

Meeting of Audit Committee
On Tuesday 24 November 2020
At 1330 by Teams

A G E N D A

Number	Item	Presented By	Action Required: Decision, Discussion, For Noting
A.20.04.01	(i) Resignations	Clerk	Noting
	(ii) Appointments		
A.20.04.02	Apologies for Absence	Clerk	Noting
A.20.04.03	Any Additional Declarations of Interest including specific items on this Agenda	Convenor	Noting
A.20.04.04	Draft Minutes of Audit Committee meeting held on 6 October 2020 *	Convenor	Decision
A.20.04.05	Draft Matters Arising/Action Sheet from Audit Committee meeting held on 6 October 2020 *	Clerk	Noting
A.20.04.06	Internal Audit – Henderson Loggie *	HL	Noting
	(i) Credits Audit 19/20		
	(ii) Student Support Funds Audit 19/20		
	(iii) EMA Audit 19/20		
	(iv) Annual Report and opinion for 19/20 *		
A.20.04.07	Audit Register *	S McInnes	Noting
A.20.04.08	Risk		
	(i) Risk Register	S McInnes	Discussion
	(ii) Guide for Audit and Risk Committees from Audit Scotland August 2020 in view of Covid-19 – comments paper on the recommendations		

A.20.04.09	Internal Audit	Wylie Bisset	Discussion and decision
	(i) Audit Needs Assessment *		
	(ii) Internal Audit Plan for 20/21		
A.20.04.10	External Audit for 19/20	EY	Noting
	(i) Status update and matters arising		
A.20.04.11	College Policies		
	(i) Status of review of College Policies *	D Duncan	Noting
A.20.04.12	GDPR *	D Duncan	Noting
A.20.04.13	Emerging Issues	Convenor	Discussion
	(i) Feedback from UHI Audit Committee Chairs' meeting		
	(ii) AOB		
A.20.04.14	Date of next meeting – 14-01-2021	Clerk	Noting
RESERVED ITEMS			
A.20.04.15	Draft Reserved Minutes from Audit Committee held on 6-10-2020 *	Convenor	Decision
A.20.04.16	Draft Reserved Matters arising from Audit Committee held on 6-10-2020 *	Clerk	Noting
A.20.04.17	Compliance with Code of Good Governance	Clerk	Noting
A.20.04.18	Draft Annual Report from the Audit Committee to the Board *	Convenor	Discussion

BOARD OF MANAGEMENT

**Audit Committee
Draft Minutes of Meeting
held on
Tuesday 6 October 2020
at 1300 by Teams**

Present: Dr J McLeman Convener
Mrs D Newton
Mrs D McKinstrey
Mr G Johnston
Mr K Gee

In attendance:
Ms S McInnes
Mr S Reid EY – External Auditors
Mr S Inglis MHA Henderson Loggie (HL), Internal Auditors
Mr D Duncan
Mrs C Fair Clerk

		ACTION	DATE
<i>A closed session with Committee members and Internal and External Auditors was held between 1300-1330</i>			
A.20.03.01	Resignations and Appointments		
1.1	There were no resignations nor appointments.		
A.20.03.02	Apologies for Absence		
2.1	Apologies were received from Grace Scanlin - EY		
A.20.03.03	Any additional Declarations of Interest including specific items on Agenda		
3.1	C Fair declared an interest in Agenda Item A.20.03.07 – GDPR Status Report.		
A.20.3.04	Draft Minutes of Audit Committee meeting held on 19 May 2020		
4.1	The minutes were accepted as a true and accurate record and approved by the Committee: Proposed: D Newton Seconded: G Johnston		
A.20.03.05	Matters Arising/Action Sheet from meeting of Audit Committee held on 19 May 2020		
	C Fair confirmed the status of the actions arising, the majority of which had been completed and closed or were on the Agenda for discussion. The following actions remain open:		
5.1	6.1.1 and 6.1.2 – To raise issue of risk register and reports not being user friendly – remains outstanding. Jessie to	J McLeman	Nov Audit Chairs' meeting

Agenda Item: A.20.4.04

		ACTION	DATE
5.1	raise at next UHI Audit Chairs' meeting in June 2020, and to write to Mr Sendall in any case. – This meeting was postponed to November and Jessie will raise then.		
5.2	6.2.1 - To suggest a Risk Workshop take place prior to June or Sept Board meeting – remains open. Jessie to speak to Peter. Following discussion, it was felt not to be appropriate to hold a Board Risk Workshop by Teams but to plan for one to be held by next summer 2021.	J McLeman	Remains open
5.3	5.4, 8.1.2 Paper on arrangements for monitoring and responding to official requests for information to be provided to Committee – remains open.	S McInnes	Feb 2021
5.4	11.1.2 – Review of Fraud Policy remains open – carry forward to February meeting. Needs to include reference to adoption of NFI reporting arrangements, the next NFI submission being due in 2021.	S McInnes	Feb 2021
5.5	5.8, 13.3 - Jessie to raise following issues at next meeting of Audit Chairs – remains outstanding. Audit Chairs meeting rescheduled for November 2020. <ul style="list-style-type: none"> • UHI Whistleblowing reporting arrangements for students • Risk Register Reporting and MI • UHI shared approach to internal audit provision, including board effectiveness review. 	J McLeman	Nov Audit Chairs' meeting
A.20.03.06	Risk Register		
	(i) Risk Register		
6.1.1	An updated risk Register had been circulated for the Committee's attention and no new risks had been identified.		
6.1.2	The Committee questioned the College's assumptions on living with Covid-19. Derek explained that the general approach remains very fluid. College controls are significant with home working and students having very limited access to College campus. Realistically, these arrangements need to remain in place for the entire 2020-21 session. The Committee questioned how College is providing for the wellbeing of staff and students and the scoring on that in view of the assumptions. Derek explained a College Counsellor has been recruited to aid staff and students in this respect. He stressed that although some staff are finding it very challenging working from home, others are very comfortable with the arrangements. Health and Safety Monitors have been unable to perform their roles as effectively under the restrictions.		

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		ACTION	DATE
6.1.3	<p>The Committee questioned the reduced scoring and the reasons behind this. It was suggested that further narrative would be helpful by way of explanation, but in view of the potential longer term effects, this could be considered further.</p> <p>Committee acknowledged the art of preparing a risk schedule is very challenging in the current situation.</p> <p>The Committee noted that the overall risk scores continue to remain very high as a consequence of the continuing Covid-19 situation, particularly with reference to the Board's overall risk appetite.</p>		
	<p>(ii) Guide for Audit and Risk Committees from Audit Scotland August 2020 in view of Covid-19 and matters arising</p>		
6.2.1	<p>The Guide for Audit and Risk Committees provided an overview of key issues for Audit Committees to consider during the Covid-19 pandemic, namely</p> <ul style="list-style-type: none"> • Internal controls and assurance • Financial management and reporting • Governance • Risk Management. <p>The Committee suggested that F&GP revisits the Financial Controls Policy in view of some of the changes made to controls as a result of the revised way of working. and this policy be added to the Policy Review schedule for the year.</p> <p>Mr Reid offered examples of how other Colleges have managed the review of the Guide, namely by requesting a short commentary from management against each of the points raised by Audit Scotland.</p> <p>It was also noted that the risk areas may inform the internal audit plan.</p>		
Action 6.2.1	<p>It was requested that a review of each of the points in the Guide be undertaken by management with a brief noting of the position against each one, to provide assurance to the Committee and for presentation at the November meeting.</p> <p>Ms McInnes</p>	S McInnes	Nov Audit Committee meeting
A.20.03.07	College Policies		
	<p>(i) Update/summary on status of review of College Policies</p>		
7.1	<p>The Covid-19 response has slowed the pace of approvals but there was still progress to report as outlined in the update. The remaining policies for approval have been rescheduled through to the end of session 2021.</p>		

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		ACTION	DATE
	<p>The Committee asked that the Fraud Policy and the Financial Controls Policy be added to the schedule for AY2020-21.</p> <p>The Committee noted the proposed schedule for AY20-21 represents a reasonable response for this year in view of the pandemic, mindful of statutory and other requirements.</p>		
Action	To add the review of the Fraud Policy and the Financial Controls Policy to the schedule for AY 2020-21 and for the plan to be updated accordingly.	D Duncan	Immediate
7.1.2	The Committee was keen to ensure the College does not build up a similar backlog as previously, and will review the overall picture of the status of all policies and the plan for addressing the backlog .		
Action	A report to be provided on the status of all college policies and proposed review schedule, to be further reviewed in the new year.	D Duncan	Feb 2021
	(ii) GDPR Status Report		
7.2.1	The paper provided an update on GDPR compliance monitoring. It was noted that 5 data breaches had been identified with Covid-19 adjustments highlighted as a contributing factor in 3 of the 5 data breaches reported. One data breach was reported to the Information Commissioners Office (ICO) who have now responded to confirm there will be no further action required.		
7.2.2	There is clear evidence of staff awareness and reporting and taking positive actions. However, the change to home working and the increased reliance on e-mail has caused an increased risk. The Committee noted the need for continuing vigilance.		
7.2.3	A separate UHI group which Derek sits on is currently looking at IT risk management matters.		
Action	Derek to provide an update to the Committee on the review of IT risk matters.	D Duncan	When available
A.20.03.08	Internal Audit		
	(i) Progress against Plan for AY 19/20		
8.1	The Internal Audit Progress Report confirmed that all internal audits have now been completed other than the Student Support Funds, EMA and Credits Audits which are currently in the process of being finalised.		
	Final Reports including:		
	(ii) Health and Safety Follow up Report		
8.2.1	The main objective of the Health and Safety follow up report was to obtain reasonable assurance that the College		

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		ACTION	DATE
	has implemented the recommendations in the previous internal audit report. The overall level of assurance of the report was Satisfactory. At the time of the audit a quarter of the checklist had been completed but this still represented a considerable improvement. Weaknesses identified VLE induction and training monitoring although now implemented; and the lack of new starters due to Covid-19 has meant that HR have not had the opportunity to formally monitor completion.		
Action	Copy of Report to Seonaid Mustard, Convenor of Staff Governance Committee.	C Fair	Immediate
	(iii) Corporate Governance		
8.3.1	The objective of the audit was to obtain reasonable assurance that the College complies with the principles of good governance as set out in the Code. The overall level of assurance was deemed to be Satisfactory. Strengths identified included the systems in place for the Board's annual self-assessment processes. The weakness identified related to the College's disclosure in relation to section 22 of the Code – financial and institutional sustainability.		
	(iv) Workforce Planning		
8.4	Although the objectives of this audit resulted in a mix of grades from Good to Satisfactory, the overall level of assurance was deemed to be Satisfactory. A recommendation was agreed to put in place a set of SMART objectives to monitor and report on the success of the current strategy.		
Action	Copy of Report to Seonaid Mustard, Convenor of Staff Governance Committee	C Fair	Immediate
	(v) Quality Arrangements follow up Report		
8.5	The report resulted in an overall level of assurance of Satisfactory with many strengths noted and high overall achievement levels. However, one weakness related to a regional database reporting tool to give staff access to a range of performance data, but that had stalled, and was now superseded by a planned Dashboard Reporting tool which is still a work in progress.		
Action	To copy report to Anne Campbell – Convenor of LTQC.	C Fair	Immediate
	(vi) Business Continuity/Covid-19 Report		
8.6	The report resulted in an overall grading of Good. It had largely focussed on the Covid-19 response. There were many strengths highlighted with no recommendations for improvement. The work undertaken at the College reflected good practice across the sector. The committee		

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		ACTION	DATE
	noted that this was an exceptionally good report and was very heartening to read in the current circumstances.		
	(vii) Status of Student Activity Data Report, Support Funds, EMA Return		
8.7	Reports on Student Activity Data, Student Support Funds and EMA Return are in the stages of being finalised and will be presented to the November Audit along with the annual Internal Audit report and opinion.		
	(viii) Handover to new Internal Audit Provider and preparation of Audit Plan for AY 19/20		
8.8	Committee noted that SM had recently met with the new internal auditors and a proposal will come to the November Audit Committee meeting.		
Action	Proposal from new Internal auditors to come to November Audit meeting	SM Internal Auditors	24-11-2020
A.20.03.09	Review of Audit Register		
9.1	A summary paper was circulated outlining current status, showing four outstanding internal audit recommendations each with proposed revised dates carried forward: <ul style="list-style-type: none"> • Risk Management RM.R4 revised completion date 31 March 2021 • Health and Safety HS.R2 Revised completion date of 31 March 2021 • Procurement PR.R2 and PR.R4 revised completion date 31 March 2021. In addition to the above, the outstanding actions from the previous student activity audits will be reviewed as part of this year's audit of those activities.		
A.20.03.10	External Audit		
	(i) Update on Status of External Audit		
10.1	Use of the electronic portal and use of Microsoft Teams is allowing EY and the College to keep to timescales as planned. The Committee queried the likelihood of achieving the deadlines. While SFC have included some additional flexibility to February 2021 the plan is to keep to the agreed deadlines with fieldwork due to commence first week of November.		
Action	To flag up to the Committee any impacts on the external audit timetable.	S McInnes	As required
	(ii) Annual Audit Plan Addendum		
10.2	EY provided the Committee with an Annual Audit Plan Addendum setting out the impact of Covid-19 on their planned scope and approach to the audit for 2019/20, in light of the significant impact of Covid-19 on the further		

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		ACTION	DATE
	<p>education sector and associated impact on the accounting arrangements and disclosure requirements. Mr Reid highlighted key points in the report. EY have reviewed their consideration of the overall materiality levels used for the audit and reduced that to £140,000 or 1%. The Addendum also sets out expectations of the impact on the financial statements, in particular narrative reporting; and reprioritisation in the wider scope work to focus on key areas of risk, and thus have increased focus on financial sustainability and wider scope dimensions on the impact of Covid-19. In terms of audit logistics, the expectation as noted above is that the timetable is broadly in line with original plan, use of remote working arrangements while maintaining the primacy of audit quality.</p> <p>The Committee noted the Addendum to the Annual Audit Plan.</p>		
A.20.03.11	Review of Fraud matters		
	(i) Annual paper on Fraud		
11.1	The paper confirmed SLT are unaware of any instances of fraud during 2019/20. They are also unaware of any instances of non-compliance with regards to relevant laws and regulations the College is due to comply with during 2019/20.		
Action	The Committee requested that the NFI template for reports on fraud matters be used for next year's report.	S McInnes	Oct 2021
11.2	Committee queried whether the Finance Team have to complete annual training on criminal matters under the Finance Act 2017.		
Action	SM to investigate.	S McInnes	Nov meeting
A.20.03.12	Audit Committee Planning		
	(i) Committee of University Chairs, Audit Committee Code of Practice		
12.1.1	The Audit Committee Code of Practice for the University Sector had been circulated earlier in the year and the Committee was asked for views on whether to adopt this approach as a matter of policy, as appropriate to the College.		
Action	Committee to review the Code of Practice further alongside current TORs and come back to the February meeting.	Committee	February 2021 meeting
	(ii) Draft Amendments to TOR's circulated July 2020		
12.2.1	To also review TORs in light of the Code of Practice. a.	JMcL Committee	February v meeting

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		ACTION	DATE
	(iii) Annual Report to the Board		
12.3.1	The Annual Report to the Board will require to be drafted for the November Audit Committee.	JMcL SM CF	Nov meeting
A.20.03.13	Emerging Issues		
	(i) Next UHI Audit Chairs meeting		
Action	Next meeting of UHI Audit chairs takes place in November and Committee were asked to forward any items to be raised at this meeting.	Committee	By 10 November
13.1	DD suggested that risks associated with ICT security be raised and implications for audit.	J McLeman	
	(ii) UHI Financial Services		
13.2	UHI is planning to go ahead with plans for an aligned finance service and there is significant support in principle. An option for approval was proposed for 4 November 2020. However, Moray College had raised a number of concerns with the specifics of the proposal and produced a position paper which had gone to Principals, Chairs and FDs. Any changes to financial services arrangements will have implications for the Committee.		
Action	S Reid requested sight of this paper and SM to forward to EY	S McInnes	Immediate
	(iii) Next Joint meeting of the Audit Committee/F&GP		
13.3	JMcL had discussed with Mr Easton the possibility of structuring the agenda of the joint meeting with the F&GP such that items requiring joint discussion are held early in the agenda. It was suggested that the Internal Audit Report for 19/20, the External Audit Report and the Annual Statutory Accounts are dealt with under the joint discussions and timetabled at the start accordingly. .		
Action	To arrange the agenda accordingly.	J McLeman	For 24-11-2020
S Reid and S Inglis left the call at this point.			
RESERVED ITEMS			
A.20.03.14	Draft Reserved Minutes from Audit Committee held on 19 May 2020		
14.1	This item is reserved and the minute held on confidence.		
A.20.03.15	Draft Reserved Matters arising from Audit Committee held on 19 May 2020		
15.1	This item is reserved and the minute held on confidence.		
A.20.03.16	Draft Response to EY's letter to those charged with Governance.		
16.1	This item is reserved and the minute held in confidence.		
A 20.03.17	Date of Next Meeting – 24 November 2020		

Matters Arising from Audit Committee 6 October 2020
 Agenda item: A.20.04.05

		ACTION	DATE	Update
A.20.03.05	Matters Arising/Action Sheet from meeting of Audit Committee held on 19 May 2020			
5.1	6.1.1 and 6.1.2 – To raise issue of risk register not being user friendly – remains outstanding. Jessie to raise at next UHI Audit Chairs’ meeting in June 2020, and to write to Mr Sendall in any case. – This meeting was postponed to November and Jessie will raise then	J McLeman	Nov Audit Chairs’	
5.2	6.2.1 - To suggest a Risk Workshop take place prior to June or Sept Board meeting – remains open. Jessie to speak to Peter. Following discussion, it was felt not to be appropriate to hold a Risk Workshop by Teams but to plan for one next Spring.	J McLeman	Remains open	
5.3	5.4, 8.1.2 Paper on arrangements for monitoring and responding to official requests for information to be provided to Committee – remains open.	S McInnes	Feb 2021	
5.4	11.1.2 – Review of Fraud Policy remains open – carry forward to next meeting. Needs to include reference to Fraud Policy. Next NFI Feb 2021	S McInnes	Feb 2021	
A.20.03.06	Risk Register			
	(ii) Guide for Audit and Risk Committees from Audit Scotland August 2020 in view of Covid-19 and matters arising			
6.2.1	It was requested that a review of each of the points in the Guide be undertaken by management with a brief noting of the position against each one, to provide assurance to the Committee and for presentation at the November meeting. Ms McInnes	S McInnes	Nov Audit Committee meeting	
A.20.03.07	College Policies			
7.1.2	To add the review of the Fraud Policy and the Financial Controls Policy to the schedule for AY 2020-21 and for the plan to be updated accordingly.	D Duncan	Immediate	
7.1.3	A report to be provided on the status of all college policies and proposed review schedule, to be further reviewed in the new year.	D Duncan	Feb 2021	
	(ii) GDPR Update			
7.2.3	Derek to provide an update on IT Risk Management Group to the Committee.	D Duncan	When available	

Matters Arising from Audit Committee 6 October 2020

Agenda item: A.20.04.05

A.20.03.08	Internal Audit			
	(ii) Health and Safety Follow up Report			
8.2.1	Copy of Report to Seonaid Mustard, Convenor of Staff Governance Committee.	C Fair	Immediate	
	(iv) Workforce Planning			
8.4	Copy of Report to Seonaid Mustard, Convenor of Staff Governance Committee	C Fair	Immediate	
	(v) Quality Arrangements follow up Report			
8.5	To copy report to Anne Campbell – Convenor of LTQC.	C Fair	Immediate	
	(viii) Handover to new Internal Audit Provider and preparation of Audit Plan for AY 19/20			
8.8	Proposal from new Internal auditors to come to November Audit meeting	S McInnes Internal Auditors	24-11-2020	
A.20.03.10	External Audit			
	(i) Update on Status of external audit			
10.1	To flag up to the Committee any problems with achieving timescales.	S McInnes	As required	
A.20.03.11	Review of Fraud matters			
	(i) Annual paper on Fraud			
11.1	The Committee requested that the NFI template for reports on fraud matters be used for next year's report.	S McInnes	Oct 2021	
11.2	SN to investigate whether the Finance Team have to complete annual criminal finance Act 2017 training.	S McInnes	Nov meeting	
A.20.03.12	Audit Committee Planning			
	(i) Committee of University Chairs, Audit Committee Code of Practice			
12.1	Committee to review document alongside current TORs and come back to Nov meeting.	Committee	Nov meeting	
12.2	To also review TORs in light of above.	J McLeman Committee	Nov meeting	
	(iii) Annual Report to the Board			
12.3	The Annual Report to the Board will require to be drafted for the November Audit Committee	J McLeman S McInnes C Fair	Nov meeting	

Matters Arising from Audit Committee 6 October 2020
Agenda item: A.20.04.05

A.20.03.13	Emerging Issues			
	(i) Next UHI Audit Chairs meeting			
13.1.1	Next meeting of Audit chairs takes place in November and Committee were asked to forward any items to be raised at this meeting.	Committee	By November	
13.1.2	DD suggested that risks associated with ICT security be raised and implications for audit.	J McLeman		
	(ii) UHI Financial Services			
13.2	S Reid requested sight of this paper and SM to forward to EY	S McInnes	Immediate	
	(iii) Next Joint meeting of the Audit Committee/F&GP			
13.3	To draft the agenda accordingly to ensure joint matters appear early in the Agenda.	J McLeman	For 24-11-2020	



Moray College UHI

2019/20 Student Activity Data

Internal Audit Report No: 2020/07

Draft issued: 10 November 2020

Final issued: 11 November 2020

Now, for tomorrow



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Management Summary

Introduction

The Guidance Notes issued by the Scottish Funding Council (SFC) on 16 July 2020, '*2019-20 data return for funding purposes (FES return) and audit guidance for colleges*', requested submission by Moray College UHI ('the College') of the FES return for session 2019/20, which includes the Credits data relating to College activity for the academic year 2019/20.

Guidance on completion of the 2019/20 return was issued by the SFC on 3 July 2019.

The Credits Audit Guidance requests that colleges obtain from their auditors their independent opinion on the accuracy of the FES return.

Scope of Audit

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

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

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

Audit Staffing

An Audit Director with 27 years' experience in the further and higher education sectors had overall responsibility for the planning, control and conduct of the audit and supervised and reviewed work performed by a Trainee Auditor with three-years' experience in the sector. A Manager with 15 years' experience in the sector was also involved at the planning, review and reporting stage.

The quality of audit work undertaken by the firm is enhanced through continuous review of procedures and the implementation of individual training programmes designed to address the needs of each team member.

The total number of audit days was 6½, split 1 day for the Audit Director, ½ day for the Manager and 5 days for the Trainee Auditor.

2019/20 Student Activity Data

Audit Findings

The points that we would like to bring to your attention have been grouped together under the following headings to aid your consideration of them:

- Introduction
- Systems and Procedures for Compilation of Returns
- Analytical Review

No issues have been identified from our audit testing for 2019/20 that required a recommendation for improvement to be made.

Conclusion

Our report was submitted to the SFC on 26 October 2020. We reported that, in our opinion:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- on the basis of our testing we can provide reasonable assurance that the FES return contains no material mis-statement.

A copy of our Audit Certificate is included at Appendix I to this report.

Acknowledgements

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



Main Report

1. Introduction

1.1 SFC Guidance

1.1.1 The Credits Audit Guidance issued by the Scottish Funding Council (SFC) on 16 July 2020 sets out, at Annex D, the key areas of risk in relation to the preparation of the FES return. These are:

- identification of non-fundable activity, both courses and students;
- classification as higher education or further education;
- classification as full-time or other than full-time;
- identification and counting of infill students;
- allocation of Price Group code;
- capturing of enrolments and identification and recording of student withdrawals;
- allocation of Credit values;
- claims for related study;
- recording of fee waivers;
- recording of progress for students on open / distance learning programmes;
- claims for non-accredited work experience / placement; and
- claims for collaborative provision.

1.1.2 For academic year 2019/20 we established that there had been no significant changes to the systems and procedures used in the compilation of the returns. We then carried out detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily. Detailed analytical review was carried out, including a comparison with last year's data, and obtaining explanations for significant variations by Price Group.

1.1.3 As requested by the Credits Audit Guidance this report indicates: the scope of the audit; the approach taken; an indication of analytical review work performed; the extent of checking undertaken; the external data examined; review of prior year recommendations; and the main findings from our audit work. No errors were found during the course of the audit.

2019/20 Student Activity Data

2. Systems and Procedures for Compilation of Returns

2.1 Introduction

2.1.1 Detailed testing at the year-end Credits audit included two main tests on courses and individual students.

2.1.2 The following tests were carried out for a sample of 15 courses selected from the SITS system:

- a) Ensured that the course met the criteria for fundable activity set out in the Credits guidance;
- b) Where applicable, ensured that the course met the definition of further or higher education set out in the Credits guidance;
- c) Ensured that courses recorded as full-time met the definition for full-time as set out in the Credits guidance;
- d) Checked the student total for a programme against course / class lists or course / class register. Checked calculation of the required date and ensured that students who had withdrawn prior to this date had been excluded from the Credits count; and
- e) Checked allocation of Credits to courses is in accordance with the Credits guidance.

2.1.3 For a total of 59 students selected from the above courses the following tests were carried out, where applicable:

- a) Ensured that the student met the criteria for fundable activity set out in the Credits guidance;
- b) Checked back to signed enrolment forms, or electronic equivalent, for the 2019/20 academic year;
- c) For infill courses, ensured that Credits were allocated according to the modules attended by individual students rather than by the default value for the courses being infilled;
- d) Checked to student attendance records and, for withdrawals (including a further sample of 13 full-time students who withdrew within two weeks after the Credits qualifying date), checked that the withdrawal date noted on the system was the last date of physical attendance;
- e) For students following courses of open / distance and work-based learning vouched to study plan etc. and ensured that required criteria was met; and
- f) For students undertaking work experience ensured that the credits value had been calculated in line with the Credits guidance.

2.1.4 The following tests were carried out by reviewing records for all College courses:

- a) Confirmed that there were no claims for more than one full-time enrolment per student for 2019/20 and ensured that Credits had not been claimed in respect of courses that were related in respect of subject area, unless progression could be clearly established;
- b) Confirmed that there were no claims for overseas students and students enrolled on full cost recovery commercial courses; and
- c) Confirmed that Credits had not been claimed for distance learning student's resident outwith Scotland.

2.1.5 We reviewed the systems for recording fee waiver entitlement and carried out an analytical review to ensure the accuracy of the fee waiver element of the FES return. For a random sample of 10 part-time students we confirmed that College staff had verified the entitlement to benefit.

2019/20 Student Activity Data

2. Systems and Procedures for Compilation of Returns (continued)

2.1 Introduction (continued)

- 2.1.6 As per last year, collaborative activity was undertaken by the College in 2019/20 in partnership with a local theatre company to offer a full-time programme of study leading to the award of a NC in Acting and Theatre Performance, SCQF Level 6. The College has claimed 148 Credits in respect of this programme in 2019/20. We reviewed the agreement and confirmed that the College has claimed Credits in accordance with the criteria for fundable collaborative provision set out in the Credits guidance.
- 2.1.7 Before signing our audit certificate, we reviewed the final FES online report and the explanations for remaining errors.
- 2.1.8 From our review and testing of the systems and procedures used in the compilation of the returns, we concluded that overall, they were adequate to minimise risk in the areas identified in Annex D of the Credits Audit Guidance and were working satisfactorily as described to us.

3. Analytical Review

- 3.1 The analytical review by Price Group, included at Appendix II of this report, showed significant variances in Price Groups 2 and 3. These were discussed with College management. The explanations we received provided us with additional assurance that the Credits claim does not contain material errors:
- In general, there has been a trend of reducing Credits in recent years, combined with rationalisation of the curriculum resulting in reduced groups on some programmes and increasing higher education delivery;
 - Price Group 2: decrease of 955 Credits (12.8%). There was a reduction in ECDL students from 445 (2018/19) to 332 (2019/20) and Credits are also now being claimed based on successful completion of units. A level 6 Science course was also removed due to insufficient numbers. In 2018/19 this course generated 228 Credits; and
 - Price Group 3: decrease of 488 Credits (6.1%). The following courses did not run in 2019/20: Higher English (Evening) – this course did not go ahead due to insufficient numbers (-75 Credits); and ESOL (Council) – this course did not go ahead due to the council no longer supporting it (-82.5 credits).

Appendix I – Copy of Audit Certificate

MORA5120/DA/STI

Moray College UHI
Moray Street
Elgin
Moray
IV30 1JJ

26 October 2020

Dear Sirs

Auditor's Report to the Members of the Board of Management of Moray College UHI

We have audited the FES return which has been prepared by Moray College UHI under the 'Credits' Guidance issued 3 July 2019 and updated guidance relating to 'one plus' activity and which has been confirmed as being free from material misstatement by the College's Principal in his Certificate dated 6 October 2020. We conducted our audit in accordance with guidance contained in the 2019-20 audit guidance for colleges and updated guidance relating to 'one plus' activity. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. We evaluated the adequacy of these controls in ensuring the accuracy of the data. It also included examination, on a test basis, of evidence relevant to the figures recorded in the student data returns. We obtained sufficient evidence to give us reasonable assurance that the returns are free from material misstatement.

In our opinion:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- on the basis of our testing we can provide reasonable assurance that the FES return contains no material misstatement.

Stuart Inglis
Director
For and on behalf of MHA Henderson Loggie
Chartered Accountants
Dundee Office
stuart.inglis@hlca.co.uk

26 October 2020

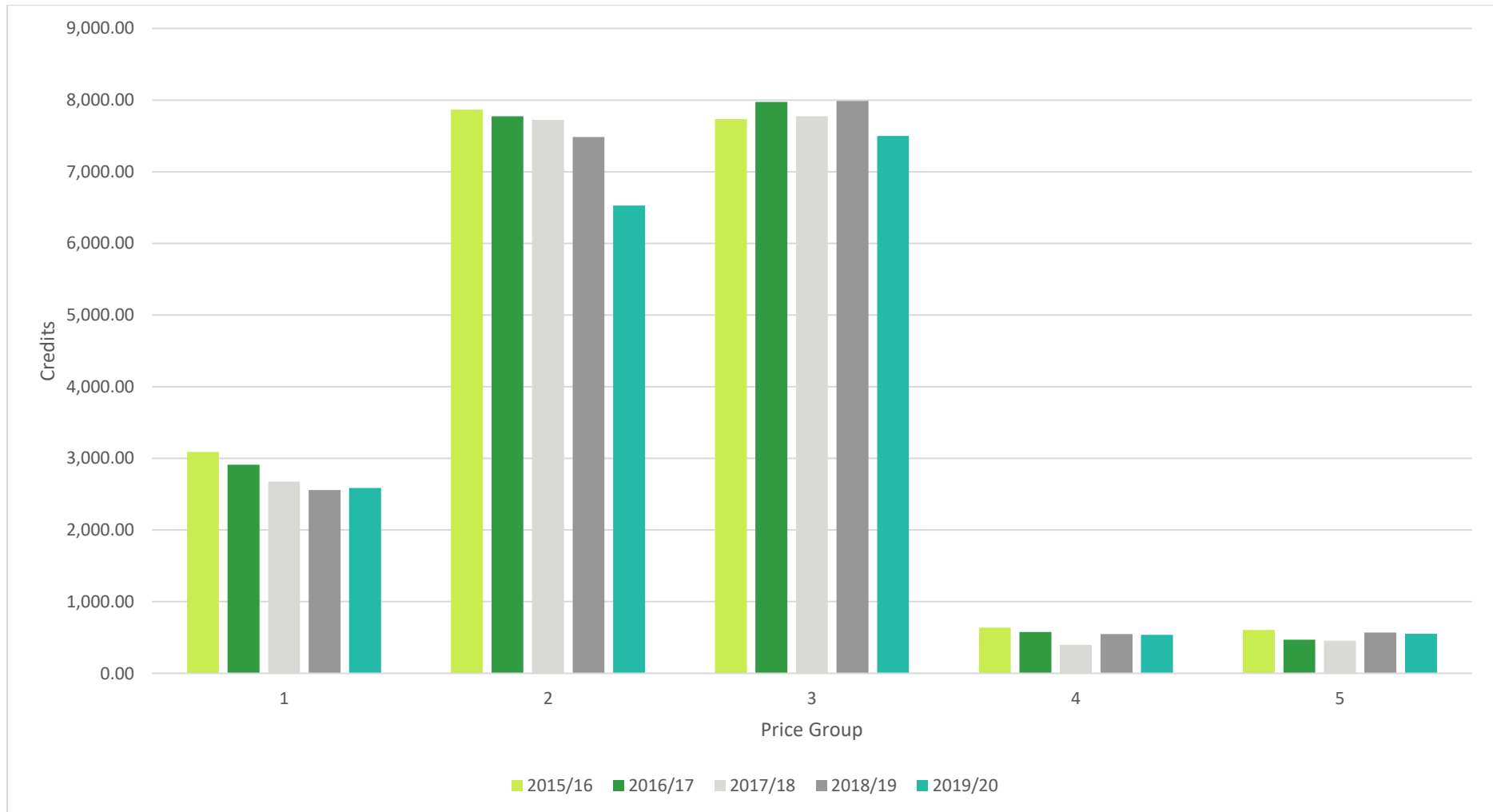
Date FES returned: 29 September 2020

MHA Henderson Loggie is a trading name of Henderson Loggie LLP

Appendix II – Price Group Analytical Review 2018/19 and 2019/20 – Figures

Price Group	2018/2019	2019/2020	Variance	Variance
	Credits	Credits	Credits	%
1	2,557	2,586	29	1.1
2	7,483	6,528	(955)	(12.8)
3	7,986	7,498	(488)	(6.1)
4	549	539	(10)	(1.8)
5	571	551	(20)	(3.5)
	19,146	17,702	(1,444)	(7.5)
Total Target Activity		18,807		
– including ESF Target Activity of:		0		
ESF Actual Activity		0		

Appendix III – Price Group Analytical Review 2015/16 to 2019/20 – Graph



Appendix IV – Updated Action Plan – Student Activity Data 2018/19

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2020
2.2.1	<p>Systems and Procedures for Compilation of Returns</p> <p>Required Dates and Attendance</p> <p>R1 For students who withdraw from their courses, ensure that the withdrawal date entered in the SITS system is the last date they physically attended.</p>	2	<p>It is important to note that this recommendation refers to 1/14th of the sample and had no impact on funding claimed.</p> <p>All relevant staff have received refresher training to ensure accuracy going forward.</p>	Y	Administration Centre Manager	Oct 2019	<p>An online withdrawal guide has been sent out to all Academic teams. This guide makes reference to the withdrawal date being the last physical attendance date. When a withdrawal form is received, the Clerical team check the attendance entered against the CELCAT timetabling system and adjust if required. From testing of student withdrawals in 2019/20 we noted a minor difference in one instance between the withdrawal date recorded in SITS and the date recorded on the withdrawal form however the date recorded in SITS was agreed as the last date of physical attendance, and both were after the required date.</p> <p>Fully Implemented</p>

2019/20 Student Activity Data

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2020
2.2.2	R2 Ensure that records of attendance are maintained for all courses with a part-time Mode of Attendance.	2	Provisions are now in place to monitor engagement for non-class-based courses.	Y	Administration Centre Manager	Oct 2019	<p>No similar issues noted from testing in 2019/20.</p> <p>A diary system has been introduced with the trainers to track student engagement for ECDL provision.</p> <p>Fully Implemented</p>
2.4.1	Classification of Programmes R3 The College should ensure that the Mode of Attendance assigned to programmes in SITS reflects the structure of courses and planned delivery activity as agreed during the curriculum planning and course approval stage.	3	Modes of attendance have been analysed for 2019/20 and accurately reflect SFC guidance and the structure of courses delivered.	Y	Administration Centre Manager	Oct 2019	<p>No similar issues noted from testing in 2019/20.</p> <p>Modes of Attendance were checked for accuracy during the creation of the course structures (CBO's) for 2019/20.</p> <p>Fully Implemented</p>

2019/20 Student Activity Data

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2020
2.5.1	<p>Fee Waiver</p> <p>R4 Although there is no requirement for the College to retain copies of documents provided in support of part-time fee waiver claims the College should ensure that it does retain evidence of College staff having sighted the evidence, for example, by retaining copies of College fee waiver forms.</p>	3	A copy of the relevant documents will now be retained for audit purposes.	Y	Administration Centre Manager	Oct 2019	<p>No similar issues noted from testing in 2019/20.</p> <p>A copy of the relevant document is attached to the students' module choice form. These forms are checked prior to setting students to current, and we were advised that without this document the College would either charge the student fees or block the progression until the document was supplied.</p> <p><i>Fully Implemented</i></p>

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 **mha**
HENDERSON LOGGIE

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Moray College UHI

Student Support Funds 2019/20

Internal Audit Report No: 2020/08

Draft issued: 12 November 2020

2nd Draft issued: 18 November 2020

Final issued: 18 November 2020

Now, for tomorrow



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Management Summary

Introduction

Colleges receive **Discretionary Funds** from the Scottish Funding Council (SFC) to provide financial help for students where access to, or continuance in, further or higher education would otherwise be denied due to financial hardship. The maximum payable from the Further Education Discretionary Fund is normally £4,000 however this limit was relaxed for 2019/20 to allow additional support to be given to students financially impacted by COVID-19.

Childcare Funds sit alongside the Discretionary Funds to provide assistance with the cost of formal childcare expenses. From academic year 2011/12, childcare funds for higher education students formerly allocated to colleges by the Student Awards Agency for Scotland (SAAS), were transferred to the SFC who now allocates childcare funding direct to colleges for all eligible further and higher education students. No limit is placed on the amounts individuals can access and colleges have the flexibility to determine award levels themselves. Priority must however be given to lone parents, part-time students and mature students when allocating funds from the Further Education Childcare Fund.

The Discretionary and Childcare Funds must be administered, and payments made, in accordance with SFC and SAAS guidelines.

Bursary funds are given to students at the discretion of a college to help maintain that student in their education beyond their compulsory school leaving date. An award can include allowances that cover a student's maintenance, travel and study costs. Colleges can also use bursary funds for allowances to cover costs incurred by a student due to an additional home, their dependants and / or special education needs.

Colleges must apply the terms of the National Policy for Further Education Bursaries, together with applicable legislation and supplementary letters issued by the SFC, when using the funds allocated to them for bursary purposes. The policy sets out the minimum criteria, maximum rates and minimum contribution scales that a college must apply in allocating bursary funds, however, a college may vary the terms of the policy by imposing additional eligibility criteria or conditions. Figures used within the policy to calculate a student's award may be varied, but only in order to reduce the value of an award, although where a college chooses to supplement bursary funds from its own resources it may use the additional resources as it sees fit.

Education Maintenance Allowances (EMAs) provide financial support for 16 to 19 year-olds from low income households who are attending non-advanced full-time education at school, college or are home educated. Eligible students receive £30 per week, which is targeted at young people from the lowest income families.

EMAs must be administered, and payments made, in accordance with SFC and Scottish Government guidelines

Student Support Funds 2019/20

Audit Scope

For the 2019/20 academic year two specific fund statements were required for audit:

- Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return; and
- Education Maintenance Allowance Return.

Audit Objectives

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in each of the returns for the year ending 31 July 2020, is in agreement with underlying records.

Audit Approach

The audit approach included:

- Reviewing new guidance from SFC, SAAS and the Scottish Government, including additional guidance issued in response to the COVID-19 pandemic, and identifying internal procedures;
- Agreeing income to letters of award or other supporting documents;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing College analysis spreadsheets for large or unusual items, obtaining explanations where necessary; and
- Carrying out detailed audit testing, on a sample basis, on expenditure from the funds.

Audit guidance issued by the SFC was utilised.

Action Plan

The action that we consider necessary on each issue is highlighted in the text for clarity and an action plan for implementation of these recommendations can be found in section 2.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

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

Findings and Conclusions

We were able to certify the FE Discretionary Fund, FE and HE Childcare Fund and Bursary Return for the year and submit this to the SFC without reservation.

The following observation was raised in the covering letter which accompanied our Auditors' Report to the SFC on the College's EMA Return:

- We noted that the spot checks carried out included checking the EMA application form and confirming details to supporting documents and checking that a notice of entitlement had been correctly issued. There had however been no other checks performed including to the signed acceptance, learning agreements, attendance information or payments made. The College advised that the member of staff who conducts the spot checks moved to a different campus and had not managed to undertake these elements of the spot checking before the COVID-19 national lockdown. These checks required access to the physical EMA Learning Agreements and access to areas of the SITS system to check compliance and this had not been arranged prior to lockdown.

In addition, the following points were noted during the course of our audit:

Bursary Fund

For our sample of students, we found that maintenance allowances were in line with the rates set out in the Bursary guidance. However, in most cases we noted that the amount paid to students for study, Additional Support Needs (ASN) and travel were different to the amounts set out in the award letter. This is because at the start of the year, the College can only best estimate these costs. The amount paid may be different depending on, for example, the number of people able to share taxis etc. Laptops were also provided to some students this year, but we were advised that these were not noted on award letters to avoid students perceiving that they owned them rather than receiving on loan. Students are required to sign a loan form for the laptops.

In particular we noted two students in our sample where an estimate of £1,000 was included for travel or ASN costs payable directly to the College, where the actual costs incurred by the College for taxis were significantly higher and we considered that a more realistic figure could have been included on the award letter. Also, for one other student in our sample, the College incurred substantial costs for a British Sign Language Interpreter, but this was not included on the student's award letter. However, we recognise that ASN costs are often incurred or allocated to the student after their initial award is calculated.

Annex A of the National policy for further education bursaries: 2019-20, Advisors Notes, states that students should be issued with clear Bursary award letters each year. The policy includes guidance on what should be contained in the award letters, and this includes any ASN award. We were advised that the College has taken the view that where ASN costs are payable to anyone other than the student these do not require a new award letter. The reason for this included wanting to avoid multiple award letters which appeared over burdensome to the student. We are not suggesting that there should be multiple award letters issued to a student, but the initial letter should reflect all support to be provided and, if necessary, an updated letter should be issued if further support is later assessed. This together with the real time access available to students through their Hub account to view the status of payments and the actual amounts paid over would enhance the current process.

Where relevant, for each student in our sample, study costs awarded were agreed to the College approved course costs for the year, and a sample of study, taxi and other ASN costs were agreed to invoice.

Recommendation

R1 The College should ensure that the Bursary award letters contain details of all support provided to students, including a realistic estimate of Additional Support Needs (taxis and other costs) that are paid directly to the College.

Findings and Conclusions (continued)

Bursary Fund (continued)

Annex B of the SFC Bursary Award Assessment guidance for 2019/20 provides details of average sector levels of spend on study costs, at an individual subject level and at overall sector level. Overall, the average sector spend on study costs is around 6% of the overall student support budget. The SFC expects colleges which exceed sector average levels of spend on study costs to be able to provide evidence of the reasons for high levels of spend. For 2019/20 we noted that the College's total study costs were £116,636, representing 7.74% of total Bursary expenditure. The main reason for the increase this year was the purchase of laptops in May 2020 for loan to Bursary students. 47 laptops have been charged to the Bursary fund with a total cost of £37,134. This was included in additional COVID-19 guidance issued by the SFC as an example of how support funds could be used to assist students disadvantaged in their studies due to the lack of access to the appropriate technology required for them to be able to continue their engagement in the remote learning environment.

Childcare Fund

We found that one student in our sample testing had been incorrectly marked as a lone parent. This had no overall impact on the return and the disclosure was corrected for the final submission.

Copies of the fund statements and audit certificates are provided at appendices I and II of this report.

Acknowledgements

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



Action Plan

Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
<p>Bursary Fund</p> <p>R1 The College should ensure that the Bursary award letters contain details of all support provided to students, including a realistic estimate of Additional Support Needs (taxes and other costs) that are paid directly to the College.</p>	2	Accept.	Yes	Student Finance Officer	30 November 2020



**Appendix I – Further Education Discretionary Fund,
Further and Higher Education Childcare
Fund and Bursary Return and Audit
Certificate**



**Appendix II – Education Maintenance Allowance
Return and Audit Certificate**

Appendix III – Updated Action Plan – 2018/19

Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2020
<p>R1 The College should ensure that an award letter is issued to all students supported by the Bursary Fund and the FE Discretionary Fund.</p>	3	Agreed.	Y	Student Finance Officer	November 2019	<p>Sample testing in 2019/20 confirmed that award letters were issued in all instances, however for one Bursary student we identified that the substantial ASN element of their award was not included in their award letter and for two others the travel and ASN estimate was significantly less than the actual costs incurred by the College for taxis (see R1 on page 3 of this report).</p> <p><i>Partially Implemented</i></p>

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Our ref: MORA5120/STI/1266381

Your ref:

Kenny Wilson
Senior Policy / Analysis Officer
Funding Policy
Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

26 October 2020

Dear Sir

**2019/20 Student Activity Data
Moray College UHI**

On behalf of our above named client, we have pleasure in attaching our Audit Certificate in relation to the College's FES return for academic year 2019/20.

We understand that the College certificate of Credits claimed, signed by the Principal, has already been submitted by the College.

Should you have any queries regarding the attached, please do not hesitate to contact us.

Yours faithfully



Stuart Inglis
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For and on behalf of MHA Henderson Loggie
Chartered Accountants
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All correspondence signed by an individual is signed for and on behalf of Henderson Loggie LLP.

Reference to a 'partner' is to a member of Henderson Loggie LLP

A list of members' names is available for inspection at each of these addresses.

College: Moray
AY 2019-20

College	Full Time students		Part Time Students		Total Maintenance	Admin Claim (Jan, Feb, July)	Headcount (Oct)	Notes	Maintenance	
	No of claims FT	Total maintenance FT	No of claims PT	Total maintenance PT					College Maintenance Adjustment	SubTotal Maintenance (=G+K)
August 2019	0	£0	0	£0	£0	£0	0	Agreed but reduced for reclaim	£0	£0
September 2019	124	£3,720	0	£0	£3,720	£0	0	agreed but reduced for reclaim	£0	£3,720
October 2019	273	£8,190	6	£180	£8,370	£0	59	Agreed	£0	£8,370
November 2019	472	£14,160	5	£150	£14,310	£0	0	Agreed	£0	£14,310
December 2019	427	£12,810	5	£150	£12,960	£0	91	Agreed	£0	£12,960
January 2020	99	£2,970	1	£30	£3,000	£150	10	Agreed	£0	£3,000
February 2020	580	£17,400	6	£180	£17,580	£0	0	Agreed	£0	£17,580
March 2020	349	£10,470	4	£120	£10,590	£0	£0	Agreed	£0	£10,590
April 2020	185	£5,550	2	£60	£5,610	£0	0	Agreed	£0	£5,610
May 2020	343	£10,290	4	£120	£10,410	£0	0	Agreed	£0	£10,410
June 2020	248	£7,440	3	£90	£7,530	£0	£0	Agreed	£0	£7,530
July 2020	0	£0	0	£0	£0	£0	0	Agreed	£0	£0
Totals	3,100	£93,000	36	£1,080	£94,080	£150	160		£0	£94,080

Accruals				Administration			Total EMA Spend (=O+T)
Accruals Paid	Accruals Recovered	credit / debit	Total EMA Maintenance to be paid	College Administration Adjustment	Annual Admin payment to be made 2018	Total EMA Admin (=G+Q+R)	
				£0	£0	£0	£0
				£0	£0	£0	£3,720
				£0	£0	£0	£8,370
				£0	£0	£0	£14,310
				£0	£0	£0	£12,960
				£1,365	£0	£1,515	£4,515
£21,000	£0	£0	£38,580	£0	£0	£0	£38,580
£21,000	£10,590	-£10,410	£0	£0	£0	£0	£0
£0	-£10,410	-£4,800	£0	£0	£0	£0	£0
£0	-£4,800	£5,610	£5,610	£0	£0	£0	£5,610
£0	£0	£0	£7,530	£180	£8,000	£8,180	£15,710
£0	£0	£0	£0	£0	£0	£0	£0
			£51,720	£1,545	£8,000	£9,695	£103,775

Payments made to College				
Month	Administration	Maintenance	Total	Balance
September 2019	£0	£0	£0	£0
October 2019	£0	£1,590	£1,590	£2,130
November 2019	£0	£8,370	£8,370	£0
December 2019	£0	£14,310	£14,310	£0
January 2020	£0	£12,960	£12,960	£0
February 2020	£1,515	£3,000	£4,515	£0
March 2020	£0	£38,580	£38,580	£0
April 2020	£0	£0	£0	£0
May 2020	£0	£0	£0	£0
June 2020	£0	£5,610	£5,610	£0
July 2020	£8,180	£7,530	£15,710	£0
August 2020	£0	£0	£0	£0
	£9,695	£91,950	£101,645	£2,130

Principal's declaration
I certify that the funds claimed by this college throughout the academic year, as detailed above, have been used in line with the requirements of the EMA programme.
I confirm that 5% of applications have been checked for compliance with the programme and are enclosed as evidence in support of this return.

Principal's name (please print)

Principal's signature

Date

Our ref: MORA5120/DA/ST1

Your ref:

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

2 November 2020

Dear Sirs

**Moray College UHI: Education Maintenance Allowance Return
Auditors' Report to the Scottish Funding Council (SFC) for the period from 1 August 2019 to 31 July 2020**

We have examined the books and records of the above College, including evidence of checks of five per cent of applications and payments, with a sample size appropriate to the size of the institution, and have obtained such explanations and carried out such tests as we considered necessary.

On the basis of our examination and of the explanations given to us, we report that the information set out in these forms is in agreement with the underlying records.

We also report that, in our opinion, the College used these funds in accordance with the SFC's conditions and the principles of the Education Maintenance Allowance programme.

Subject to the observation in our letter of 2 November 2020 we are satisfied that the systems and controls of the administration and disbursement of these funds are adequate.

Yours faithfully



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Our ref: MORA5120/DA/STI/1267947

Your ref:

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

2 November 2020

Dear Sirs

**2019/20 Education Maintenance Allowance
Moray College UHI**

In accordance with the Scottish Funding Council's EMA audit guidance we attach an 'Auditors' Report' in relation to the above College's EMA Academic year-end statement for 2019/20 (unsigned copy attached which was approved by the College Principal by email).

We make one observation in relation to the spot checks carried out during the year by the College. We noted that the spot checks carried out included checking the EMA application form and confirming details to supporting documents and checking that a notice of entitlement had been correctly issued. There had however been no other checks performed including to the signed acceptance, learning agreements, attendance information or payments made. The College advised that the member of staff who conducts the spot checks moved to a different campus and had not managed to undertake these elements of the spot checking before the COVID-19 national lockdown. These checks required access to the physical EMA Learning Agreements and access to areas of the SITS system to check compliance and this had not been arranged prior to lockdown.

Should you have any queries regarding the attached, please do not hesitate to contact us.

Yours faithfully



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MHA Henderson Loggie is a trading name of Henderson Loggie LLP, which is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of MHA, an independent member of Baker Tilly International Ltd, the members of which are separate and independent legal entities.

Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB.

All correspondence signed by an individual is signed for and on behalf of Henderson Loggie LLP.

Reference to a 'partner' is to a member of Henderson Loggie LLP

A list of members' names is available for inspection at each of these addresses.

Our ref: MORA5120/DA/STI/1268506

Your ref:

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

2 November 2020


Dear Sirs

Moray College UHI
Discretionary Fund, Childcare Fund and Bursary Return 2019/20

On behalf of our above named client, we attach the audited Discretionary Fund, Childcare Fund and Bursary Return for the academic year 2019/20.

Should you have any queries regarding the attached please do not hesitate to contact us.

Yours faithfully



Stuart Inglis
Director
For and on behalf of MHA Henderson Loggie
Chartered Accountants
Dundee Office
stuart.inglis@hlca.co.uk

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Our ref: MORA5120/DA/STI

Your ref:

Moray College UHI
Moray Street
Elgin
Moray
IV30 1JJ

26 October 2020

Dear Sirs

Auditor's Report to the Members of the Board of Management of Moray College UHI

We have audited the FES return which has been prepared by Moray College UHI under the 'Credits' Guidance issued 3 July 2019 and updated guidance relating to 'one plus' activity and which has been confirmed as being free from material misstatement by the College's Principal in his Certificate dated 6 October 2020. We conducted our audit in accordance with guidance contained in the 2019-20 audit guidance for colleges and updated guidance relating to 'one plus' activity. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. We evaluated the adequacy of these controls in ensuring the accuracy of the data. It also included examination, on a test basis, of evidence relevant to the figures recorded in the student data returns. We obtained sufficient evidence to give us reasonable assurance that the returns are free from material misstatement.

In our opinion:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- on the basis of our testing we can provide reasonable assurance that the FES return contains no material misstatement.



Stuart Inglis
Director
For and on behalf of MHA Henderson Loggie
Chartered Accountants
Dundee Office
stuart.inglis@hlca.co.uk

26 October 2020

Date FES returned: 29 September 2020

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college=5260051 - Moray College report=Student Support Funding

College Name: Moray College		College Contact:					
College Number: 5260051		Phone Number:					
1st August 2019 - 31st July 2020							
	(AAC 1)		(AAC 2)			(AAC 3)	
Bursary Funds Expenditure	Students under 18		Parentally Supported			Self Supporting	
	Headcount	Expenditure (£)	Headcount	Expenditure (£)	Headcount	Expenditure (£)	
Maintenance Costs							
At Parental Home	0	0	133	353349	0	0	
Away from Parental Home	1	1706	4	24776	183	686873	
Approved Accomodation or Lodgings	0	0	0	0	0	0	
Personal Allowance	0	0	0	0	0	0	
Dependents Allowance	0	0	0	0	0	0	
Study Expenses	48	7993	139	21749	361	86891	
Travel Expenses	36	18197	101	57782	268	146510	
Special Educational Needs	2	3384	16	77477	10	19957	
Total Bursary	51	31281	145	535145	379	940215	
Total Bursary Fund Spend	575	1506641	[ESF Students to be included in all tables]				
(AAC 1+2+3)							
Discretionary Fund & Childcare Fund Expenditure							
	Headcount	Expenditure (£)					
Total FE Discretionary Fund	62	123161					
Total FE Childcare Fund	31	83550					
Total HE Childcare Fund *	43	110491					
* UHI partner colleges to manually enter data on the CSV version of this report.							
	Part-time		Full-time				
	Headcount	Expenditure (£)	Headcount	Expenditure (£)			
FE childcare, lone parent	0	0	23	66376			

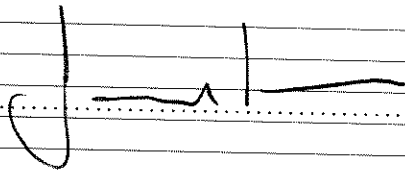
FE childcare, other	0	0	8	17174
HE childcare, lone parent	0	0	22	52595.94
HE childcare, other	0	0	21	57895.34

We have examined the books and records of the above college and have obtained such explanations and carried out such tests as we consider necessary. On the basis of our examination and the explanations given to us, we report that the information set out in these forms is in agreement with the underlying records.

We also report that in our opinion, the college used these funds in accordance with the Scottish Funding Council conditions.

We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate. * Delete if not applicable.

PLEASE RETURN AN ELECTRONIC AND SIGNED PAPER COPY OF THIS FORM TO THE SCOTTISH FUNDING COUNCIL.

Principals Signature 

MHA HENDERSON LOGGIE

Auditors Name (in printed capitals)

Auditors Signature.....  DIRECTOR
FOR AND ON BEHALF OF MHA HENDERSON LOGGIE, CHARTERED ACCOUNTANTS

2 NOVEMBER 2020

Date of Signature.....

MHA HENDERSON LOGGIE IS A TRADING NAME OF HENDERSON LOGGIE LLP

Moray College UHI

**Annual Report to the Board of Management and
Principal on the Provision of Internal Audit
Services for 2019/20**

Internal Audit Report No: 2020/09

Draft issued: 19 November 2020

Final issued: 20 November 2020



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Annual Report and Opinion

Introduction

- 1.1 We were re-appointed in November 2016 as internal auditors of Moray College UHI ('the College') for the period 1 August 2016 to 31 July 2019. In June 2019, the decision was made by the College to exercise the option to extend our appointment for a further 12 months and this report summarises the internal audit work performed during 2019/20.
- 1.2 Following discussion with management, we presented a list of potential internal audit topics to the 9 October 2019 meeting of the Audit Committee and the proposed allocation of internal audit days for 2019/20 was initially agreed at that meeting. Further discussions took place at the Joint Audit and Finance & General Purposes Committee meeting on 26 November 2019 and the Audit Committee meetings on 18 February 2020 and several changes were proposed to the plan.
- 1.3 Following implementation of the UK COVID-19 lockdown in late March 2020 the College Senior Leadership Team took the decision to pause the planned internal audit work given the circumstances in which the College was operating within at that point. During further discussion with the Director of Finance, on 30 April 2020, it was agreed that a further updated version of the annual internal audit plan would be submitted for consideration by the Audit Committee at its meeting on 19 May 2020. The final plan for the year was agreed at that meeting.
- 1.4 The reports submitted are listed in Section 2 of this report and a summary of results and conclusions from each assignment is given at Section 3.
- 1.5 An analysis of time spent against budget is at Section 4.

Public Sector Internal Audit Standards (PSIAS) Reporting Requirements

- 1.6 The College has responsibility for maintaining an effective internal audit activity. You have engaged us to provide an independent risk-based assurance and consultancy internal audit service. To help you assess that you are maintaining an effective internal audit activity we:
 - Confirm our independence;
 - Provide information about the year's activity in this report; and
 - Provide quality assurance through self-assessment and independent external review of our methodology and operating practices.
- 1.7 Self-assessment is undertaken through:
 - Our continuous improvement approach to our service. We will discuss any new developments with management throughout the year;
 - Ensuring compliance with best professional practice, in particular the PSIAS;
 - Annual confirmation from all staff that they comply with required ethical standards and remain independent of clients;
 - Internal review of each assignment to confirm application of our methodology which is summarised in our internal audit manual; and
 - Annual completion of a checklist to confirm PSIAS compliance.

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

- 1.8 External assessment is built into our firm-wide quality assurance procedures. MHA Henderson Loggie is a member of MHA, a national association of independent accountancy firms. Continued membership of MHA is dependent on maintaining a high level of quality and adhering to accounting and auditing standards in the provision of our services. Annual quality reviews are conducted to confirm our continuing achievement of this quality. The independent MHA review conducted in March 2019 included our internal audit service. This was a comprehensive independent review of our internal audit function as required every five years by PSIAS. Overall, the review confirmed that the firm's policies and procedures relating to internal audit were compliant with the PSIAS in all material respects.
- 1.9 The results of our self-assessment, conducted in May 2020, are that we are able to confirm that our service is independent of the College and complies with the PSIAS.

Significant Issues

- 1.10 All audit work in 2019/20 assessed systems as either 'Good ' or 'Satisfactory', providing an unqualified opinion on College returns, and there were no significant issues identifying major internal control weaknesses arising from our internal audit work carried out. Our work on the EMA return did have one observation highlighted within the covering letter to our report but there was no formal reservation on our audit opinion. In general, procedures were operating well in the areas tested, but some areas for further strengthening were identified and action plans have been agreed to address these issues. In addition, for a few areas reviewed, actions were already planned by management or in progress and therefore we did not raise recommendations in our reports where this was the case.

Opinion

- 1.11 In our opinion, the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2019/20 and in prior years since our first appointment in 2011/12.



Reports Submitted

Number	Title	Overall Grade	Recommendations	Priority 1	Priority 2	Priority 3
2020/01	Annual Plan 2019/20	N/A	N/A	N/A	N/A	N/A
2020/02	Corporate Governance	Satisfactory	-	-	-	-
2020/03	Health and Safety	Satisfactory	-	-	-	-
2020/04	Quality Assurance and Improvement	Satisfactory	-	-	-	-
2020/05	Workforce Planning	Satisfactory	1	-	-	1
2020/06	Business Continuity	Good	-	-	-	-
2020/07	2019/20 Student Activity Data	N/A	-	-	-	-
2020/08	Student Support Funds 2019/20	N/A	1	-	1	-

Overall gradings are defined as follows:

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

Recommendation grades are defined as follows:

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



Summary of Results and Conclusions

2020/01 – Annual Plan 2019/20

Final Issued – May 2020

The purpose of this document was to present for consideration by the Audit Committee the annual operating plan for the year ended 31 July 2020. The plan was based on discussions with management and the Audit Committee throughout the year and the final version of the plan was agreed at the Audit Committee meeting on 19 May 2020.

The outline scope, objectives and audit approach for each audit assignment to be undertaken were arrived at following discussion with responsible managers in each audit area.

2020/02 – Corporate Governance

The scope of this audit was to undertake a high-level review of the College’s annual exercise to ensure continued compliance with the Code of Good Governance for Scotland’s Colleges.

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

Strengths

- An externally facilitated Board effectiveness review is performed every three years. This was last performed in 2017, with the next review expected in 2021 in line with the latest advice issued by the Chair of the Good Governance Steering Group.
- The Board undertakes an annual self-evaluation review which involves an assessment of the effectiveness of each committee, the Board, the Convenors, the Chair of the Board and the Clerk to the Board and in addition the administrative support functions are also evaluated. These were performed in 2017/18, 2018/19 and 2019/20, although the Clerk to the Board had not formally reported the findings of the 2019/20 process to the Board at the time of our audit fieldwork. With the exception of the point noted under ‘weaknesses’ below, discussions with the Clerk to the Board, and review of information provided from the 2019/20 self-evaluation process to the date of our report, did not highlight any areas of non-compliance with the Code of Good Governance for Scotland’s Colleges.
- One-to-one development meetings were held between Board members and the Chair or Vice-Chair of the Board of Management. The evaluation of the Chair of the Board of Management was undertaken by the Vice-Chair; and
- Results of the annual self-evaluation process were reported to the Audit Committee, the Board of Management and to the Regional Strategy Committee at the University of the Highlands and Islands. A copy of the Board and Committee Evaluation Report was also published on the College website.

Final Issued – September 2020 Overall grade: Satisfactory

The objective of the audit was to obtain reasonable assurance that the:	Grade
1. College complies with the principles of good governance as set out in the Code of Good Governance for Scotland’s Colleges.	Satisfactory
2. Annual reporting around ongoing self-assessment and compliance is in line with the guidance issued by the SFC.	Good
Overall Level of Assurance	Satisfactory

2020/02 – Corporate Governance (continued)

Weaknesses

- In 2018/19, the College disclosed in its financial statements that it did not comply with section C22 of the Code - Financial and Institutional Sustainability - The Board is responsible for ensuring the financial and institutional sustainability of the body. The Board must ensure compliance with its Financial Memorandum (either with SFC or the regional strategic body, depending on which is funding it), including in relation to incorporated colleges and regional boards, relevant aspects of the Scottish Public Finance Manual. The self-evaluation process for 2019/20 indicated that the College will, once again, not be in a position to demonstrate compliance with this specific requirement of the Code.

2020/03 – Health and Safety

The scope of the audit was to review the College’s response to the recommendations made in the previous H&S internal audit review performed during 2018/19 (internal audit report 2019/04, issued in May 2019).

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

Strengths

- A H&S training matrix had been completed. The College HR team had also worked with the external H&S consultant to align the suit of online H&S modules, which were available to staff on the Virtual Learning Environment (VLE), with the H&S matrix that showed all relevant H&S modules for each type of post.
- We noted that the College had made a commitment to undertake regular workplace inspections which would be undertaken by H&S Monitors and reviewed by the recently appointed Health, Safety & Wellbeing Officer (HSWO). Since our last audit the College had reviewed and updated its H&S practices which included H&S Monitors being responsible for ensuring that departmental H&S inspections were conducted, including general environmental safety and that risk assessments were in place. In early 2020 the College issued an updated H&S compliance checklist tailored for each departmental inspection. At the time of audit we noted that the completion of the checklists had been impacted by the closure of the College in response to Covid-19 and we established that a total of 10 checklists out of 39 had been completed across all departments. In addition to the H&S Monitor checks, the HSWO will undertake campus and departmental H&S inspections. The H&S Committee Terms of Reference had been updated to ensure that assurance was provided to the Committee that inspections were being carried out.
- The College’s Covid-19 pandemic response plan included a full H&S inspection of College premises and practices, undertaken as part of a Covid-19 pandemic risk assessment as the College prepared for a phased reopening from August 2020. The requirement to perform a Covid-19 risk assessment was included within UK legislation and the results of the assessment and any required actions were to be reported to the H&S Committee prior to the College reopening.

Final Issued – September 2020 Overall grade: Satisfactory

The main objective of this audit was to obtain reasonable assurance that the College has implemented the recommendations in the previous internal audit report in the following areas and has:	Grade
1. a H&S training programme which includes induction training, refresher training and training for new equipment or legislation.	Satisfactory
2. regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive.	Satisfactory
Overall Level of Assurance	Satisfactory

2020/03 – Health and Safety (continued)

Weaknesses

- Although new VLE, induction and training monitoring processes had been implemented, which would provide the College HR team with access to clearer data on where induction and training gaps existed, the lack of new starters due to the ongoing Covid-19 situation had meant that HR had not had the opportunity to formally monitor completion rates of the new induction training modules.

2020/04 – Quality Assurance and Improvement

Final Issued – October 2020

Overall grade: Satisfactory

As part of the internal audit programme for 2018/19 (report 2019/03, issued in March 2019) we reviewed compliance with the College’s new quality procedures by Curriculum Directorates and reviewed the progress the College was making to implement the actions identified on its Enhancement Plan. Although no recommendations were made in our report, the timing of the review was such that the College was mid-way through implementation of the Enhancement Plan 2017/18 and systems developments were underway that would address minor weaknesses identified in our report. Therefore, the College Senior Leadership Team asked that a follow-up review of this area be included in the internal audit programme for 2019/20.

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

The objective of our audit was to obtain reasonable assurance that:	Grade
1. the College’s quality procedures are being adhered to in key areas.	Satisfactory
2. regular progress is being made with implementation of the actions identified on the College’s Enhancement Plan.	Satisfactory
Overall Level of Assurance	Satisfactory

Strengths

- A Quality Cycle had been developed which was adhered to in 2018/19 and was again being applied in 2019/20. Key elements included:
 - ◆ continued use of MORAGAA (Moray, Red, Amber, Green, Attendance and Achievement) reports to monitor attendance and student achievement data to identify areas of under-performance at both a course and student level;
 - ◆ improved processes had been put in place to ensure that the College gathered and maintained data throughout the learner journey, from application and enrolment through to in-year progress, success and destination;
 - ◆ feedback mechanisms described in the EREP 2017/18 were being used;
 - ◆ for 2018/19, all curriculum and support areas carried out self-evaluations which were subject to scrutiny by the Quality team and subsequently approved at Endorsement Board meetings;
 - ◆ following feedback from staff and students as part of the 2018/19 quality review the College worked with Sparqs (Student Partnerships in Quality Scotland) to develop an amended Enhancement Framework with questions presented in plain English. This new enhancement framework now formed the basis for learning and support committee meetings and had been well received by Sparqs who have highlighted it as good practice; and

2020/04 – Quality Assurance and Improvement (continued)

Strengths (continued)

- ◆ additional support had been put in place to support students and staff in order to improve performance, including: additional pastoral care, strengthened student disciplinary procedures for poor attendance, creation of the new Learning Coach role to support curriculum with colleagues from other University of the Highlands & Islands (UHI) colleges to provide external valuation of programmes.
- The College was predicting an overall achievement success for full time further education students of over 70% for the current academic year, meeting the target set in the Regional Outcome Agreement and the highest rate ever achieved by the College.
- College management had reacted positively to develop alternative mechanisms to fill the information gap created by the delays in the Dashboard Project and these interventions had had a significant impact in improving attainment within the College. We recognised that these delays had been outwith the control of College management.
- The College was making progress with all actions included in the EREP 2017/18, although two actions remained outstanding as noted below. However, we recognised that one of these actions was always intended to cross over into academic year 2020/21 and the other action was outwith the control of the College.

2020/04 – Quality Assurance and Improvement (continued)

Weaknesses

- In internal audit report 2019/03 we noted that staff would benefit from having access to real-time information to enable curriculum teams to pro-actively monitor both student and programme performance. We previously noted that the development of a new database reporting tool was being progressed as part of a wider UHI project and aspects of this would be available for the start of the 2019/20 session. The tool was to be designed to give staff access to near real-time data in a range of performance areas, covering attendance, retention, and achievement. Through discussion with the Director of Learning & Teaching we noted that the UHI database reporting tool project stalled in 2019 due to staff changes within the UHI partnership. This had been superseded by a new Dashboard Project with the technical elements being progressed by Executive Office at UHI. We understand that the dashboard was intended to be launched during the 2020/21 academic year. To address the gaps in access to performance data the Senior Leadership Team (SLT) had widened access to the management performance data to curriculum teams.
- An update on progress on the Enhancement Plan, as at June 2020, showed that six of the eight actions had been completed. The remaining two actions either cross over into academic year 2020/21 or were dependent on initiatives being taken forward at a regional level by UHI and were expected to be completed in academic year 2020/21. Follow-up with the EREP was to be formally reported to the Board in October 2020.

2020/05 – Workforce Planning

The scope of the audit was to review the College’s Workforce Planning arrangements to consider whether these are in line with good practice.

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

Strengths

- The College had in place a Workforce Planning and Development Strategy (‘Workforce Strategy’) outlining the aims and objectives for effective workforce and succession planning;
- The Workforce Strategy was aligned to the delivery of the annual operating plans and the College’s Strategic Plan 2016-2021;
- The Workforce Strategy aided the College to address the identified regional and national priorities highlighted in the Highlands and Islands Regional Tertiary Outcome Agreement 2019-20;
- The College was a stakeholder in a number of key regional economic and development plans including the Moray Growth Deal;
- The College used its links in the community, employers and industry contacts to gain insight into current and future employer needs;
- The updated college Curriculum Strategy 2019-21 took account of these regional and national aims and had identified key priority areas in setting its future academic programme;
- A programme of ongoing teaching assessment and review was in place to ensure attainment of the required Academic Quality Policy, which was supported by training and development to enhance both the skills and flexibility of the current workforce;
- The College continually monitored student numbers to ensure that sufficient staff resources were in place to deliver its academic programme;
- A staffing model was in place which was aligned to the medium-term financial funding for the College.

Final Issued – September 2020

Overall grade: Satisfactory

The specific objectives of this audit were to obtain reasonable assurance that:	Grade
1. The College’s workforce plans are based on the strategic direction and priorities set out in the Regional Outcome Agreement and linked strategies and plans.	Good
2. The College has analysed demand – what workforce is needed in the future to deliver the required service.	Satisfactory
3. The College has analysed supply – what workforce is available currently and how it is likely to change.	Good
4. The College has identified actions that will deliver the future workforce.	Satisfactory
5. These actions are being implemented and outcomes regularly reviewed.	Satisfactory
Overall Level of Assurance	Satisfactory

2020/05 – Workforce Planning (Continued)

Weaknesses

- While the audit did not identify any significant weaknesses in the College's approach to Workforce Planning, in our view the process would be improved if SMART (Specific, Measurable, Attainable, Relevant and Time-bound) objectives were put in place to monitor and report on the success of the current strategy.

2020/06 – Business Continuity

The scope of this audit was to undertake a review of business continuity planning to consider whether there are adequate plans in place to minimise disruption to College operations following loss of life, buildings, or equipment. This included a specific focus around the work that has been undertaken to allow College operations to continue during the COVID-19 pandemic and preparations for the reopening of College campuses.

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

Strengths

- In response to the emerging risk of COVID-19, the College implemented the Business Continuity Plan in March 2020. We noted that the content of the plan reflected good practice and was in line with examples of plans developed by other colleges.
- We reviewed evidence that the College referred to the latest Scottish Government and Health Protection Scotland guidance throughout the lockdown period. This guidance was used to inform the development of a range of communications and guidance for staff and students, including information on: remote working for staff; guidance on engaging with students in an online learning environment; advice for students on learning online; student funding and financial support; and accessing mental health support resources for staff and students.
- A College wide approach was adopted in maintaining engagement with students during lockdown to ensure that students remained informed and that students were able, as far as possible, to complete their studies.
- Work was conducted by the College during the initial phase of the COVID-19 lockdown to identify the potential risks and barriers to digital inclusion for staff and students resulting from the closure to College buildings and restrictions in access to services and resources. Additional ICT resources were made available to staff and students to allow them to work from home and engage via remote learning.

Final Issued – September 2020

Overall grade: Good

The objective of the audit was to obtain reasonable assurance that the:	Grade
1. Business Continuity / Contingency Plans (including ICT Business Continuity plans) are in place covering all of the College’s activities and locations.	Good
2. The Business Continuity Plans / Contingency Plans are workable, properly communicated to members of staff, and have been adequately tested.	Good
3. The processes and procedures in place follow recommended good practice.	Good
4. The work that has been undertaken to allow College operations to continue during the COVID-19 pandemic has, as far as possible, minimised the impact on the student experience.	Good
5. Appropriate preparations are being made and robust plans developed to ensure that College campuses can safely reopen once the COVID-19 lockdown is eased, taking into account all Scottish Government and Health and Safety Executive Guidance relevant to education providers.	Good
Overall Level of Assurance	Good

2020/06 – Business Continuity (continued)

Strengths (continued)

- Contingency planning was undertaken during the early phases of the COVID-19 lockdown, which allowed the College to consider a range of potential options and solutions for the start of the 2020/21 academic session. These options were based on the information and guidance made available from the Scottish Government and health protection agencies at that time.
- Our review of the College's arrangements for the safe reopening of its campuses confirmed that plans reflected the principles and requirements of the Scottish Government guidance for Colleges, and the more general Working Safely Guide published by the Health & Safety Executive (HSE).

Weaknesses

- We did not identify any significant weaknesses during our review. The COVID-19 situation is subject to rapid change with the guidance issued by the Scottish Government, health protection agencies and the HSE being updated regularly. National and local lockdown restrictions may also change at short notice and therefore the College will need to remain vigilant in order to ensure that a dynamic review of local and national circumstances is maintained to allow both its outbreak management and recovery plans to flex and adapt to any changes in COVID-19 risks.

Internal Audit Annual Report 2019/20

2020/07 – Student Activity Data (Credits) 2019/20

Final Issued – November 2020

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

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

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

Our report was submitted to the SFC on 26 October 2020. We reported that, in our opinion:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- on the basis of our testing we can provide reasonable assurance that the FES return contains no material mis-statement.

No issues were identified from our audit testing for 2019/20 that required a recommendation for improvement to be made.

Internal Audit Annual Report 2019/20

2020/08 – Student Support Funds 2019/20

Final Issued - November 2020

We carried out an audit on the following fund statements for the 2019/20 academic year: Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return; and Education Maintenance Allowance (EMA) Return.

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, the Student Awards Agency for Scotland and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in the returns for the year ending 31 July 2020, is in agreement with underlying records.

We were able to certify the FE Discretionary Fund, FE and HE Childcare Fund and Bursary Return for the year and submit this to the SFC without reservation.

The following observation was raised in the covering letter which accompanied our Auditors' Report to the SFC on the College's EMA Return:

- We noted that the spot checks carried out included checking the EMA application form and confirming details to supporting documents and checking that a notice of entitlement had been correctly issued. There had however been no other checks performed including to the signed acceptance, learning agreements, attendance information or payments made. The College advised that the member of staff who conducts the spot checks moved to a different campus and had not managed to undertake these elements of the spot checking before the COVID-19 national lockdown. These checks required access to the physical EMA Learning Agreements and access to areas of the SITS system to check compliance and this had not been arranged prior to lockdown.

In addition, the following points were noted during the course of our audit:

Bursary Fund

For our sample of students, we confirmed that maintenance allowances were in line with the rates set out in the Bursary guidance. However, in most cases we noted that the amount paid to students for study, Additional Support Needs (ASN) and travel were different to the amounts set out in the award letter. This is because at the start of the year, the College can only best estimate these costs. The amount paid may be different depending on, for example, the number of people able to share taxis etc. Laptops were also provided to some students this year, but we were advised that these were not noted on award letters to avoid students perceiving that they owned the device rather than receiving as a loan. Students are required to sign a loan form on receipt of the laptop issued.

2020/08 – Student Support Funds 2019/20 (continued)

Bursary Fund (continued)

In particular, we noted two students in our sample where an estimate of £1,000 was included for travel or ASN costs payable directly to the College, where the actual costs incurred by the College for taxis were significantly higher and we considered that a more realistic figure could have been included on the award letter. Also, for one other student in our sample, the College incurred substantial costs for a British Sign Language Interpreter, but this was not included on the student's award letter. However, we recognise that ASN costs are often incurred or allocated to the student after their initial award is calculated.

Annex A of the National policy for further education bursaries: 2019-20, Advisors Notes, states that students should be issued with clear Bursary award letters each year. The policy includes guidance on what should be contained in the award letters, and this includes any ASN award. We were advised that the College has taken the view that where ASN costs are payable to anyone other than the student these do not require a new award letter. The reason for this included wanting to avoid multiple award letters which appeared over burdensome to the student. We are not suggesting that there should be multiple award letters issued to a student, but the initial letter should reflect all support to be provided and, if necessary, an updated letter should be issued if further support is later assessed. This together with the real time access available to students through their Hub account to view the status of payments and the actual amounts paid over would enhance the current process.

Where relevant, for each student in our sample, study costs awarded were agreed to the College approved course costs for the year, and a sample of study, taxi and other ASN costs were agreed to invoice.

We have recommended that the College should ensure that the Bursary award letters contain details of all support provided to students, including a realistic estimate of Additional Support Needs (taxis and other costs) that are paid directly to the College.

Annex B of the SFC Bursary Award Assessment guidance for 2019/20 provides details of average sector levels of spend on study costs, at an individual subject level and at overall sector level. Overall, the average sector spend on study costs is around 6% of the overall student support budget. The SFC expects colleges which exceed sector average levels of spend on study costs to be able to provide evidence of the reasons for high levels of spend. For 2019/20 we noted that the College's total study costs were £116,636, representing 7.74% of total Bursary expenditure. The main reason for the increase this year was the purchase of laptops in May 2020 for loan to Bursary students. 47 laptops have been charged to the Bursary fund with a total cost of £37,134. This was included in additional COVID-19 guidance issued by the SFC as an example of how support funds could be used to assist students disadvantaged in their studies due to the lack of access to the appropriate technology required for them to be able to continue their engagement in the remote learning environment.

Internal Audit Annual Report 2019/20

Follow-Up Reviews 2019/20

Throughout the year we carried out follow-up review of recommendations made in internal audit reports issued during 2019/20 (which had reached their target implementation date) and those from previous years which had not previously been completed and formally closed off. The objective of this rolling follow-up review was to assess whether recommendations made in previous reports had been appropriately implemented and to ensure that, where little or no progress had been made towards implementation, that plans were in place to progress them. Progress was reported to each meeting of the Audit Committee held during the year in the form of a spreadsheet prepared by management recording all internal audit recommendations, and these were signed-off by us when appropriate evidence of completion was provided.

The position reported to the Audit Committee in October 2020, updated for follow-up work conducted as part of the year-end Credits and Student Support Fund audits, confirmed that the College had made good progress in implementing the recommendations followed-up as part of the rolling review with all items reviewed during the year assessed by internal audit and categorised as 'fully implemented', with the exception of five recommendations categorised as 'partially implemented' where further evidence is required to demonstrate full implementation. One further recommendation from the Workforce Planning report had not reached its target implementation date.

Time Spent - Actual v Budget

	Report number	Planned days	Actual days feed	Days to fee at Nov 2020	Days to spend / WIP	Variance
Reputation						
Health and Safety	2020/03	2	2	-	-	-
Student Experience						
Quality assurance and improvement	2020/04	2	2	-	-	-
Staffing Issues						
Workforce planning	2020/05	4	4	-	-	-
Organisational Issues						
Business Continuity	2020/06	5	5	-	-	-
Corporate Governance	2020/02	2	2	-	-	-
Other Audit Activities						
Credits Audit	2020/07	5	-	5	-	-
Bursary and Hardship Funds	2020/08	3	-	3	-	-
EMA Audit	2020/08	1	-	1	-	-
Management and Planning)	2020/01	4	3	1	-	-
External audit / SFC)						
Attendance at Audit Committee)						
Follow-up Reviews	N/A	2	2	-	-	-
Contingency	N/A	3	-	-	-	3
Total		33	20	10	-	3
		=====	=====	=====	=====	=====

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Cover Paper – Review of Audit Register
Agenda Item A.20.04.07



Committee:	Audit Committee			
Subject/Issue:	Review of Audit Register			
Brief summary of the paper:	Update on current position of the Audit Register. The enclosed provides an update on the current internal audit recommendations.			
Action requested/decision required:	Feedback from Audit Committee on current position of the Audit Register & recent Internal Audit reports.			
Status: (please tick ✓)	Reserved:		Non-reserved:	X
Date paper prepared:	16 November 2020			
Date of committee meeting:	24 November 2020			
Author:	Director of Finance			
Link with strategy: Please highlight how the paper links to, or assists with: compliance partnership services risk management strategic plan/enabler other activity (e.g. new opportunity) – please provide further information.				
Equality and diversity implications:	N/A			
Resource implications: <i>(If yes, please provide detail)</i>	N/A			
Risk implications: <i>(If yes, please provide detail)</i>	Risk of non-compliance with the finding of current (and future) internal audit reviews/actions.			

INTRODUCTION

The Audit Register (“AR”) has been updated to reflect the current position as at 16 November 2020.

The following internal audit recommendations fell due following the November 2020 Audit Committee.

Student Activity Data

- **SAD.R1 - Completed**

The above noted recommendation is now marked as complete. Please see the commentary/narrative noted on the Audit register.

- **SAD.R2 - Completed**

The above noted recommendation is now marked as complete. Please see the commentary/narrative noted on the Audit register.

- **SAD.R3 - Completed**

The above noted recommendation is now marked as complete. Please see the commentary/narrative noted on the Audit register.

- **SAD.R4 - Completed**

The above noted recommendation is now marked as complete. Please see the commentary/narrative noted on the Audit register.

Student Support Funds

- **SSF.R1 – Completed (additional recommendation created)**

The above noted recommendation is now marked as complete. The original recommendation was; *‘The College should ensure that an award letter is issued to all students supported by the Bursary Fund and the FE Discretionary Fund’.*

Following the audit in November it was found that Sample testing in 2019/20 confirmed that award letters were issued in all instances, however for one Bursary student it was identified that the substantial ASN element of their award was not included in their award letter and for two others the travel and ASN estimate was significantly less than the actual costs incurred by the College for taxis. This has resulted in a further recommendation (see SSF.R2 below).

- **SSF.R2 – New recommendation**

A recommendation has been made, and accepted by College Management, that the College should ensure that the Bursary award letters contain details of all support provided to students, including a realistic estimate of Additional Support Needs (taxis and other costs) that are paid directly to the College. The accepted completion date of this is 30 November 2020.

Cover Paper – Review of Audit Register
Agenda Item A.20.04.07

CONCLUSION

The College Audit Register has been updated to reflect the above.

The Committee is asked to note the successful completion of the actions that were outstanding from the 2018-19 Student Activity Data and Student Support Funds statutory reviews, along with the one new recommendation within the Student Support Funds area following the 2019-20 statutory review.

Cover Paper – Review of Risk Register
Agenda Item A.20.04.08 (i)



Committee:	Audit Committee			
Subject/Issue:	Review of Risk Register			
Brief summary of the paper:	<p>An updated Risk Register (“RR”) is enclosed for the Committee’s attention.</p> <p>No new risks have been added since May.</p> <p>All risks have been reviewed and updated as required during regular discussions with the SLT.</p>			
Action requested/decision required:	Feedback from Audit Committee on the current position of the Risk Register.			
Status: (please tick ✓)	Reserved:	X	Non-reserved:	
Date paper prepared:	23 November 2020			
Date of committee meeting:	24 November 2020			
Author:	Director of Finance			
Link with strategy: Please highlight how the paper links to, or assists with: compliance partnership services risk management strategic plan/enabler other activity (e.g. new opportunity) – please provide further information.				
Equality and diversity implications:	N/A			
Resource implications: <i>(If yes, please provide detail)</i>	N/A			

Cover Paper – Review of Risk Register
Agenda Item A.20.04.08 (i)

<p>Risk implications: <i>(If yes, please provide detail)</i></p>	<p>That key risks to the College are not captured and suitable mitigating actions put in-place.</p>
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Cover Paper – Review of Risk Register
Agenda Item A.20.04.08 (i)

Please see attached the Risk Register at Friday 13 November 2020.

The following risks have been amended since October 2020;

Risk 14 – The College does not achieve allocated HE Student number targets – Reduced from a RED risk alert level with a residual risk rating of 15 to an AMBER risk alert level with a residual risk rating of 9. This is in line with hitting improved budgeted numbers of HE enrolments.

Risk 16 – The institution has a poor reputation - No change to risk rating but mitigating actions updated.

Risk 26 – Failure to size the financial, reputational and developmental benefits offered by the Moray Growth Deal – Maintained an AMBER risk rating however risk trend is DECREASING compared to STABLE in October 2020. Residual risk rating of 12 has reduced in October to 8 in November 2020 due to the ongoing work being undertaken on the Outline Business Cases on the Growth Deal projects.

The Committee is asked to note the changes made to the Risk Register in its review of the existing Register.

Internal controls and assurance – questions to consider

1. What changes to internal controls have been required due to Covid-19?

Minimum changes have been required as the majority of processes have moved on-line with limited/no disruption. There have been changes in management controls where required, for example, when all staff were made to work from home during the initial lock down period and instead of physical paper trails for approvals, this moved on line and is now in the form of an email approval process.

2. Has internal audit assessed the design, implementation and operational effectiveness of revised internal controls?

Not yet. They will be assessed as part of the planned internal audit work this year/next year as appropriate.

3. What new controls have been established to account for the distribution of any additional funds received?

To date, no additional funds have been received outside of existing funding streams that would require distribution.

4. Have officers identified any weaknesses in new controls and if so, how are these being addressed?

No.

5. To what extent has your organisation assessed the impact of working remotely on the control environment and working practices?

No formal assessment has been undertaken other than the ongoing internal audit and external audit work.

6. Has internal audit reviewed their audit plan and assessed which projects might need to be cancelled, postponed or accelerated as your organisation navigates its way through the pandemic?

Yes. The internal audit plan was amended as required,

7. How is management supporting internal audit to balance its 'routine' programme of work and that required to respond to Covid-19-related audit work?

Management have continued to be available to help internal audit/work with internal audit to complete their assessments as required. At no point have Management been made aware of any difficulties that Internal Audit have encountered in responding to Covid-19 related audit work.

8. What impact has Covid-19 had on the annual reporting and accounting process?

- (i) Has your organisation's timetable for the annual reporting process been considered for 2019/20 and 2020/21? If so, have the timetables been revised and updated accordingly?

Yes

- (ii) Has the external auditor's annual audit plan been updated to assess and address new risks?

Yes

9. To what extent has your organisation considered work undertaken by other organisations (via professional networks and bodies), or where appropriate, engaged with external experts to inform decision-making around significant areas of change in response to the pandemic?

See Internal Audit review of Covid-19 Response/Business continuity/D Duncan's previously circulated papers.

10. How have IT services performed during the pandemic?

As above.

- (i) To what extent have cyber security controls been considered?

Existing cyber security controls in place.

11. To what extent has management assessed the impact of Covid-19 on overall staff capacity?

Continual assessment in line with existing processes. Regular meetings with line managers/one-to-ones/weekly SLT surgery.

- (ii) What areas have been identified as being under resourced and how is this being addressed?

N/A at this stage.

12. What is your organisation doing to support its staff during the pandemic?

Please see updates already provided by the HR Director/Internal audit review of Business Continuity.

- (iii) To what extent have workload and working practices been adjusted to allow for the challenges that people may face when working remotely?
- (iv) What guidance, advice or signposting has your organisation put in place to support staff wellbeing?

13. What opportunities and risks have arisen as staff are deployed across departments?

- (i) How is your organisation capturing the learning and opportunities that arise from new ways of working?

Continual assessment in line with existing processes. Regular meetings with line managers/one-to-ones/weekly SLT surgery.

Financial management and reporting

1. Is financial (and performance) information received in a timely manner, with sufficient detail, to inform the fast-paced changes that are required due to Covid-19?

Yes.

2. How is management assessing the financial impact of Covid-19 on income and expenditure?

- (i) What processes or procedures have been put in place to assess, for example, new demands, new expenditure streams, savings from activity foregone and lost income?

Existing processes have continued to work well to identify new income/savings from activity foregone/lost income.

3. What information has been used in determining the value of assets and liabilities?

- (i) To what extent have estimated valuations been impacted by Covid-19, for example, disruption to the revaluation of properties or market volatility impacting on investments?

N/A

- (ii) What is the likely impact of Covid-19 on pension deficits and what does this mean for your organisation?

Projected increased deficits. The College has accounted for these in line with appropriate accounting guidance.

4. What commitments and guarantees have been made to third parties, and how are these being monitored?

- (i) Where relevant, how is your organisation ensuring that the impacts of the pandemic on its arm's-length external organisations (ALEOs) are being appropriately monitored?

N/A

5. What impact has Covid-19 had on savings plans?

- (i) Is your organisation on track to deliver these savings and if not, what plans are your organisation putting in place to help with this?

Additional staff savings identified as required – In process.

6. What impact has Covid-19 had on transformational activity?

- (i) If there has been or will be significant delays to activity or a failure to meet savings targets, what are the financial implications and how is management preparing for this?

N/A

- (ii) **Is there sufficient capacity within the finance team to deal with competing pressures, such as preparing annual accounts, at a time when working practices are having to be adapted due to Covid-19?**

No there is not sufficient capacity. We are attempting to manage this by deploying staff in other areas of the College who may have capacity to help in tasks that they are capable of helping with. Training has been provided and tasks being covered are in line with the staff's existing roles (e.g data entry).

Governance

1. What impact has Covid-19 had on governance arrangements?

- (i) How is your organisation ensuring that effective oversight and scrutiny of key decisions is maintained as it responds rapidly to the challenges it faces during the pandemic?

Continuing as before.

- (ii) Have any significant changes been made to governance arrangements due to the pandemic, for example, suspension of committees or increased use of delegated decision-making powers?

No.

- (iii) Where decisions are being made using delegated or emergency powers, how are these being recorded, made public and subjected to scrutiny by the relevant committee(s)?

N/A

- (iv) Have changes to processes and procedures made in response to Covid-19 been reviewed and documented appropriately to comply with overall governance arrangements?

N/A

2. Are governance arrangements being reviewed regularly to ensure they remain fit for purpose?

In line with existing requirements.

3. Are non-executive directors providing appropriate levels of support, scrutiny and challenge to your organisation as it responds to the current environment and new risks?

Yes.

4. What barriers, if any, have affected your organisation's ability to continue to provide services for individuals and communities during the pandemic?

To date the Refectory service is the only service that the College has been unable to provide.

- (i) How have these barriers been overcome?

The barriers have not been overcome.

- (ii) What was the impact on service users?

The service has closed.

5. What impact has Covid-19 had on your organisation achieving its stated objectives?

None at this stage.

- (i) Does performance reporting highlight any changes on your organisation's ability to meet its objectives as a consequence of Covid-19?
- (ii) Has the pandemic caused new risks to achieving your organisation's objectives? If so, how are these being addressed?
- (iii) What impact has Covid-19 had on collaborative working?

Risk management

Risk management – questions to consider

Are there new expenditure or procurement streams, or delivery methods arising from Covid-19 that introduce new risk?

1. What indicators does management have to support informed decisions on risk and is this data available in real time?

See risk register.

2. Is your organisation's risk management strategy up-to-date to include risks associated with Covid-19?

Yes.

3. What risks have emerged that need to be addressed and what protocols are in place to report and analyse emerging risks as the situation evolves?

See risk register.

4. Are risks being reported to the relevant committee?

Yes

Has your organisation's risk register been updated to reflect new risks arising from Covid-19?

Yes

Is there a need for management's risk appetite framework to be reviewed to ensure it is appropriate in this rapidly evolving environment?

Not at this stage.

1. If so, when will the committee be informed of the outcome and any next steps?

How does Covid-19 impact on any financial risks already facing your organisation and how does this affect short, medium and long-term financial plans?

See risk register.

What impact does Covid-19 have on any scenario planning that your organisation has in place for events such as EU withdrawal and increasing budget uncertainty?



Moray College UHI

Audit Needs Assessment

2020-21 to 2022-23

November 2020

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1. Introduction

Background

Wylie & Bisset LLP were appointed as Internal Auditors by the Board of Management with effect from 1 August 2020 for a period of 2 years until 31 July 2022 with the option to extend for 2 further 12-month periods.

Internal Audit

In accordance with Moray College UHI ("the College") Financial Memorandum with the Scottish Funding Council ("the Council") the Board of Management is required to secure the provision of an effective Internal Audit Service (IAS). The prime responsibility of the IAS is to provide the Board of Management, the Principal and other Senior Management of the College, with an objective assessment of the adequacy and effectiveness of management's internal control systems.

The IAS objectively examines, evaluates and reports on the adequacy of internal control thus contributing to the economic, efficient and effective use of resources and to the reduction of the potential risks faced by the College. Also, the operation and conduct of the IAS must comply with the guidelines set down by the Chartered Institute of Internal Auditors and Public Sector Internal Audit Standards.

Terms of Reference – Internal Audit

The provision of the IAS by Wylie & Bisset LLP is covered by the letter of engagement dated 6 November 2020.

Formal Approval

The plan will be presented to the Audit Committee of the College for approval on 24 November 2020.

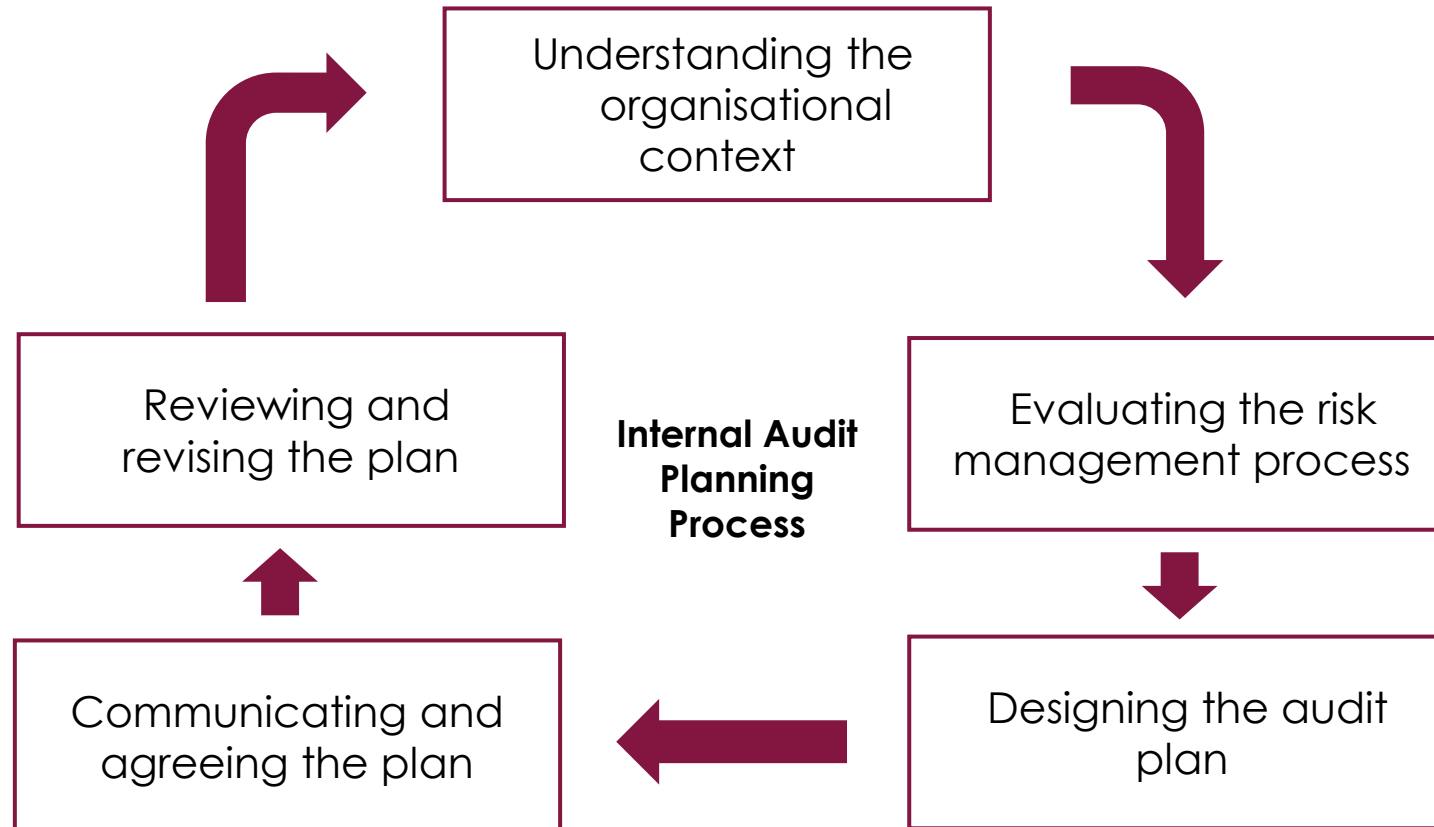
2. Approach

The Audit Needs Assessment (“ANA”) has been produced based on the following:

- Review of the College's Risk Register;
- Review of previous Internal Audit reports and plans;
- Meeting with the College's Principal
- Meeting with the College's Director of Finance;
- Meeting with the Chair of the Audit Committee;
- Undertaking an Assurance Mapping exercise;
- The identification of all areas of work by system and sub-system;
- The grouping of systems for audit purposes;
- The identification of key controls and associated risks for each system and sub-system;
- The determination of the internal audit resource required to meet the identified audit needs.

2. Approach (cont'd)

Below is a diagram which details our planning process:






2. Approach (cont'd)

Revisiting the ANA

The ANA will be reviewed continuously throughout our appointment, and will take account of the results of audit work, the development of new systems and any other risk factors identified.

Any proposed changes to the ANA will be presented to the Audit Committee for discussion and approval.

Core Audit Team

	Name	Role	Email Address
	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
	Scott McCready	Manager	scott.mccready@wyliebisset.com
	Faisal Kayani	Audit Senior	faisal.kayani@wyliebisset.com

3. Operational Plan 2020/21

Audit Area	High level indicative summary scope	Total Number Of Days
Budgetary & Financial Reporting	The purpose of the review is to ensure that the College has appropriate budgetary and financial reporting arrangements in place and that these have been embedded throughout the whole College. We will also review the steps taken by the College to assess and forecast for the impact of Covid-19 on the College. We will also benchmark the arrangements in place at the College with our other college clients.	4
Board Effectiveness Review	<p>We will undertake a Board Effectiveness Review to ensure that:</p> <ul style="list-style-type: none"> ➤ The Board assesses its effectiveness and has a robust self-evaluation process in place. ➤ The effectiveness review covers the five sections of the Code of Good Governance. ➤ The Board sends its self-evaluation and board development plan to the funding body. ➤ There is sufficient input by Board members into the self-evaluation process. ➤ Any actions arising from the self-evaluation are being actioned. <p>The deadline for submission of the review to the SFC is 30 April 2020.</p>	7
Estates Management	Our audit work will consider the strategic and operational arrangements in place in relation to the Estates Strategy at the College. Our review will also consider the management of the estates function and ensure that the new Estates Strategy is developed based on the needs of the College. We will also benchmark the arrangements in place at the College with our other college clients.	4
Leadership of Learning & Teaching by Promoted Lecturers	The purpose of this review is to evaluate to what extent promoted lecturers are able and supported to offer leadership and teaching. This specifically relates to How Good is Our College questions and aspects of the Professional Standards for Lecturers in Scotland's Colleges. We will look to establish any areas for development to promote effective learning and teaching, particularly in relation to blended learning in the current context.	7

3. Operational Plan 2020/21

Audit Area	High level indicative summary scope	Total Number Of Days
SSF Audit	Mandatory review of the Student Support Funds Returns.	2
EMA Audit	Mandatory review of the Education Maintenance Allowance Returns.	1
Credits Audit	Mandatory review of the Credits Return.	2
Follow Up Review	A review will be undertaken to follow up on prior year audit recommendations to ensure that these have been fully implemented by the College.	2

3. Operational Plan (cont'd)

Assignment Plans

A detailed assignment plan will be prepared for each audit undertaken, setting out the scope and objectives of the work, allocating resources and establishing target dates for the completion of the work. Each assignment plan will be agreed and signed off by an appropriate sponsor from the College.

Key Dates

Visit	Audit Areas	Key College Personnel	Provisional Date for Visit	Date of Issue of Draft Report	Provisional Date for Reporting to the Audit Committee
Visit	Board Effectiveness	Catherine Fair	15 December 2020	1 March 2021	23 March 2021 (Board Meeting)
Visit 1	Budgetary & Financial Reporting Follow Up	Shelly McInnes Shelly McInnes	18 January 2021	29 January 2021	16 February 2021
Visit 2	Estates Management Leadership of Learning & Teaching by Promoted Lecturers	Derek Duncan Nikki Yoxall	29 March 2021	13 April 2021	18 May 2021
Visit 4	EMA Audit SSF Audit Credits Audit	Derek Duncan Derek Duncan Derek Duncan	6 September 2021	17 September 2021	November 2021

4. Reporting

The reporting arrangements for internal audit have been discussed and agreed with the Audit Committee. The following reports will be produced by internal audit.

- An Audit Needs Assessment;
- A report for the internal audit assignments undertaken each year;
- An annual report on IAS's activities.

For each recommendation a target date for remedial action will be set taking into the account the degree of priority associated with the recommendation.

The draft report for each assignment will be discussed with the auditees and the factual accuracy agreed prior to issue of the report in its final form.

The auditees will be required to respond to the recommendations stating their proposed action and nominating the person responsible for each action point.

Appendix A – Summary of Internal Audit Input

1 August 2020 to 31 July 2023		Operating Plan (No. Of days)			Potential Audit Areas
System	Audit Area	2020/21	2021/22	2022/23	
Financial Systems	Budgetary & Financial Reporting	4			
	Income Collection & Credit Control		4		
	Purchasing & Payments			4	
	Procurement			5	
	Course Costing		4		
Staff	Leadership of Learning & Teaching by Promoted Lecturers	7			
	Staff Wellbeing & Mental Health				*
Students	Curriculum Planning		5		
	Student Retention			4	
Operational	Policy Awareness				*
	Complaints Handling		4		
	Health & Safety				*
Estates	Estates Management	4			
Systems	Implementation and Use of Brightspace		5		
	SITS System			5	
	IT Systems				*
	Business Continuity Planning				*
Corporate Affairs & Governance	Board Effectiveness	7			
	Risk Management			4	
	Carried Forward	22	22	22	

Appendix A – Summary of Internal Audit Input

1 August 2020 to 31 July 2023		Operating Plan (No. Of days)			Potential Audit Areas
System	Audit Area	2020/21	2021/22	2022/23	
	Brought Forward	22	22	22	
	Corporate Planning, Monitoring & KPIs				*
Mandatory	Credits Audit	2	2	2	
	SSF Audit	2	2	2	
	EMA Audit	1	1	1	
Required	Follow Up review	2	2	2	
	Audit Management	4	4	4	
	Total Days	<u>33</u>	<u>33</u>	<u>33</u>	

We have added a column headed up 'potential audit areas'. These were areas that arose through discussions with the Chair of the Audit Committee, Principal and Director of Finance however due to the budgeted internal audit days being 33 days per annum, we have been unable to fit these within the original 3 year plan.

Appendix B – Grading Structure

For each area of review we provide a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, some minor recommendations identified
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately

For each recommendation we make we assign a grading either as High, Medium or Low priority depending upon the degree of risk assessed as outlined below:

Grading	Risk	Classification
High	High Risk	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by senior management of the College as a matter of urgency
Medium	Medium Risk	Significant issue or weakness which should be addressed by the College as soon as possible
Low	Low Risk	Minor issue or weakness reported where management may wish to consider our recommendation

Appendix C – Key Performance Indicators

Analysis of Performance Indicators

Performance Indicator	Target
Internal audit days completed in line with agreed timetable and days allocation	100%
Draft scopes provided no later than 10 working days before the internal audit start date	100%
Draft reports issued within 20 working days of exit meeting	100%
Management provide responses to draft reports within 15 days of receipt of draft reports	100%
Final reports issued within 10 days of receipt of management responses	100%
Recommendations accepted by management	100%
Draft annual internal audit report to be provided by 31 August each year	100%
Attendance at Audit Committee meetings by a senior member of staff	100%
Suitably experienced staff used on all assignments	100%

Appendix D – Assurance Map

Risk	Residual Risk	Internal Audit Assurance	Mitigating Actions by College	Further Assurance
Ineffective curriculum planning (College + Region)	6	<ul style="list-style-type: none"> ➤ Curriculum Planning Review 	<ul style="list-style-type: none"> ➤ Develop short course programme using flexible delivery models to address upskilling and reskilling need. 	<ul style="list-style-type: none"> ➤ Curriculum Planning Programme and Continuous Review
Funding of National Bargaining not meet actual costs	15	<ul style="list-style-type: none"> ➤ Budgetary & Financial Reporting Review 	<ul style="list-style-type: none"> ➤ Develop non-funded/commercial income generated by the College (i.e. via Commercial Activity Group). 	<ul style="list-style-type: none"> ➤ Policies & Procedures ➤ Investigating Commercial Income Opportunities
H&S non-compliance: risk to students/staff and risk of litigation	10	<ul style="list-style-type: none"> ➤ Health & Safety Review listed as a potential future review 	<ul style="list-style-type: none"> ➤ H&S Monitor role has been agreed with trades unions, staff allocated to those roles and monthly reviews of each area begun prior to Lockdown ➤ H&S Committee has been re-established and is working effectively (has also met during Lockdown). 	<ul style="list-style-type: none"> ➤ Policies & Procedures ➤ H&S Committee Oversight
Ineffective business continuity planning	20	<ul style="list-style-type: none"> ➤ Business Continuity Planning listed as a potential future review 	<ul style="list-style-type: none"> ➤ Externally facilitated BCP testing to take place during session 20/21 once Covid-19 restrictions are lifted. 	<ul style="list-style-type: none"> ➤ Business Continuity Plan
Ineffective and lack of employer & external stakeholder engagement	6	<ul style="list-style-type: none"> ➤ Staff Wellbeing & Mental Health Review listed as a potential future review 	<ul style="list-style-type: none"> ➤ Continue to submit bids for Innovation Vouchers. 	<ul style="list-style-type: none"> ➤ Employer Engagement Officers in Post ➤ UHI Partnership Working
Failure to develop a student performance management system	8	<ul style="list-style-type: none"> ➤ Student Retention Review ➤ SITS Review 	<ul style="list-style-type: none"> ➤ Implementation of Quality processes to include MORAGAA meetings to improve intervention and enhanced support opportunities for learners at risk. 	<ul style="list-style-type: none"> ➤ Student Data Reporting Group

Appendix D – Assurance Map

Risk	Residual Risk	Internal Audit Assurance	Mitigating Actions by College	Further Assurance
Ineffective delivery of essential skills	4	<ul style="list-style-type: none"> ➤ Curriculum Planning Review 	<ul style="list-style-type: none"> ➤ Core and essential skills requirements made explicit in updated CAMP documentation. Where discrete units removed to address credit reduction requirements, teams undertaking mapping exercises to ensure skills developed and recognised elsewhere in the programme. 	<ul style="list-style-type: none"> ➤ UHI Essential Skills Policy ➤ Core Skills Team in Place
Graduate, Modern & Foundation Apprenticeships not achieving target.	9	<ul style="list-style-type: none"> ➤ Budgetary & Financial Reporting Review 	<ul style="list-style-type: none"> ➤ Quarterly report of FA activity to SLT. 	<ul style="list-style-type: none"> ➤ Direct Marketing ➤ SLT Monitoring Performance
Senior Phase programme offered/delivered does not meet needs of Moray (schools programme)	6	<ul style="list-style-type: none"> ➤ Curriculum Planning Review 	<ul style="list-style-type: none"> ➤ Propose and Develop another 2 PDA programmes suitable for S6 pupils. 	<ul style="list-style-type: none"> ➤ Regular Curriculum Reviews ➤ Working closely with several Partners and regular reporting
Technology not fit for purpose.	8	<ul style="list-style-type: none"> ➤ SITS System ➤ Implementation and Use of Brightspace Review ➤ IT Systems Review 	<ul style="list-style-type: none"> ➤ Prioritise procurement of laptops for students using student support funding in line with updated SFC guidance. 	<ul style="list-style-type: none"> ➤ 5 Year IT Procurement Strategy ➤ Regional ICT Committee Oversight
Failure to attract, develop and retain a workforce fit for the 21st century in a tertiary teaching context and adapting to necessary change.	8	<ul style="list-style-type: none"> ➤ Staff Wellbeing & Mental Health Review listed as a potential future review 	<ul style="list-style-type: none"> ➤ Covid-19 likely to restrict mobility and growth elsewhere in the UK and therefore likely to maintain current low retention levels. 	<ul style="list-style-type: none"> ➤ Workforce Planning & Development Strategy

Appendix D – Assurance Map

Risk	Residual Risk	Internal Audit Assurance	Mitigating Actions by College	Further Assurance
Failure to meet Commercial/FCR income generation targets	16	<ul style="list-style-type: none"> ➤ Budgetary & Financial Reporting Review ➤ Course Costing Review 	<ul style="list-style-type: none"> ➤ Following confirmation of eligibility, the College has applied for HMRC's Furlough Scheme in an attempt to off set some of the income lost as a result of Covid-19. Ongoing regional and sector level engagement with the Government in relation to future financing. 	<ul style="list-style-type: none"> ➤ Maximise FWDF Income ➤ Monitoring & Reporting of Commercial Income
College does not achieve allocated HE student number targets.	15	<ul style="list-style-type: none"> ➤ Funding Reviews ➤ Budgetary & Financial Reporting Review ➤ Student Retention Review ➤ Curriculum Planning Review 	<ul style="list-style-type: none"> ➤ Promotions to schools & internal students via additional marketing of HE offering at Moray College. 	<ul style="list-style-type: none"> ➤ Regular Monitoring of Academic Areas ➤ Further Promotions to Schools ➤ Curriculum Area and Marketing Operational Planning
College does not achieve allocated FE Credit targets.	9	<ul style="list-style-type: none"> ➤ Funding Reviews ➤ Budgetary & Financial Reporting Review ➤ Student Retention Review ➤ Curriculum Planning Review 	<ul style="list-style-type: none"> ➤ Exploring options for partnership working. 	<ul style="list-style-type: none"> ➤ SFC Funding Guaranteed for 2020/21 ➤ Development of Additional In Year Short Course Provision
The institution has a poor reputation.	6	<ul style="list-style-type: none"> ➤ Student Retention Review ➤ Curriculum Planning Review 	<ul style="list-style-type: none"> ➤ Increase Year on Year retention and attainment rates across FE & HE. 	<ul style="list-style-type: none"> ➤ Strong Open relationship with Students/HISA ➤ Positive HGIOC Review
Disruption to services/projects and/or partnership working resulting from loss of a key staff member.	3	<ul style="list-style-type: none"> ➤ Curriculum Planning Review 	<ul style="list-style-type: none"> ➤ Staffing reductions measures to be informed by identified risk to projects and income generation. 	<ul style="list-style-type: none"> ➤ Implementation of Mid-Year Staff Meetings ➤ Succession Plan ➤ Workforce Planning

Appendix D – Assurance Map

Risk	Residual Risk	Internal Audit Assurance	Mitigating Actions by College	Further Assurance
Non-compliance with relevant statutory regulations.	8	<ul style="list-style-type: none"> ➤ Risk Management Arrangements Review ➤ Board Effectiveness Review 	<ul style="list-style-type: none"> ➤ Develop a risk map to provide overview of risk areas. 	<ul style="list-style-type: none"> ➤ Policy Framework and Review Schedule ➤ Staff Training Programme ➤ Regular Reviews of Internal Policies ➤ UHI Single Policy Environment
Governance Failure.	8	<ul style="list-style-type: none"> ➤ Board Effectiveness Review ➤ Risk Management Review 	<ul style="list-style-type: none"> ➤ Conduct annual review of good governance best practice, utilise UHI Code of Good Governance checklist. 	<ul style="list-style-type: none"> ➤ Programme of Self Evaluation ➤ Completion of UHI Code of Good Governance Checklist ➤ Annual Review of Good Governance
Financial failure/operating loss. Inability to achieve a balanced budget.	20	<ul style="list-style-type: none"> ➤ Budgetary & Financial Reporting Review ➤ Procurement Review 	<ul style="list-style-type: none"> ➤ Use of HMRC Furlough Scheme will help off-set loss of non-core income. ➤ Regional and Sector level engagement with the Government in relation to future financial support for covid-19 disruption. 	<ul style="list-style-type: none"> ➤ Close Monitoring of Budget and Performance ➤ Regional and Sector Engagement
College estate not fit for purpose.	20	<ul style="list-style-type: none"> ➤ Estates Management Review 	<ul style="list-style-type: none"> ➤ Progress plans for Moray Growth Deal capital projects to Outline Business Case sign-off. 	<ul style="list-style-type: none"> ➤ Estates Strategy

Appendix D – Assurance Map

Risk	Residual Risk	Internal Audit Assurance	Mitigating Actions by College	Further Assurance
Academic quality is sub standard	9	<ul style="list-style-type: none"> ➤ Implementation and Use of Brightspace Review ➤ Curriculum Planning Review 	<ul style="list-style-type: none"> ➤ Learning and Teaching forum set up to promote peer support for L&T staff. ➤ Regular "L&T Tips" being sent to all staff in response to feedback around staff challenges from curriculum teams. ➤ Weekly Brightspace Updates sent out By Brightspace Champion 	<ul style="list-style-type: none"> ➤ Support from Education Scotland ➤ Adaptation of Guidance from Education Scotland ➤ Management & Training of Staff ➤ Quality Cycle in Place
Poor Student Experience	6	<ul style="list-style-type: none"> ➤ Student Retention Review 	<ul style="list-style-type: none"> ➤ Continual evaluative and enhancement activity by curriculum and support teams to focus on opportunities for enhanced student experience. 	<ul style="list-style-type: none"> ➤ Student Engagement ➤ HISA Reps ➤ Policy Framework for Support & Engagement of Students
Research outputs are sub standard	6		<ul style="list-style-type: none"> ➤ Bid submitted under Covid Research fund. 15 active RIKE projects underway with a range of completions dates, to be project managed by DHAP to ensure successful completion and meaningful outputs. 	<ul style="list-style-type: none"> ➤ Strategic focus on recognition and development of research

Appendix D – Assurance Map

Risk	Residual Risk	Internal Audit Assurance	Mitigating Actions by College	Further Assurance
Institutional, personal and sensitive data is corrupted, lost, stolen or misused or services are disrupted through malicious and illegal activities by external individuals or bodies.	9	<ul style="list-style-type: none"> ➤ IT Systems Review listed as a potential future review 	<ul style="list-style-type: none"> ➤ Review data protection breaches and target training at areas of weakness in session 20/21. 	<ul style="list-style-type: none"> ➤ Partnership DPO in Place ➤ UHI Security Group ➤ Cyber Essentials
Failure to seize the financial, reputational and developmental benefits offered by the Moray Growth Deal.	12	<ul style="list-style-type: none"> ➤ Budgetary & Financial Controls Review 	<ul style="list-style-type: none"> ➤ Ensure positive support arrangements are in place from UHI EO and from key Academic Partners 	<ul style="list-style-type: none"> ➤ Budget Monitoring ➤ Governance & Monitoring Arrangements
Poor Employee Relations/ Industrial action	9		<ul style="list-style-type: none"> ➤ Risk associated with progression of the national JE Scheme in terms of the expectations of staff, potential for turbulence in employee relations in relation to the development of a salary model and funding (see separate risk in relation to funding). 	<ul style="list-style-type: none"> ➤ Budget Monitoring & Planning ➤ Committee Oversight
Impact of Brexit on the College	15	<ul style="list-style-type: none"> ➤ Budgetary & Financial Reporting Review ➤ Curriculum Planning Review 	<ul style="list-style-type: none"> ➤ Curriculum planning and financial planning to consider likely impact of reduced student FTE income (ERASMUS) and potential impact on goods and services if WTO tariffs are applied. 	<ul style="list-style-type: none"> ➤ Risk Register Monitoring ➤ Curriculum Planning Programme

Appendix D – Assurance Map

Risk	Residual Risk	Internal Audit Assurance	Mitigating Actions by College	Further Assurance
Health and wellbeing of staff	6	<ul style="list-style-type: none"> ➤ Staff Wellbeing & Mental Health listed as a potential audit area 	<ul style="list-style-type: none"> ➤ Integration of the Health Safety and Wellbeing Officer into the wellbeing activities and processes in place at College 	<ul style="list-style-type: none"> ➤ Promotion of On-line Resources to support wellbeing ➤ Counselling Service Updates from Principal
Health and wellbeing of students	9	<ul style="list-style-type: none"> ➤ Student Retention Review 	<ul style="list-style-type: none"> ➤ Student counsellor service implemented for start of new session. 	<ul style="list-style-type: none"> ➤ Student Counsellors Service in Place
Display Screen Equipment (DSE) regulation compliance for remote working	8	<ul style="list-style-type: none"> ➤ Staff Wellbeing & Mental Health listed as a potential audit area 	<ul style="list-style-type: none"> ➤ Develop risk assessment and response to anticipation of longer term working from home for a range of staff. This needs to consider how best to replicate safe DSE compliant set-up in the home. 	<ul style="list-style-type: none"> ➤ DSE Self Assessment Toolkit ➤ Additional Support Provided to Staff
Staff confidence in health and safety arrangements for the re-opening of College buildings.	4	<ul style="list-style-type: none"> ➤ Health & Safety listed as a potential audit area 	<ul style="list-style-type: none"> ➤ Regularly review the effectiveness of the Covid-19 arrangements and ensure staff and student feedback is responded to. 	<ul style="list-style-type: none"> ➤ UHI Partnership Group Workings on Covid-19 ➤ Recent Internal Audit Review

Committee:	Audit		
Subject/Issue:	Policies Due for Review		
Brief summary of the paper:	Update on policy development schedule for session 20/21.		
Action requested/decision required:	For noting.		
Status: (please tick ✓)	Reserved:		Non-reserved: ✓
Date paper prepared:	19 th November 2020		
Date of committee meeting:	24 th November 2020		
Author:	Derek Duncan		
Link with strategy: Please highlight how the paper links to, or assists with: compliance. partnership services risk management strategic plan/enabler other activity (eg new opportunity) – please provide further information.	Risk Register ID Moray/18: Non-compliance with relevant statutory regulations.		
Equality and diversity implications:	Yes – a key statutory requirement which underpins all operational areas of the College.		
Resource implications: <i>(If yes, please provide detail)</i>	Some policies have missed their scheduled date due to the Covid-19 pandemic response.		
Risk implications: <i>(If yes, please provide detail)</i>	Non-compliance due to deficient polices, training or leadership carries a risk to staff, learners and 3 rd parties, as well as possible legal and reputational damage to the College.		

Policy and Procedure Schedule Update

The schedule has been updated to reflect the 20/21 plan. As expected, a number of additional policies have become due for review this session and a specific action to include relevant Finance policies has been addressed.

The Staff Governance Committee reflected on HR Policy Review Group meeting scheduling issues due to staff demands elsewhere, resulting in a re-scheduling of activities to ensure the policies will still be reviewed in-session.

The Course Review Policy is new for session 20/21.

The progress and approval of regional policies will be updated at the next meeting.

Approving Committee or SLT	Policy/Strategy/Procedure Name	College or Regional?	Scheduled dates for approval								Grand Total
			Single Policy TBC	26/01/2021	09/03/2021	16/03/2021	11/05/2021	08/06/2021	15/06/2021	18/06/2021	
Audit	Fraud Policy and Response Plan	College								1	1
F & GP	Estates Strategy	College						1			1
F & GP	Financial Procedures	College						1			1
F & GP	Financial Regulations	College						1			1
F & GP	Smoke-free Policy	College			1						1
F & GP	Travel, Subsistence and Accommodation Policy	College						1			1
F & GP	Work Placement Policy	Regional	1								1
F & GP	Course Fee Policy (FE)	College						1			1
F & GP	Records Management	College						1			1
LTD	Academic Quality Policy	College				1					1
LTD	Student Induction Policy	College							1		1
LTD	Student Complaints Policy	Regional	1								1
LTD	Tertiary Equality and Diversity Policy	Regional	1								1
LTD	Course Review Policy (NEW)	College				1					1
SGC	Absence from Work Procedure	College		1							1
SGC	Flexible Working Policy	College					1				1
SGC	Management of Sickness Absence	College					1				1
SGC	Redundancy Policy & Procedure	College					1				1
SGC	Relocation Scheme	College					1				1
SGC	Shorter Working Year	College					1				1
SGC	Staff Recruitment & Selection Procedure	College					1				1
SGC	Stress in the Workplace	College					1				1
SGC	Staff Review Procedure	College	1								1
SLT	Joiners, Movers and Leavers Procedure	College					1				1
Grand Total			4	1	1	2	8	6	1	1	24

Policies Updates on Hold

The following policies are on hold and the reasons are outlined in the table below:

Policy	Reason for Hold
Commercialisation Strategy	Requires further discussion within F&GP.
Estates Asset Procedures	To be integrated into UHI Servicedesk system (Unidesk).
Support for Consultation Procedure	Awaiting update on national bargaining and UHI policy.
Job Evaluation & Regrading Procedure	Awaiting update on national bargaining and UHI policy.
Staff Review Procedure	Awaiting update on national bargaining and UHI policy.
Student Advice, Personal Development Planning and Guidance Policy	To be replaced with new regional policy
Student Attendance Policy and Procedures	Regional approach to be adopted.



Committee:	Audit			
Subject/Issue:	GDPR Update (November 2020)			
Brief summary of the paper:	This paper provides an update on GDPR compliance monitoring.			
Action requested/decision required:	For noting.			
Status: (please tick ✓)	Reserved:		Non-reserved:	✓
Date paper prepared:	20 th November 2020			
Date of committee meeting:	24 th November 2020			
Author:	Derek Duncan			
Link with strategy: Please highlight how the paper links to, or assists with: compliance partnership services risk management strategic plan/enabler other activity (eg new opportunity) – please provide further information.	Risk Register ID Moray/25: Non-compliance with relevant statutory regulations. The College must have in place effective controls to ensure personal data is kept secure and processed in line with data protection law.			
Equality and diversity implications:	Yes – the College is both a Data Controller and Data Processor of large volumes of personal data, including special category data.			
Resource implications: <i>(If yes, please provide detail)</i>	All required resources are in place.			
Risk implications: <i>(If yes, please provide detail)</i>	Data protection breaches can lead to serious financial and reputational damage to the College.			

1. Reporting Period

This report covers the period 29th September 2020 to 20th November 2020.

2. Data Breaches and Investigations

Two data breaches were noted during the reporting period:

ID	Investigation or Data Breach?	Description	Resolution/Decision
48	Data Breach	A staff member “replied all” to an email which had included a limited amount of absence data which was copied to one student. The staff member quickly realised the error and was quickly able to confirm that the student had deleted the email.	The action taken by the staff member was adequate to resolve the breach.
49	Data Breach	Email addresses were shared due to the use of “CC” instead of “BCC” in an email to a range of external contacts.	A trust relationship was clearly established in the email communication and all parties confirmed deletion.

3. Breach Summary

As noted in the previous report, staff members quickly detected that a breach had occurred and reported this internally. Staff took appropriate actions to contain the breaches.

The ICO have responded to breach 47 reported at the September Audit Committee confirming that the breach did not warrant any ICO action.

4. ICO Reporting

Neither of the 2 new data breaches met the test for reporting to the ICO.

5. Subject Access Requests (SAR)

No subject access requests were received in the reporting period.

6. Right to Erasure

No rights to erasure requests were received in the reporting period.