

### Meeting of Audit Committee

On Tuesday 19 May 2020

At 1330 by Skype

### A G E N D A

Number	Item	Presented By	Action Required: Decision, Discussion, For Noting
<b>A.20.02.01</b>	(i) Resignations	Clerk	Noting
	(ii) Appointments		
<b>A.20.02.02</b>	Apologies for Absence	Clerk	Noting
<b>A.20.02.03</b>	Any Additional Declarations of Interest including specific items on this Agenda	Convenor	Noting
<b>A.20.02.04</b>	Draft Minutes of Audit Committee meeting held on 18 February 2020 *	Convenor	Decision
<b>A.20.02.05</b>	Draft Matters Arising/Action Sheet from Audit Committee meeting held on 18 February 2020 *	Clerk	Noting
<b>A.20.02.06</b>	Risk Register *	Miss S McInnes	Discussion and noting
	(i) Review of current Risk Register and mitigating actions		
	(ii) Business continuity arrangements		
	(iii) Actions Arising		
<b>A.20.02.07</b>	Internal Audit for AY19/20	HL	Noting and decision
	(i) Internal Audit Arrangements for AY 19/20		
	(ii) Agreement to Revised Plan		
<b>A.20.02.08</b>	Review of Audit Register	Miss S McInnes	Noting
<b>A.20.02.09</b>	External Audit	EY	Noting
	(i) Scope/Plan for Annual Audit YE 31 July 2020		

	(ii) Timeline for Annual Audit for YE 31 July 2020		
<b>A.20.02.10</b>	OSCR Return	Miss S McInnes	Discussion and noting
	(i) Status of College's Annual OSCR Return		
<b>A.20.02.11</b>	College Policies	Miss S McInnes	Discussion
	(i) Update/Summary on status of College Policies		
	(ii) GDPR Status Update	Mr D Duncan	
<b>A.20.02.12</b>	Emerging Issues and Committee Workplan	Convenor	Noting and Discussion
	(I) Auditor General's Report on Colleges		
	(i) Committee focus and workplan arising from Covid-19 impacts		
	(ii) Committee Annual Workplan to support the TORs		
	(iii) Compliance framework		
<b>A.20.02.13</b>	Annual Committee Evaluation *	Clerk	Noting
<b>RESERVED ITEMS</b>			
<b>A.20.02.14</b>	Draft Reserved Minutes from Audit Committee held on 18 February 2020	Convenor	Decision
<b>A.20.02.15</b>	Draft Reserved Matters arising from Audit Committee held on 18 February 2020 *	Clerk	Noting
<b>A.20.02.16</b>	Renewal of arrangements for internal Audit Services	Miss S McInnes	Discussion
	(i) Status of process and adjudication		
<b>A.20.02.17</b>	Date of Next Meeting – 6 October 2020	Clerk	Noting

**BOARD OF MANAGEMENT**

**Audit Committee  
Draft Minutes of Meeting  
held on  
Tuesday 18 February 2020  
at 1330 in the Boardroom**

Present: Dr J McLeman (Convener)  
Mrs D Newton  
Mrs D McKinstrey  
Mr G Johnston

In attendance: Mr D Duncan  
Miss S McInnes  
Mr Jason Thurlbeck (Head of UHI Internal Audit)  
Mr S Inglis (MHA Henderson Loggie (HL), Internal Auditors)  
Mrs C Fair (Clerk)

		<b>ACTION</b>	<b>DATE</b>
<b>A.20.01.01</b>	<b>Resignations and Appointments</b>		
1.1	There were no resignations nor appointments		
<b>A.20.01.02</b>	<b>Apologies for Absence</b>		
2.1	Apologies for absence had been received from: Mrs Grace Scanlin (EY) Mr Kyle Gee (HISA) Mrs Kelly Strachan		
<b>A.20.01.03</b>	<b>Any additional Declarations of Interest including specific items on Agenda</b>		
3.1	Mr S Inglis MHA HL declared an interest in Agenda item A.20.01.07 and A.20.01.17		
<b>A.20.01.04</b>	<b>Draft Minutes of Joint Audit and F&amp;GP Committee meeting held on 26 November 2019</b>		
4.1	The Committee noted the correct reference for MHA HL. The minutes were accepted as a true and accurate record and approved by the Committee: Proposed: Mr G Johnston Seconded: Mrs D McKinstrey		
<b>A.20.01.05</b>	<b>Matters Arising/Action Sheet from meeting of Joint Audit/ F&amp;GP Committee held on 26 November 2019.</b>		
5.1	Mrs 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 action remains open:		

Agenda Item: A.20.2.04

		<b>ACTION</b>	<b>DATE</b>
5.2	5.1 – Issue of whether a Whistle-blower Policy or equivalent is/should be available for students. Mr Duncan provided an update to the Committee. He has been advised by Stephen Gregg, UHI Single Policy Environment Adviser, that they are currently developing a Tertiary Student Guidance Policy which will cover this and does not therefore recommend developing a separate Whistleblowing Policy. The Committee agreed that a single UHI policy for students on this matter was preferred.		
<b>Action</b>	To keep Committee apprised of progress on incorporating a whistle-blower policy into the UHI Tertiary Student Guidance Policy.	<b>Mr Duncan</b>	When available
<b>A.20.01.06</b>	<b>Risk Register</b>		
	<b>(i) Update on Risk Register Reporting</b>		
6.1	Reports are generated from the Sharepoint system, but MI is not currently fit for purpose. Mr Duncan spoke to Roger Sendall and suggestions for improvement shared. However, development work to produce reports is still to take place, although no plan to implement before the summer. Particular concerns over <ul style="list-style-type: none"> <li>• No historic data or trends;</li> <li>• Poor functionality.</li> </ul> The Committee also noted it would be helpful to have an explanation of risks by risk owner.		
<b>Action</b>	Mr Duncan to go back to Roger expressing continuing concern about risk register reporting, and an option could be a procurement of a separate reporting tool.	<b>Mr Duncan</b>	ASAP
<b>Acton</b>	To raise issue of Risk Register reporting at next meeting of UHI Audit Chairs.	<b>Dr McLeman</b>	7-5-2020 Audit Chairs
	<b>(ii) Risk Register Review</b>		
6.2	Committee spent time considering the Risk Register summary. Brexit risk continues as there is significant uncertainty over trade deal. Committee also noted succession planning is covered under risk 17. The Committee observed a large number of red and amber risks, in particular College Estate, Finance and IT. However, the Committee noted that a number of mitigating actions referenced ‘ongoing actions’ with no specific actions or dates or impacts making assessment of mitigation difficult, and some did not seem to be up-to-date.  The Risk Policy sets out the requirement for a Board risk workshop, although none is currently proposed in the Board workplan.		

Agenda Item: A.20.2.04

		<b>ACTION</b>	<b>DATE</b>
<b>Action</b>	To suggest a Risk Workshop take place prior to June or Sept Board meeting. Dr Mcleman to speak to Chair about timing.	<b>Dr Mcleman</b>	ASAP
<b>Action</b>	Further iteration of the Risk Register report for the next meeting of the Committee to include a review of mitigating actions and where appropriate a refresh, noting that the report would also be reviewed at the Risk Workshop once date agreed.	<b>Miss McInnes</b>	19-5-2020 meeting
	<b>(iii) Deep Dive Risk item No 8 – Non-Compliance with relevant statutory regulations</b>		
6.3	This was originally discussed in May 2019 as outlined in paper A.19.2.12. Mr Duncan’s current paper outlined a proposed approach using an assurance map and an example of such a map was included for consideration by the Committee. The Committee was very supportive of this suggestion and the approach.		
<b>Action</b>	Mr Inglis offered to provide example templates of assurance maps.	<b>Mr Inglis</b>	ASAP
<b>Action</b>	Miss McInnes to speak to Mr Inglis and come back to Committee with options for a compliance assurance map framework, map layout and how it will be monitored.	<b>Miss McInnes</b>	19-5-2020 meeting
<b>A.20.01.07</b>	<b>Externally facilitated Board Effectiveness Review</b>		
7.1	This item is reserved and the minute held in confidence.		
<b>A.20.01.08</b>	<b>Internal Audit</b>		
	<b>(i) Review of Internal Audit Plan and Scopes for 19/20</b>		
8.1	<p>The Committee had concluded under agenda item A.20.01.07 that the externally facilitated board effectiveness review should be undertaken by MHA Henderson Loggie. It was agreed that Budgetary Control and Corporate Governance should be removed from the plan and the time allocated to conducting the externally facilitated board effectiveness review, noting that the proposed audit of governance aligned with part of the effectiveness review. The following should remain on the plan;</p> <ul style="list-style-type: none"> <li>• Health and Safety – follow up review, 2 days</li> <li>• Curriculum – 4 days</li> <li>• Workforce Planning – 4 days</li> <li>• Corporate Planning – follow up review, 2 days,</li> </ul> <p>as well as the other required audits.</p> <p>Mr Inglis noted that one aspect of the proposed audit of Corporate Governance would not be covered by the effectiveness review, namely arrangements for monitoring and responding to official requests for information, such as</p>		

Agenda Item: A.20.2.04

		<b>ACTION</b>	<b>DATE</b>
	from the SFC. The Committee agreed it would be appropriate to ask college management to set out the arrangements in a paper to the Committee.		
<b>Action</b>	Revised Internal Audit plan to May meeting along with detailed scope on Board Effectiveness Review;	<b>MHA HL</b>	19-5-2020
<b>Action</b>	Paper on college arrangements for monitoring and responding to SFC requests for information to ensure compliance to be provided to the Committee.	<b>Miss McInnes</b>	October meeting
	<b>(ii) Detailed timeline plan</b>		
<b>8.2 Action</b>	Revised internal audit timeline required for May 2020 Audit meeting	<b>MHA HL</b>	19-5-2020
	<b>(iii) Review of Audit Register</b>		
8.3	A separate document was circulated to the Committee providing an update on the current status of the Audit Register. Of 6 outstanding Audit actions, SLT understood 4 as complete although MHA HL have requested further information before signing off. Two remain outstanding. The Committee sought assurance from Miss McInnes that outstanding Audit recommendations are now concluded in a timely manner to bring the status back on track in future.		
<b>Action</b>	To ensure all outstanding audit actions are concluded and report back to May Audit Committee.	<b>Miss McInnes</b>	19-5-2020
<b>A.20.01.09</b>	<b>Matters Arising from 2018-19 External Audit</b>		
	<b>(i) Actions Referenced in response from the Committee to EY</b>		
9.1	The Committee considered the response to EY letter dated Nov 2019. The Committee spent time considering progress in areas where further work was required in particular policies related to fraud and financial controls, whistle blowing by students, communicating to employees its view on business practice and ethical behaviour. The Committee would expect to see progress in relation to these areas that it could report on in its response to this year's letter to those charged with governance.		
<b>A.20.01.10</b>	<b>GDPR Update</b>		
10.1	A summary of all incidents of data breaches and investigations had been included in Mr Duncan's Report to the Committee. Most of these had been self-referred and the Committee noted that there is a very effective reporting system in place. Many college policies underpin arrangements supporting GDPR, and these will be reviewed internally with the benefit of operational experience.		

Agenda Item: A.20.2.04

		<b>ACTION</b>	<b>DATE</b>
<b>Action</b>	Mr Duncan to share the outcome of the review of arrangements linked to GDPR with the Committee when available.	<b>Mr Duncan</b>	ASAP
<b>A.20.01.11</b>	<b>Policies</b>		
	<b>(i) Update on Review of College Policies</b>		
11.1	An update was provided to the Committee which included a policy schedule update including policies on hold with reasons provided for this. The plan as presented did not contain a review of fraud policy updated for NFI or of financial controls policy, as referenced at A20.01.10 above. Mr Duncan to update the plan to include these two policies, the fraud policy to be presented to the next meeting of the Audit Committee and financial controls to the F&GP.		
<b>Action</b>	Mr Duncan to update the policy schedule to include review of fraud and financial controls policies.	<b>Mr Duncan</b>	
<b>Action</b>	Miss McInnes to review the fraud policy for agreement at the next meeting of the Audit Committee.	<b>Miss McInnes</b>	19-5-2020
	<b>(ii) Reporting and Monitoring of Theft</b>		
11.2	It was agreed that Mr Duncan would compile a short procedure on this and maintain a log of any theft. The procedure to be posted on the College website.	<b>Mr D Duncan</b>	ASAP
<i>Action</i>			
<b>A.20.01.12</b>	<b>Terms of Reference of the Committee</b>		
	<b>(I) Implications for Committee's TOR arising from the Efficiency Return from the College to RSB/SFC</b>		
12.1	Committee noted that slight revision may be required to the TOR arising from the efficiency return from the College to SFC.		
<b>Action</b>	To capture text to cover this under Terms of Reference for next meeting.	<b>Dr McLeman</b>	19-5-2020
	<b>(II) Alignment of Audit Committee's TOR and Annual Workplan</b>		
12.2	Miss McInnes was asked to review the Committee's TOR against the annual workplan to ensure all areas are being covered.	<b>Miss McInnes</b>	19-5-2020
<b>Action</b>			
<b>A.20.01.13</b>	<b>Emerging Issues</b>		
	<b>(i) Update on Revised Code of Good Governance</b>		
13.1	There has been a delay in publishing a revised Code of Good Governance until June 2020. It was noted however, that the externally facilitated board effectiveness review due in 2020 will therefore be based on the existing code.		
	<b>(ii) Discussion on timing of November Audit Committee meeting</b>		

Agenda Item: A.20.2.04

		<b>ACTION</b>	<b>DATE</b>
13.2	A suggestion had been made by Convenor of F&GP that Audit meeting and F&GP meeting run concurrent meetings on the morning of the Joint Audit/F&GP meeting to allow only joint business such as review of annual statutory accounts and external audit report to be considered at the Joint meeting. However, the Committee concluded that this would not be viable since the Director of Finance and Clerk to Board are required to attend both Committees. Status Quo will therefore stand.		
	<b>(iii) Next meeting of UHI Audit Chairs' on 7 May 2020</b>		
13.3 <b>Action</b>	It was agreed that Dr McLeman would raise the following issues at the next meeting of Audit Chairs: <ol style="list-style-type: none"> <li>1. UHI Whistleblowing Reporting arrangements for students;</li> <li>2. Risk Register Reporting and MI</li> <li>3. UHI shared approach to internal audit provision, including board effectiveness reviews.</li> </ol>	<b>Dr McLeman</b>	7-5-2020 Audit Chairs' meeting
<b>A.20.01.14</b>	<b>Date of next meeting 19 May 2020</b>		
<b>RESERVED ITEMS</b>			
<b>A.20.01.07</b>	<b>Externally facilitated Board Effectiveness Review</b>		
7.1	This item is reserved and the minute held in confidence.		
<b>A.20.01.15</b>	<b>Draft Reserved Minutes from Joint Audit/F&amp;GP Committee held on 26 November 2019</b>		
15.1	This item is reserved and the minute held on confidence.		
<b>A.20.01.16</b>	<b>Draft Reserved Matters arising from Joint Audit/F&amp;GP Committee held on 26 November 2019</b>		
16.1	This item is reserved and the minute held on confidence.		
<b>A.20.01.17</b>	<b>Update on future internal Audit provision</b>		
17.1	This item is reserve and the minute held in confidence.		



Matters Arising from Audit Committee 18 February 2020

Agenda item: A.20-2.05

		<b>ACTION</b>	<b>DATE</b>	<b>Update</b>
<b>A.20.1.05</b>	<b>Matters Arising/Action Sheet from Joint meeting of Audit Committee/F&amp;GP Committee on 26 November 2019</b>			
5.2	5.1 – To keep Committee apprised of progress on incorporating a whistle-blower policy into the UHI Tertiary Student Guidance Policy.	<b>Mr Duncan</b>	When available	
<b>A.20.01.06</b>	<b>Risk Register</b>			
	<b>(i) Update on Risk Register Reporting</b>			
6.1.1	Mr Duncan to go back to Roger Sendall expressing continuing concern about risk register reporting and an option could be a procurement of a separate reporting tool.	<b>Mr Duncan</b>	ASAP	
6.1.2	To raise issue of risk Register reporting at next meeting of UHI Audit Chairs.	<b>Dr McLeman</b>	7-5-2020	Meeting postponed, expected to be rearranged for June 2020.
	<b>(ii) Risk Register Review</b>			
6.2.1	To suggest a Risk Workshop take place prior to June or Sept Board meeting. Dr McLeman to speak to Chair about timing.	<b>Dr McLeman</b>	ASAP; hold open	Timing to be reviewed in light of Covid-19 circumstances;
6.2.2	Further iteration of the Risk Register Report for the next meeting of the Committee to include a review of mitigating actions and where appropriate a refresh, noting that the report would also be reviewed at the Risk Workshop once date agreed.	<b>Miss McInnes</b>	19-5-2020 meeting	
	<b>(iii) Deep Dive Risk Item No 8 – Non-Compliance with relevant statutory regulations</b>			
6.3.1	Mr Inglis offered to provide example templates of assurance maps	<b>Mr Inglis</b>	ASAP	
6.3.2	Miss McInnes to speak to Mr Inglis and come back to Committee with options for a compliance assurance map framework, map layout and how it will be monitored.	<b>Miss McInnes</b>	19-5-2020 meeting	
<b>A.20.02.08</b>	<b>Internal Audit</b>			
	<b>(i) Review of Internal Audit Plan and Scopes for 19/20</b>			

Matters Arising from Audit Committee 18 February 2020

Agenda item: A.20-2.05

8.1.1	Revised Internal Audit Plan to May meeting along with detailed scope on Board Effectiveness Review.	<b>MHA HL</b>	19-5-2020 meeting	
8.1.2	Paper on arrangements for monitoring and responding to official requests for information to be provided to the Committee.	<b>Miss McInnes</b>	19-5-2020 meeting	
	<b>(ii) Detailed timeline plan</b>			
8.2	Revised Internal Audit timeline required for May 2020 Audit meeting.	<b>MHA HL</b>	19-5-2020 meeting	
	<b>(iii) Review of Audit Register</b>			
8.3	To ensure all outstanding audit actions are concluded and report back to May Audit Committee	<b>Miss McInnes</b>	19-5-2020 meeting	
<b>A.20.01.10</b>	<b>GDPR Update</b>			
10.1	Mr Duncan to share the outcome of the review of arrangements linked to GDPR with the Committee when available.	<b>Mr Duncan</b>	ASAP	
<b>A.20.01.11</b>	<b>Policies</b>			
	<b>(i) Update on Review of College Policies</b>			
11.1.1	Mr Duncan to update the policy schedule to include review of fraud and financial controls policies.	<b>Mr Duncan</b>	19-5-2020	
11.1.2	Miss McInnes to review the fraud policy for agreement at the next meeting of the Audit Committee.	<b>Miss McInnes</b>	19-5-2020 meeting	
	<b>(ii) Reporting and Monitoring of Theft</b>			
11.2	It was agreed that Mr Duncan would compile a short procedure on this and maintain a log of any theft. The procedure to be posted on the College website.	<b>Mr Duncan</b>	ASAP	
<b>A.20.01.12</b>	<b>Terms of Reference of the Committee</b>			
	<b>(i) Implications for Committee's TOR arising from the Efficiency Return from the College to RSB/SFC</b>			

Matters Arising from Audit Committee 18 February 2020  
 Agenda item: A.20-2.05

12.1	To capture text to cover this under the Terms of Reference for next meeting.	<b>Dr McLeman</b>	19-5-2020 meeting	Revised text drafted; propose to distribute after May meeting, invite comment by correspondence and table at October meeting of the Committee.
	<b>(ii) Alignment of Audit Committee's TOR and Annual Workplan</b>			
12.2	Miss McInnes was asked to review the Committee's TOR against the annual workplan to ensure all areas are being covered.	<b>Miss McInnes</b>	19-5-2020	
<b>A.20.01.13</b>	<b>Emerging Issues</b>			
	<b>(iii) Next meeting of UHI Audit Chairs' on 7 May 2020</b>			
13.3	It was agreed that Dr McLeman would raise the following issues at the next meeting of Audit Chairs: <ul style="list-style-type: none"> <li>• UHI Whistleblowing reporting arrangements for students</li> <li>• Risk Register Reporting and MI</li> <li>• UHI shared approach to internal audit provision, including board effectiveness reviews</li> </ul>	<b>Dr McLeman</b>	7-5-2020	As above, meeting postponed, expected to be rearranged for June 2020.

## Derek Duncan – Update on Audit Actions May 2020

Item	Update
5.2 UHI Tertiary Student Guidance Policy	<p>The Policy is now complete (and attached for information). In line with other single policies, this will go through the local approval process via SLT and LTQC.</p> <p>A whistleblowing statement was <u>not supported</u> which means there are now 2 options:</p> <ol style="list-style-type: none"> <li>1) Develop a local College Policy, which is very uncommon in further education generally.</li> <li>2) Update the staff Policy to bring students into scope.</li> </ol> <p>College SLT members are not aware of any deficiencies in the ability of students to confidentially report concerns, particularly via the established network of Learner Development Workers, Personal Academic Tutors and Student Guidance staff within Student Services.</p> <p>There are on-line tools for raising concerns such as the Red Button which has been heavily promoted across the partnership.</p>
6.1.1 Risk Register Tool	<p>Roger Sendall (UHI) indicates that work is still on-going to improve the reporting tool (Power BI) to provide enhancements to the risk map.</p> <p>It is unlikely that the development work required to respond to the concerns raised by the committee regarding the functionality of the tool will be able completed in the short to the medium term. The risk tool is currently the only approach to providing an over-arching overview of the UHI partnership risks.</p> <p>If the College were to procure a separate system, then the overall risk reporting within the UHI system would still need to be maintained.</p> <p>Further discussion is required.</p>
10.1 GDPR Review	Covered in paper A.20.01.08
11.1.1 Fraud and financial controls policies.	<p>Fraud Policy and Response Plan is the College policy covering procedures for reporting fraud and has been updated to cover the National Fraud Initiative.</p> <p>The College policy register has been updated to include the reviews of both documents.</p>
11.2 Reporting and monitoring of theft	<p>The response plan within the Fraud and Response Plan Policy outlines the procedure to be followed.</p> <p>A short statement has been prepared (see attached) for the College web-site and will be promoted to staff in due course.</p>



AP Name, University of the Highlands and Islands

# Further Education Guidance Policy

## POL

Lead Officer (Post):	AP Representative on Policy Ownership Group
Responsible Department:	Delete row if not applicable to your AP
Responsible Committee:	AP Name Board of Management
Date policy approved:	Click or tap to enter a date.
Date policy last reviewed and updated:	New policy for 2020/21 academic year
Date policy due for review:	Spring 2023
Date of Equality Impact Assessment:	01/02/2020
Date of Privacy Impact Assessment:	n/a

Accessible versions of this policy are available upon request. Please contact the Governance and Policy Officer on 01463 279000.

## Policy Summary

Overview	The policy is required to assist further education students and staff understand student entitlement to guidance during courses.
Purpose	The policy explains the terminology around guidance, the key areas addressed in the guidance entitlement and the roles and responsibilities of students and staff with regards to guidance.
Scope	The policy applies to all further education students (see Sections 4 and 5 for further details).
Consultation	The policy has been developed by a policy ownership group made of practitioners from academic partners delivering further education.
Implementation and Monitoring	<b>AP Name Senior Management Team</b> are responsible for supporting staff responsible for delivering guidance and their managers to implement this policy. Monitoring will be carried out at a local level by <b>AP Name</b> and at a regional level by the Single Policy Environment Project and Quality staff.
Risk Implications	This policy reduces risk for students, staff and academic partners by clarifying the guidance entitlement which students can expect.
Link with Strategy	This policy is linked to individual Access and Inclusion strategies and the Regional Outcome Agreement.
Impact Assessment	Equality Impact Assessment: Completed February 2020, no further action.
	Privacy Impact Assessment: n/a

## 1. Policy Statement

- 1.1. This policy, together with the associated Guidance Entitlement, represents a guidance framework for further education students.
- 1.2. Our aim is to provide a learning experience that allows students to gain insight into their abilities, interests and preferred learning styles through the provision of effective and appropriate academic and pastoral guidance.

## 2. Definitions

- 2.1 **Guidance:** AP Name's Guidance provision focusses on four key areas - personal development, academic feedback, progression (including careers advice) and pastoral care.
- 2.2 **Guidance Entitlement:** This document sets out the standard of guidance that students can expect from AP Name from pre-entry to completing their course of study.
- 2.3 **Pre-entry:** The time before a student enrolls on a course, including preparing for an interview for access to the course.
- 2.4 **Start of programme:** The period of time when a student begins their course, including activities such as enrolment and induction.
- 2.5 **During programme:** The period of time during the academic session.
- 2.6 **Pre-exit:** Activities relevant to the preparation of students to progress on from their current course of study.

## 3. Purpose

- 3.1 AP Name is committed to supporting all our students in achieving their educational and personal goals by providing a comprehensive guidance service.
- 3.2 We will provide holistic support to students by taking a joined-up approach to how a student is supported, utilising where necessary the full range of guidance options with information that is clear, accurate, relevant and up-to-date.
- 3.3 All students have an individual and personal starting point in their development. In order to help students progress from this starting point we will work in partnership with them. The policy and Guidance Entitlement are intended to empower students and enable them to be active participants in the guidance process.
- 3.4 Our guidance provision focuses on four key areas:
  - 3.4.1 Personal development: Developing the self-confidence and interpersonal skills of our students and enable them to make decisions and choices within a lifelong learning process
  - 3.4.2 Academic feedback: Motivating our students towards completion and success, developing their learning skills and essential skills for progression
  - 3.4.3 Progression (including careers advice): Providing information to our students to help them progress onto a new course of study or into employment.
  - 3.4.4 Pastoral care: Supporting the wellbeing of our students. This includes signposting and referring to relevant specialist services.

- 3.5 Distance learning students will be able to access guidance and support via telephone, email, videoconference and online, including websites and virtual learning environments.
- 3.6 We will work in partnership with external agencies. This includes organising sessions aimed at students, securing training for our staff from appropriate providers, and referring students to expert and specialist help where appropriate.
- 3.7 We will use feedback from students and staff to develop our guidance provision and carry out regular reviews to ensure we continue to improve our service.

## 4. Scope

- 4.1 This policy applies to students enrolled on courses normally up to and including SCQF Level 6 (see Section 4.2 for variations to this criteria).
- 4.2 There are a small number of Scottish Vocational Qualification (SVQ) courses at SCQF Level 7 that are considered as Further Education courses for the purposes of the university partnership. This policy applies to these students.

## 5. Exceptions

- 5.1 This policy does not apply to Higher Education students, e.g. normally those students studying courses at SCQF Level 7 and above (see Section 4.2 for variations to this). Higher Education students should refer to their local student support service.

## 6. Notification

- 6.1 Students should be made aware of this policy and the Guidance Entitlement during their induction. The policy and Guidance Entitlement will be made available online.
- 6.2 Staff responsible for providing guidance should be familiar with the policy and Guidance Entitlement, and will be made aware of changes by their line managers.
- 6.3 Line managers of staff responsible for providing guidance should be familiar with the policy and Guidance Entitlement, and will be informed of changes by their senior management team.
- 6.4 Senior management teams should be aware of the policy and Guidance Entitlement, and will be informed of changes in senior management team meetings.

## 7. Roles and Responsibilities

- 7.1 Students should be prepared to engage fully with staff in order to maximise the benefit of their guidance entitlement.
- 7.2 Staff delivering guidance (**name of team**) – promoting guidance entitlement to students, delivering guidance entitlement, identifying issues with delivery and escalating, and referring to specialist services.
- 7.3 Managers are responsible for implementing the policy operationally, supporting staff delivering guidance, responding to escalated concerns, reporting successes and challenges to **Senior Management Team**
- 7.4 **Senior Management Team** are responsible for supporting managers to implement the policy, operational oversight of the policy and reporting to the Board of Management on the policy.
- 7.5 **Board of Management** are responsible for approving the policy and strategic oversight of it.
- 7.6 The Further Education Guidance Policy Ownership Group are responsible for reviewing the policy and Guidance Entitlement.



## 8. Legislative Framework

[Adult Support and Protection \(Scotland\) Act 2007](#)

[Scotland's Career Strategy 2020](#)

[Children and Young People \(Scotland\) Act 2014](#)

[Data Protection Act 2018](#)

[Education \(Scotland\) Act 2016](#)

[Equality Act 2010](#)

[General Data Protection Regulation 2018](#)

[Human Rights Act 1998](#)

[Mental Health \(Scotland\) Act 2015](#)

[Protection of Children \(Scotland\) Act 2003](#)

[Protection of Vulnerable Groups \(Scotland\) Act 2007](#)

## 9. Related Policies, Procedures, Guidelines and Other Resources

[Admissions Policy](#)

[Equality, Diversity and Inclusivity Policy](#)

[Fitness to Study Procedure](#)

[Learner Support Policy](#)

[Mental Health Strategy](#)

[Promoting a Positive Learning Environment Policy](#)

[Safeguarding Policy](#)

[Student Carer Policy](#)

[Student Disciplinary Procedure](#)

## 10. Version Control and Change History

Version	Date	Approved by	Amendment(s)	Author
0			New policy	FE Guidance Policy Ownership Group
1				
2				
3				
4				



## **Reporting of Fraud or Theft**

### **Guidance for Staff**

#### **Introduction**

All instances of suspected or actual fraud (including physical theft of items) must be reported as soon as possible. The College is duty bound to report annually on the overall cost of fraud against the College and ensure that effective arrangements are in place to monitor, investigate and mitigate the risk of future instances of fraud.

#### **Policy**

Staff should take time to read the **Fraud and Response Plan Policy** which can be found within the Finance section of the College Intranet.

The **Response Plan** within the Policy provides full details of the procedures to be followed to report, investigate and mitigate the impact of fraud within the College.

Staff should note the importance of maintaining confidentiality in relation to any instance of fraud due to the potential for external agency engagement.

#### **Reporting**

All suspected or actual instances of fraud must be reported to the Director of Finance without delay. In the absence of the Director of Finance, please report to any other College Director.

If staff are in any doubt, advice should always be sought from any member of the Strategic Leadership Team.

The Director of Finance will maintain a log of all instances of fraud and provide regular reports to the College Audit Committee.

#### **Questions?**

For further information, please contact:

Shelly McInnes  
Director of Finance

Derek Duncan  
Director of Information, Planning and Student Support

**MORAY COLLEGE UHI - COVID-19 BCP EVENT LOG**

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
		<b>EVENTS PRIOR TO FULL BCP BEING TRIGGERED</b>			
1	24/1/20	<p>Email circulated by Steven Gregg, UHI from NHS Highland requesting details of any recent or planned visits to Wuhan, China.</p> <p>The information was shared with the Strategic Leadership Team (SLT) and no concerns were found in relation to the request.</p> <p>SLT noted the need to monitor the situation.</p>	D Duncan	CLOSED	24/1/20 08:40
2	30/1/20	<p>Coronavirus poster campaign launched in College in line with request from First Minister to all educational establishments.</p> <p>Sent to staff and all students.</p> <p>Information cascaded by HR and Student Services.</p>	C Thomson H Henderson	CLOSED	30/1/20 14:03
3	5/2/20	<p>Alerted by SCIL of likely supply chain issues with HP due to disruption in China.</p> <p>College not impacted due to planned reduced spend on IT.</p> <p>No action required.</p>	D Duncan	CLOSED	5/2/20 11:28
4	11/2/20	All staff referred to the NHS Inform website for important information about coronavirus, symptoms and self help.	C Thomson	Closed	11/2/20
5	25/2/20	A staff member reported that they had just returned from Italy.	D Duncan S Liondaris	CLOSED	26/2/20 10:00

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
		<p>Discussion confirmed that the staff member had only been in Rome for the 6 Nations Rugby weekend and therefore, in line with the Government guidance, self-isolation was not required.</p> <p>The staff member was made aware of the official guidance.</p>			
6	26/2/20	<p>Further discussion within SLT.</p> <p>D Duncan alerts SLT to significant risk to College due to coronavirus and the need to start wider preparation to deal with any scenario.</p> <p>D Duncan attended the UHI H&amp;S Practitioners group PM and discussed COVID-19 issues and noted creation of central UHI web page for information:</p> <p><a href="https://www.uhi.ac.uk/en/students/support/novel-coronavirus/">https://www.uhi.ac.uk/en/students/support/novel-coronavirus/</a></p>	D Duncan	CLOSED	26/2/20 13:59
7	27/02/20	<p>College informed of SFC page for COVID-19 related information.</p> <p><a href="http://www.sfc.ac.uk/COVID-19/COVID-19.aspx">http://www.sfc.ac.uk/COVID-19/COVID-19.aspx</a></p> <p>Website was checked and content noted.</p>	D Duncan	CLOSED	27/2/20 16:30
8	28/2/20	<p>New COVID-19 guidance issued by Health Protection Scotland for educational settings.</p> <p>Document shared with SLT.</p>	D Duncan	CLOSED	
9	28/2/20	<p>UHI global marketing update received.</p> <p>Marketing contacts start preparing for communication.</p>	D Duncan	CLOSED	28/2/20 10:21
10	28/2/20	<p>College response plan drafted in line with approach covered in College BCP.</p> <p>COVID-19 Scenarios documents.</p>	D Duncan	CLOSED	3/2/20 12:00

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
		Risk register established.			
11	2/3/20	Update from John Maher to request testing of LIS/BCP plans in response to coronavirus and for copies of any local plans.  BCP and draft coronavirus specific response plan shared.	D Duncan	CLOSED	2/3/20 15:45
12	2/3/20	College BCP shared with Roger Sendall (EO main BCP contact).	D Duncan	CLOSED	2/3/20 16:48
13	3/3/20	Communication to all staff to remind them to register for two-factor authentication for email as this is likely to be a key communication tool for staff at home during any coronavirus related incident.	D Duncan	CLOSED	3/3/20 8:48
14	3/3/20	D Duncan general catch up with John Maher to discuss coronavirus response related work. Capacity issues with Citrix noted as a concern, but cost to upgrade not affordable.	D Duncan	CLOSED	3/3/20 10:32
15	3/3/20	Discussion by email with Mike MacDonald to discuss key ICT systems and priorities for support.	D Duncan	CLOSED	3/3/20 11:12
16	4/3/20	Updated information from Wendy Wallace on coronavirus cleaning standards.  Shared information with Ronnie Lees (Facilities Supervisor)	D Duncan	CLOSED	4/3/20 13:34
17	4/3/20	Emergency Management Team additional members identified and draft response plan distributed to each staff member.	D Duncan	CLOSED	5/3/20

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
18	5/3/20	Received an email from Stacey Toner indicating concerns from students and whether or not their health condition required any action.  The students were directed to the NHS Inform guidance.	D Duncan	CLOSED	5/3/20 12:18
19	5/3/20	<b>Full BCP activated and first meeting with all EMT Members held 5/3/20</b> <b>EVENT LOG UPDATED</b> <b>FINANCIAL LOG UPDATED</b>			
20	5/3/20	Updated and shared the COVIF-19 response plan with the EMT.  Full meeting held with all EMT members to discuss roles and responsibilities in the event of a partial or full response to COVID-19 incident in College.  Support staff line managers briefed on areas. Directors to brief teaching teams on preparation.	D Duncan	CLOSED	5/3/20 12:31
21	5/3/20	J Taylor update from Move4Ward staff regarding the COVID-19 situation.  Discussion took place to review likely scenarios i.e. the building lockdown.	J Taylor D Duncan	CLOSED	5/3/20 17:10
22	6/3/20	Request from DYW for full copies of our coronavirus planning document. This was refused as it contained security information and it was not something to be shared with a 3 <sup>rd</sup> party organisation.  The approach we were taking was however outlined to provide re-assurance.	D Duncan	CLOSED	10:50
23	6/3/20	SFC Coronavirus questionnaire completed and returned.	SLT	CLOSED	6/3/20 11:49
24	9/3/20	Alerted to fake communications around the University sector and noted that all staff and students would require a reminder.	D Duncan	CLOSED	9/3/20 12:00

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
25	9/3/20	Scottish Government Handwashing poster and COVID-19 entry door signage created.	Site Assistants ITU Team	CLOSED	9/3/20 16:53
26	9/3/20	Communication to all staff and students prepared.  Communication sent 10/3/20.	D Duncan	CLOSED	10/3/20 11:23
27	10/3/20	Advice sought from insurance supplier regarding 3 <sup>rd</sup> party tenants in AGBC building.  Confirmed that cover at risk if Government COVID-19 guidance not followed and no cover for business disruption.	M Munro	CLOSED	10/3/20 10:38
28	10/3/20	Update to all EMT members on issues to date.	D Duncan	CLOSED	10/3/20 11:55
29	10/3/20	Request for additional sanitiser bottles in student services.	R Lees	CLOSED	10/3/20 12:05
30	10/3/20	In response to the change in Self Isolation rules announced 9/3/20, HR and Student services were updated on what to do with staff and students in terms of absence recording.	H Henderson C Lambourne	CLOSED	10/3/20 12:08
31	10/3/20	All doors checked - posters in place across the estate and all toilet areas to promote handwashing.  Sanitisers in place at all doors. Stock checked	Site Assistants	CLOSED	10/3/20
32	10/3/20	Concern raised by a student on placement. Advice given in line with Government and placement continued	D Duncan	CLOSED	11/3/20 09:02
33	11/3/20	Request from UAL for the names of any student who as self-isolating.	D Duncan	CLOSED	11/3/20 9:38

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
		The information was refused. DPO provided with update.			
34	11/3/20	Concern raised about Staff member ERASMUS trip to Belgium w/b 16 <sup>th</sup> March.  Cancelled by the College 12/3/20 due to travel risk.	D Duncan	CLOSED	12/3/20 12:00
35	11/3/20	Testing of remote access of HR World Service (HRWS) by HR and Payroll staff, the HR and Payroll System	C Thomson	Closed	18/3/20
36	12/3/20	Cancellation of the Blue Light Festival due to expected pressure on emergency services, noting that some exhibitors had already withdrawn.	J Taylor	Closed	12/3/20
37	12/3/20	Contact with Software for People, provider of HRWS, seeking clarity on their BCP	C Thomson	Closed	12/3/20
38	12/3/20	Permission sought from key staff members in input, processing and support of HRWS	C Thomson	Closed	13/3/20
39	12/3/20	EMT Communication increasing preparation for full emergency and closure.	D Duncan	CLOSED	12/3/20 08:36
40	12/3/20	SLT meeting and key decision on travel:  Communication to all staff: All travel to outside of the UK is now suspended.  ERASMUS administrator contacted regarding future travel plans for staff and students.	SLT	CLOSED	12/3/20 11:19
41	12/3/20	Further discussion with Kelly McLaren regarding a sports trip to France in May.	D Duncan	CLOSED	16/3/20 08:30



ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
		Decision to cancel eventually taken on 16 <sup>th</sup> March.			
42	12/3/20	Communication to surveyor and roofing contractor regarding on-going roofing works and coronavirus risk.  Assurance on preparations was provided.	D Duncan	CLOSED	12/3/20 13:46
43	12/3/20	VC with ICT teams to discuss preparations for coronavirus (Chaired by John Maher, LIS).	D Duncan	CLOSED	12/3/20 16:00
44	13/3/20	Provision of details to Software for People on restricted basis for contingency arrangements for HRWS (if required)	C Thomson	Closed	13/3/20
45	13/3/20	Query raised by member of staff – will they be paid in the event they are self-isolating, guidance issued upon receipt of government and SC clarification, FAQ addresses	C Thomson	Closed	24/3/20
46	13/3/20	Self isolation guidance changed – updated instructions to all staff and students.	D Duncan	CLOSED	13/3/20
47	13/3/20	<b>Attended emergency meeting with EO and partners 11:30am D Duncan/D Patterson</b> <b>Partnership BCP now live (Fiona Larg and Roger Sendall are key contacts)</b>  Updated information on College BCP approach sent to Chair and Vice Chair of the Board of Management.  Partnership EMT chaired by UHI Principal an attended by partner Principals and BCP contacts.	D Duncan D Patterson	CLOSED	13/3/20 14:41
48	15/3/20	Updated information to SLT on suspension of face to face teaching by a number of Universities.  Noted that:	D Duncan	CLOSED	15/3/20 19:28

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
		1) Need to prepare to close down f2f lectures soon. 2) Updated comms to staff. 3) Note to teams to prepare for remote learning. 4) Ramping up closure preparation 5) First aider update guidance to be looked into asap.			
49	16/3/20	SLT meeting to discuss preparation.  First indication of self-isolation (Art student), but not a confirmed case.	SLT	CLOSED	16/3/20 12:00
50	16/3/20	Colleges Scotland questionnaire response completed and sent.	SLT	CLOSED	16/3/20 17:00
51	16/3/20	<b>Emergency meeting with all partners – Decision taken to suspend face to face lectures at close of play on 20<sup>th</sup> March 2020.</b>  UHI Communication sent to everyone at 15:30  Colleges Scotland Guidance received and shared. Updated LIS questions in terms of remote working preparation for staff.	D Patterson UHI Comms	CLOSED	16/3/20 16:30
52	16/3/20	Update communication sent to all staff and students.	D Patterson	Closed	16/3/20
53	17/3/20	Emergency meeting with all promoted lecturers 16:00 on the Lecture Theatre.  Instructions provided on what needs to be achieved to ensure we can move delivery of learning and teaching to remote working across the curriculum.	C Newlands N Yoxall D Patterson	Closed	17/3/20
54	17/3/20	<b>Emergency meeting – decision taken to close face to face teaching at close of play 17<sup>th</sup> March.</b>  UHI Communication sent to everyone at 11:30	D Patterson	CLOSED	17/3/20 11:32

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
		<p>SLT discussion on closure arrangements – decision taken to shutdown College from Wednesday at 4:30 with only essential staff involved in shutdown activities on site for the rest of the week.</p> <p>Emergency meeting with senior heads of section to plan shutdown</p> <p>Decision taken not to deliver to schools on Wednesday.</p>			
55	17/3/20	College BCP Contacts shared with Colleges Scotland (D Duncan and D Patterson)	J Melrose	CLOSED	17/3/20 16:30
56	17/3/20	<p>Communication to all College staff:</p> <p>College to close at 5pm on 18<sup>th</sup> March.</p> <p>Some staff to remain on site to close the building down and carry out essential business.</p> <p>Plan to keep the campus open as long as possible, but with all staff working remotely.</p>	D Patterson	CLOSED	17/3/20 15:45
57	18/3/20	<p>D Patterson &amp; D Duncan attended partnership emergency management team meeting by VC.</p> <p>EMT now in place for all weekdays from 9:00am by VC.</p>	D Patterson D Duncan	CLOSED	18/3/20 11:00
58	18/3/20	All staff communication issued with information relating to remote working, wellbeing, line management, payroll, HR queries, reporting of absence, communications etc	D Patterson	Closed	18/3/20
59	18/3/20	<p>Urgent advice from Colleges Scotland Shared with SLT.</p> <p>Key message is to cease face to face teaching immediately.</p>	J Melrose	CLOSED	18/3/20

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
60	18/3/20	<p>SLT agreed arrangements for the rest of the week – Campus to close on Friday PM once tenants move out of AGBC.</p> <p>Update: Both tenants were clear of the building by 15:30 on Friday (Ronnie Lees assisted Move4Ward, Paramedics moved out all necessary items).</p>	SLT	CLOSED	21/3/20 15:30
61	18/3/20	<p>Concern raised by Unison staff side rep as to why cleaners were still on site at 5pm as all other staff had been asked to leave. These staff were not essential according to Unison.</p> <p>D Duncan contacted Ronnie Lees and instructed him to send a message to the cleaners that they were not required.</p> <p>Subsequent to that, 2 cleaners volunteered to stay on site to help with shutdown.</p>	D Duncan	CLOSED	18/3/20 17:00
62	18/3/20	<p><a href="mailto:mc.information@uhi.ac.uk">mc.information@uhi.ac.uk</a> email address created and included in all student communication.</p> <p>Information to students published on College web site covered info. on funding and support services.</p>	Marketing	CLOSED	18/3/20 16:39
63	19/3/20	<p>Estates planning discussions due to campus closure.</p> <p>Regular maintenance cancelled – Ground Control gritting. Angela to check others and cancel as appropriate.</p> <p>Key planned maintenance for Easter to be put on hold to see how the situation develops (McDonald and Munro and Moray Fire – compliance testing).</p>	A Murphy	CLOSED	19/3/20 17:30

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
64	20/3/20	<p>Building is closed down.</p> <p>Check on last remaining staff one site (SLT members, Finance and external lets).</p> <p>Final March Payroll related work completed.</p> <p>Signs erected at doors to promote mc.information@uhi.ac.uk email address.</p> <p>Arrangements for closure put in place:</p> <ul style="list-style-type: none"> <li>• Site assistant rota developed - Ronnie Lees</li> <li>• Suppliers contacted and scheduled maintenance cancelled (Angela Murphy)</li> <li>• Confirmation on mail collection – Stuart Cruickshank had already made arrangements.</li> </ul> <p>College closed from 3.30pm and all buildings secured and alarmed.</p>	R Lees	CLOSED	19/3/20 15:30
65	20/3/20	All staff communication, thanks and key goals	D Patterson	Closed	20/3/20
66	20/3/20	HR Coronavirus Contacts Meeting (UHI partner HR reps)	C Thomson	Closed	30/2/20
67	24/3/20	All Staff communication, further information regarding remote working expectations, attaching FAQs and Working At Home Advice documents.	D Patterson	Closed	24/3/20
68	26/3/20	<p>On-going concerns being raised about students with no access to IT at home.</p> <p>College in lockdown and laptops not accessible.</p> <p>Issue raised with partnership EMT – can we fund them?</p> <p>Further raised at Partnership EMT meetings, agreement from Fiona Larg to contact SFC 1/4/20</p>	D Duncan S McInnes	Closed	22/04/20

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
		<p>Louise Proctor update on 2<sup>nd</sup> April – College discussion with SFC on use of student support funds, SFC giving further consideration but not ware of any UHI approach yet.</p> <p>UHI applying for external grant funding – now confirmed.</p> <p>HISA raising concerns that students are disengaging (including those who have access it IT).</p> <p>LDWs and teaching staff engaging with students to confirm requirements.</p> <p>SFC confirmation that spend is compliant 17/04/20</p> <p>Engagement by APUC to locate UK stock confirmed 17/04/20 and all orders placed 18/04/20 by Finance team.</p> <p>UHO EO staff placing orders for HE students 17/04/20.</p> <p>Further actions noted:</p> <ul style="list-style-type: none"> <li>- Establish need for mobile broadband access</li> <li>- Confirm any specific software requirements not covered by existing license agreements.</li> </ul>			
69	27/3/20	<p>Central UHI Communication from Diane Rawlinson to academic leadership covering key information on the use of Brightspace.</p> <p>The information was shared locally.</p>	C Newlands	Closed	27/3/20
70	27/3/20	All staff communication, thanks and best wishes for holiday for those taking, information re communications, volunteering, mindfulness sessions, staff review, TQFE applications, Staff Survey Working Groups, and resources for support for wellbeing and working at home.	D Patterson	Closed	27/3/20
71	27/3/20	Northern Scot Article published - college remains a community college.	D Patterson	Closed	27/3/20

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
72	27/3/20	<p>College Check Day – Flushing of all water systems to reduce risk of legionella bacterial growth.</p> <p>D Duncan discussion with R Lees – agreed that Friday would be the only check day for plant system checks, general building check and water-flushing regime.</p>	R Lees	CLOSED	27/3/20 16:30
73	27/3/20	<p>Request from Linda McKerron (NHS) to use the AGBC top floor training room.</p> <p>Still under discussion and a number of concerns:</p> <ol style="list-style-type: none"> <li>1) Noted that the building in lockdown.</li> <li>2) Insurance arrangements for using the building against official advice (NHS queried about their staffing).</li> <li>3) Restrictions on College staff attending site vs need to respect lockdown.</li> <li>4) Health and safety is a concern (Friday water flushing regime during lockdown, fire exits at reception fully locked, security is a concern).</li> </ol> <p>Email from Linda McKerron 02/04/20 confirmed alternative accommodation found.</p>	D Duncan	CLOSED	02/04/20
74	30/3/20	<p>Residences continue to be a concern, local guidance is ready to respond but needs info. from City Heart (UHI following up)</p> <p>Concerns from HISA about students disengaging.</p> <p>Issue of student need to IT equipment raised at EMT.</p> <p>No decision on student refunds for residences – causing some concern, some Universities now offering refunds.</p> <p>EMT meetings restricted to 3 days per week Mon, Wed &amp; Friday.</p>	D Patterson	CLOSED	30/3/20 10:15
75	30/3/20	<p>All staff communication, reminder re where communications can be found, automatic replies and attaching the Northern Scot article.</p>	D Patterson	Closed	30/3/20

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
76	1/4/20	Development for guidance on payment of hourly paid staff produced for SLT consideration.	C Thomson	Closed	1/4/20
77	2/4/20	HR Coronavirus Contacts Meeting (UHI partner HR reps)	C Thomson	Closed	2/4/20
78	6/4/20	Partnership EMT update regarding UHI exam boards confirmed a range of issues, but still planning for end of June as normal. Likely impact on resit diets towards the end of summer.  Information shared within SLT, expect further partner updates.	SLT	Closed	6/4/20
79	06/4/20	Confirmation received from SFC on lifting of spending cap per student in terms of student support funds. Information cascaded to key staff.	SLT	Closed	6/4/20
80	08/4/20	Request from T-Exchange-Moray Makerspace to use 3D Printers.  Arrangements already in place with staff member using 3D printer at home to make PPE for NHS.  2 <sup>nd</sup> Printer delivered by Site Assistant team and updated design provided by T-Exchange-Moray.		Closed	
81	08/04/20	Residences update – Students to be released from Leases at the end of April.  Information cascaded to guidance staff.	D Duncan	Closed	8/4/20
82	15/4/20	Concern raised about coolant used in the L024 machine shop for lathes, saws and milling equipment and likelihood of corrosion and contamination.  Remedial action agreed with Ronnie Lees and Engineering staff arranged to visit the site 23/04/20 to drain and dispose of coolant fluid.	D Duncan R Lees	Closed	22/4/20



ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
83	17/4/20	<p>Partnership Emergency Management Team Meetings brought to a close.</p> <p>Partnership Council will now move forward with strategic planning activities.</p> <p>Return dates and campus re-opening  Clearing  Continuity of learning and exam diets  Mitigations (for continued COVID-10 lockdown arrangements)  Support for staff  Branding and positioning  Funding and forecasting  Stakeholder engagement</p> <p>All the other regular projects need to continue as normal.</p> <p>The existing emergency sub groups will continue and deal with issues such as residences, student support funding, estates issues and learning and teaching arrangements going forward and will report to the BCP group as required.</p> <p>Information shared with SLT</p>	D Duncan	Closed	17/4/20
84	22/4/20	<p>SLT review of BCP to date and effectiveness of current arrangements:</p> <ul style="list-style-type: none"> <li>• All support functions are operating well, in particular engagement by LDWs to support full time student engagement.</li> <li>• ICT is reliable, key staff have upgraded access to key systems such as HR, Payroll and Finance which are working well.</li> <li>• L&amp;T is working well across many areas of the curriculum.</li> <li>• Work is underway to confirm student results across most programmes by the end of the session.</li> <li>• Estates work cannot be progressed at this time due to lockdown of College buildings, but engagement with APUC to put in place new</li> </ul>	SLT	Closed	22/04/20

ID	Date	Action Taken	Resp. Person	Status	Date / Time Closed
		<p>contracts and partner co-operation on risk assessments for re-opening of the buildings are being developed.</p> <ul style="list-style-type: none"> <li>• Financial impact of COVID-19 has been forecast and shared with the Board and UHI.</li> <li>• Routine College business working generally well.</li> </ul> <p>SLT agreed that the move to remote working was now effective and it was now time to bring the BCP to a close and move forward with planning for finishing session 2019/20 and planning for the new session, taking into account stakeholder guidance as it develops over the coming weeks.</p> <p>Expect key developments around:</p> <ul style="list-style-type: none"> <li>• Impact of teaching calendar changes to drive planning.</li> <li>• Arrangements for starting session 20/21 with remote delivery and impact across all support and teaching areas.</li> <li>• Further consideration of funding arrangements and national guidance.</li> <li>• Sector-wide approaches to supporting recovery of the economy.</li> </ul>			
		BCP CLOSED 22/4/20			

# Moray College UHI

Internal Audit Annual Plan 2019/20

Internal Audit Report No: 2020/01

<b>Draft issued:</b>	<b>6 November 2019</b>
<b>2<sup>nd</sup> Draft issued:</b>	<b>20 November 2019</b>
<b>3<sup>rd</sup> Draft issued:</b>	<b>8 May 2020</b>
<b>4<sup>th</sup> Draft issued</b>	<b>14 May 2020</b>

**Final issued:**



# Contents

		<b>Page No.</b>
<b>Section 1</b>	<b>Introduction</b>	<b>1 - 2</b>
<b>Section 2</b>	<b>Annual Plan 2019/20</b>	<b>3 - 4</b>
<b>Section 3</b>	<b>Outline Scopes and Objectives</b>	<b>5</b>
	<ul style="list-style-type: none"><li>• Health &amp; Safety</li><li>• Quality Assurance and Improvement</li><li>• Workforce Planning</li><li>• Corporate Governance</li><li>• Corporate Planning</li><li>• Credits</li><li>• Bursary, Childcare and Hardship Funds Audit</li><li>• EMA Audit</li><li>• Follow-Up Reviews</li></ul>	<ul style="list-style-type: none"><li>5</li><li>6</li><li>7</li><li>8</li><li>9</li><li>10</li><li>11</li><li>12</li><li>13</li></ul>



# Introduction

- 1.1 The purpose of this document is to present for consideration by management and the Audit Committee the Annual Plan for the year ended 31 July 2020.
- 1.2 Following our re-appointment as internal auditors for the period from 1 August 2016 to 31 July 2019 we prepared an Audit Needs Assessment and Strategic Plan 2016 to 2019 (internal audit report 2017/01), issued in February 2017. In June 2019, the decision was made by the College to exercise the option to extend our appointment for a further 12 months as internal auditors, for the period from 1 August 2019 to 31 July 2020. Following discussion with management we presented a list of potential internal audit topics to the October 2019 meeting of the Audit Committee.
- 1.3 The proposed allocation of internal audit days for 2019/20 was initially agreed at the Audit Committee meeting on 9 October 2019. Following further discussion at the Joint Audit and Finance & General Purposes Committee meeting on 26 November 2019 and the Audit Committee meeting on 18 February 2020 the following changes were proposed to the plan:
  - In February 2020 the Audit Committee agreed that the externally facilitated board effectiveness review required by the Scottish Funding Council (SFC) should be undertaken by internal audit. It was also agreed that Budgetary Control and Corporate Governance should be removed from the plan and the time allocated to conducting the board effectiveness review, noting that the proposed audit of governance aligned with part of the board effectiveness review. At the meeting in November 2019 a member of the Finance & General Purposes Committee had questioned the need for a review of Budgetary Control as this was not felt to be a significant area of risk. It was remitted to the Audit Committee to consider this further at the February 2020 meeting together with the new Director of Finance.
- 1.4 Following implementation of the UK COVID-19 lockdown in late March 2020 the College Senior Leadership Team took the decision to put on hold the planned internal audit work given the very limited circumstances the College was working within. During further discussion with the Director of Finance on 30 April 2020 it was agreed to submit for consideration by the Audit Committee at its meeting on 19 May 2020 an updated draft of the plan, excluding the planned review of Curriculum Planning. It was felt that this was not now the appropriate time to look at this area given the significant changes required to the College and University of the Highlands & Islands-wide curriculum as it adapted to current circumstances. The Corporate Governance review originally proposed for 2019/20 has been reintroduced as the externally facilitated board effectiveness review has now been postponed by the SFC to 2021. The Senior Leadership Team also asked for a follow-up review of Internal Audit Report 2019/03 – Quality Assurance and Improvement. The net effect of all the changes is that six internal audit days have still to be allocated for 2019/20.
- 1.5 The Senior Leadership Team are of the opinion that the Corporate Planning assignment would be more beneficial early next calendar year – when the next Strategic Plan will be drafted. This assignment was specifically requested by the Audit Committee and has therefore been retained in the 2019/20 plan awaiting confirmation on timing from the Committee.

## Internal Audit Annual Plan 2019/20 - DRAFT

- 1.6 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2019/20, together with the audit approach. These have been arrived at following discussion with College management. The outline scopes will be refined and finalised after discussion with responsible managers in each audit area.
- 1.7 Until COVID-19 restrictions are eased and it is safe to travel, we will be able to continue with the internal audit programme remotely. Our team are all set up for home working, with full access to office systems. All meetings with auditees can be carried out using video or telephone calls and information for review can be sent to us through the firm's secure portal.
- 1.8 Separate reports will be issued for each assignment, unless linkages are specified, with recommendations graded to reflect the significance of the issues raised. In addition, audit findings will be assessed and graded on an overall basis to denote the level of priority that should be given to each report.

# Annual Plan 2019/20

## Proposed Allocation of Audit Days

	Category	Priority	Proposed 19/20 Days
<b>Reputation</b>			
<i>Communications and Marketing</i>	Gov	M	
<i>Health and Safety</i>	Gov	H	2
<b>Student Experience</b>			
<i>Curriculum</i>	Perf	H/M	
<i>Quality assurance and improvement</i>	Perf	H/M	2
<i>Student recruitment and retention</i>	Perf	H	
<i>Student support</i>	Perf	M	
<b>Staffing Issues</b>			
<i>Staff recruitment and retention</i>	Perf	M/L	
<i>Staff development</i>	Perf	M	
<i>Voluntary severance</i>	Perf/Fin	H	
<i>Executive Team Restructure</i>	Gov/Perf	H	
<i>Workforce planning</i>	Perf	M	4
<i>Payroll</i>	Fin	M	
<b>Estates and Facilities</b>			
<i>Building maintenance</i>	Fin/Perf	H/M	
<i>Capital projects</i>	Fin/Perf	H/M	
<i>Sustainability</i>	Gov/Perf	M	
<i>Space management</i>	Perf	M	
<i>Asset / fleet management</i>	Perf	M	
<b>Financial Issues</b>			
<i>Budgetary control</i>	Fin	H	
<i>General ledger</i>	Fin	M	
<i>Student fees and contracts / registry</i>	Fin	M	
<i>Procurement and creditors / purchasing</i>	Fin	H	
<i>Debtors/ Income</i>	Fin	M	
<i>Cash &amp; Bank / Treasury management</i>	Fin	M	
<b>Commercial Issues</b>			
<i>Business Development / Research</i>	Fin/Perf	H/M	
<b>Organisational Issues</b>			
<i>Risk Management / Business Continuity</i>	Perf	H/M	
<i>Corporate Governance*</i>	Gov	M	2
<i>Corporate Planning*</i>	Perf	M	2
<i>Partnership working</i>	Gov/Perf	M	

Internal Audit Annual Plan 2019/20 - DRAFT

	Category	Priority	Proposed 19/20 Days
<b>Information and IT</b>			
<i>IT network arrangements / security</i>	Perf	M	
<i>Data protection</i>	Gov	H	
<i>FOI</i>	Gov	L	
<i>Systems development / implementation</i>	Perf	M	
<i>IT strategy</i>	Perf	H/M	
<b>Other Audit Activities</b>			
Credits Audit		Required	5
Bursary and Hardship Funds Audit		Required	3
EMA Audit		Required	1
Management and Planning )			4
External audit / SFC )			
Attendance at Audit Committee )			
Follow-up reviews		Various	2
Audit Needs Assessment			
<b>TBA</b>			6
<b>Total</b>			<u>33</u>
			=====

**Key**

**Category:** Gov – Governance; Perf – Performance; Fin – Financial

**Priority:** H – High; M – Medium; L – Low

\* these projects will be linked.





## Outline Scope and Objectives

<b>Audit Assignment:</b>	Health & Safety
<b>Priority:</b>	High
<b>Fieldwork Timing</b>	June 2020
<b>Audit Committee Meeting:</b>	October 2020
<b>Days:</b>	2

### Scope

This audit will review the College’s response to the recommendations made in the previous Health & Safety internal audit review performed during 2018/19 (internal audit report 2019/04, issued in May 2019).

### Objectives

The main objective of this audit will be to obtain reasonable assurance the College has implemented the recommendations in the previous internal audit report in the following areas and has:

- a H&S training programme which includes induction training, refresher training and training for new equipment or legislation;
- 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;

### ***Our audit approach will be:***

From discussion with H&S staff, and review of procedural documentation, we will establish whether the key recommendations in the previous report have been fully implemented. A walkthrough of key systems will then be undertaken to confirm our understanding, and this will be followed up with compliance testing where considered necessary. We will report on any areas where recommendations have not been implemented or where controls could be further strengthened.

<b>Audit Assignment:</b>	Quality Assurance and Improvement
<b>Priority:</b>	High / Medium
<b>Fieldwork Timing</b>	June 2020
<b>Audit Committee Meeting:</b>	October 2020
<b>Days:</b>	2

### Scope

During 2017, new and significantly revised quality arrangements and an associated framework were introduced for colleges in Scotland. The framework, How Good Is Our College? (HGIOC?), builds on the existing effective internal quality arrangements within colleges and aligns with Education Scotland quality arrangements for other sectors. Through the use of HGIOC?, colleges and their stakeholders identify what is working well and what needs to improve. The framework is based on the four high level principles (which in turn are underpinned by challenge questions and quality indicators):

- Leadership and quality culture;
- Delivery of learning and services to support learning;
- Outcomes and impact; and
- Capacity for improvement.

In responding to these principles, each college produces an Evaluative Report and an associated Enhancement Plan. These describe the methodology and approaches taken to evaluation and the context in which the evaluation was carried out. Evidence gathered is used to evaluate the accuracy and appropriateness of the college-devised Evaluative Report, Enhancement Plans and associated proposed grading outcomes. Submitted reports are subject to independent scrutiny and endorsement procedures and individual college reports and associated endorsement statements are published on the Education Scotland website.

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. The College Senior Leadership Team has asked that a follow-up review of this area be included in the internal audit programme for 2019/20.

### Objectives

The objective of our audit will be to obtain reasonable assurance that:

- the College's quality procedures are being adhered to in key areas; and
- progress is being made with implementation of the actions identified on the College's Enhancement Plan.

### Our audit approach will be:

We will assess whether the above objectives have been met through discussion of progress made since the time of our original review with College senior management, and a sample of other relevant managers and staff, review of documentation and sample testing.

<b>Audit Assignment:</b>	Workforce Planning
<b>Priority:</b>	Medium
<b>Fieldwork Timing</b>	July 2020
<b>Audit Committee Meeting:</b>	October 2020
<b>Days:</b>	4

**Scope**

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

The Chartered Institute of Personnel and Development (CIPD) defines Workforce Planning as: ‘a core process of human resource management that is shaped by the organisational strategy and ensures the right number of people with the right skills, in the right place at the right time to deliver short and long-term organisation objectives.’

**Objectives**

The main objective of this audit will be to confirm whether the College’s Workforce Planning arrangements are in line with good practice.

Secondary objectives will be to ensure that:

- 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;
- the College has analysed demand – what workforce is needed in the future to deliver the required service;
- the College has analysed supply – what workforce is available currently and how it is likely to change;
- the College has identified actions that will deliver the future workforce; and
- these actions are being implemented and outcomes regularly reviewed.

**Our audit approach will be:**

Through discussions with key staff, including the Director of Human Resources and Organisational Development, the Director of Curriculum & Academic Operations and the Director of Learning and Teaching, we will consider whether the above objectives are being met. Comparisons of the College’s arrangements will also be made to good practice guidance available from sources such as the CIPD.

<b>Audit Assignment:</b>	Corporate Governance*
<b>Priority:</b>	Medium
<b>Fieldwork Timing</b>	June 2020
<b>Audit Committee Meeting:</b>	October 2020
<b>Days:</b>	2

### **Scope**

The scope of this audit will be to undertake a high-level review of the annual exercise conducted to ensure continued compliance with the Code of Good Governance for Scotland's Colleges.

### **Objectives**

The objective of the audit will be to obtain reasonable assurance that the:

- College complies with the principles of good governance as set out in the Code of Good Governance for Scotland's Colleges and
- Annual reporting around ongoing self-assessment and compliance is in line with the guidance issued by the SFC.

### **Our audit approach will be:**

We will review the individual Code principles and from discussion with the key College staff, and review of key documents, determine whether the College is complying with the Code and reporting ongoing compliance annually in line with SFC guidance.

\* This work will be reported jointly as a single output together with Corporate Planning.

<b>Audit Assignment:</b>	Corporate Planning*
<b>Priority:</b>	Medium
<b>Fieldwork Timing</b>	June 2020 (TBC)
<b>Audit Committee Meeting:</b>	October 2020 (TBC)
<b>Days:</b>	2

**Scope**

The scope of this audit will be to revisit the work previously conducted in 2016/17 around Corporate Planning (Internal audit report 2017/03 - Corporate Planning) and to consider the progress made in addressing the issues arising from the report. This high level review will allow us to establish whether the College’s planning process is working effectively, particularly in relation to the development of the Strategic Plan and the linkage between the Strategic Plan, the Regional Outcome Agreement and the detailed operational plans.

**Objectives**

The overall objective of the audit will be to obtain reasonable assurance that the College’s planning process accords with good practice.

Specific objectives will be to obtain reasonable assurance that:

- the corporate planning process was adequately planned and challenged for robustness;
- linkages between the Strategic Plan, the Regional Outcome Agreement and operational plans are clearly defined and communicated;
- operational plans are robust and include detailed prioritised action plans;
- the Strategic Plan, Regional Outcome Agreement and operational plans are being appropriately monitored and controlled, including through the use of key performance indicators; and
- there is effective linkage between planning and budgeting at all levels.

**Our audit approach will be:**

Through discussions with key staff including the Principal, Director of Curriculum & Academic Operations and Director of Finance, we will document the planning process adopted by the College covering the setting of aims and objectives; operational planning; budgeting; implementation; monitoring and control.

A sample of the operational plans will be obtained and reviewed to ensure there are clear linkages to the Regional Outcome Agreement, the Strategic Plan and the key strategies that relate to the core activities of the College.

\* This work will be reported jointly as a single output together with Corporate Governance.

<b>Audit Assignment:</b>	Credits
<b>Priority:</b>	Required audit
<b>Fieldwork Timing</b>	August / September 2020
<b>Audit Committee Meeting:</b>	November 2020
<b>Days:</b>	5

**Scope**

Credits Audit Guidance, issued by SFC, requests that colleges obtain from their auditors assurances as to the reasonableness of procedures used in the compilation of the Credits related element of the FES return.

**Objectives**

To obtain reasonable assurance that:

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

**Our audit approach will be:**

Through discussion with College staff, and review of relevant documents, we will record the systems and procedures used by the College in compiling the returns and assess and test their adequacy. We will carry out further detailed testing, as necessary, to enable us to conclude that the systems and procedures are working satisfactorily as described to us.

Detailed analytical review will be carried out obtaining explanations for significant variations from previous year’s activity.

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

We will also review the final error report from the FES on-line checks.

<b>Audit Assignment:</b>	Bursary, Childcare and Hardship Funds Audit
<b>Priority:</b>	Required audit
<b>Fieldwork Timing</b>	August / September 2020
<b>Audit Committee Meeting:</b>	November 2020
<b>Days:</b>	3

### **Scope**

We will carry out an audit on the College's student support funds for the year ended 31 July 2020 and provide an audit certificate.

### **Objectives**

The audit objectives will be to obtain reasonable assurance that:

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

### **Our audit approach will be:**

- Reviewing new guidance from the SFC and SAAS and identifying internal procedures through discussion with College staff, and review of relevant documents;
- Agreeing income to letters of award;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing 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 SFC will be utilised. This includes 'Areas of risk and audit considerations' for bursaries and for the discretionary funds and childcare.

<b>Audit Assignment:</b>	EMA Audit
<b>Priority:</b>	Required audit
<b>Fieldwork Timing</b>	August / September 2020
<b>Audit Committee Meeting:</b>	November 2020
<b>Days:</b>	1

**Scope**

Guidance on the audit requirements for Education Maintenance Allowances (EMAs), issued by SFC, includes the requirement to have a separate audit of EMAs on an academic year (August to July) basis.

**Objectives**

To obtain reasonable assurance that:

- the information set out in the EMA returns is in agreement with the underlying records;
- the College used the funds in accordance with SFC’s conditions and the principles of the EMA programme; and
- the systems and controls for the administration and disbursement of the funds are adequate.

**Our audit approach will be:**

Through discussion with Finance staff, and review of relevant documents, we will record the systems and procedures used by the College in compiling the EMA returns and assess and test their adequacy. We will carry out further detailed testing, as necessary, to enable us to conclude that the systems and procedures are working satisfactorily as described to us.



<b>Audit Assignment:</b>	Follow-Up Reviews
<b>Priority:</b>	Various
<b>Fieldwork Timing</b>	Ongoing
<b>Audit Committee Meeting:</b>	All
<b>Days:</b>	2

**Scope**

This review will cover reports from the 2018/19 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding.

**Objectives**

To verify the status of implementation of recommendations made in previous internal audit reports.

**Our audit approach will be:**

- for the recommendations made in previous reports verify by enquiry, review of supporting documentation or sample testing, as appropriate, the status of the recommendations as reported by College management; and
- verify the status of 'live' internal audit recommendations to allow a summary of the current status of the recommendations to be presented to each meeting of the Audit Committee.



**Aberdeen**

45 Queen's Road  
Aberdeen  
AB15 4ZN

**T:** 01224 322100

**Dundee**

The Vision Building  
20 Greenmarket  
Dundee  
DD1 4QB

**T:** 01382 200055

**Edinburgh**

Ground Floor  
11-15 Thistle Street  
Edinburgh  
EH2 1DF

**T:** 0131 226 0200

**Glasgow**

100 West George Street  
Glasgow  
G2 1PP

**T:** 0141 471 9870

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  
© 2019 MHA Henderson Loggie

**mha**  
HENDERSON LOGGIE

[hlca.co.uk](http://hlca.co.uk) | [info@hlca.co.uk](mailto:info@hlca.co.uk)

# Moray College

**Annual Audit Plan  
Year ending 31 July 2020**

**Audit Committee - 19 May 2020**

# Contents

Section	Auditor Responsibility	Page
<b>Executive Summary</b>	Summarise the purpose and key information for the 2019/20 audit	03
<b>Sector Developments</b>	Provide a summary of the overall sector environment	06
<b>Financial Statements Risks</b>	Summary of audit approach, materiality, risks etc.	09
<b>Wider Scope Audit Risks</b>	Audit approach for reviewing the College's compliance with the wider public audit scope areas: <ul style="list-style-type: none"><li>• financial position and arrangements for securing financial sustainability</li><li>• suitability and effectiveness of corporate governance arrangements</li></ul>	19
<b>Appendices</b>	Undertake statutory duties, and comply with professional engagement and ethical standards:  Appendix A: Code of Audit Practice: responsibilities  Appendix B: Auditor Independence  Appendix C: Required communications with the Audit Committee  Appendix D: Timing and deliverables  Appendix E: Audit fees  Appendix F: Additional audit information	22

## About this report

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

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

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

## Complaints

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

# 1. Executive summary

## Our key contacts:

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

Grace Scanlin  
Senior Manager  
[Grace.scanlin@uk.ey.com](mailto:Grace.scanlin@uk.ey.com)

Steven Caldwell  
Assistant Manager  
[Steven.Caldwell@uk.ey.com](mailto:Steven.Caldwell@uk.ey.com)

## Our independence

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

## Purpose of this report

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

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

A key objective of our audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the College employs best practice and where processes can be improved. We use these insights to form our audit recommendations to support the College in improving its practices around financial management and control, as well as around key aspects of the wider scope dimensions of audit. These are highlighted throughout our reporting together with our judgements and conclusions regarding arrangements.

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

## Scope and Responsibilities

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

## Our Financial Statement Audit

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

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

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

## Materiality

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

Planning Materiality

**£280,000**

2% of the College's gross forecast expenditure

Tolerable Error

**£210,000**

Materiality at an individual account level

Nominal amount

**£14,000**

Level that we will report misstatements to committee

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

## Wider Scope audit

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

- Financial sustainability; and
- Governance and transparency.

For 2019/20, as a result of the potential impact of the global pandemic, we have extended our work to consider financial management arrangements at the College.

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

# Audit Risk Dashboard

## Key Financial Statement Risks

### Fraud Risk:

Risk of fraud in revenue and expenditure recognition

In accordance with ISA (UK) 240, we consider the presumed fraud risk in respect of improper income recognition. Due to the nature of SFC funding to the College, we have rebutted the risk of fraud around this specific income stream. We extend our work to consider the recognition of expenditure, in accordance with Practice Note 10, issued by the Financial Reporting Council, as applicable to public sector audit.

### Fraud Risk:

Misstatement due to fraud or error

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud due to the ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.

### Inherent risk:

Valuation of property, plant and equipment

The College's property, plant and equipment (PPE) was valued at £25.4 million at 31 July 2019, representing a significant balance in the financial statements. Given the value of the estate and the fact that a number of assumptions are made in the valuation, we assign a higher inherent risk to this area.

### Inherent risk:

Valuation of pension assets and liabilities

Accounting for the North East Scotland Pension Fund involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts, the assumptions underlying fair value estimates, and the valuation of the College's share of scheme assets and liabilities at the year end.

## Wider Scope Risks

### Financial Sustainability:

Continuing financial pressures

The financial environment in which the College operates was already challenging, and the Covid-19 pandemic will result in further, significant financial pressures. It is anticipated that the College will be unable to fully deliver upon savings and income growth targets in 2019/20 due to the impact of the global pandemic. This will increase the financial pressures for future years and creates a significant risk that the College will not be able to develop viable and sustainable financial plans as a result of external factors.

### Governance and transparency

Delivering progress in good governance arrangements

The College identified areas of non-compliance with the Code of Good Governance for Scotland's Colleges in 2018/19, principally as a result of financial sustainability pressures. There is also a risk that Covid-19 may impact the College's ability to deliver good governance arrangements, both in terms of the impact on the College's way of working and the impact on key individuals charged with delivering good governance.

## 2. Sector developments

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

### Covid-19 update and future plans

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

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

- There has been significant disruption to the College's day to day operations as it faces changes to working practices and reductions in capacity as staff are required to self-isolate.
- Colleges have moved to remote learning where possible, and there remains significant uncertainty around when class-room based teaching can resume.
- While the SFC has outlined that they will not seek to recover funds for shortfalls against outcome agreement targets where these are related to Covid-19 for the academic year 2019-20, colleges are likely to experience a significant loss in income for 2019/20 with the loss of non-SFC income such as tuition fee income, commercial contracts, SDS apprenticeship income, catering and nursery income. While there will be some cost associated savings achieved through reduced activity, it is unlikely that this will entirely net off the impact on the colleges surplus or deficit for the year.
- The SFC has announced funding allocations for 2020/21 and colleges will shortly be updating their financial forecast through to 2025. This may require further revision and update as the College's financial position and commitments continue to be impacted, while it is not known the period over which the impact may be ongoing.
- In respect of the financial statements, Covid-19 will have a pervasive impact, and has the possibility to materially effect the majority of the College's yearend balances as well as the transactions through the last four months of the financial year.
  - There is likely to be a significant impact on the College's share of the North East Scotland Pension Fund liability as its underlying asset valuations are materially impacted at 31 July 2020.
  - There may also be a material impact on the valuation of the College's property, plant and equipment.
  - The potential impact on trading subsidiary (becoming loss making) and resulting impact of gift aid no longer being transferred to the College.
  - The recognition of income will require greater judgement as the College assesses whether conditions have been met and/or services performed in full.
- Additional disclosures will be required throughout the financial statements to reflect the additional risks facing the College and how these have impacted the key judgements and estimates made in preparation of the financial statements, as well as the required narrative disclosures on how this has impacted performance, risk assessment and mitigation, and the College's future plans.

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



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

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

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

Audit considerations include:

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

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

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

## Audit Scotland Colleges 2019

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

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

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

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

### 2020/21 Budget

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

Key aspects of the funding announcement are:

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

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

Scottish Government is providing around £99 million over three years to fund the additional costs from national bargaining, but significant additional financial pressures have emerged across the sector as a result of the global pandemic.

# 3. Financial Statement Risks

## Introduction

The College’s annual financial statements enables the College to demonstrate accountability for, and its performance in the use of its resources. They are prepared in accordance with proper accounting practice and applicable law.

## Audit Opinion

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

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

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

## Other Statutory Information

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

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

## Audit Approach

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

### Our audit involves:

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

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

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

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

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

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

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

Maintaining auditor independence.

Substantive tests of detail of transactions and amounts. For 2019/20 we plan to follow a predominantly substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

## Materiality

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

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

Materiality Level	Rationale
<b>Planning Materiality</b> £280,000 (PY £280,000)	<b>Planning materiality (PM)</b> – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements. For planning purposes, materiality for 2019/20 has been set at £280,000. This represents approximately 2% of the College’s forecast expenditure for the year.
Tolerable Error £210,000 (PY £210,000)	<b>Tolerable error (TE)</b> – materiality at an individual account balance, which is set so as to reduce to an acceptably low level that the aggregate of uncorrected and undetected misstatements exceeds PM. We have set it at £210,000 which represents 75% of planning materiality.
Summary of Audit Differences £14,000 (PY £14,000)	<b>Summary of Audit Differences (SAD) Nominal amount</b> – the amount below which misstatements whether individually or accumulated with other misstatements, would not have a material effect on the financial statements. The Code requires that auditors report at no more than £250,000. We have set it at £14,000, which represents 5% of planning materiality.

The bases for the materiality outlined are consistent with our approach in previous years. However, we are still in the process of considering the impact of Covid-19 on this year’s audit, and therefore these figures may be reduced to reflect the pervasive additional risk to the College’s financial statements and the significant impact Covid-19 has had on the stability of the sector generally. We will report changes to our materiality as part of our updated planning reporting and our yearend Annual Audit Report in due course.

Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. Factors which we consider include the perspectives and expectations of users of the financial statements as well as our risk assessment as to the likelihood of material misstatements arising in the financial statements.

Based on these considerations, we apply lower materiality levels to the following areas we consider to be material by nature rather than size:

- Remuneration Report; and
- Related Party Transactions.

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

# Significant Risks

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

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

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

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

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

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

### Work we will undertake:

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

### **Fraud Risk – Misstatement due to fraud or error**

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

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

As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk. This takes account of the fact that management are in a unique position to override controls which otherwise appear to be operating effectively.

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

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

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

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

The College's property portfolio totals £25.4 million as at 31 July 2019 (*2017/18 £24.9 million*), with the major elements of this being in respect of land and buildings. Land and buildings are revalued to fair value with a full revaluation taking place at least every five years, with an interim valuation at year 3.

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

In 2018/19, management engaged their valuers to undertake a full valuation of the College's estate as at 31 July 2019. This resulted in an increase in the gross book value of land and buildings by £0.4 million.

The College is required to consider annually the valuation of the College estate remains appropriate outside of formal revaluation cycles.

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

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

Our approach will focus on:

- analysis of the source data and inquiries as to the procedures used by management's specialist to establish whether the source data is complete
- assessment of the reasonableness of the assumptions and methods used, including their compliance with the SORP
- consideration of the appropriateness of the timing of when the specialist carried out the work
- assessment of whether the substance of the specialist's findings are properly reflected in the financial statements
- consideration of the material uncertainty that management's specialist may add to their valuation reports due to Covid-19, and the potential impact on our audit approach and opinion. We may consult as required.
- assessment of the potential for impairment across the College estate that has not been reflected in the financial statements or most recent formal valuation
- assessment of the specialist's findings for assets held for resale, and whether these valuations have been correctly processed in the financial statements through testing of accounting entries
- assessment of the College's backlog maintenance estates plans, including consideration of whether backlog maintenance expenditure in the year has been correctly account for as capital or revenue expenditure.



## Inherent Risk – Valuation of Pension Liabilities

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

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

NESPF is accounted for as a defined benefit scheme. The net pension liabilities on the balance sheet arising from participation in the scheme at 31 July 2019 were £5.9 million (2017/18 £2 million).

In addition the College recognises a provision for future early retirement liabilities - £0.2 million as of 31 July 2019 (2017/18 £0.2 million).

Accounting for this scheme involves significant estimation and judgement and the College engages an actuary to undertake the calculations on their behalf.

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

Our approach will include:

- obtaining an actuarial report at the year end date for the scheme and considering the reasonableness and consistency of assumptions underpinning such reports, in light of guidance available
- performing substantive testing on the verification of the pension assets, by engaging with the auditors of North East Scotland Pension Fund in line with the assurance protocols laid out by Audit Scotland for IAS 19
- assessing the work of the actuaries, including the assumptions they have used by engaging internal actuarial specialists to provide input on the consistency and appropriateness of assumptions underpinning the valuation of the pension schemes, and how the impact of the GMP ruling and McCloud judgement have been considered in the pension liability valuation
- we will also review the calculation of the College's valuation of future early retirement liabilities at 31 July 2020.

# Other audit considerations

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

## **Accounting Framework**

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

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

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

Updated SFC Accounts Directions for Scotland's Colleges

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

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

## **Other audit responsibilities**

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

Anti-money laundering

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

### Data analytics

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

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

### Going Concern – Compliance with ISA 570 Changes

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

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

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

### Internal audit

We will work with the College's internal auditors to understand any impact from the Covid-19 pandemic on the control environment or the ability to issue an annual opinion.

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

### Use of specialists

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

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

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

## 4. Wider Scope Dimensions: Risk assessment and approach

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

### **Basis for risk assessment**

The Code sets out an expectation that ‘significant’ risks identified through our planning process that relate to the wider scope dimensions will be communicated with you.

### **Our procedures**

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

### **Ongoing assessment**

Covid-19 is a pervasive risk that impacts all wider scope dimensions. At this stage we have identified financial management as an additional area of audit focus for 2019/20 to consider how the College has adapted and the implications for the College’s finances.

As noted throughout this report, it is expected that the impact of Covid-19 will be pervasive on the College in 2019/20. In all years we will continue to consider the risk assessment of the College throughout the audit process. At this stage, we have considered the impact of financial pressures, along with that new and emerging risks that the global pandemic may have on our assessment. In prior years, we have applied the smaller body for the status for the College. While we consider that this judgement remains appropriate, we have extended the scope of our work for 2019/20 to include the financial management dimension to recognise that arrangements will have evolved as part of the College’s response to Covid-19 and may be subject to significant extra pressure.

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

## Financial Sustainability

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

In 2018/19 the College prepared a five year Financial Forecast Return for the Scottish Funding Council, which originally identified a deficit of over £7 million in the period to 2023/24. The College subsequently worked closely with the RSB to review the assumptions within the submitted draft FFR and identified additional cost savings for 2019/20. As a result, the deficit over the period fell to £1.9 million.

Despite being well sighted on the financial pressures facing the College and having been active in the year in seeking to address its future sustainability, management has recognised a significant future financial risk to the College.

### Continuing financial pressures

The financial environment in which the College operates was already challenging, and the Covid-19 pandemic will result in further, significant financial pressures, both in 2019/20 and particularly the 2020/21 academic year. This will increase the financial pressure in future years and creates a significant risk that the College will not be able to develop viable and sustainable financial plans.

Our work for the year will consider:

- Has the College revised medium term financial plans to take account of the materialising risks in relation to Covid-19 and has appropriate scenario planning taken place?
- Where gaps in financial plans are identified, is the College proactively engaging with the SFC and other stakeholders to address these gaps?

## Financial Management

The financial management dimension considers the effectiveness of financial management arrangements, including whether there is sufficient financial capacity and resources, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Within initial 2019/20 projections, the College forecast a negative cashflow from March 2020. Following work with the RSB, and significant financial planning, the College now expects to remain in a cash positive position, but a deficit budget is in place.

We recognise that financial management arrangements will have evolved as part of the College's response to Covid-19 and we will additionally consider:

- How internal control arrangements were adapted to respond to new remote working arrangements.
- How the College responded to budgetary pressures including the loss of non-SFC income.

We note that the RSB continues to invest in an updated shared finance system, which it hopes to share across all Academic Partners. The University's supplier, Tech One, is supporting the project and expects a go live date at the Executive Office in August 2020, followed by a phased roll out across Academic Partners.

## Governance and Transparency

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

In our 2018/19 Annual Audit Report we noted that through the College's self assessment against the Code of Good Governance, the College identified two areas of non-compliance. The College also made robust disclosures within the Annual Governance Statement relating to the risk to the financial sustainability of the College, and raised matters with the RSB to seek a resolution. The College must continue to work in partnership with UHI to deliver priorities while responding to a significantly challenging financial environment.

Our work for the year will consider:

- How the College ensured the quality of arrangements in place to support good governance during the Covid-19 pandemic including ensuring that there is sufficient transparency around governance and decision making arrangements.
- Is the Governance Statement within the financial statements complete and does it reflect key findings from audit, scrutiny and inspection? Where non-compliance with the code of good governance is identified are appropriate mitigating actions in place and disclosed?
- Progress against prior year audit recommendations from both internal and external audit, including the College's arrangements for ensuring these are monitored and reported on a routine basis.
- Internal audit arrangements during 2019/20, including whether the internal audit programme was able to be completed.
- The adequacy of the College's preparations for EU withdrawal.

In line with auditing standards, as part of our consideration of the College's governance arrangements, we will write to the Audit Committee to confirm how those charge with governance ensure oversight of management and appropriate governance arrangements are in place. This is not reflective of specific risks identified at the College but rather in line with our process to annually make formal inquiries beyond standard management meetings and representations.

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

# Appendices

A – Code of Audit Practice: responsibilities

B – Independence and audit quality

C – Required communications with the Audit Committee

D – Timing and deliverables of the audit

E – Audit fees

F – Additional audit information



# Appendix A: Code of Audit Practice Responsibilities

## Audited Body's Responsibilities

### Corporate Governance

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

### Financial Statements and related reports

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

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

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

### Standards of conduct / prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

### Financial Position

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- such financial monitoring and reporting arrangements as may be specified
- compliance with any statutory financial requirements and achievement of financial targets
- balances and reserves, including strategies about levels and their future use
- how they plan to deal with uncertainty in the medium and longer term
- the impact of planned future policies and foreseeable developments on their financial position.

### Best Value

The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure best value.

# Appendix B: Independence Report

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard</li> </ul>	<ul style="list-style-type: none"> <li>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit services provided and the fees charged in relation thereto;</li> <li>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</li> <li>▶ Written confirmation that all covered persons are independent;</li> <li>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</li> <li>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</li> <li>▶ An opportunity to discuss auditor independence issues</li> </ul>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

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

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

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

# Appendix B: Independence Report (continued)

## Relationships, services and related threats and safeguards

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

### Overall Assessment

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

### Self interest threats

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

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

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

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

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

### Self review threats

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

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

### Management threats

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

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

### Other threats

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

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

# Appendix B: Independence Report (continued)

## New UK Independence Standards

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

### Summary of key changes

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

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

### Next steps

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

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

# Appendix C: Required Communications

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

**Required communication****Our reporting to you****Related parties**

Significant matters arising during the audit in connection with the entity's related parties including, when applicable:

- Non-disclosure by management
- Inappropriate authorisation and approval of transactions
- Disagreement over disclosures
- Non-compliance with laws and regulations
- Difficulty in identifying the party that ultimately controls the entity

Annual Audit Report or as occurring if material.

**Independence**

Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence

Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:

- The principal threats
- Safeguards adopted and their effectiveness
- An overall assessment of threats and safeguards
- Information about the general policies and process within the firm to maintain objectivity and independence

Annual Audit Plan

Annual Audit Report

**Internal controls**

Significant deficiencies in internal controls identified during the audit

Annual Audit Report

**Representations**

We will request written representations from management and/or those charged with governance.

Annual Audit Report

**Subsequent events**

Where appropriate, asking the Audit Committee whether any subsequent events have occurred that might affect the financial statements.

Annual Audit Report

**Material inconsistencies and misstatements**

Material inconsistencies or misstatements of fact identified in other information which management has refused to revise

Annual Audit Report

**Fee Reporting**

- Breakdown of fee information when the audit plan is agreed
- Breakdown of fee information at the completion of the audit
- Any non-audit work

Annual Audit Plan

Annual Audit Report

# Appendix D: Timing and deliverables of the audit

We deliver our audit in accordance with the timeline set by the College, in accordance with guidance from Audit Scotland. Below is a timetable showing the key stages of the audit and the deliverables through the 2019/20 audit cycle. The timetable was set and agreed in advance of the Covid-19 pandemic and will be subject to ongoing consideration as outlined on page 7 of our report.

	Audit Activity	Deliverable	Timing
FEB			
MAR	<ul style="list-style-type: none"> <li>Review progress of bi-annual NFI exercise</li> </ul>	Submit follow-up NFI Questionnaire to Audit Scotland	28 February 2020
APR	<ul style="list-style-type: none"> <li>Walkthrough Visit</li> </ul>	Completion of internal documentation	April 2020
MAY	<ul style="list-style-type: none"> <li>Audit planning and setting scope and strategy for the 2019/20 audit</li> </ul>	Annual Audit Plan	May 2020
JUN			
SEP	<ul style="list-style-type: none"> <li>Year-end substantive audit fieldwork on unaudited financial statements</li> </ul>	Audited Financial Statements	October/November 2020
OCT	<ul style="list-style-type: none"> <li>Conclude on results of audit procedures</li> </ul>	Issue Annual Audit Report	31 December 2020
NOV			
DEC	<ul style="list-style-type: none"> <li>Issue opinion on the College's financial statements</li> </ul>	Submit Audit Scotland minimum dataset request	31 December 2020

# Appendix E: Audit fees

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

Audit Fees		2019/20	2018/19
	<b>Component of fee:</b>		
	Auditor remuneration – expected fee	<b>£16,130</b>	<b>£13,570</b>
	Additional audit procedures (see below)	<b>£TBD</b>	<b>£5,961</b>
	Audit Scotland fixed charges:		
	Pooled costs	<b>£920</b>	<b>£780</b>
	Contribution to Audit Scotland costs	<b>£880</b>	<b>£820</b>
	<b>Total fee</b>	<b>£TBD</b>	<b>£21,131</b>

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

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

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

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



# Appendix F: Additional audit information

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

## Our responsibilities required by auditing standards

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

## Purpose and evaluation of materiality

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

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

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

## Audit Quality Framework / Annual Audit Quality Report

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

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

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

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

**About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

**Ernst & Young LLP**

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2020 Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

[ey.com](http://ey.com)

<b>Committee:</b>	Audit			
<b>Subject/Issue:</b>	GDPR Update (May 2020)			
<b>Brief summary of the paper:</b>	<p><b>Reserved</b></p> <p>This paper is a regular update on GDPR compliance monitoring. Additional commentary is provided for:</p> <ul style="list-style-type: none"> <li>• A short review of College GDPR policies which highlighted the need to simplify the documentation and ensure policy statements are clearer.</li> <li>• An update on IT security arrangements due to the impact of Covid-19 and the move to remote working during lockdown.</li> </ul>			
<b>Action requested/decision required:</b>	For noting.			
<b>Status: (please tick ✓)</b>	<b>Reserved:</b>	✓	<b>Non-reserved:</b>	
<b>Date paper prepared:</b>	12 <sup>th</sup> May 2020			
<b>Date of committee meeting:</b>	19 <sup>th</sup> May 2020			
<b>Author:</b>	Derek Duncan			
<b>Link with strategy:</b> 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.	<p><b>Risk Register ID Moray/25:</b> Non-compliance with relevant statutory regulations.</p> <p>The College must have in place effective controls to ensure personal data is kept secure and processed in line with data protection law.</p>			
<b>Equality and diversity implications:</b>	Yes – the College is both a Data Controller and Data Processor of large volumes of personal data, including special category data.			
<b>Resource implications:</b> <i>(If yes, please provide detail)</i>	All required resources are in place.			

<b>Risk implications:</b> <i>(If yes, please provide detail)</i>	Data protection breaches can lead to serious financial and reputational damage to the College.
---	--

### 1. Reporting Period

12<sup>th</sup> February 2020 to 12<sup>th</sup> May 2020.

### 2. Data Breaches and Investigations

Data breach activity has reduced, with only 2 incidents recorded since the 12<sup>th</sup> of February 2020 and neither incident met the standard for reporting to the ICO.

A summary of both incidents is provided in the table below:

ID	Investigation or Data Breach?	Description	Resolution/Decision
41	Data Breach	A photograph taken by a staff member during a student activity was uploaded on to a social media platform. A student from the group complained that the photo was uploaded without their consent.	The photograph was immediately taken down and the student was contacted to ensure they were satisfied with the action taken.  The staff involved now understand the importance of obtaining consent for sharing images.
42	Data Breach	A staff member cc'd an email intended for other staff to a student by accident. The email contained a very simple message about whether or not other students had been in contact with College staff.  Identification of student names in the email is still personal data, but is considered a minor breach.	The Data Protection Officer (DPO) was made aware in the first instance and worked with UHI IT staff to remove the email from the Outlook mailbox.  The student was contacted and confirmed that the email had not been opened.  The DPO was satisfied that the data was very limited and did not meet any reporting threshold.

### 3. GDPR Policy Review Update

A suite of policies and procedures were developed in response to GDPR in May 2018. Previously, the College approach was to embed data protection policy within existing policies which required a new approach for GDPR and the development of a policy framework to address key compliance requirements.

After two years of operation, a short review of the policies has concluded and there are a number of common issues which should be addressed:

- Simplification of the language
- Ensure policy statements are clearer

- Ensure staff responsibilities are clearer in a few areas
- Shorten the documents to the absolute minimum.
- Adopt newly developed UHI data protection tool kits where available.

A summary of the changes proposed are highlighted below:

Policy	Review considerations and actions
Data Protection Policy	<p>Local College Policy was established in the absence of a specific DP policy prior to GDPR.</p> <p>UHI has a University specific policy statement which does not cover FE, so current College policy should remain.</p> <p>UHI toolkits have been developed and should be signposted and replace College procedure where appropriate.</p> <p>The policy should be simplified and key messages such as email use need to be clearer.</p> <p><b>Action:</b> Retain College policy, but simplify content, ensure key policy messages are clear and signpost UHI Common procedures where now available.</p>
Data Breach Handling Policy and Procedure	<p>Logging and reporting of data breaches has been effective.</p> <p>The UHI DPO commented that there needs to be a clearer responsibility within the policy for all line managers to lead the investigation of all internal data breaches in their areas, with the DPO providing advice and Senior Managers supporting where required.</p> <p><b>Action:</b> Review policy, ensure line manager responsibilities are clear and signpost common UHI-guidance.</p>
Privacy and Marketing Communication Policy	<p>UHI has established a toolkit for privacy notices.</p> <p><b>Action:</b> Review and replace with central UHI toolkit. Ensure policy statement is covered in College Data Protection Policy.</p>
Right to Erasure Policy and Procedure	<p>Consider whether there is a need for a short policy statement in the main DP Policy document and replace this with simplified procedures.</p> <p><b>Action:</b> Ensure policy is captured and simplify as a procedure document (refer to UHI guidance if available).</p>
Subject Access Request (SAR) Policy and Procedure	<p>The policy statement should be clear and covered in the overall DP policy. This document should focus on the procedure to be followed and be better aligned with EO procedures.</p> <p><b>Action:</b> Simplify and ensure policy statement is clear in main DP Policy.</p>

This work is not high-priority and will be scheduled around Covid-19 related priorities.

#### **4. Impact of COVID-19 on Data Security**

The UHI helpdesk continues to promote information to staff about how to avoid fraudulent attempts to gain access to systems and personal data during the current COVID-19 crisis. College staff working from home are protected in various ways:

- Staff were issued with encrypted laptops during the week the College moved into lockdown and only these devices permit to access to a limited range of internal College systems, managed through the College's Active Directory security.
- Two-factor authentication is used for cloud-based Microsoft services such as Webmail and other Microsoft hosted systems as an added layer of protection.
- Key staff such as those working in Payroll, Student Records and Finance use different secure methods to access internal systems to further mitigate risk.

The UHI LIS teams and local College ITU staff continue to provide enhanced monitoring and support to staff during remote working.

The College Site Assistants continue to monitor the physical College estate on a rota basis to ensure intruder alarm systems are operational at all times. The alarm is remotely monitored with staff providing a 24 hour on-call service.

Police Scotland have been pro-active at sharing advice and alerts regarding current cyber threats which have been shared throughout the partnership.

#### **5. ICO Reporting**

Neither of the 2 reported data breaches meet the test for ICO reporting.

#### **6. Subject Access Requests (SAR)**

No subject access requests were received in the reporting period.

#### **7. Right to Erasure**

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