annual report
84	Do the institution's financial statements include a description of the audit committee's establishment and activities?	3,3,3	N,N	Annual financial statements <a href="#">Not sure what the question is asking</a>
85	Does the audit committee consider whether the financial statements satisfy all statutory and regulatory requirements to which the institution is subject?	3,3,3,3	Y,N,N	Annual audit reports from Director of Finance and external auditors (induction training and finance director's briefings on finances and regulatory framework and continuing review/update)
86	Does the audit committee consider whether the financial statements satisfy all statutory and regulatory requirements to which the institution is subject?	See 86	See 86	See 86 <a href="#">Repeat of Q 85</a>
87	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?	3,3,3,3	Y,N,N	Minutes of audit committee and joint audit/F&GP meetings - ongoing
	<i>Value for Money</i>			
88	Does the audit committee include reference to its responsibility for overseeing value for money arrangements in its annual report to the governing body?	3, ?,3	N,N	Audit committee annual report

	Review			
89	Does the audit committee assess its performance and effectiveness on a regular basis?	3,3,2,2,3	Y,Y,N	Self- evaluation and follow-up I do not recall a committee meeting where it has assessed its own effectiveness using any empirical evidence
90	Do the members assess how they could carry out their business more effectively? e.g. improved meeting time table  <b>ACTION</b> Committee to carry out assessment at future meeting	2,3,2,1,3	Y,Y,N	On ad hoc basis and periodic review as part of self-evaluation process Scope to assess if there are more effective ways of running business by assessing other organisational audit committees
91	Are there KPIs in place against which the members can assess their performance?  <b>Clarification</b> There are no KPIs in place. Performance assessment of the committee is carried out on an annual basis through committee self-evaluation and committee evaluation of the chair. Individual board members are assessed on their role as a board member on an annual basis and any training and development needs identified. Refer to question 9 above.	2,2,1,1,2	Y,Y,Y	Specific KPIs to be confirmed? <i>KPIs for individual members? I don't think so. KPIs for the business – yes. KPIs for the committee – ToR, annual audit plan.</i> I'm not aware of any KPI for individual member self assessment. Or is the question aimed at the committee members collectively? Their own performance (or that of committee?) Some consideration should be given to this but not really a priority

## Board of Management

<b>Subject/Title:</b>	Committee Chair Evaluation
<b>Author:</b> [Name and Job title]	Fiona Ambrose, Board Secretary
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	18 September 2018
<b>Date Paper prepared:</b>	6 September 2018
<b>Brief Summary of the paper:</b>	<p>The Code of Good Governance for Scotland's Colleges establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework. One of the five principles around which the code has been developed is effectiveness.</p> <p>Paragraph D24 states that "The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs"</p>
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	The committee is requested to complete the Committee Chair evaluation exercise
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with::	<ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>
<b>Resource implications:</b>	
<b>Risk implications:</b>	Yes/No Operational: required for the proper Governance of the College
<b>Equality and Diversity implications:</b>	N/A
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	

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

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

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

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

## Evaluation of Audit Committee Chair

Chair being evaluated: HAZEL ALLEN

Circle to indicate  
← Tendency →

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

Comments

Completed by Audit Committee

Date.....



INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

FES RETURN AUDIT

2018-19

# INVERNESS COLLEGE, FES RETURN

## PURPOSE OF REVIEW

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

In order to comply with the SFC's requirements set out in '2017-18 data return for funding purposes (FES return) and audit guidance for colleges', we have been requested by Inverness College to carry out an audit for the year ended 31 July 2018 with the purpose being to provide an audit certificate giving an opinion on whether:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- the FES return contains no material misstatement.

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

## LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

## REQUIREMENTS

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

REQUIREMENT	DETAILS	RESPONSIBLE PERSON	REQUIRED BY
Documentation	- A list of information required for audit purposes will be provided to the College in advance of the audit visit.	Roddy Henry / Andy Coulter	27/08/2018  (2 weeks ahead of fieldwork)

# INVERNESS COLLEGE, FES RETURN

## Access to information/staff

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

## Timing changes and cancellation:

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

## KEY CONTACTS

### BDO LLP

Claire Robertson	Director	T: 0141 249 5206 E: claire.robertson@bdo.co.uk
Sean Morrison	Internal Auditor	T:0141 249 8463 E: sean.morrison@bdo.co.uk

### INVERNESS COLLEGE

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

## PROPOSED TIMELINE

AUDIT STAGE	DATE
Commence fieldwork	10/09/2018
Number of audit days planned	5
Planned date for closing meeting	14/09/2018
Planned date for issue of the draft certificate	27/09/2018
Planned date for issue of draft audit report	27/09/2018

# INVERNESS COLLEGE, FES RETURN

Planned date for provision of final FES return to BDO LLP	03/10/2018
Planned date for submission of audit certificate to SFC	04/10/2018
Planned date for submission of audit report to SFC	04/10/2018

## SIGN OFF

ON BEHALF OF BDO LLP:		ON BEHALF OF INVERNESS COLLEGE:	
Signature:	Claire Robertson	Signature:	
Title:	Director	Title:	
Date:	14/08/2018	Date:	



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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

EDUCATION MAINTENANCE ALLOWANCE

2018-19

# INVERNESS COLLEGE, EDUCATION MAINTENANCE ALLOWANCE

## PURPOSE OF REVIEW

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

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

In order to comply with the SFC's requirements set out in 'Education Maintenance Allowance AY 2017-18', we have been requested by Inverness College to carry out an EMA Audit for the year ended 31 July 2018 with the purpose being to provide an audit certificate giving an opinion on whether:

- the information set out in the EMA return is in agreement with the underlying records;
- the College used these funds in accordance with the SFC's conditions and the principles of the Education Maintenance Allowance programme; and
- the systems and controls of the administration and disbursement of these funds are adequate.

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

## LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

# INVERNESS COLLEGE, EDUCATION MAINTENANCE ALLOWANCE

## REQUIREMENTS

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

REQUIREMENT	DETAILS	RESPONSIBLE PERSON	REQUIRED BY
Documentation	- A list of information required for audit purposes will be provided to the College in advance of the audit visit.	Fiona Mustarde / Lindsay Snodgrass	27/08/2018  (2 weeks ahead of fieldwork)

### Access to information/staff

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

### Timing changes and cancellation:

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## KEY CONTACTS

### BDO LLP

Claire Robertson	Director	T: 0141 249 5206 E: claire.robertson@bdo.co.uk
Sean Morrison	Internal Auditor	T:0141 249 8463 E: sean.morrison@bdo.co.uk

### INVERNESS COLLEGE

Fiona Mustarde	Director of Finance	T:01463 273260
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# INVERNESS COLLEGE, EDUCATION MAINTENANCE ALLOWANCE

		E: Fiona.Mustarde.ic@uhi.ac.uk
Lindsay Snodgrass	Head of Student Services	T: 01463 273230 E: Lindsay.Snodgrass.ic@uhi.ac.uk
Andy Coulter	Information Systems Specialist	T: 07887 723849 E: Andy.Coulter.ic@uhi.ac.uk
Sheree Grant	Admissions and Student Funding Team Leader	T: 01463 273235 E: Sheree.Grant.ic@uhi.ac.uk

PROPOSED TIMELINE	
AUDIT STAGE	DATE
Commence fieldwork	17/09/2018
Number of audit days planned	3
Planned date for closing meeting	19/09/2018
Planned date for issue of the draft certificate	26/09/2018
Planned date for issue of draft audit report	26/09/2018
Planned date for provision of final FES return to BDO LLP	10/10/2018
Planned date for submission of audit certificate to SFC	11/10/2018
Planned date for submission of audit report to SFC	11/10/2018

SIGN OFF	
ON BEHALF OF BDO LLP:	ON BEHALF OF INVERNESS COLLEGE:

# INVERNESS COLLEGE, EDUCATION MAINTENANCE ALLOWANCE

Signature:	Claire Robertson	Signature:	
Title:	Director	Title:	
Date:	15/08/2018	Date:	



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INVERNESS COLLEGE

INTERNAL AUDIT TERMS OF REFERENCE

STUDENT SUPPORT FUNDS

2018-19

# INVERNESS COLLEGE, STUDENT SUPPORT FUNDS

## PURPOSE OF REVIEW

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

In order to comply with the SFC's requirements set out in '2017-18 National policy: childcare funds for further and higher education students in Scotland's colleges', SFC Bursary Policy and FE Discretionary Policy, we have been requested by Inverness College to carry out an SSF Audit for the year ended 31 July 2018 with the purpose being to provide an audit certificate giving an opinion on whether:

- the aggregate student support fund return has been compiled in agreement with the underlying records;
- the College used these funds in accordance with the Scottish Funding Council conditions; and
- the systems and controls of the administration and disbursement of these funds are adequate.

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

## LOCATIONS

Fieldwork will be performed at Inverness College, Main Campus.

## REQUIREMENTS

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

REQUIREMENT	DETAILS	RESPONSIBLE PERSON	REQUIRED BY
Documentation	- A list of information required for audit purposes will be provided to the College in advance of the audit visit.	Fiona Mustarde	03/09/2018  (1 week ahead of fieldwork)

# INVERNESS COLLEGE, STUDENT SUPPORT FUNDS

## Access to information/staff

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

## Timing changes and cancellation:

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

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

PROPOSED TIMELINE	
AUDIT STAGE	DATE
Commence fieldwork	10/09/2018

# INVERNESS COLLEGE, STUDENT SUPPORT FUNDS

Number of audit days planned	3
Planned date for closing meeting	12/09/2018
Planned date for issue of the draft certificate	27/09/2018
Planned date for issue of draft audit report	27/09/2018
Planned date for provision of final FES return to BDO LLP	03/10/2018
Planned date for submission of audit certificate to SFC	04/10/2018
Planned date for submission of audit report to SFC	04/10/2018

## SIGN OFF

ON BEHALF OF BDO LLP:		ON BEHALF OF INVERNESS COLLEGE:	
Signature:	Claire Robertson	Signature:	
Title:	Director	Title:	
Date:	15/08/2018	Date:	



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## Board of Management

<b>Subject/Title:</b>	Business Continuity
<b>Author:</b> [Name and Job title]	Lindsay Ferries, Director of Organisational Development
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	18 September 2018
<b>Date Paper prepared:</b>	12 September 2018
<b>Brief Summary of the paper:</b>	To provide the Audit Committee with an update regarding business continuity planning.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Noting
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	Compliance Risk management
<b>Resource implications:</b>	Yes <b>If yes, please specify:</b> management and staff time, all training in house or provided by Police Scotland free of charge.
<b>Risk implications:</b>	Yes <b>If yes, please specify:</b> Operational: Operational: Ability to services, safeguard assets, staff students and visitors.  Organisational: reputation if poor response
<b>Equality and Diversity implications:</b>	No <b>If yes, please specify:</b>
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	Staff

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

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

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

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

## Board of Management

<b>Subject/Title:</b>	General Data Protection Regulation (GDPR) Compliance
<b>Author:</b> [Name and Job title]	Suzanne Stewart, Information Development Manager
<b>Meeting:</b>	Audit Committee
<b>Meeting Date:</b>	18 September 2018
<b>Date Paper prepared:</b>	12 September 2018
<b>Brief Summary of the paper:</b>	To update the committee on the GDPR points of compliance identified by the internal auditors and address the point of clarification requested at the last committee meeting.
<b>Action requested:</b> [Approval, recommendation, discussion, noting]	Discussion
<b>Link to Strategy:</b> Please highlight how the paper links to, or assists with:: <ul style="list-style-type: none"> <li>• compliance</li> <li>• partnership services</li> <li>• risk management</li> <li>• strategic plan</li> <li>• new opportunity/change</li> </ul>	To ensure that our practice is aligned with national, sector and/or industry recognised standards, that the college is legally compliant and continues to ensure that the systems and processes in place mitigate risk.
<b>Resource implications:</b>	No
<b>Risk implications:</b>	Yes, significant for organisation that do not comply with the regulations. ICO regulatory authority and enforcement authority with increased powers to fine those in serious breach. Financial and reputational.
<b>Equality and Diversity implications:</b>	No
<b>Consultation:</b> [staff, students, UHI & Partners, External] and provide detail	N/A

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

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

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

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

## Background

Preparations towards compliance with the General Data Protection Regulation have been formally audited on three occasions by three different bodies. The first audit was undertaken by Henderson and Loggie in April 2017 and reported to the Audit Committee in May 2017. At the colleges request we asked the ICO to undertake a further review of our preparations in October 2017. The report and recommendations, along with our College actions, were agreed and a further update was provided to the Audit Committee in November 2017 and furthermore in February 2018. BDO, the college's internal auditors, visited in February 2018 to review the college's preparations towards compliance. This was reported at the Audit Committee meeting in May 2018. The final report presented by BDO was received on 4<sup>th</sup> May 2018.

At the last Audit Committee and in light of the 25<sup>th</sup> May GDPR implementation date, the College Data Controller addressed the recommendations in her report.

This report serves as an update and to address the query raised at the last committee meeting regarding student data and UHI.

## Addressing the Audit Report

All audit recommendations are complete and reflected in the report presented by the Director of Finance.

An update to the E-mail use and retention policy is presented for recommendation for Board approval as a separate paper.

## Data Controller/Data Processor Student Data

Attached to this paper is a visual representation of the SITS UHI student records system set up and information flow for reference.

**Legal Definitions**– Extracted from Regulation (EU) 2016/679 of the European Parliament and of the Council of 27<sup>th</sup> April 2016 (General Data Protection Regulation – GDPR)

### Data Controller

*'Controller' means the natural or legal person, public authority, agency or other body which, alone or jointly with others, determines the purposes and means of the processing of personal data; where the purposes and means of such processing are determined by Union or Member State law, the controller or the specific criteria for its nomination may be provided for by Union or Member State law.'*

### UHI/IC Context

Historically, IC was a data controller in its own right and totally responsible for all personal data it processed. IC gathered and reported student data for its own purposes (in order to track students and their academic progress and to claim funding via SFC for FE and UHI for HE activities).

Data was shared with various qualification awarding bodies for the purposes of registration and certification of qualifications. Once shared, the awarding body becomes a

data controller of that information (IC cannot tell them what to do with it as they have their own purposes for processing).

IC shares information with the SFC in order to claim Government funding that enables the college to operate. The SFC has its own reasons and purposes for processing the personal data. Once shared, they also become a data controller for that data. We are not “Joint Controllers” as both bodies determine their own reasons for processing the data they gather and store.

The relationship between SFC and Scottish Government will be a Joint Controller relationship, if, the Scottish Government decides on the data SFC process and for what purpose.

That sets out the FE data relationship as it was in 1999.

The relationship between UHI and the academic partners has evolved over the last 20 years. UHI provide the IT infrastructure for the network and they are responsible for most (but not all) of the data that is stored within SiTs (the student database).

The HE data is fully controlled by UHI in that UHI staff determine who is allowed access to the data and for what purpose. IC cannot change any of the data. UHI are the Data Controller in this context.

The FE data is slightly different. We have more control over the data e.g. who has access, type of access, duration of access, withdrawal of access etc. IC decide who sees what regarding our FE data. However, we have to submit a request to UHI staff to provide that access as they manage and own the system. In these circumstances, it appears we are Joint Data Controllers of this aspect of the data but the reality is that UHI are the Data Controller.

The attached diagram demonstrates how the data flows into the system and is partitioned for FE at partner level. The access to all the data is owned by UHI (client and web based). In this case UHI are clearly the data controller for all student data.

### **Data Processor**

*‘Processor’ means a natural or legal person, public authority, agency or other body which processes personal data on behalf of the controller;*

### **IC Context**

IC becomes a data processor where we gather and/or process personal data on behalf of a third party.

We process applications and enrolment for HE students on behalf of the University. We do not make the decision regarding the content of the forms, the data fields or how the data is further processed once we have it.

### **Summary**

It is our assessment in light of the legislation that UHI are the Data Controller and IC are the Data Processor for student data.

# Inverness College UHI - Systems

