University of the Highlands and Islands
Moray College

Meeting of Audit Committee
On Tuesday 6 October 2020
At 1330 by Teams
A G E N D A

Number	Item	Presented By	Action Required: Decision, Discussion, For Noting
1300-1330 – Closed Session with Committee members and Auditors on Internal Audit matters			
A.20.03.01	(i) Resignations	Clerk	Noting
	(ii) Appointments		
A.20.03.02	Apologies for Absence	Clerk	Noting
A.20.03.03	Any Additional Declarations of Interest including specific items on this Agenda	Convenor	Noting
A.20.03.04	Draft Minutes of Audit Committee meeting held on 19 May 2020 *	Convenor	Decision
A.20.03.05	Draft Matters Arising/Action Sheet from Audit Committee meeting held on 19 May 2020 *	Clerk	Noting
A.20.03.06	Review of Risk *	S McInnes	Discussion and noting
	(i) Risk Register		
	(ii) Guide for Audit and Risk Committees from Audit Scotland August 2020 in view of Covid-19 and matters arising	D Duncan	
A.20.03.07	College Policies	D Duncan	Noting
	(i) Update/summary on status of review of College Policies		
	(ii) GDPR Status Report		
A.20.03.08	Internal Audit	HL	
	(i) Progress against Plan for AY 19/20		
	Final Reports including:		

	(ii)	Health and Safety Follow up Report		
	(iii)	Corporate Governance		
	(iv)	Workforce Planning		
	(v)	Quality Arrangements follow up Report		
	(vi)	Business Continuity/Covid-19 Report		
	(vii)	Status of Student Activity Data Report, Support Funds, EMA Return		
	(viii)	Handover to new Internal Audit provider and preparation of audit plan for AY 19/20		
A.20.03.09	Review of Audit Register		S McInnes	Noting
A.20.03.10	External Audit		EY	
	(i)	Update on status of the external audit	S McInnes/EY	Noting
	(ii)	Annual Audit Plan Addendum	EY	Noting
A.20.03.11	Review of Fraud matters		S McInnes	Noting
	(i)	Annual paper on fraud		
A.20.03.12	Audit Committee Planning		Convenor	Discussion
	(i)	Committee of University Chairs, Audit committee Code of Practice, matters arising		
	(ii)	Draft amendments to TOR's circulated July 2020		
	(iii)	Annual Report to the Board		
A.20.03.13	Emerging Issues		Convenor	Noting and Discussion
	(i)	Next UHI Audit Chairs meeting		
	(i)	UHI financial services		
	(ii)	Next meeting of the Audit Committee/F&GP		
RESERVED ITEMS				
A.20.03.14	Draft Reserved Minutes from Audit Committee held on 19 May 2020		Convenor	Decision
A.20.03.15	Draft Reserved Matters arising from Audit Committee held on 19 May 2020 *		Clerk	Noting

A.20.03.16	Draft response to EY's letter to those charged with Governance	S McInnes	Discussion
A.20.03.17	Date of Next Meeting – 24 November 2020	Clerk	Noting

BOARD OF MANAGEMENT

Audit Committee
Draft Minutes of Meeting
held on
Tuesday 19 May 2020
at 1330 by Skype

Present: Dr J McLeman   Convener
Mrs D Newton

                     Mrs D McKinstrey
                     Mr G Johnston
                     Mr K Gee

In attendance:

                     Ms S McInnes
                     Mrs G Scanlin   EY – External Auditors
                     Mr S Inglis   MHA Henderson Loggie (HL), Internal Auditors
                     Mr D Archibald   MHA Henderson Loggie (HL), Internal Auditors
                     Mrs C Fair   Clerk

		ACTION	DATE
A.20.02.01	**Resignations and Appointments**		
1.1	There were no resignations nor appointments.		
A.20.02.02	**Apologies for Absence**		
2.1	There were no apologies for absence.		
A.20.02.03	**Any additional Declarations of Interest including specific items on Agenda**		
3.1	Mr Archibald and Mr Inglis MHA HL declared an interest in Agenda item A.20.02.16 – Renewal of arrangements for internal audit services.		
A.20.02.04	**Draft Minutes of Audit Committee meeting held on 18 February 2020.**		
4.1	The minutes were accepted as a true and accurate record and approved by the Committee: Proposed: Mr Johnston Seconded: Mrs McKinstrey		
A.20.02.05	**Matters Arising/Action Sheet from meeting of Audit Committee held on 18 February 2020**		
	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 actions remain open:		
5.1	6.1.1 and 6.1.2 – To raise issue of risk register not being user friendly – remains outstanding. Jessie to raise at next	Dr McLeman	June Audit Chairs'

		ACTION	DATE
Action	UHI Audit Chairs' meeting in June 2020, and to write to Mr Sendall in any case.		
5.2	6.2.1 - To suggest a Risk Workshop take place prior to June or Sept Board meeting – remains open. Jessie to speak to Peter. Update; Timing to be reviewed in light of current circumstances, following discussion with Mr Graham,	**Dr McLeman**	ASAP
5.3	6.3.1 and 6.3.2 – Examples of templates of Risk Assurance maps to be shared with committee. Example from Fife College to be provided to Committee, to be circulated by end May, (along with draft TORs below).	**Mrs Scanlin Ms McInnnes**	End May
5.4	8.1.2 Paper on arrangements for monitoring and responding to official requests for information to be provided to Committee – remains open.	**Ms McInness**	Oct Audit
5.5	11.1.2 – Review of Fraud Policy remains open – carry forward to next meeting.	**Ms McInnes**	Oct Audit
5.6	11.2 – Reporting and Monitoring of Theft – Shelly to review the procedure and log.	**Ms McInnes**	ASAP
5.7	12.1 – Revised draft TOR to be circulated to Committee after May meeting and feedback from Committee requested by end June, for decision at October meeting.	**Mrs Fair Committee**	Prior to October Audit
5.8	13.3 - Jessie to raise following issues at next meeting of Audit Chairs – remains outstanding. Audit Chairs meeting rescheduled for June - UHI Whistleblowing reporting arrangements for students - Risk Register Reporting and MI - UHI shared approach to internal audit provision, including board effectiveness review	**Dr McLeman**	June Audit Chairs'
A.20.02.06	**Risk Register**		
	(i) Review of current Risk Register and mitigating actions		
	(ii) Business Continuity arrangements		
	(iii) Actions Arising		
6.1	The Risk Register had been circulated as an Excel file and previous comments on reporting apply. Four new risks had been added after meeting with SLT. These related to impact of Covid-19, including the health and wellbeing of staff working from home, the return to College and arrangements for re-opening. With regards to risk 21, College Estate not for for Purpose, EY noted SFC funding had been reduced by £11.2 million. Funds for maintenance will be distributed by UHI. Committee queried why the risk levels relating to Modern Apprentices had not increased.. It was explained that MAs		

		ACTION	DATE
	are delivered through SDS funding, resulting in a lower negative impact than changes to HE income. Committee noted that in relation to M15, FE targets not met, there will be no clawback this Academic Year. The Financial position for this year is not as adverse as anticipated in relation to cash flow. However, the College will owe UHI £386K at start of next academic year. Income from the Furlough Scheme is anticipated to be circa £300K. The College is still anticipating a deficit of £370K in excess of net depreciation. Committee noted that many Colleges will be facing similar challenges. It is still anticipated that Moray Growth Deal will be progressed. The Committee noted that, overall, the Risk Register indicates the College is managing high levels of risk in relation to the Board's risk appetite as a consequence of Covid-19 and the on-going circumstances arising.		
6.2	Business Continuity Arrangements – A paper had been circulated setting out actions taken to implement lockdown and the Committee commented favourably on how these had been handled. The university partnership Business Continuity Group initially met daily, now twice-weekly with the main focus being on the way forward and managing the challenges ahead. Committee was assured the Principal sits on this group. The Committee also commented favourably on how the Principal is communicating with staff and the wider Community.		
Action	E-mail from UHI circulated on 11-5-2020 explaining how the partnership is managing the situation to be recirculated to the Committee.	**Mrs Fair**	ASAP
A.20.02.07	**Internal Audit for AY19/20**		
	(i) Internal Audit Arrangement for AY 19/20		
7.1	The revised Audit Plan had been circulated by HL. Due to the lockdown, it had not been possible to undertake some previously planned audits and HL therefore had made alternative proposals. The Committee spent time considering the proposals. After some discussion it was decided that the proposed audit of Corporate Planning would be expanded to include a wider review of Business Continuity Planning. This audit would focus on lessons learned, the plans for reopening the College consistent with the partnership-wide business continuity group's planning framework and activities, and contingency planning arrangements, such as for a further lockdown, given the virus may still be prevalent.		

		ACTION	DATE
	Mr Archibald commented that with the changes to the audit plan as now agreed, HL would be in a position to provide an Audit Opinion in its Annual Report for the year. The Committee noted that the externally facilitated Board Effectiveness Review had been deferred to Spring next year and this may be further delayed. The following was agreed: • Health and Safety follow up – 2 days • Quality Assurance and improvement follow up – 2 days • Workforce planning – 4 days • Corporate Governance – 2 days • Business Continuity Planning –c 5 days, TBC • Prescriptive Audits such as EMAs, Credits and Bursaries and Hardships funds, 9 days, This means a few days are held in reserve.		
	(ii) Agreement to Revised Plan		
Action	To submit a revised Audit Plan, scopes and timeline as agreed, for circulation to the Committee when complete.	**MHA HL**	ASAP
A.20.02.08	**Review of Audit Register**		
8.1	Committee noted that there are still 4 outstanding items. These include Procurement – Management Training to take place on non-compliance reporting; and Health and Safety – workplace assessments are now planned to be undertaken. The Committee was advised that these outstanding issues will be completed once the College reopens. The actions arising from the prescriptive audits will be reviewed when the next audits are undertaken.		
Action	To ensure all outstanding and overdue audit actions are concluded when the College reopens.	**Ms McInnes**	ASAP
A.20.02.09	**External Audit**		
	(i) Scope/Plan for Annual Audit EY YE 31 July 2020		
9.1	Mrs Scanlin presented EY's Annual Audit Plan for year ending 31 July 2020. The Key Audit Risks were outlined to the Committee, which include; Key Financial statement risks: • Risk of fraud in revenue and expenditure recognition; • Misstatement due to fraud or error; • Valuation of property, plant and equipment; given the value of the estate, EY assign a higher inherent risk to this area; • Valuation of pension assets and liabilities; Wider Scope risks include;		

		ACTION	DATE
	• Financial sustainability due to continuing financial pressures, and the impact of the challenges of Covid-19 on 2019-20 and the College's ability to develop viable and sustainable financial plans as a result of external factors; • Governance and transparency - delivering progress in good governance arrangements; including the risk that Covid-19 may impact the College's ability to deliver good governance arrangements, both on the College's way of working and on key individuals charged with good governance. Mrs Scanlin advised EY have not been able fully to quantify the impact of Covid-19 and may need to issue an addendum.		
9.2	The annual letter to those charged with governance will arrive at the College imminently. This will include a number of additional questions including any significant changes to internal controls, the segregation of duties, disclosures and 'going concern'.		
Action	To circulate the letter to the Committee once received.	**Mrs Fair**	ASAP
9.3	Timelines for the conduct of the audit, as currently envisaged, will be broadly the same as last year, and key milestones confirmed between the College and EY. However, some flexibility may be advised by the SFC and the deadline may move for submission of financial statements so timing may have to be flexible.		
A.20.02.10	**OSCR Return**		
	(i) Status of College's annual ASCR Return		
10.1	Ms McInnes confirmed that the annual OSCR Return was submitted on 30 April 2020.		
A.20.02.11	**College Policies**		
	(i) Update/Summary of College Policies		
11.1	The Committee sought assurance on the status of College policies, and that the Policy Schedule is being maintained.		
Action	Update on status of College Policies to be circulated to the Committee asap.	**Derek Duncan**	ASAP
	(ii) GDPR Status Update		
11.2	GDPR Update report had been circulated and the Committee noted that this was a reassuring report.		
A.20.02.12	**Emerging Issues and Committee Workplan**		
	(i) Auditor General's Report on Colleges		
12.1	The Committee was advised by Mrs Scanlin that the Audit General's annual Report has been paused this year in light		

		ACTION	DATE
	of Covid-19. It is unlikely to be published and there will be no College overview expected.		
	(ii) Committee focus and workplan arising from Covid-19 impacts		
12.2	Committee was asked for views on any additional areas they should be focussing on, including impact of Covid-19 in other areas. The Management Team is performing a review of the impact of Covid-19 and it was suggested that an update arising from that be provided to the Board.		
Action	Update to Board following the SLT's review of the impact of Covid-19.	**SLT**	24-6-2020
	(iii) Committee Annual Workplan to support TORs		
12.3	Slight revision had been made to the Terms of Reference in relation to Efficiency Return, consistent with SFC's recommendation.		
Action	Draft TOR to be circulated to Committee for feedback prior to October Audit meeting. The alignment of the TORs and committee workplan could be discussed then.	**Cathie Committee**	Prior to October Audit Meeting
	(iv) Compliance framework		
A.20.02.13	**Annual Committee Evaluation**		
13.1	Links to online surveys of the Board and Committees had been circulated with several reminders having been sent to urge completion. Completion rate was disappointing.		
Action	Committee suggested setting a cut-off date in early June, such that Mrs Fair can complete a report for the Board	Mrs Fair	Immediate
Mrs Scanlin, Mr Archibald and Mr Inglis left the call at this point.			
RESERVED ITEMS			
A.20.02.14	**Draft Reserved Minutes from Audit Committee held on 18 February 2020**		
14.1	This item is reserved and the minute held on confidence.		
A.20.02.15	**Draft Reserved Matters arising from Audit Committee held on 18 February 2020**		
15.1	This item is reserved and the minute held on confidence.		
A.20.02.16	**Renewal of arrangements for internal Audit provision**		
16.1	This item is reserved and the minute held in confidence.		
A 20.01.17	**Date of Next Meeting – 6 October 2020**		

		ACTION	DATE	Update
A.20.2.05	**Matters Arising/Action Sheet from meeting of Audit Committee held on 18 February 2020**			
5.1	6.1.1 and 6.1.2 To raise issue of risk register not being user friendly – remains outstanding. Jessie to raise at next UHI Audit Chairs' meeting in June 2020 and to write to Mr Sendall in any case.	**Dr Mcleman**	June Audit Chairs'	
5.2	6.2.1 – To suggest a Risk Workshop take place prior to June or September remains open – Jessie to speak to Peter. Update; timing to be reviewed in light of current circumstances, following discussion with Mr Graham.	**Dr McLeman**	ASAP	
5.3	6.3.1 and 6.3.2 Examples of templates of Risk Assurance maps to be shared with committee. Example from Fife College to be provided to Committee, to be circulated by end May (along with draft TORs below).	**Ms McInnes**	ASAP	Completed – templates circulated
5.4	8.1.2 – Paper on arrangements for monitoring and responding to official requests for information to be provided to Committee – remains open.	Ms McInnes	Oct Audit	
5.5	11.1.2 – Review of Fraud Policy remains open – carry forward to next meeting.	**Ms McInnes**	Oct Audit	On Agenda
5.6	11.2 – Reporting and Monitoring of Theft – Shelly to review the procedure and log	**Ms McInnes**	ASAP	
5.7	12.1 – Revised draft TOR to be circulated to Committee after May meeting and feedback from Committee requested by end June for decision at October meeting.	**Mrs Fair Committee**	Prior to October Audit	Circulated
5.8	13.3 – Jessie to raise following issues at next meeting of Audit Chairs – remains outstanding. Audit Chairs meeting rescheduled for June. • UHI Whistleblowing reporting arrangements for students • Risk Register Reporting and MI • UHI shared approached to internal audit provision, including board effectiveness review	**Dr McLeman**	June Audit Chairs'	
A.20.02.07	**Internal Audit**			
	(i) **Internal Audit Arrangements for AY 19/20**			
	(ii) **Agreement to Revised Plan**			

7.2.1	To submit a revised Audit Plan, scopes and timeline as agreed, for circulation to the Committee when complete	**MHA HL**	ASAP	
A.20.02.08	**Review of Audit Register**			
8.1	To ensure all outstanding and overdue audit actions are concluded when the College reopens.	**Ms McInnes**	ASAP	On Agenda
A.20.02.09	**External Audit**			
9.2	To circulate annual letter to those charged with governance once received.	**Mrs Fair**	ASAP	Completed - circulated
A.20.02.11	**Policies**			
	(i) **Update/Summary of College Policies**			
11.1	Update on status of College Policies to be circulated to the Committee asap.	**Mr Duncan**	ASAP	On Agenda
A.20.02.12	**Emerging Issues and Committee Workplan**			
	(ii) **Committee focus and workplan arising from Covid-19 impacts.**			
12.2	Update to Board following the SLT's review of the impact of Covid-19	**SLT**	24-6-2020	
	(iii) **Committee Annual Workplan to support TOR's**			
12.3	Draft amended TORs to be circulated to Committee for feedback prior to October Audit meeting. The alignment of the TORs and committee workplan could be discussed then.	**Cathie Committee**	Prior to October Audit	On Agenda
A.20.02.13	**Annual Committee Evaluation**			
13.1	Committee suggested setting a cut-off date in early June, such that Mrs Fair can complete a report for the Board.	**Mrs Fair**	Immediate	Completed

University of the Highlands and Islands
Moray College

Committee:	Audit Committee
Subject/Issue:	Review of Risk Register
Brief summary of the paper:	An updated Risk Register ("RR") is enclosed for the Committee's attention. No new risks have been added since May. All risks have been reviewed and updated as required during regular discussions with the SLT.
Action requested/decision required:	Feedback from Audit Committee on the current position of the Risk Register.

Status: *(please tick ✓)*	**Reserved:**	X	**Non-reserved:**	

Date paper prepared:	29 September 2020
Date of committee meeting:	6 October 2020
Author:	Director of Finance
Link with strategy: Please highlight how the paper links to, or assists with: compliance partnership services risk management strategic plan/enabler other activity (e.g. new opportunity) – please provide further information.	
Equality and diversity implications:	N/A
Resource implications: *(If yes, please provide detail)*	N/A

Risk implications: *(If yes, please provide detail)*	That key risks to the College are not captured and suitable mitigating actions put in-place.

INTRODUCTION

The development of the new UHI partnership Risk Register is currently ongoing, and has not progressed due to other priorities across the partnership. As such, the extracts provided at the May 2019 Committee meeting have not been revised.

As discussed at the May meeting, the current management information ("MI") does not meet the needs of the Committee (or Management/SLT) – primarily due to the current parameters set at a partnership level.

In order to provide the Committee with the full/overall picture an excel version of the College Risk Register has been provided for the Committee to review/provide feedback on.

DEVELOPMENT OF RISK REGISTER

From recent discussion with Roger Sendall (UHI) I understand that the next steps in the development of the Risk Register include:

- Addition of Power BI to the RR reporting capabilities – which would be reviewed at a partnership level in order to gain best value when it comes to licence costs;

- Agree (across the UHI Partnership) a standard set/suite of reports to meet the needs of the UHI Partnership in respect of risk management.

In order to make best use of the new RR, and the development of the standard set/suite of reports the Committee (and Management) recommendations should be forwarded to Roger Sendall at UHI.

OTHER MATTERS

In respect of the clarity sought be the Committee at the May meeting regarding publishing the College Risk Register with Committee papers (i.e. via the College web-site), I have received verbal assurance that there is no requirement to do this.

CONCLUSION/ACTIONS

Further to any comments/feedback the Committee may have in respect of the current version of the College's Risk Register, I would appreciate feedback from the Committee on key requirements of the new Risk Register so that that can be fed back to UHI and aid the development of risk register reports.

Covid-19

Guide for audit and risk committees

AUDIT SCOTLAND

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- **Audit Scotland** is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.

- The **Auditor General** is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.

- The **Accounts Commission** is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
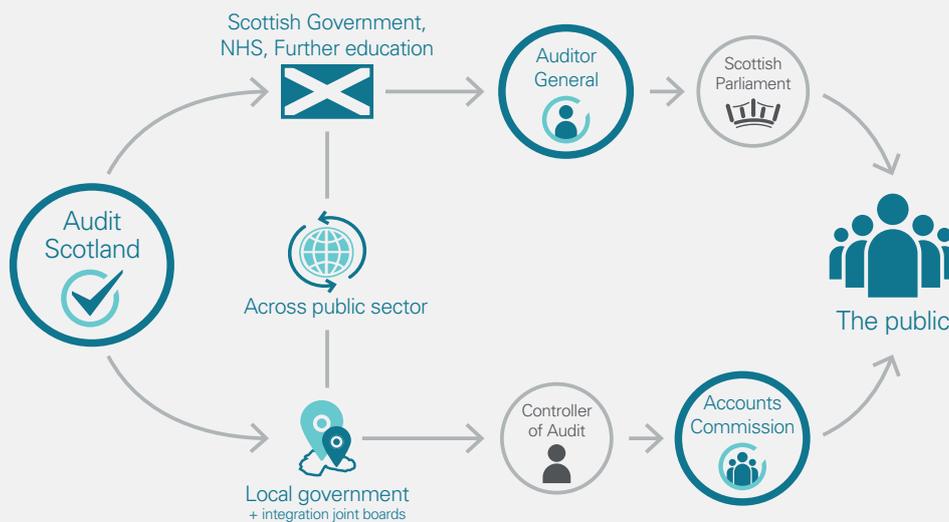
About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money

- reporting our findings and conclusions in public

- identifying risks, making clear and relevant recommendations.

Contents

Introduction

1. Covid-19 has already had a significant impact on every aspect of society in Scotland. It has affected individuals and communities, public services and the economy.

2. The response of public-sector bodies has been strong, and the pandemic has highlighted some of their key strengths, such as agility and partnership working. But Covid-19 has also exacerbated many pre-existing risks and challenges facing public bodies in areas such as financial sustainability and service demand pressures. A difficult road lies ahead as public bodies move from response to recovery and renewal.

3. Audit and risk committees have a crucial role to play in providing effective scrutiny and challenge. They help public bodies focus on important aspects of the business and maintain effective oversight of spending, performance and governance arrangements. As public bodies manage their business during this global pandemic, the role of audit and risk committees becomes even more important.

4. This guide for audit and risk committees draws on our recent experience of auditing public bodies during the pandemic. It also refers to key sources of guidance such as the Scottish Government's Scottish Public Finance Manual and On Board: a guide for members of statutory boards and the Chartered Institute of Public Finance and Accountancy's *Audit Committees: Practical Guidance for Local Authorities and Police*.

Key issues for consideration by audit and risk committees during the Covid-19 pandemic

5. There are a wide range of short, medium and long-term risks and issues emerging from Covid-19 for public bodies to consider. This guide focuses on the short-term challenges facing public bodies in the response phase of the pandemic. During this phase, key areas that audit and risk committees will need to focus on include:

- internal controls and assurance
- financial management and reporting
- governance
- risk management.

6. This guide provides audit and risk committee members with suggested questions to help them effectively scrutinise and challenge in these key areas. Answering the questions in this guide will help audit and risk committees better understand how their organisation is responding to the pandemic and managing both the immediate and longer-term challenges that it creates.

7. Audit and risk committees must assure themselves that they are engaged and well-informed about the changes that are occurring and affecting their organisation due to Covid-19. For example, they should be informed of changes to internal reporting arrangements, and policy and legislative changes and the impact they are likely to have on the organisation. They should also be apprised of any fraud and error risks arising from the response to Covid-19.[1]

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[1] *Covid-19: Emerging fraud risks*, Audit Scotland, July 2020.

Internal controls and assurance

8. Public-sector staff are working under extreme pressure as a consequence of the scale and pace of change created by the pandemic and the need to respond rapidly to unfolding events. This may mean that some internal controls are suspended or relaxed. For example, the segregation of duties between colleagues for completing tasks and subsequent checks may not be possible due to unforeseen capacity issues or the lack of availability of more senior or experienced staff. Staff transfer between departments, for example, to new areas such as those responsible for distributing funding to support people and businesses most affected by Covid-19, may also leave some areas under-staffed. Furthermore, inexperienced staff may be working remotely without a full understanding of the required procedures and controls.

9. Internal audit provides independent assurance on governance arrangements, risk management and internal control processes. As the landscape changes, internal audit will have to consider its approach to audit planning and how it continues to deliver its assurance activities while balancing the workload created by new risks emerging from Covid-19.

10. As staff work remotely, there may also be potential security risks such as an increase in cyber-crime. For example, fraudsters may try to access public-sector systems by claiming to be legitimate technical support services or through phishing emails and scams.

11. Exhibit 1 proposes potential questions for audit and risk committee members to consider.

Exhibit 1
Internal controls and assurance – questions to consider

What changes to internal controls have been required due to Covid-19?
- Has internal audit assessed the design, implementation and operational effectiveness of revised internal controls?

What new controls have been established to account for the distribution of any additional funds received?
- Have officers identified any weaknesses in new controls and if so, how are these being addressed?

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

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

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

What impact has Covid-19 had on the annual reporting and accounting process?
- Has your organisation's timetable for the annual reporting process been considered for 2019/20 and 2020/21? If so, have the timetables been revised and updated accordingly?
- Has the external auditor's annual audit plan been updated to assess and address new risks?

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

How have IT services performed during the pandemic?
- To what extent have cyber security controls been considered?

To what extent has management assessed the impact of Covid-19 on overall staff capacity?
- What areas have been identified as being under resourced and how is this being addressed?

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

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

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

Financial management and reporting

12. Public bodies face considerable uncertainty during the pandemic and as they plan for the future. Having robust financial management and transparent reporting arrangements in place is critical to ensuring that an organisation can manage its finances and deliver services effectively, identify issues and challenges early and act on them promptly.

13. Financial impacts of the pandemic could include a reduction in income generated from business rates and council tax non-payments as well as a reduction in fees and charges from, for example, leisure, public transport and parking. Organisations may also face increased costs such as higher staff costs to cover the delivery of services. The economic uncertainty and market volatility caused by the pandemic also make it difficult for public bodies to value, for example, property portfolios, inventories and pension schemes.

14. A number of factors will affect how well an organisation can report on and manage its financial position at a time where it is facing significant pressure and challenge. For example, there is likely to be competing pressures on finance staff, significant changes in financial processes and procedures and the introduction of financial systems in new areas, such as those for Covid-19-related government relief, assistance and stimulus packages. Exhibit 2 proposes potential questions for audit and risk committee members to consider.

Exhibit 2
Financial management and reporting – questions to consider

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

How is management assessing the financial impact of Covid-19 on income and expenditure?
- What processes or procedures have been put in place to assess, for example, new demands, new expenditure streams, savings from activity foregone and lost income?

What information has been used in determining the value of assets and liabilities?
- To what extent have estimated valuations been impacted by Covid-19, for example, disruption to the revaluation of properties or market volatility impacting on investments?
- What is the likely impact of Covid-19 on pension deficits and what does this mean for your organisation?

What commitments and guarantees have been made to third parties, and how are these being monitored?
- Where relevant, how is your organisation ensuring that the impacts of the pandemic on its arm's-length external organisations (ALEOs) are being appropriately monitored?

What impact has Covid-19 had on savings plans?

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

What impact has Covid-19 had on transformational activity?

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

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

Governance

15. The pace and scale of change is unprecedented, and changes in governance arrangements are likely to have taken place. This may mean that there has been less opportunity for scrutiny and due diligence as public bodies respond rapidly to the challenges arising from Covid-19. For example, urgent procurement decisions and changes to delegated authority arrangements may have impacted on the level of scrutiny.

16. Governance and accountability arrangements around collaborative working may be increasingly complex but when done effectively, allows for better planning, design and coordination of services. Many aspects of public bodies' responses to the pandemic can only be done in partnership with others.

17. Recent changes to governance arrangements due to Covid-19 may include basic alterations such as documenting authorisation processes through to oversight of the overall running of the business. Exhibit 3 proposes potential questions for audit and risk committee members to consider.

Exhibit 3
Governance – questions to consider

What impact has Covid-19 had on governance arrangements?

- How is your organisation ensuring that effective oversight and scrutiny of key decisions is maintained as it responds rapidly to the challenges it faces during the pandemic?
- Have any significant changes been made to governance arrangements due to the pandemic, for example, suspension of committees or increased use of delegated decision-making powers?
- Where decisions are being made using delegated or emergency powers, how are these being recorded, made public and subjected to scrutiny by the relevant committee(s)?
- Have changes to processes and procedures made in response to Covid-19 been reviewed and documented appropriately to comply with overall governance arrangements?

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

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

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

- How have these barriers been overcome?
- What was the impact on service users?

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

- Does performance reporting highlight any changes on your organisation's ability to meet its objectives as a consequence of Covid-19?

- Has the pandemic caused new risks to achieving your organisation's objectives? If so, how are these being addressed?

What impact has Covid-19 had on collaborative working?

Risk management

18. While public bodies will have risk management processes in place, the likelihood and impact of existing risks and the emergence of new risks will need to be monitored carefully. There may also be a change in the risk appetite during the pandemic to allow for services to operate effectively and respond to issues in a timely manner. Some changes may be significant therefore officers and audit and risk committee members need to consider how sustainable these changes will be in the longer term.

19. Public bodies were already facing risks and challenges around, for example, financial sustainability, outcomes and inequalities. These risks and challenges have become greater due to Covid-19. They are also heightened further because of the uncertainty around the UK's exit from the European Union and increasing budget pressures.

20. Exhibit 4 proposes potential questions for audit and risk committee members to consider.

Exhibit 4
Risk management – questions to consider

Are there new expenditure or procurement streams, or delivery methods arising from Covid-19 that introduce new risk?
- What indicators does management have to support informed decisions on risk and is this data available in real time?
- Is your organisation's risk management strategy up-to-date to include risks associated with Covid-19?
- What risks have emerged that need to be addressed and what protocols are in place to report and analyse emerging risks as the situation evolves?
- Are risks being reported to the relevant committee?

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

Is there a need for management's risk appetite framework to be reviewed to ensure it is appropriate in this rapidly evolving environment?
- If so, when will the committee be informed of the outcome and any next steps?

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

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

Looking ahead

21. This is the second in a series of Covid-19 guides prepared for public bodies and auditors. Our first publication, Covid-19 Emerging fraud risks, sets out a range of fraud risks that may arise due to the pandemic. By drawing on our position as external auditors across the public sector in Scotland, we have used our recent experience to develop these Covid-19 outputs. We will be issuing further guidance to public bodies to support them as they move beyond the response phase of the pandemic into recovery and renewal.

22. We invite feedback on how the role of external audit can further support public bodies as they respond to the challenges Covid-19 presents.

Further reading

- *Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19*, National Audit Office, June 2020.

- Financial scrutiny practice guide, The Chartered Institute of Public Finance and Accountancy, June 2020.

- https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/implications-audit-committees-arising-covid-19

- https://www.iia.org.uk/covid-19-hub/covid-19-guidance/

Covid-19

Guide for audit and risk committees

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www.audit-scotland.gov.uk ⬐

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or **info@audit-scotland.gov.uk** ✉

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University of the
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Moray College

Committee:	Audit
Subject/Issue:	Policy Schedule Update
Brief summary of the paper:	Update on policy approvals. The Covid-19 response has slowed the pace of approvals, but there is still progress to report. The remaining policies for approval have been re-scheduled to the end of session 20/21.
Action requested/decision required:	For noting

Status: *(please tick ✓)*	**Reserved:**		**Non-reserved:**	√

Date paper prepared:	28th September 2020
Date of committee meeting:	6th October 2020
Author:	Derek Duncan
Link with strategy: Please highlight how the paper links to, or assists with: compliance. partnership services risk management strategic plan/enabler other activity (eg new opportunity) – please provide further information.	**Risk Register ID Moray/18**: Non-compliance with relevant statutory regulations.
Equality and diversity implications:	Yes – a key statutory requirement which underpins all operational areas of the College.
Resource implications: *(If yes, please provide detail)*	The recruitment of a new Director of Finance will impact on the update of Finance related policies.
Risk implications: *(If yes, please provide detail)*	Non-compliance due to deficient polices, training or leadership carries a risk to staff, learners and 3rd parties, as well as possible legal and reputational damage to the College.

Policy Schedule Update

The pace of approvals has been impacted by the Covid-19 response and whilst the intention is to complete these as soon as is practical, a realistic schedule has been developed.

The new session also requires consideration of policies which are due to expire during 20/21 and these will now be reviewed to determine if they require updating now or can be delayed.

Approvals

There are 2 new policies included in the report and these are highlighted below.

Learning, Teaching and Quality Committee 20th May 2020 Approvals

- Tertiary Learner Support Policy
- UHI student Carers Policy – (new policy)
- Procedure for Registering and Resulting non SQA Students (new procedure)

LTQC separately approved the Promoting a Positive Learning Environment (regional policy) following further consultation.   This is adopted within the new regional Student Code of Conduct.

Staff Governance Committee 12th May Approvals

- Rehabilitation procedure
- Employee Leaving Arrangements
- Qualifying Period Procedure
- Parental Support Procedure

Policies to be reviewed 2020/21

College or Regional?	Policy/Strategy/Procedure Name
Regional	Work Placement Policy
College	Smoke-free Policy
College	Course Fee Policy (FE)
College	Records Management
Regional	Student Complaints Policy
Regional	Tertiary Equality and Diversity Policy
College	Absence from Work Procedure
College	Relocation Scheme
College	Staff Recruitment & Selection Procedure
College	Stress in the Workplace
College	Joiners, Movers and Leavers Procedure

Planned approval dates are as follows, but note that the regional policies require further clarification:

Approving Committee or SLT	Policy/Strategy/Procedure Name	College or Regional?	tbc	24/11/20	01/12/20	26/01/21	11/05/21	16/06/21	Grand Total
Building / F&GP	Work Placement Policy	Regional	1						1
F & GP	Smoke-free Policy	College		1					1
F & GP	Course Fee Policy (FE)	College						1	1
F & GP	Records Management	College						1	1
LTQ	Student Complaints Policy	Regional	1						1
LTQ	Tertiary Equality and Diversity Policy	Regional	1						1
SGC	Absence from Work Procedure	College					1		1
SGC	Relocation Scheme	College					1		1
SGC	Staff Recruitment & Selection Procedure	College					1		1
SGC	Stress in the Workplace	College				1			1
SLT	Joiners, Movers and Leavers Procedure	College			1				1
Grand Total			**3**	**1**	**1**	**1**	**3**	**2**	**11**

Policies Hold

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

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

University of the
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Moray College

Committee:	Audit
Subject/Issue:	GDPR Update (October 2020)
Brief summary of the paper:	This paper provides an update on GDPR compliance monitoring. Covid-19 adjustments are highlighted as a contributing factor in 3 of the 5 data breaches reported in this paper. One data breach was reported to the Information Commissioners Office (ICO) and further engagement is anticipated as part of the normal follow-up process.
Action requested/decision required:	For noting.

Status: *(please tick ✓)*	Reserved:		Non-reserved:	√

Date paper prepared:	28th September 2020
Date of committee meeting:	6th October 2020
Author:	Derek Duncan
Link with strategy: Please highlight how the paper links to, or assists with: compliance partnership services risk management strategic plan/enabler other activity (eg new opportunity) – please provide further information.	**Risk Register ID Moray/25**: Non-compliance with relevant statutory regulations. The College must have in place effective controls to ensure personal data is kept secure and processed in line with data protection law.
Equality and diversity implications:	Yes – the College is both a Data Controller and Data Processor of large volumes of personal data, including special category data.
Resource implications: *(If yes, please provide detail)*	All required resources are in place.
Risk implications: *(If yes, please provide detail)*	Data protection breaches can lead to serious financial and reputational damage to the College.

1. **Reporting Period**

This report covers the period 13th May 2020 to 28th September 2020.

2. **Data Breaches and Investigations**

The data breach log recorded 5 new data breaches, all of which were contained.

Data breach 47 was reported to the to the ICO and is discussed in further detail in section 4 below.

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

ID	Investigation or Data Breach?	Description	Resolution/Decision
43	Data Breach	A staff member sent an email to the wrong student. The LIS team were able to delete the email from the recipient's account and therefore, the breach was contained. The personal data shared was limited and did not meet the reporting threshold.	The staff member quickly recognised the error and reported it. The action taken by the UHI LIS team was sufficient to fully contain the breach.
44	Data Breach	A staff member provided an update to a potential applicant about the status of their application during a social media session. The breach was reported immediately and the staff member's line manager provided support to delete the post.	The staff member recognised the error quickly and reported it to their line manager. No further action was warranted.
45	Data Breach	Outlook calendar appointments were sent to a selection of students inviting them to an on-line pre-induction meeting. The Outlook appointment contained the email address of all participants to the video conference session, including some personal email addresses. The issue was spotted within minutes of the appointments being created. The sharing of personal email addresses is considered a data breach, but the risk of harm was considered low.	Testing of the appointment creation process demonstrated how the emails where shared on the calendar appointment. The resolution was to forward the Outlook appointment as an email attachment using "BCC" to the group instead of just sharing the appointment within Outlook Calendar.
46	Data Breach	When selecting email contact details from the debtor system, two emails were sent to student accounts which included institutional level data and were cc'd to a different 3rd party email address. The two student accounts were inactive and therefore the emails would not have been sent.	The staff member provided advice to the UHI LIS team regarding the incident and this resulted in a change to the design of the screen within the debtor system which will help prevent a re-occurrence of the problem.

ID	Investigation or Data Breach?	Description	Resolution/Decision
		The two 3rd party addresses received institutional level data which did not include personal data. This is considered a breach since the 3rd party emails were included. The staff member reported the breach on the same day it occurred.	
47	Data Breach	Applications for a position within the Board where shared with one of the candidates in error. The equalities monitoring data was also included and this was also shared electronically with panel members. The staff member reported the issue immediately and the actions to contain the breach were effective.	All parties, including the candidate were contacted and asked to confirm deletion of the email. Not all panel members had fully responded by the time the ICO reporting deadline approached, but were later confirmed. The breach was reported to the ICO (see section 4 below for more detail).

3. Breach Summary

Changes in working practice due to Covid-19 adjustments were a factor in 3 of the breaches:

- Breach 44 – caused due to interaction with potential new students via on-line social media platforms instead of the traditional events in College.
- Breach 45 – An on-line meeting held by video conference which would normally take place face to face in College.
- Breach 47 – Interviews being held remotely using Microsoft Teams which would normally take place face to face on-site. Electronic communication is not normally used to share candidate information.

It should be noted that in all cases, staff were aware of the data breaches and took effective action to report them in a timely manner.

4. ICO Reporting

Breach 47 was reported to the ICO after careful consideration of the Article 29 working party Guidelines on Personal data breach notification under Regulation 2016/679 . Some of the administrative tasks related to confirming containment of the breach were not completed as the ICO reporting deadline approached at 9.30am on Sunday 13th September. The trust relationship between the College and recipient was also unclear, but considered low risk.

All deletion confirmation emails were procured as anticipated by Monday 14th September, however it was considered important that the breach was reported whilst the containment work was underway.

Lessons Learned

The reliance on email during working from home arrangements was a significant factor in the data breach. As an alternative, the UHI Dropbox service allows secure 2-way sharing of encrypted documents for both UHI and non-UHI users and is less prone to accidental sharing of information to the wrong email recipient. Dropbox requires manual entry of each recipient including contact name and email address which are not cached in any way, therefore accidental entry of a recipient is less likely.

5. **Subject Access Requests (SAR)**

No subject access requests were received in the reporting period.

6. **Right to Erasure**

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

University of the
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Moray College

Committee:	Audit Committee
Subject/Issue:	Internal Audit Progress Report AY 2019/20
Brief summary of the paper:	Enclosed are copies of the AY19/20 Final Internal Audit Reports prepared and provided by Henderson Loggie. The final reports include; - Health & Safety Follow Up - Corporate Governance - Workforce Planning - Business Continuity/Covid-19 Please note the fieldwork for the Quality Follow Up report has been completed. The Management of the College are in discussions with HL to better understand the grading given.
Action requested/decision required:	Consideration of the enclosed and feedback/decision on internal audit activity for AY19/20.

Status: *(please tick ✓)*	Reserved:		Non-reserved:	X

Date paper prepared:	29 September 20120
Date of committee meeting:	6 October 2020
Author:	Director of Finance
Link with strategy: Please highlight how the paper links to, or assists with: compliance partnership services risk management strategic plan/enabler other activity (e.g. new opportunity) – please provide further information.	

Equality and diversity implications:	N/A
Resource implications: *(If yes, please provide detail)*	N/A
Risk implications: *(If yes, please provide detail)*	That key risks to the College are not captured and suitable mitigating actions put in-place.

Moray College UHI

**Internal Audit Progress Report
2019/20 Annual Plan**

6 October 2020

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Internal Audit Progress Report
October 2020

Progress with the annual plan for 2019/20 is shown below.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
Annual Plan 2019/20		Draft 06/11/19 2nd Draft 20/11/19 3rd Draft 08/05/20 4th Draft 14/05/20 Final 27/05/20	2020/01	N/A	26/11/19 18/02/20 19/05/20	
Health and Safety	October 2020	Draft 28/07/20 Final 10/09/20	2020/03	**Satisfactory**	06/10/20	
Quality Assurance and Improvement	October 2020	Draft 08/09/20 Final 02/10/20	2020/04	**Satisfactory**	06/10/20	
Workforce Planning	October 2020	Draft 08/09/20 Final 25/09/20	2020/05	**Satisfactory**	06/10/20	
Business Continuity	October 2020	Draft 25/09/20 Final 30/09/20	2020/06	**Good**	06/10/20	
Corporate Governance	October 2020	Draft 28/07/20 Final 10/09/20	2020/02	**Satisfactory**	06/10/20	
Credits Audit	November 2020					Fieldwork commenced 16 September 2020
Student Support Funds Audit	November 2020					Fieldwork commenced 16 September 2020

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Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
EMA Audit	November 2020					Fieldwork commenced 16 September 2020
Follow-Up Reviews	Each Audit Committee meeting	Audit Register updated	N/A	N/A	18/02/20 19/05/20 06/10/20	

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Moray College UHI

Health and Safety

Internal Audit Report No: 2020/03

Draft issued: 28 July 2020

Final issued: 10 September 2020

LEVEL OF ASSURANCE　　　**Satisfactory**

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Contents

Level of Assurance

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

Gradings are defined as follows:

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

Action Grades

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

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Management Summary

Overall Level of Assurance

Satisfactory	System meets control objectives with some weaknesses present.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Moray College UHI ('the College') Strategic Risk Register:

- 4 – Health & Safety non-compliance: risk to students / staff and risk of litigation (risk rating – amber)
- 16 – The College has a poor reputation (risk rating - amber)
- 18 – Non-compliance with relevant statutory regulations (risk rating – amber)
- 33 – Staff confidence in health and safety arrangements for the re-opening of College buildings (risk rating – green)

Background

As part of the Internal Audit programme at the College for 2019/20 we carried out a review of the College's Health and Safety (H&S) arrangements. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Within the College sector it is important to demonstrate full implementation and embedding of H&S legislation. It is important that H&S is considered by all students, staff, management, and Board members at the College to reduce the risks related to accidents and occupational health. Furthermore, all staff should understand that H&S is their responsibility, and not only that of management and the Board.

A H&S Policy Statement has been prepared setting out the College's H&S objectives. Management carry out formal risk assessments of activities and work sites as a key part of managing the organisation's risks.

The College has a H&S Committee which monitors H&S and includes members of the Strategic Leadership Team (SLT); and members of staff (both teaching and non-teaching). This framework is supported by an external H&S consultant who provides College staff with ongoing best practice advice.

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Health and Safety

Scope, Objectives and Overall Findings

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

The table below notes the objectives for this review and records the results:

Objective		Findings			
The main objective of this audit was to obtain reasonable assurance that the College has implemented the recommendations in the previous internal audit report in the following areas and has:		**1**	**2**	**3**	**Actions already planned**
1. a H&S training programme which includes induction training, refresher training and training for new equipment or legislation.	**Satisfactory**	0	0	0	✓
2. regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive.	**Satisfactory**	0	0	0	✓
Overall Level of Assurance	**Satisfactory**	**0**	**0**	**0**	System meets control objectives with some weaknesses present

Audit Approach

From discussion with the Director of Human Resources (HR) and Organisational Development and the Director of Information, Planning & Student Support, and review of procedural documentation, we established whether the key recommendations in the previous report had been fully implemented. A walkthrough of key systems was undertaken to confirm our understanding, and this was followed up with compliance testing where considered necessary. We have reported on areas where recommendations have not been implemented or where controls could be further strengthened.

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Health and Safety

Summary of Main Findings

Strengths

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

Weaknesses

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

Acknowledgements

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

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Main Findings

Objective 1: A H&S training programme which includes induction training, refresher training and training for new equipment or legislation.

In internal audit report 2019/04, issued in May 2019, we reported that at the time of audit the College did not have a H&S training matrix in place to identify the minimum H&S training requirements for each job role, which could be used to identify gaps in staff H&S training needs and assist in developing job specifications for staff recruitment. However, at that time, the College was working with an external H&S consultant to produce an outline training matrix.

As part of this latest review we noted that the H&S training matrix has now been completed. The College HR team has also worked with the external H&S consultant to align the suite of online H&S modules, which are available to staff on the Virtual Learning Environment (VLE), with the newly developed H&S matrix which shows all relevant H&S modules for each type of post. Going forward, HR staff will monitor training records generated from the VLE to ensure that staff are completing the relevant mandatory H&S induction training and this will be supported by the newly appointed Health, Safety & Wellbeing Officer (HSWO) who took up post in June 2020. In addition to this, line managers continue to identify staff training requirements and ensure that staff complete all training relevant to their role as identified on the H&S training matrix. Confirmation of completion of training and further training requirements is then provided to HR who record and monitor compliance.

In internal audit report 2019/04 we identified that the VLE in use at that time did not provide adequate data on who had completed the mandatory H&S training modules as part of the College staff induction process. A new VLE was implemented across the University of the Highlands and Islands partnership shortly after the Covid-19 lockdown, and revised induction procedures were created in Moray College UHI which will now allow more accurate data capture and reporting of completion of training modules. The new processes will allow the College HR team access to clearer data on where induction training gaps exist. The new induction modules have been rolled out to all staff. At the time of our audit, due to a lack of new staff starting at the College, HR have not had the opportunity to formally monitor completion rates of the new induction training modules.

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Health and Safety

Objective 2: Regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive.

In internal audit report 2019/04 we highlighted that good practice adopted across the sector includes a system of annual curriculum and support department H&S workplace inspections carried out in conjunction with trade union H&S reps. We noted that there was no such system in place at the College and recommended that consideration should be given to implementing a programme of annual workplace inspections covering all curriculum and support areas on a rotational basis taking account of the assessed risk of each area. This recommendation recognised that, given the resources available, it would not be practical to cover each area of the College on an annual basis.

We noted that the College has now made a commitment to undertake regular workplace inspections which will be undertaken by H&S Monitors and reviewed by the recently appointed HSWO. Since our last audit the College has now reviewed and updated its H&S practices which include H&S Monitors being responsible for ensuring that departmental H&S inspections are conducted, including general environmental safety and that risk assessments are in place. In early 2020 the College issued an updated H&S compliance checklist tailored for each departmental inspection. At the time of our audit we noted that the completion of the checklists had been impacted by the closure of the College in response to Covid-19 and we established that a total of 10 checklists out of 39 had been completed across all departments. In addition to the H&S Monitor checks, the HSWO will undertake campus and departmental H&S inspections.

The College has re-established a H&S Committee, which provides reports and updates on all H&S related matters to the Staff Governance Committee, and the minutes of Staff Governance Committee meetings are tabled at all Board meetings. The H&S Committee Terms of Reference have been updated to ensure that assurance is provided to the Committee that inspections are being carried out.

The College's Covid-19 response plan includes a full H&S inspection of College premises and practices, undertaken as part of a Covid risk assessment as the College prepares for a phased reopening from August 2020. The requirement to perform a Covid risk assessment is included within UK legislation and the results of the assessment and any required actions are to be reported to the H&S Committee prior to the College reopening.

Risk assessments continue to be prepared by relevant staff, but risk assessments must be reviewed and approved by senior College staff before being implemented and activities being undertaken.

An Annual H&S Report, covering academic year 2018/19, was presented to the H&S Committee for the first time in December 2019.

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Moray College UHI

Corporate Governance

Internal Audit Report No: 2020/02

Draft issued: 28 July 2020

Final issued: 10 September 2020

LEVEL OF ASSURANCE   **Satisfactory**

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Contents

Level of Assurance

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

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Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

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Management Summary

Overall Level of Assurance

Satisfactory	System meets control objectives with some weaknesses present.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Moray College UHI ('the College') Strategic Risk Register:

- 16 – The College has a poor reputation (risk rating - amber); and

- 19 – Governance failure (risk rating – amber).

Background

As part of the Internal Audit programme at the College for 2019/20 we carried out a review of the College's corporate governance arrangements. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Code of Good Governance for Scotland's Colleges ('the Code'), published in August 2016, contains the following requirement:

"The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online.".

In 2017 Internal Audit conducted an effectiveness review which covered the five sections of the Code namely:

Section A - Leadership and Strategy
Section B - Quality of the Student Experience
Section C - Accountability
Section D - Effectiveness
Section E - Relationships and Collaboration

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Background (continued)

The scope agreed with the College was to observe the February 2017 Board of Management meeting, as required by the Code. In addition, it was agreed that Option 3iii, as described in the August 2016 College Development Network Guidance Note, would be completed; namely to conduct 1 to 1 interviews with some board members. The issues arising from these interviews was then pressure tested as part of a desktop review to identify areas of strength within the College's governance arrangements and to identify proposed improvement actions. The results of the review were reported in May 2017.

Our review highlighted a number of areas where the College was able to demonstrate particular strengths in specific aspects of the Code. Our review also highlighted specific areas where Board Members felt that there was scope for improvement in the Board arrangements. Both strengths and areas for improvement were summarised in the report, together with detailed observations, recommendations and agreed management responses for several improvement actions.

Since then, the College has completed annual self-evaluations in 2017/18 and 2018/19, with the 2019/20 evaluation largely complete at the time of this audit.

Scope, Objectives and Overall Findings

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

The table below notes the objectives for this review and records the results:

Objective	Findings				
The objective of the audit will be to obtain reasonable assurance that the:		**1**	**2**	**3**	**Action is already in progress**
1. College complies with the principles of good governance as set out in the Code of Good Governance for Scotland's Colleges.	**Satisfactory**	0	0	0	✓
2. Annual reporting around ongoing self-assessment and compliance is in line with the guidance issued by the SFC.	**Good**	0	0	0	
		0	**0**	**0**	
Overall Level of Assurance	**Satisfactory**	System meets control objectives with some weaknesses present			

Corporate Governance

Audit Approach

We reviewed the individual Code principles and from discussion with the Clerk to the Board of Management, and review of key documents, determined whether the College is complying with the Code and reporting ongoing compliance annually in line with SFC guidance.

Summary of Main Findings

Strengths

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

Weaknesses

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

Acknowledgements

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

mha
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Main Findings

Objective 1: College complies with the principles of good governance as set out in the Code of Good Governance for Scotland's Colleges; and Objective 2: Annual reporting around ongoing self-assessment and compliance is in line with the guidance issued by the SFC.

In accordance with the Code of Good Governance for Scotland's Colleges the Board of Management is required to undertake an annual review of the functionality of the Board and its committees, including an evaluation of the effectiveness of the Chair of each Committee and the Clerk to the Board.

Section D.23 of the Code states - *The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online.*

Section D.24 of the Code states - *The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs. The evaluation of the board chair should normally be led by the vice-chair / senior independent member.*

Section D.25 of the Code states - *The board must ensure all board members are subject to appraisal of their performance, conducted at least annually, normally by the chair of the board.*

In April / May 2017 an externally facilitated board effectiveness review was conducted by MHA Henderson Loggie. The next externally facilitated review was originally scheduled to be undertaken by the end of 202. However, due to the impact of the Covid-19 pandemic, updated advice was issued by the Good Governance Steering Group which has extended the deadline for completion into 2021. The Board undertakes an annual self-evaluation review where the effectiveness of each committee, the Board, the Convenors, the Chair of the Board and the Clerk to the Board and admin functions are evaluated. From discussion with the Clerk to the Board and review of supporting documentation we confirmed that the Board had conducted a self-evaluation in 2017/18, 2018/19 and 2019/20, although the Clerk to the Board had not yet formally reported the findings of the 2019/20 process to the Board at the time of our audit fieldwork. A standard questionnaire has been developed, which is issued to each Board member and to all members of the Senior Leadership Team (SLT) with questions set in line with the requirements of section D of the Code. These questions cover Board member engagement, knowledge and skills, understanding roles and responsibilities and leadership. In 2018/19 there was a 100% return rate with all Board members providing a response. In 2019/20 the College utilised an online submission system for Board members to return self-assessment questionnaires and we noted that the response rate achieved has dropped below 100%.

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Corporate Governance

Objective 1: College complies with the principles of good governance as set out in the Code of Good Governance for Scotland's Colleges; and Objective 2: Annual reporting around ongoing self-assessment and compliance is in line with the guidance issued by the SFC (continued)

The information available at the time of our audit showed the following responses to the online self-assessment questionnaires:

- Board of Management – 13 responses received from the 16 Board members;
- Staff Governance Committee – three responses received from the six Board members who sit on the committee.
- Finance and General Purposes Committee – seven responses received from the eight committee members; and
- 100% response rates were achieved for the Audit Committee and the Learning, Teaching and Quality Committee.

In addition to the questionnaire, one-to-one development meetings are held between Board members and the Chair or Vice-Chair of the Board of Management. The evaluation of the Chair of the Board of Management is undertaken by the Vice-Chair. In 2019/20 one-to-one meetings were held with all Board members.

Results of the annual self-evaluation process are collated by the Clerk to the Board and are reported to the Audit Committee, the Board of Management and to the Regional Strategy Committee (RSC) at the University of the Highlands and Islands. A copy of the Board and Committee Evaluation Report is also published on the College website. Annually, the College is required to complete and return a governance checklist to the University of the Highlands and Islands confirming how the College complies with the principle set out in the Code. At the time of our audit the return had still to be completed for 2019/20 and is normally submitted in September / October each year. A report on the 2019/20 self-evaluation process will be presented to the Board meeting in September 2020.

A report on the 2019/20 self-evaluation process will be presented to the Board meeting in September 2020. In addition, a Board Development Day is held annually which provides further opportunity for the Board and SLT to discuss progress made on any actions arising from the Board self-evaluation process. Our review noted that no specific actions were raised for the Board to take forward following the 2018/19 self-evaluation process.

Committee members receive tailored committee induction during the overall Board induction. Members of the Audit and Remuneration committees are also required to undertake the College Development Network (CDN) online modules in Audit and Remuneration and all Board members are provided with access to the CDN portal. All Board members have their training needs discussed during the annual one to one development meetings with the Chair and Vice Chair. The output from these discussions is recorded on the Board member's self-evaluation form.

The Chair of the Board of Management is also evaluated by the Chair of the RSC (Chair of the University Court).

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Corporate Governance

Objective 1: College complies with the principles of good governance as set out in the Code of Good Governance for Scotland's Colleges; and Objective 2: Annual reporting around ongoing self-assessment and compliance is in line with the guidance issued by the SFC (continued)

In 2018/19, the College disclosed in its financial statements two instances of non-compliance with the Code. Section C22 - Financial and Institutional Sustainability and D21 - Board Member appointment, induction and training. The self-evaluation process for 2019/20 indicated that, once again, the College will not be in a position to demonstrate compliance with section C22 of the Code as a result of continued financial pressures faced by the College arising primarily from the impact of national bargaining on staff costs and the impact of Covid-19 on College revenues. The College has brought this to the attention of the Board, the RSC and the SFC in order to seek a solution to the financial issues. The College has also made its external auditors aware of the financial issues it is facing in 2019/20 and in subsequent years. The College is seeking to work with stakeholders to develop a financial recovery plan for the short to medium term.

For 2019/20, we noted that the College now complies with section D21 of the Code with all Board members now having received induction training and that further training needs are assessed as part of the self-evaluation process. Discussions with the Clerk to the Board, and review of information provided from the 2019/20 self-evaluation process to date, have not highlighted any new areas of non-compliance.

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Moray College UHI

Workforce Planning

Internal Audit Report No: 2020/05

Draft issued: 8 September 2020

Final issued: 25 September 2020

LEVEL OF ASSURANCE   **Satisfactory**

Now, for tomorrow

Contents

Level of Assurance

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

Gradings are defined as follows:

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

Action Grades

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

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Management Summary

Overall Level of Assurance

Satisfactory	System meets control objectives with some weaknesses present.

Risk Assessment

This review focused on the controls in place to mitigate the following risk on the Moray College UHI ('the College') Strategic Risk Register:

- Moray 12 – Failure to attract, develop and retain a workforce fit for the 21st century in a tertiary teaching context and adapting to necessary change (risk rating: amber).

Background

As part of the Internal Audit programme at the College for 2019/20 we reviewed the systems and key internal controls in place in the College in relation to workforce planning. Our Audit Needs Assessment identified this as an area where risk can arise and where internal audit can assist in providing assurances to the Board of Management and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Workforce planning is the process that organisations utilise to make sure that they have the right people, with the right skills, in the right place, at the right time. The size and structure of the College's workforce should be shaped by a range of internal and external factors, including the College's current and future strategic objectives; the needs of its students, staff and other stakeholders and of potential students over the planning period, the amount and sources of funding available and the wider policy and legislative environment in which it operates.

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Workforce Planning

Scope, Objectives and Overall Findings

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

The 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.'*

The table below notes the objectives for this review and records the results:

Objective		Findings			
The specific objectives of this audit were to obtain reasonable assurance that:		**1**	**2**	**3**	**Actions already underway**
1. The College's workforce plans are based on the strategic direction and priorities set out in the Regional Outcome Agreement and linked strategies and plans.	**Good**	0	0	0	
2. The College has analysed demand – what workforce is needed in the future to deliver the required service.	**Satisfactory**	0	0	0	✓
3. The College has analysed supply – what workforce is available currently and how it is likely to change.	**Good**	0	0	0	
4. The College has identified actions that will deliver the future workforce.	**Satisfactory**	0	0	0	✓
5. These actions are being implemented and outcomes regularly reviewed.	**Satisfactory**	0	0	1	
Overall Level of Assurance	**Satisfactory**	**0**	**0**	**1**	
		System meets control objectives with some weaknesses present.			

The ticks shown above signify work which is already underway within the College, but which has still to be completed. Further details of this work are set out in the narrative below under the relevant objective.

Audit Approach

Through discussions with key staff, including the Principal, Director of Human Resources and Organisational Development, Director of Curriculum & Academic Operations and the Director of Learning & Teaching, we considered whether the above objectives are being met. Comparison of the College's arrangements was made against good practice guidance including the CIPD's 'Workforce planning: Right people, right time, right skills', and 'Scotland's public sector workforce' published by Audit Scotland.

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Summary of Main Findings

Strengths

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

Weaknesses

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

Acknowledgements

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

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Main Findings and Action Plan

Objective 1: The College's workforce plans are based on the strategic direction and priorities set out in the Regional Outcome Agreement and linked strategies and plans.

The College created a Workforce Planning and Development Strategy ('Workforce Strategy') in November 2018, this was a key requirement of the College's Strategic Plan 2016-2021. The Workforce Strategy is aligned to and supports the delivery of the College's strategic aims and objectives as detailed within:

- Moray College UHI's Learning and Teaching Strategy;
- Moray College UHI's Curriculum Strategy;
- The Highlands and Islands Regional Tertiary Outcome Agreement 2019-20;
- The University of the Highlands and Islands Strategic Vision and Plan 2015-20; and
- Moray College UHI's Annual Operating Plan 2019-20.

The College's 2018-21 Workforce Strategy details the five principles that the College adopts as part of its workforce planning approach, these are:

- Workforce Profile;
- Employee Engagement;
- Leadership Development and Capacity;
- Employee Development and Succession Planning; and
- Safe and Supportive Working Environment.

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Workforce Planning

Objective 1 (Continued): 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.

These principles form the basis of the Moray College UHI Annual Operating Plan 2019-20 and as part of this process there is clear evidence that the following processes were undertaken;

- Consultation with staff, unions and departmental managers;
- Analysis of internal data relating to past curriculum performance, including student outcomes, demands and costs;
- Analysis of data relating to the size and demographics of the workforce and examination of past patterns of change;
- Analysis of internal factors, including identifying any gaps in the skills, knowledge and experience of staff required to deliver the curriculum portfolio over a two-year period, and any impact that ongoing voluntary severance schemes would have on this;
- Analysis of external factors likely to affect curriculum provision and the delivery of support services in the future, including local training and employment priorities and national pay bargaining; and
- Financial impact of the planning needs has been identified within the staffing model and is considered as part of the budget and the College's longer-term financial strategy and the Financial Forecast Return (FFR) submitted to the Scottish Funding Council (SFC).

This approach embeds a culture of workforce planning within the College's operational activities, which underpins the Annual Operating Plan for 2019-20. This approach does take into account accepted best practice (as defined by CIPD and Audit Scotland guidance). In addition, both the annual plan and the Workforce Strategy also require the delivery of the core values of Moray College UHI – collaboration, openness, respect and excellence.

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Workforce Planning

Objective 2: The College has analysed demand – what workforce is needed in the future to deliver the required service.

The strategic direction of the College is outlined within the Highlands and Islands Regional Tertiary Outcome Agreement 2019-20, which details the outcomes and commitments that the College / University has agreed with the SFC as a condition of funding. In addition, the College's Strategic Plan for 2016-2021 also sets out five aims of:

- Curriculum – offer a forward-looking curriculum shaped by local, regional and national priorities, which meets the needs and aspirations of our students, employers and wider communities;
- Learning and Teaching – create and maintain a learning culture which engages, inspires, challenges and supports our whole college community to achieve its full potential;
- Organisation Culture – develop and maintain an organisational culture that promotes the core values of UHI where people feel safe, valued, supported and able to maximise their individual potential;
- Partnership – cultivate education solutions and learning skills that make Moray College UHI a recognised partner of choice; and
- Sustainability – create and maintain a financial and asset management framework to enable the academic objectives of the College to be delivered within a risk-managed process.

These objectives align with both regional and national priorities. The Workforce Strategy is aligned with several other key strategies and delivery of the Annual Operating Plans which support the achievement of the College's strategic and Regional Outcome Agreement objectives. Required staffing levels are calculated by using a staffing model which factors in national pay bargaining and teaching terms and conditions to deliver the teaching resources to meet the demand for College courses. This model is used to forecast future staffing needs.

Staffing is a significant cost to the College; in the past three years its financial recovery plan has achieved a balanced budget position in terms of the adjusted operating results (i.e. after adding back net depreciation and non-cash pension adjustments etc.). However, current financial forecasts, which have clearly been impacted by the Covid-19 pandemic, are indicating adjusted operating deficits of £0.350m for 2019-20 and £1.0m for the 2020-21 academic year. At the time of our audit fieldwork, the College was developing plans for a three-year balanced budget position which will include a reduction in staffing levels to achieve this financial objective and the 2020 FFR submitted to the SFC showed adjusted operating surpluses of £0.103m and £0.218m for 2021-22 and 2022-23 respectively.

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Workforce Planning

Objective 3: The College has analysed supply – what workforce is available currently and how it is likely to change.

The Workforce Strategy seeks to prioritise development activities and support to ensure that staff skills and experience can respond to the changing profile of the regional economy. The College plays a part in identifying training and workforce needs and shaping plans to address them, it is a key stakeholder within initiatives such as:

- The Moray Growth Deal;
- Moray Skills Investment Plan; and
- Moray Community Planning Partnership.

These initiatives aid the College in identifying future course and student demand. They also provide the College with improved regional and national labour market intelligence data to inform curriculum decisions, including the number of job vacancies by sector and skill; mean earnings by sector and skill; and expected growth in jobs and mean earnings. These information sources will enable the College to continue to access good quality and relevant data to inform future workforce and curriculum planning.

New College courses are approved through the Course Application and Modification Process (CAMP) by March in the calendar year to ensure sufficient marketing and student recruitment is in place for the beginning of the academic year. All courses are monitored during the application and enrolment process to ensure there are sufficient student numbers for the course to run. If there are insufficient numbers to run any course, students will be allocated to another course and the staff redeployed.

The College continually monitors student numbers to ensure that enough staff resources are available to deliver each course. Skills gaps are filled either through redeployment of staff from other areas of the College or by supporting staff through further training. The College has in place its own Academic Quality Policy to ensure staff have the required skills to deliver its academic offering. Staff are able to undertake sufficient training and Continuing Professional Development (CPD) ensuring they maintain and acquire the required skills to teach in the current environment and provide sufficient flexibility to deliver the agreed College prospectus and its curriculum strategy.

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Workforce Planning

Objective 4: The College has identified actions that will deliver the future workforce.

Although we found that there are no formal succession plans in place, we did obtain evidence that confirms that succession planning is being managed across the College. Departments review their own staffing requirements and identify where succession planning is required and take steps to address this. These steps include the use of staff development and additional training to ensure all staff have increased skills and flexibility to take on additional roles. In addition, the College has a leadership programme in place to provide the required developmental and training opportunities to prepare staff for future senior management and leadership roles in the College.

When recruiting for new teaching staff, unqualified successful applicants are required to obtain an appropriate teaching qualification normally within two years, as per the national agreement. The College also has an annual appraisal process in place which includes assessment and identification of individual training needs.

College staff have access to a suite of online training modules and an online corporate induction within the Brightspace page on its intranet. The impact of the current Covid 19 emergency and the required adjustment to deliver teaching online rather than in a classroom environment has required staff to quickly enhance their skills and make use of digital technology. To facilitate this change, the College has increased its support and available training in this area including on-line training courses and granting staff access to Lynda.com, to provide additional training provision and support.

The College continually monitors staff to ensure they have the required skills, and undertake sufficient training and CPD, to ensure they meet the required standards as set within the College's Academic Quality Policy and relevant teaching body to deliver the agreed College prospectus and curriculum strategy. These measures ensure that the following three key elements of the Workforce Strategy are in place:
- Leadership Development and Capacity;
- Employee Development and Succession Planning; and
- Safe and Supportive Working Environment.

When staff vacancies are identified there is an authority to recruit process in place which ensures the College takes a strategic view on all recruitment. An application to recruit is made in line with the process and is considered by the Strategic Leadership Team. A recruitment policy and process is also in place, which requires a review of the vacancy and this is always considered in the first instance when new posts are applied for. The current preference is to redeploy, rather than recruit new staff.

The College has in place a staffing model which calculates the staffing needs and costs. These calculations take account of national agreements around salary levels, annual leave entitlement and the number of contracted hours for teaching staff and the minimum level of qualifications that are needed to deliver the academic programmes. Staff are a significant financial cost to the College which is required to achieve a balanced budget. As highlighted under Objective 2 above, at the time of our audit fieldwork the College was developing a three-year financial plan to attain a balanced budget, in terms of the adjusted operating results, by the end of 2022-23. The current staffing model is being updated based on this assumption as this will involve a degree of reductions in staff from current levels.

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Workforce Planning

Objective 5: These actions are being implemented and outcomes regularly reviewed.

The Workforce Strategy 2018-2021 was approved by the Staff Governance Committee in November 2018. Progress against the strategy is provided at all Staff Governance Committee meetings by the Director of Human Resources and Orrganisational Development. The Staff Governance Committee also provides an update to the Board of Management as a standing agenda item.

Observation	Risk	Recommendation	Management Response	
Our audit identified that the College has in place an approach to Workforce Planning which is aligned to its strategic objectives and forms part of operational planning and activities. Progress against the strategy was reported to the Staff Governance Committee at its meeting in May 2020, detailing progress made to date (including updating and implementation of new policies and processes in managing Workforce Planning). However, this progress report highlighted the absence of any definitive measures or assessment to demonstrate that the strategy was being successfully delivered; was having the desired impact; and has improved workforce planning within the College.	Without any definitive measures to assess performance of the Workforce Strategy, the College may not have the relevant assurance that the agreed strategy is being delivered.	**R1** The College should develop and implement SMART (Specific, Measurable, Attainable, Relevant and Time-bound) objectives for the Workforce Strategy to enable ongoing monitoring and effective assessment of its progress. This will enable the College to improve its governance in this area by identifying areas of success and where additional improvement are required which could be factored into future plans and updates of the strategy.	Given that the Workforce Strategy and the College Strategic Plan are due for review in 2021, it is suggested that the review dates are aligned and that SMART objectives be included in the reviewed document. **To be actioned by:** Director of HR & OD and the Principal **No later than:** Timing dependent upon review of the College Strategic Plan – 31 December 2021	
			Grade	**3**

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Moray College UHI

Quality Assurance & Improvement

Internal Audit Report No: 2020/04

Draft issued: 8 September 2020

Final issued: 2 October 2020

LEVEL OF ASSURANCE   **Satisfactory**

Now, for tomorrow

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Contents

Level of Assurance

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

Gradings are defined as follows:

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

Action Grades

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

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Quality Assurance and Improvement

Management Summary

Overall Level of Assurance

Satisfactory	System meets control objectives with some weaknesses present.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Moray College UHI ('the College') Strategic Risk Register:

- The institution has a poor reputation (risk rating – amber);
- Academic quality is sub-standard (risk rating - amber);
- Poor student experience (risk rating – amber); and
- Failure to develop a student performance management system (risk rating – amber).

Background

As part of the Internal Audit programme at the College for 2019/20 we carried out a review of the College's quality assurance and improvement arrangements. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

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 Enhancement Plan (EREP). 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.

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Background (continued)

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

Scope, Objectives and Overall Findings

The table below notes the objectives for this review and records the results:

Objective	Findings				
The objective of our audit was to obtain reasonable assurance that:		**1**	**2**	**3**	**Actions already planned**
1. the College's quality procedures are being adhered to in key areas.	**Good**	0	0	0	
2. regular progress is being made with implementation of the actions identified on the College's Enhancement Plan.	**Satisfactory**	0	0	0	✓
Overall Level of Assurance	**Satisfactory**	**0**	**0**	**0**	
		System meets control objectives with some weaknesses present			

Audit Approach

We assessed whether the above objectives have been met through discussion of progress made since the time of our original review with College senior management and review of documentation and sample testing.

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Summary of Main Findings

Strengths

- A Quality Cycle has been developed which was adhered to in 2018/19 and is again being applied in 2019/20. Key elements include:
  - ◆ continued use of MORAGAA (Moray, Red, Amber, Green, Attendance and Achievement) reports to monitor attendance and student achievement data to identify areas of under-performance at both a course and student level;
  - ◆ improved processes have been put in place to ensure that the College gathers and maintains data throughout the learner journey, from application and enrolment through to in-year progress, success and destination;
  - ◆ feedback mechanisms described in the EREP 2017/18 are being used;
  - ◆ for 2018/19, all curriculum and support areas carried out self-evaluations which were subject to scrutiny by the Quality team and subsequently approved at Endorsement Board meetings;
  - ◆ following feedback from staff and students as part of the 2018/19 quality review the College worked with Sparqs (Student Partnerships in Quality Scotland) to develop an amended Enhancement Framework with questions presented in plain English. This new enhancement framework now forms the basis for learning and support committee meetings and has been well received by Sparqs who have highlighted it as good practice; and
  - ◆ additional support has been put in place to support students and staff in order to improve performance, including: additional pastoral care, strengthened student disciplinary procedures for poor attendance, creation of the new Learning Coach role to support curriculum teams and working with colleagues from other University of the Highlands & Islands (UHI) colleges to provide external valuation of programmes.
- The College is predicting an overall achievement success for full time further education students of over 70% for the current academic year, meeting the target set in the Regional Outcome Agreement and the highest rate ever achieved by the College.
- College management have reacted positively to develop alternative mechanisms to fill the information gap created by the delays in the Dashboard Project and these interventions have had a significant impact in improving attainment within the College. We recognise that these delays have been outwith the control of College management.
- The College is making progress with all actions included in the EREP 2017/18, although two actions remain outstanding as noted below. However, we recognise that one of these actions was always intended to cross over into academic year 2020/21 and the other action is outwith the control of the College.

Weaknesses

- In internal audit report 2019/03 we noted that staff would benefit from having access to real-time information to enable curriculum teams to pro-actively monitor both student and programme performance. We previously noted that the development of a new database reporting tool was being progressed as part of a wider UHI project and aspects of this would be available for the start of the 2019/20 session. The tool was to be designed to give staff access to near real-time data in a range of performance areas, covering attendance, retention, and achievement. Through discussion with the Director of Learning & Teaching we noted that the UHI database reporting tool project stalled in 2019 due to staff changes within the UHI partnership. This has now been superseded by a new Dashboard Project with the technical elements currently being progressed by Executive Office at UHI. We understand that the dashboard is intended to be launched during the 2020/21 academic year. To address the gaps in access to performance data the Senior Leadership Team (SLT) has widened access to the management performance data to curriculum teams.

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Quality Assurance and Improvement

Weaknesses (Continued)

- An update on progress on the Enhancement Plan, as at June 2020, showed that six of the eight actions had been completed. The remaining two actions either cross over into academic year 2020/21 or are dependent on initiatives being taken forward at a regional level by UHI and are expected to be completed in academic year 2020/21. Follow-up with the EREP will be formally reported to the Board in October 2020.

Acknowledgements

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

Main Findings

Objective 1: The College's quality procedures are being adhered to in key areas.

From discussion with the Director of Learning & Teaching and review of the College's quality procedures and supporting documents we confirmed that the College's Quality Cycle was fully implemented in academic year 2018/19, and has again been applied for the 2019/20 session, including:

- **Using data to identify course performance issues and to inform self-evaluation:** the College management and curriculum teams regularly review MORAGAA (Moray, Red, Amber, Green, Attendance and Achievement) reports to monitor attendance and student achievement data in order to identify areas of under-performance at both a course and student level. In internal audit report 2019/03 we noted that staff would benefit from having access to real-time information to enable curriculum teams to monitor the current position and to be more responsive to any identified issues. We previously noted that the development of a new database reporting tool was being progressed as part of a wider University of the Highlands & Islands (UHI) project and aspects of this would be available for the start of the 2019/20 session. The tool was to be designed to give staff access to near real-time data in a range of performance areas, covering attendance, retention, and achievement. Through discussion with the Director of Learning & Teaching we noted that the UHI database reporting tool project stalled in 2019 due to staff changes within the UHI partnership. This has now been superseded by a new Dashboard Project with the technical elements currently being progressed by Executive Office at UHI. Senior members of staff at the College, including members of the Senior Leadership Team (SLT), are involved in providing input on the technical and user specifications for the dashboard. We understand that the dashboard is intended to be launched during the 2020-21 academic year. To address the gaps in access to performance data the SLT has widened access to the performance data reported to management to curriculum teams. We recognise that these delays have been outwith the control of College management

- **Data recording:** improved processes have been put in place to ensure that the College gathers and maintains data throughout the learner journey, from application and enrolment though to in-year progress, success, and destination. These processes have also been designed to ensure that staff have improved access to this data.

- **Gathering feedback**: feedback mechanisms described in the Evaluative Report and Enhancement Plan (EREP) 2017/18, such as student and staff satisfaction surveys, focus groups, Curriculum (and support) Committee Meetings, employer and industry liaison and class representative meetings are being used.

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Quality Assurance and Improvement

Objective 1: The College's quality procedures are being adhered to in key areas (continued).

- **Evaluation of learning and teaching:** in 2018/19 the College participated in a UHI pilot of a new Learning and Teaching Review as part of a regional approach to harmonising quality enhancement. For 2018/19, the College reported that all curriculum and support areas carried out self-evaluations, which were subject to scrutiny by the Quality team and subsequently approved at Endorsement Board meetings.

- **Self-evaluation of curriculum and support areas:** as part of this review we confirmed that the College's quality cycle had been applied in 2018/19 for a sample of curriculum and support teams. This included, curriculum and support teams producing a self-evaluation summary report which covered specific prompts across seven of the Quality Indicators in the How Good Is Our College? (HGIOC?) Framework. Questions included in the self-evaluation summary reports were in line with the requirements set out by Education Scotland and the SFC. EREPs were then produced by the relevant teams and graded for each curriculum and support area and presented for discussion by the Endorsement Board. For a sample of curriculum and support teams we obtained evidence that the Endorsement Board had assessed and signed off enhancement plans, including endorsing a grade for each area. The 2018/19 end of year quality review identified that the HGIOC? framework questions were not fully understood by all staff and students. Following feedback, the College worked with Sparqs (Student Partnerships in Quality Scotland) to develop an amended Enhancement Framework with questions presented in plain English. This new enhancement framework now forms the basis for learning and support committee meetings and has been well received by Sparqs who have highlighted it as good practice.

- **Additional support**: In October 2019, a new Learning Coach role was created to support evaluation, enhancement, and teacher professional development. The role is wide reaching and works across curriculum teams involving class observations and review of course delivery plans. The post holder also works with the Quality Officer to develop ways to improve student satisfaction levels. The role is used as an intervention tool where course performance indicators identify a drop in performance. Additional pastoral care has been provided for students and a more robust disciplinary procedure implemented for students identified as having poor attendance, which includes new Attendance Agreements put in place to address poor performance. This approach has contributed to an increase in student retention in academic year 2019/20.

  Critical friend review: the College has invited staff from other UHI partnership colleges to undertake an externally facilitated review of underperforming courses.

Following the pilot scheme in which the College participated, the UHI partnership has committed to the development of standard quality management practice in further education that aims to bring consistency in both regional quality assurance and quality enhancement approaches. Initiatives that will be delivered during the period of the current UHI Regional Outcome Agreement (ROA) include the development of a single policy environment for further education, the harmonisation of quality management processes and the development of regional enhancement strategies.

In June 2020, the College was predicting an overall achievement success for full-time further education students of over 70%, meeting the target set in the ROA and the highest rate ever achieved by the College.

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Quality Assurance and Improvement

Objective 2: Progress is being made with implementation of the actions identified on the College's Enhancement Plan.

Supplementary Guidance for College Evaluative Reports and Enhancement Plans was published by the Scottish Funding Council (SFC) for academic year 2017/18 which required the College to produce an updated EREP. The 2017/18 Enhancement Plan is a three-year rolling plan, covering academic years 2018/19 to 2020/21.

As 2018/19 was an interim year between EREP submissions to Education Scotland, there was no formal requirement for the College to complete a comprehensive EREP. However, following an improvement in the College performance data for full -time further education in 2017/18 the SLT took the decision to undertake an internal evaluation against the Enhancement Plan. An internal update was reported to the College Board in October 2019, which was attended by Education Scotland, who subsequently endorsed the findings. Rather than identifying areas for improvement, updates were given on activity undertaken to address those actions previously identified in 2017/18 and as such no new Enhancement Plan was developed.

For 2019/20 the EREP now forms part of the ROA process. The annual EREP for the College is now set within the regional context, with performance monitoring based on the College's contribution to the regional strategies. The College provides a summary of its ROA and other quality performance metrics to the UHI Regional Strategy Committee which in turn reports to the SFC on the regional position regarding the ROA. An Education Scotland interim visit to review progress made by the College in implementation of the Enhancement Plan was scheduled for March 2020, however this was postponed due to the Covid-19 lockdown.

The actions from the EREP 2017/18 which remained outstanding at the start of the 2019/20 academic year have been incorporated within the College Operational Plan for 2019/20 and these have been formally monitored and reported to the SLT on a monthly basis. This has been supplemented by regular informal discussion of the Operational Plan between the SLT and other senior managers.

Progress made with the outstanding EREP 2017/18 actions, as reported to the Board in October 2019, was discussed with the Director of Learning & Teaching and records of progress made with the Operational Plan were reviewed. As reported to the Board in October 2019, six of the eight actions included in the Enhancement Plan were in progress or incomplete. An update on progress on the Enhancement Plan in June 2020 was obtained which showed that six of the eight actions had been completed. The remaining two actions include:

- Develop a set of behaviours which underpin the College CORE Values and roll these out to all staff, particularly in relation to communication. Implement and review the management restructure, to ascertain impact. Working groups have been set up to address key themes, with SMART objectives agreed for implementation in 2020/21; and
- Identify requirements for data sharing and ensure relevant data is accessible by course teams to supplement attainment and progress monitoring activity through the Quality Cycle and Regional Attainment Strategy. This is currently in progress and dependent on an initiative being taken forward at a regional level by UHI and is expected to be completed in academic year 2020/21.

Follow-up with the EREP will be formally reported to the Board in October 2020. However, we recognise that one of the remaining actions was planned for completion during academic year 2020/21 and the remaining action is dependant on work being progressed at a regional level.

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Moray College UHI

Business Continuity

Internal Audit Report No: 2020/06

Draft issued: 25 September 2020

Final issued: 30 September 2020

LEVEL OF ASSURANCE

Good

Now, for tomorrow

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Contents

Level of Assurance

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

Gradings are defined as follows:

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

Action Grades

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

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Management Summary

Overall Level of Assurance

Good	System meets control objectives.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Moray College UHI ('the College') Strategic Risk Register:

- 04 – H&S non-compliance: risk to students / staff and risk of litigation (risk rating - amber)

- 05 – Ineffective business continuity planning (risk rating – red)

- 30 – Health and wellbeing of staff (risk rating – amber)

- 31 – Health and wellbeing of students (risk rating – amber); and

- 33 – Staff confidence in health and safety arrangements for the re-opening of College buildings (risk rating – green)

Background

As part of the Internal Audit programme at the College for 2020/21 we carried out a review of the College's business continuity arrangements. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Scope, Objectives and Overall Findings

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

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Business Continuity

Scope, Objectives and Overall Findings (continued)

The table below notes the objectives for this review and records the results:

Objective		Findings		
The objective of the audit will be to obtain reasonable assurance that the:		**1**	**2**	**3**
1. Business Continuity / Contingency Plans (including ICT Business Continuity plans) are in place covering all of the College's activities and locations.	**Good**	0	0	0
2. The Business Continuity Plans / Contingency Plans are workable, properly communicated to members of staff, and have been adequately tested.	**Good**	0	0	0
3. The processes and procedures in place follow recommended good practice.	**Good**	0	0	0
4. The work that has been undertaken to allow College operations to continue during the COVID-19 pandemic has, as far as possible, minimised the impact on the student experience.	**Good**	0	0	0
5. Appropriate preparations are being made and robust plans developed to ensure that College campuses can safely reopen once the COVID-19 lockdown is eased, taking into account all Scottish Government and Health and Safety Executive Guidance relevant to education providers.	**Good**	0	0	0
Overall Level of Assurance	**Good**	**0**	**0**	**0**
		System meets control objectives		

Audit Approach

We obtained copies of Business Continuity / Contingency Plans and considered whether they cover all of the College's activities and locations. We reviewed specific plans in place to continue College operations during the COVID-19 pandemic and plans implemented as part of the reopening of College campuses.

We discussed the College's approach with senior management and reviewed evidence of how plans have been communicated to staff and students and the extent to which plans have been tested.

An assessment of the key processes and internal controls was performed with reference to relevant good practice guidance.

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Summary of Main Findings

Strengths

- In response to the emerging risk of COVID-19, the College implemented the Business Continuity Plan in March 2020. We noted that the content of the plan reflects good practice and is in line with examples of plans developed by other Colleges.
- We reviewed evidence that the College referred to the latest Scottish Government and Health Protection Scotland guidance throughout the lockdown period. This guidance was used to inform the development of a range of communications and guidance for staff and students, including information on: remote working for staff; guidance on engaging with students in an online learning environment; advice for students on learning online; student funding and financial support; and accessing mental health support resources for staff and students.
- A College wide approach was adopted in maintaining engagement with students during lockdown to ensure that students remained informed and that students were able, as far as possible, to complete their studies.
- Work was conducted by the College during the initial phase of the COVID-19 lockdown to identify the potential risks and barriers to digital inclusion for staff and students resulting from the closure to College buildings and restrictions in access to services and resources. Additional ICT resources were made available to staff and students to how them to work from home and engage via remote learning.
- Contingency planning was undertaken during the early phases of the COVID-19 lockdown, which allowed the College to consider a range of potential options and solutions for the start of the 2020/21 academic session. These options were based on the information and guidance made available from the Scottish Government and health protection agencies at that time.
- Our review of the College's arrangements for the safe reopening of its campuses confirmed that plans reflect the principles and requirements of the Scottish Government guidance for Colleges, and the more general Working Safely Guide published by the Health & Safety Executive (HSE).

Weaknesses

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

Acknowledgements

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

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Main Findings

Objective 1: Business Continuity / Contingency Plans (including ICT Business Continuity plans) are in place covering all of the College's activities and locations.

Prior to the COVID-19 pandemic, the College had in place a Business Continuity Plan (BCP) which set out the responsibilities, procedures, and responses to be deployed by the College in the event of a disaster or major incident. The BCP set out how the plan would be operationalised in the event of a major incident, and was designed to ensure the continuation of the vital services and functions that support the effective running of the College in the event of business interruption. The BCP applies to the Main Campus and Technology Centre and all activities undertaken at both sites.

The BCP is supported by documents which identify key supporting documentation for the Estates and ICT functions, which include details of critical suppliers, consultants, contractors and partners, and critical ICT systems and equipment to aid recovery in the event of a major incident.

In response to the emerging risk of COVID-19, the College implemented the BCP on 5 March 2020.

Objective 2: The Business Continuity Plans / Contingency Plans are workable, properly communicated to members of staff, and have been adequately tested.

The BCP, in its current format, was originally approved in June 2018. A live testing exercise of the BCP was performed in April 2018, with results documented and used to refine the BCP before being formally approved by the Board. We noted that the BCP has a three-year review cycle, with the first formal review and update scheduled for June 2021. Prior to implementation of the BCP, in order to respond to COVID-19, testing of the BCP had not been performed since April 2018. It is recognised good practice to test the BCP, or specific elements of it, at least annually. Our review did note that the College's COVID-19 response plans, developed in line with the BCP, were updated and refined prior to and during lockdown as new guidance was issued and as the understanding of the situation developed.

We reviewed the format and content of the BCP and concluded that it reflects good practice and is in line with examples of BCPs developed by other Colleges.

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Business Continuity

Objective 3: The processes and procedures in place follow recommended good practice.

In accordance with the College's business continuity planning arrangements, the College maintained a log of key incidents which preceded the closure of the campuses on 18 March 2020 (and through the initial lockdown phase up to 22 April 2020). Our review of the key incidents log noted that the steps taken by the College throughout the January 2020 to April 2020 period were timely in the context of when the key guidance was issued by local health boards, Health Protection Scotland, UHI and the Scottish Funding Council. Key events included:

- 30 January 2020: campaign launched to raise awareness of the coronavirus, targeting staff and students based on direction from the Scottish Government.
- 11 February 2020: all staff referred to the NHS Inform website for important information about coronavirus, symptoms, and self-help.
- 28 February 2020: new COVID-19 guidance issued by Health Protection Scotland for educational settings discussed by the Senior Leadership Team and used to inform the development of the College's COVID-19 response plan. In line with the approach outlined in the BCP. COVID-19 scenario documents and a risk register were established. The College plans were then shared with UHI Executive Office five days later.
- 4 March 2020: as the College's COVID-19 response plans were further developed the membership of the Emergency Management Team (EMT) was expanded to include further staff identified to be in critical roles.
- 5 March 2020: College BCP implemented. 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. EMT briefed support staff line managers briefed on relevant aspects of the College's plans, with Directors briefing teaching teams on preparation for suspension of face-to-face teaching and the move to remote learning.
- 11 March 2020: testing of remote access to HR / payroll system in anticipation of College closure.
- 12 March 2020: preparation for full emergency response and closure of College campuses scaled up, including liaising with Executive Office and ICT teams across the UHI partnership to identify ICT resource requirements and capacity.
- 16 March 2020: initial decision taken to suspend face-to-face teaching on 20 March 2020, communicated to all staff and students.
- 17 March 2020: emergency meeting with all promoted lecturers with actions identified to ensure remote delivery of learning and teaching across the curriculum could be achieved.
- 17 March 2020: following an emergency meeting a UHI wide communication issued to all staff and students informing decision to suspend face-to-face teaching that day. Closure arrangements agreed by the Senior Leadership Team (SLT) with emergency meeting held with senior heads of section to plan campus closures on 18 March 2020. Guidance issued to staff.
- 18 March 2020: All staff communication issued with information relating to remote working, wellbeing, line management, payroll, HR queries, reporting of absence, communications etc.
- 20 March 2020: Campuses shutdown.

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Business Continuity

Objective 3: The processes and procedures in place follow recommended good practice (continued).

From our review of the College's COVID-19 event log, actions, and documentation we noted that the College followed the BCP as documented. Key points identified included:

- An assessment of critical functions and services at College and departmental level was undertaken to inform the prioritisation of resources to support staff and students.
- Deployment of the EMT which comprised of members of the SLT, the Head of Estates, Head of Marketing and External Relations, the ITU Manager and senior curriculum and support services staff. The College also utilised the services of an external Health & Safety adviser.
- Plans were established to identify and support alternative ways of working and teaching to minimise the disruption on College functions and services.
- Ongoing communication with stakeholders, including staff, trade unions, local authorities, employers, students, and Executive Office to keep them informed of arrangements for working, delivery of learning and teaching, assessments and health and safety.
- Development of virus transmission mitigation plans, in line with guidance produced by health protection agencies, including enhanced hygiene and sanitisation programmes, social distancing procedures and procurement and distribution of Personal Protective Equipment.

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Business Continuity

Objective 4: The work that has been undertaken to allow College operations to continue during the COVID-19 pandemic has, as far as possible, minimised the impact on the student experience.

From a review of the College's plans and discussion with senior management we noted evidence that the College had referred to the latest Scottish Government and Health Protection Scotland guidance throughout the lockdown period, which was used to inform the development of a range of communications and guidance for staff and students, including information on: remote working for staff; guidance on engaging with students in an online learning environment; advice for students on learning online; student funding and other financial support; and mental health support resources for staff and students.

A College wide, multi-discipline approach was adopted by the College in maintaining engagement with students during lockdown to ensure students remained informed and that students were able, as far as possible, to complete their studies. This involved curriculum teams, Student Services Team, Student Finance Advisers, guidance staff and the Highlands and Islands Student's Association (HISA). COVID-19 communications were issued to staff and students and updated as new national guidance became available.

The College worked with HISA to ensure that students continued to be able to access support and guidance. The College continued to work with HISA throughout lockdown, and seek the views of students, in developing plans for the safe reopening of campuses and to inform how students can obtain access to information on academic and student support issues.

Work was conducted by the College during the initial phase of the COVID-19 lockdown to identify the potential risks and barriers to digital inclusion for staff and students resulting from the closure to College buildings and restrictions in access to services and resources. Additional ICT resources were made available to staff and students to how them to work from home and engage via remote learning.

Good practice in implementing COVID-19 guidance, and responding to the associated challenges, was identified in other colleges, through participation in UHI wide EMT meetings and involvement in sector groups and was utilised to inform the College's approach to developing procedures and also the approach to engagement and communication with both staff and students.

The College responded to several calls for information from the SFC and Scottish Government on issues such as financial impact, continuing delivery of the curriculum, staffing, support provided for students, COVID-19 risk mitigations and planning for the reopening of buildings.

Contingency planning was undertaken during the early phases of the COVID-19 lockdown, during which the College considered a range of potential options and solutions for the start of the 2020/21 academic session, which were based on the information and guidance made available from the Scottish Government and health protection agencies at that time.

Assessment of student achievements and outcomes for 2019/20 continued in line with the relevant awarding body guidance. Contingency plans allowed for students who still had to complete practical courses in 2019/20 being deferred until the start of the 2020/21 academic session. We noted that the College had engaged, and continues to engage, with Executive Office and UHI partners and Moray Council on the potential impact that a delay to the start of the 2020/21 academic year could have on school pupils, school leavers and students seeking to progress to University.

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Business Continuity

Objective 5: Appropriate preparations are being made and robust plans developed to ensure that College campuses can safely reopen once the COVID-19 lockdown is eased, taking into account all Scottish Government and Health and Safety Executive Guidance relevant to education providers.

'*Coronavirus (COVID-19): guidance for colleges'*, was issued by the Scottish Government, initially in June 2020 but subsequently updated, with the latest revisions published in September 2020 to include specific guidance on face coverings in a senior phase education setting and in relation to student accommodation. Our review of the College's arrangements for the safe reopening of its campuses noted that plans reflect the principles and requirements of the Scottish Government guidance for Colleges, and the more general Working Safely Guide published by the Health & Safety Executive (HSE).

'*Coronavirus (COVID-19): guidance for colleges'*, outlines a set of principles which Colleges should consider when implementing the guidance, including:

- the health, safety and wellbeing of students, staff, visitors, contractors, and the wider community will be the priority in decisions relating to the easing of COVID-19 restrictions in colleges
- colleges will review their teaching, learning and assessment to ensure that there is the required flexibility in place to deliver a high-quality experience which allows learning to take place safely
- colleges will regularly review the welfare and mental health needs of students and staff and take steps to ensure preventative measures and appropriate support is in place and are well communicated as restrictions are eased
- colleges will recognise that students and staff may have been affected by the pandemic in a number of ways (e.g. through bereavement or experiencing anxiety related to the pandemic)
- following appropriate risk assessments, colleges will introduce measures specifically designed to protect staff and students in specialised training facilities, such as practical workshops and hairdressing and beauty salons and other specialised vocational training facilities and spaces
- colleges will engage with staff and students, including trade unions and student associations to ensure a safe resumption of college activities
- colleges will regularly review their hygiene, waste disposal and cleaning protocols in all college spaces, and adapt these in response to changing public health advice and risk levels, to ensure that students, staff and visitors can have confidence in their safety
- colleges will take an equality, human rights and risk-based approach to protect health and safety of staff and students. Trade unions, student associations and staff will be fully engaged in this process

Colleges are expected to follow a risk-based approach to protect the health and safety of staff and students. Staff and students are to be fully engaged in that process, through trade union and student association representatives. Risk assessments will underpin general protocols describing how people can access and use a college building. These will address questions regarding safely entering the building, moving around within it, and using facilities such as offices, networked printers, canteens, toilets, etc. These will apply to everyone on the site and be drawn up by college management in consultation with relevant interested parties.

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Business Continuity

Our review identified a range of evidence which confirmed that the College's preparations are aligned with the principles outlined in the *'Coronavirus (COVID-19): guidance for colleges'*, including:

- surveys have been issued to staff to inform development of communication plans, online support resources for staff and students and establishing safe working arrangements for staff working on campuses. The College has liaised closely with HISA to obtain the views of student representatives. Guidance has been produced for both staff and students on the plans for the reopening of campuses.
- during lockdown, the College worked to identify vulnerable students and continued to support them through various engagement strategies and making additional resources available. The College Student Services team has been working to review admissions to identify students that require additional welfare, financial and mental health support. Some additional funding has been made available by the SFC and SAAS to support students who have struggled financially.
- academic teams have been provided with advice on how to engage with students remotely, to provide academic support and to identify students that may require additional support.
- College, departmental and individual risk assessments have been completed and adaptations and mitigations put in place. Mitigations and adaptations tailored to each teaching environment, working space and specific individual needs (e.g. if addressing any under lying health issues). Adaptations and mitigations include:
  - Social distancing – physical distancing guidance has been communicated to staff and students on how this will be achieved on campus
  - Face coverings
  - Enhanced hygiene and sanitisation
  - Limits on room capacities
  - One-way systems around campuses and physical barriers to limit crowd flows
  - Protective screens
  - Increased visual signage and messaging around campuses
  - Reduction of class sizes and staggered timetabling to reduce groups
  - Identification of PPE requirements for work and teaching locations, tasks, and individuals
- the capacity of spaces (and how many students and staff can be accommodated as safely as possible) has been considered, with amended room capacities identified. Risk assessments consider the activities being undertaken in the space and plan numbers accordingly.
- staggered start times and breaks students, and other flexible working patterns for staff, to support physical distancing in accordance with government guidelines are to be implemented. Only essential staff will be on campus. Staff that do need to be on campus will work on a rotational basis with colleagues between remote and on campus working.

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Business Continuity

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University of the Highlands and Islands
Moray College

Committee:	Audit Committee
Subject/Issue:	Review of Audit Register
Brief summary of the paper:	Update on current position of the Audit Register. The enclosed provides an update on the current internal audit recommendations. **Risk Management** - RM.R4. Revision of the Risk Register remains dependent on UHI. This continues to be delayed due to the prioritisation of other IT projects and the impact of Coronavirus. - A revised completion date of 31 March 2021 has been recomended however this is outwith the College's control. **Health & Safety** - HS.R2. Implementation of annual workplace inspections. There has been progress made on this, as evidenced as part of the Health & Safety follow up review, however Coronavirus delays have prevented this being signed off completely. - A revised completion date of 31 March 2021 has been recommended. **Procurement** - PR.R2. Provision of contract management training. To be included in training provided to line managers. - A revised completion date of 31 March 2021 has been suggested. - PR.R4. Implementation of non-compliant procurement reporting. Remains outstanding and with APUC. - A revised completion date of 31 March 2021 has been recommended. **Workforce Planning** - WP.R1. Development of SMART objectives for the Workforce Strategy to enable ongoing monitoring. - New recommendation following completion of recent review. Proposed implementation date of 31 December 2021.

Action requested/decision required:	Feedback from Audit Committee on current position of the Audit Register & recent Internal Audit reports.			
Status: *(please tick ✓)*	**Reserved:**		**Non-reserved:**	X
Date paper prepared:	29 September 2020			
Date of committee meeting:	6 October 2020			
Author:	Director of Finance			
Link with strategy: Please highlight how the paper links to, or assists with: compliance partnership services risk management strategic plan/enabler other activity (e.g. new opportunity) – please provide further information.				
Equality and diversity implications:	N/A			
Resource implications: *(If yes, please provide detail)*	N/A			
Risk implications: *(If yes, please provide detail)*	Risk of non-compliance with the finding of current (and future) internal audit reviews/actions.			

INTRODUCTION

The Audit Register ("AR") has been updated to reflect the current position as at 30 September 2019.

UPDATE

The following internal audit recommendations fell due following the May 2019 Audit Committee

Risk Management

- **RM.R4 [Partial Progress]**

  The above noted recommendation is currently marked as partially complete. The audit evidence to date being the Risk Register paper provided to the Committee at the May meeting.

  However, as discussed at the May committee meeting the current UHI Risk Register Management Information ("MI") does not meet the needs of the Committee (or the College/management), hence this being marked as partially complete.

  Given the feedback to date from UHI on the development of the Risk Register MI, I would suggest a revised completion date of 28 February 2020 – but this will be completely subject to development of the new UHI partnership Risk Register software.

- **RM.R5 [Completed]**

  Action/recommendation has been completed, please see the commentary/narrative noted on the Audit Register.

  Audit evidence has only recently been passed to Henderson Loggie ("HL"), hence why this recommendation has not yet been formally signed-off by HL.

Health & Safety

- **HS.R1 [Partial Progress]**

  Draft matrix has been prepared with assistance/input from H&S Consultant. This is still in development, to meet the needs of the College.

Anticipated revised completion date of 31 January 2020.

- **HS.R2 [Partial Progress]**

Initial key focus to be perceived high risk areas (i.e. science, construction, engineering etc), with a plan/timeline being developed to ensure all areas have conducted a workplace inspection (with priority given to areas of greater risk).

Anticipated revised completion date of 31 January 2020.

Health & Safety

- **PR.R1 [Completed]**

Action/recommendation has been completed, please see the commentary/narrative noted on the Audit Register.

Audit evidence has only recently been passed to Henderson Loggie ("HL"), hence why this recommendation has not yet been formally signed-off by HL.

- **PR.R3 [Completed]**

Action/recommendation has been completed, please see the commentary/narrative noted on the Audit Register.

Audit evidence has only recently been passed to Henderson Loggie ("HL"), hence why this recommendation has not yet been formally signed-off by HL.

Recent Internal Audit Reviews

The following reviews have been carried out in-line with AY18/19 internal audit plan and timetable:

- Payroll*;
- Quality Assurance & Improvement*;
- Health & Safety*; and
- Procurement.

[*copy of report provided to the Committee at May 19 Committee meeting].

The final Procurement Internal Audit review was issued to the Committee by email on 13 June 2019. A further copy has been included with the committee papers for the October meeting, for ease of reference.

CONCLUSIONS

Of the six recommendations due following the May 2019 Committee meeting three are deemed to be complete (subject to formal sign-off/confirmation from Henderson Loggie), with three partially competed.

The College Audit Register has been updated to reflect the recommendations from the AY18/19 reviews, and actions to date.

The factors/matters impacting the partially completed actions are noted above with revised planed completion dates for these recommendations.

Feedback/agreement from the Committee is sought in respect of the revised completion dates.

The SLT remain committed to ensuring that appropriate steps/actions are taken to meet the internal audit recommendations in a timely manner, and where partial completion has been met a reasonable and acceptable revised completion timescale is set and adhered to.
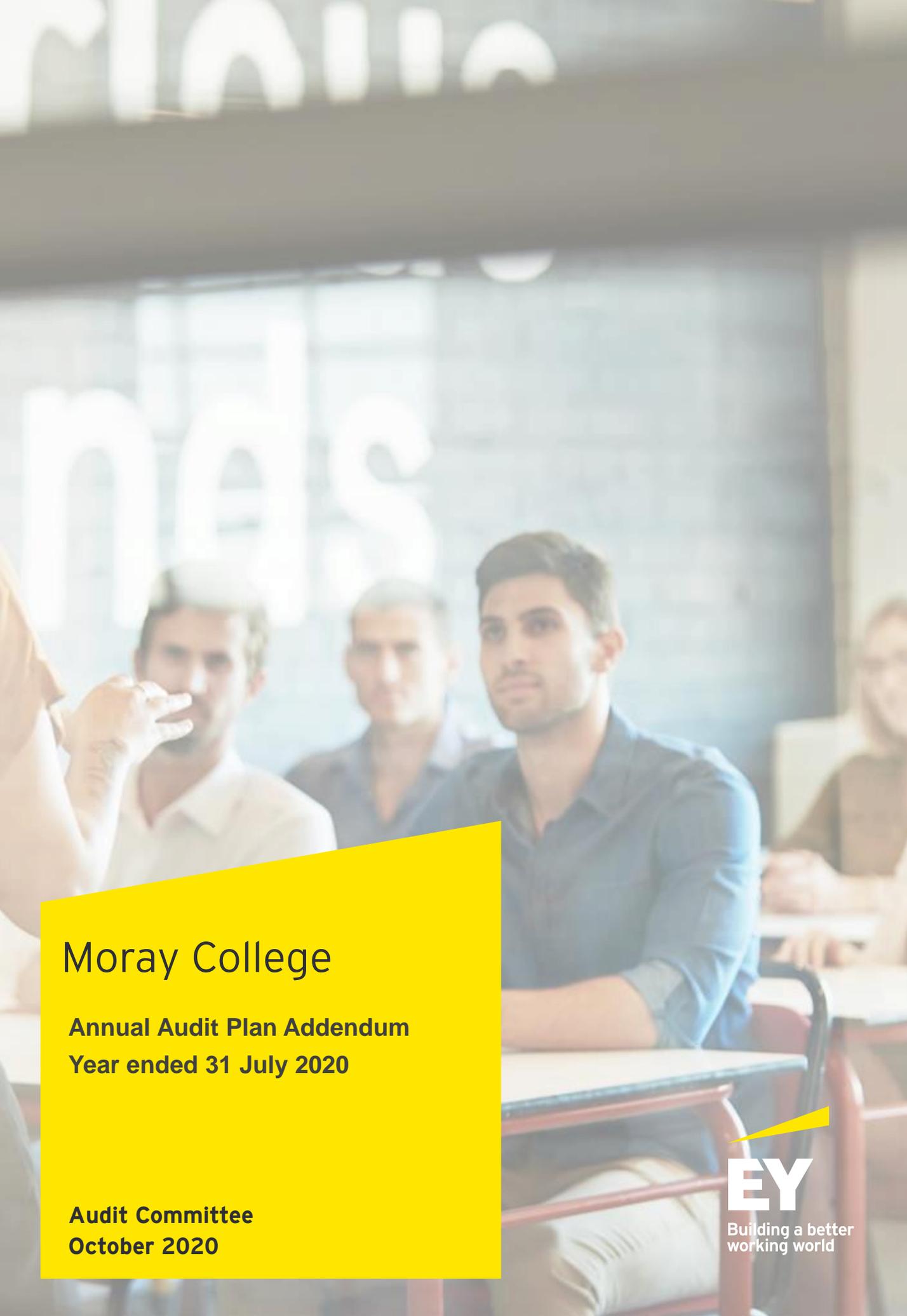
Moray College

**Annual Audit Plan Addendum
Year ended 31 July 2020**

**Audit Committee
October 2020**

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Introduction

The Impact of Covid-19 on our audit

Our annual audit plan was agreed with management and presented at the Audit Committee meeting in June 2020. We provided an overview of our audit scope and approach for the audit of the financial statements and the wider scope audit work. This addendum provides an update to the Audit Committee on the planned scope and approach to the external audit for 2019/20 in light of the significant impact of the Covid-19 global pandemic on the further education sector, and associated impact on the accounting arrangements and disclosure requirements.

Our audit procedures have been re-assessed to ensure they address the changing risks and issues which have emerged as a result. Our aim is to deliver a high quality audit while supporting the College to prioritise its core services and strategic aims. We outline below the key areas of impact for our audit in 2019/20, while recognising that the College faces significant challenge and uncertainty in the months and years ahead.

1. Impact on our audit risk assessment

On pages 3-4, we outline the key areas of impact on the risks presented within our annual audit plan, in particular the impact on the valuation of pension assets and liabilities.

We have reviewed our consideration of the overall materiality levels used for the audit and concluded that it would be appropriate to reduce the materiality level to £140,000.

2. Impact on the financial statements

On pages 5-7, we highlight our expectations of the key areas of impact within the financial statements, in particular possible changes to narrative reporting and disclosures to reflect the impact and uncertainty around the current situation.

3. Wider scope risk assessment

On page 8, we outline proposals to reprioritise wider scope work to focus on key areas of risk during the crisis. As a result we have:

- increased our focus on the financial sustainability of the College; and

- focused our consideration around other wider scope dimensions on the impact of Covid-19 during the year.

4. Audit Logistics

The deadlines set by the SFC for the submission of audited financial statements remain the same, with the option for flexibility. On page 9 we set out:

- our current expectations that the timetable will be broadly in line with the original plan;

- the primacy of maintaining audit quality; and

- logistical arrangements to allow us to conduct the audit remotely.

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1. Impact on audit risk assessment

Changes to our risk assessment as a result of Covid-19

We set out below the significant and inherent risks identified for 2019/20. We have highlighted any changes in audit focus or new risks alongside any revisions to the expected audit approach. The risks identified may change further as a result of any significant findings or subsequent issues we identify during the audit.

Significant Risk: Risk of fraud in revenue and expenditure recognition	**No change in risk but additional audit focus around revenue recognised in relation to activities or services delayed by Covid-19.** There remains a significant risk around the recognition of income and expenditure transactions around year end. We will consider the recognition of any grant or tuition fee income for courses which were not completed at the financial yearend due to Covid-19. We will also consider the accounting and disclosure of any Covid-19 related income and expenditure.
Fraud Risk: Misstatement due to fraud or error	**No change in risk but additional audit focus around year end provisions and estimates that are related to or impacted by Covid-19.** We recognise that the control environment for the financial statement preparation process is likely to have evolved due to remote working arrangements. We will assess whether this had an impact on the effectiveness of management's controls designed to address the risk of fraud. Our specific focus remains on key areas of judgements and estimates, significant unusual transactions and journal entries made by management.
Inherent risk: Valuation of property, plant and equipment	**No change in risk but additional audit focus around management's assessment of potential impairment.** The College engaged an external valuer to value the full estate in 2018/19. There remains increased uncertainty around the valuation of assets in the current environment, and we will therefore place additional focus and challenge on management's assessment of potential impairment of the asset base. However, as the College's assets are generally valued using depreciated replacement cost, the valuations are subject to less market volatility.

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Inherent risks: Valuation of pension assets and liabilities	**No change in risk, increase in audit focus.** Since our audit planning report there are three areas of increased focus required around the valuation of the College's share of the North East Scotland Pension Fund assets and liabilities.
	▸ A number of local government pension funds have reported material uncertainties around the valuation of its assets at 31 March 2020 and there has been increased volatility in relation to investment returns. This will result in additional consideration being required to accurately assess the roll forward of the College's share of those assets to 31 July 2020.
	▸ Last year the College accounted for the impact of the McCloud judgement impacting the College's share of future liabilities in the Council Pension Fund as a past service cost. A consultation has now been issued on how these costs may be addressed going forward, and should be included in the College's actuaries' assessment of its pension liability at 31 July 2020.
	▸ Similar to the impact of the McCloud judgement in 2018/19, in July 2020, Scottish Ministers acknowledged that a recent employment tribunal ('the Goodwin tribunal') will require changes to the Local Government Pension Scheme which may impact the College's pension liability. The impact will be considered by the College's and our own actuaries.

Audit focus area: Changes to accounting framework – 2019 SORP	**No change in risk or audit focus.** While the accounting framework or disclosure requirements have not changed as a result of Covid-19, we have outlined in this addendum the significant impact on the existing disclosure requirements.

Changes to our Wider Scope risk assessment

We set out below the key impact on wider scope risks identified for 2019/20.

Financial Sustainability: Continuing financial pressures	**No change in risk but additional focus around the College's medium term financial planning, and linked to management's assessment of going concern.** As we noted within the annual audit plan, the financial environment in which the College operates was already significantly challenging, and the potential impact of a second wave means there will be additional savings and income growth targets.

Governance and Transparency: Delivering progress in good governance	**No change in risk but we recognise the areas of non-compliance will be impacted by the financial pressures arising from the global pandemic.**

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2. Impact on the College's Financial Statements

Our review and reassessment of materiality

In our annual audit plan, we communicated that our audit procedures would be performed using a materiality of £280,000. In line with auditing standards, we keep the audit materiality under consideration throughout the audit. Given the impact of Covid-19 on the audit process, and in respect of the additional focus on going concern outlined on page 7, we have considered our materiality in advance of our year end audit procedures.

As a result of this consideration we have reduced the materiality value to £140,000, based on the lower end of our materiality range. We consider various factors when determining the appropriate point in the range. The key factor that has resulted in a decrease in materiality is the rapid changes in the external environment in which the College operates as a result of Covid-19, and its potential impact on the College's liquidity and cash flow going forward.

Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations. 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. We will report any changes to our materiality as part of our Annual Audit Report.

Accounting policies

Covid-19 will have a pervasive impact on the financial statements. We have outlined below the areas where we believe there is the potential for the most material impact on the Council's financial position at yearend:

▸ **Revenue and Expenditure recognition:** Covid-19 specific government support is a new transaction stream and may require development of new accounting policies and treatments. Other policies made need clarified to ensure clarity around how the impact of Covid-19 has been addressed.

▸ **Property, Plant and Equipment:** PPE may be impaired if future service potential is reduced by the economic impact of Covid-19. The College may also have already incurred capital costs on projects where the economic case for completion has fundamentally changed. There may be material uncertainties recognised in relation to the valuation of PPE.

▸ **Pensions:** volatility in the financial markets is likely to have a significant impact on the valuation of both pension assets and liabilities, and there is the possibility of significant changes to the underlying actuarial assumptions impacting the valuation of liabilities.

▸ **Receivables:** there may be an increase in amounts provided for or written off as irrecoverable and impairment of year-end balances due to the increased number of businesses and individuals expected to be under financial stress.

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Key disclosures within the Financial Statements

Front end narrative – performance reporting

An addendum to the Government Financial Reporting Manual 2019-20 ('the FReM') was published and permits entities to omit the performance analysis in order to minimise the reporting burden on public sector entities during the Covid-19 crisis. Colleges may decide to include more comprehensive performance analysis.

While there, the impact of Covid-19 will be significant in ensuring the disclosures are accurate, complete and relevant to the College. This includes disclosures around the impact on the College's financial and operational performance, its future plans and risks.

Governance Statement

The College's governance statement will need to capture how the control environment has changed during the period impacted by Covid-19, both up to the balance sheet date and through to the approval of the financial statements, and what steps were taken to maintain a robust control environment during the disruption. This includes how key governance functions are continuing to operate, such as key committee meetings and the delivery of internal audit's programme of work.

Accounting estimates and judgements

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. In particular we have referenced the potential material uncertainties around the valuation of property, plant and equipment, pension assets and liabilities, and debtors at the balance sheet date.

Events after the balance sheet date

Significant events after the balance sheet date require to be disclosed within the financial statements, either through the post balance sheet events note or in specific accounting notes or the management commentary and governance statement as appropriate. The detail required in the disclosures will reflect the specific circumstances of the College, however given ongoing uncertainty and daily changes to key issues impacting the College, there is a greater focus on ensuring these disclosures remain up to date in advance of anticipated approval of the accounts in December 2020.

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We will review the updated going concern disclosures within the financial statements under IAS 1, and associated financial viability disclosures within the governance statement. We expect any material uncertainties around the College's future financial position to be fully disclosed.

Disclosures on Going Concern

International Auditing Standard 570 Going Concern, as applied by Practice Note 10: *Audit of financial statements of public sector bodies in the United Kingdom*, requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report.

In accordance with the FReM, the College should prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. Covid-19 has created a number of financial pressures throughout the public sector, including further education. Uncertainty remains about the level of financial support that may become available from the SFC to reflect the financial consequences of Covid-19. As a result, the SFC's 2019/20 Accounts Direction requires an explanation of the adoption of the going concern basis and mitigating actions taken as a result of COVID-19 impacts as part of the going concern commentary within the College's Financial Statements, both in the Performance Overview and Annual Governance Statement.

Management's assessment of its future financial position and the related financial statement disclosures will be an area of significant focus for our yearend audit work.

Management's assessment and associated disclosures will need to cover at least a 12 month period from the date of approval of the financial statements, but should include consideration throughout the remainder of the College's strategic plan period and through its medium term financial plan period and beyond.

Disclosures made in the financial statements should include the process that has been undertaken to revise financial plans and cashflow in the light of Covid-19 as well as the outcome of this process. Consideration should also be given as appropriate and material to cash liquidity forecasts, sensitivities and assumptions in forecasting, and mitigating actions planned by management to address any worsening financial performance.

We recognise that this is a new area of focus at a challenging time for the finance team and we will therefore share with management:

▸ Guidance on the detailed requirements for a going concern assessment;

▸ A template assessment as an example/guide to follow; and

▸ Example disclosures from our experience to date in auditing financial statements after the impact of Covid-19.

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3. Wider scope risk assessment

We have tailored our wider scope audit work to focus on financial sustainability and the specific impact of Covid-19 on the other wider scope audit dimensions.

Wider Scope Risk Assessment

We have outlined below our assessment of the impact of the pandemic on the work planned under wider scope dimensions.

Financial sustainability

In our annual audit plan, we outlined a significant wider scope risk around the continuing financial pressures faced by the College. 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 the impact of Covid 19 will result in the College being unable to fully deliver planned savings or achieve income growth targets due to 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 due to external factors.

Financial management

The importance of strong financial management and governance, has never been greater than during the current environment. We recognise that the College's financial management and internal control arrangements will have evolved as part of the response to the pandemic. As part of our year end audit procedures we review changes to the financial management arrangements to assess the impact.

Governance and transparency

Our work for the year will focus on the College's arrangements to ensure effective governance was in place through the Covid-19 lockdown period. We 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 matters impacted by Covid-19, such as delays in the completion of internal audit work and non-compliance with the code of good governance where actions were not able to be implemented?

Value for money

Our work for the year will consider whether the College used resources effectively to help support students and other stakeholders during the COVID-19 pandemic, and how it has continued to monitor performance and ensure scrutiny around value for money during this time.

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4. Audit Logistics

Changes to reporting timescales

In line with previous years the SFC accounts direction has confirmed that Incorporated and non-incorporated colleges are required to provide their annual report and accounts, together with the associated audit reports by 31 December. However, it has been acknowledged that, due to the exceptional circumstances arising from COVID-19, this deadline may not be achievable for some colleges.

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.

The College is currently planning to work to the original timetable for the audit and finalisation of the financial statements in December. To date management has confirmed there has been no slippage in planned work around the preparation of the financial statements, and we will continue to work with management to meet these timetables and keep them under review through the audit process.

Information Produced by the Entity (IPE)

There will be an increased focus around the completeness, accuracy, and appropriateness of information produced by management to support our audit work due to the inability of the audit team to verify original documents or re-run reports on-site from the College's systems. To address the risks around this we will consider the following procedures as appropriate:

▶ Use the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited;

▶ Agree IPE to scanned documents or other system screenshots; and

▶ Should it be necessary, agree limited onsite visits under appropriate arrangements to verify specific requested documentation and reports in person.

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Audit Fees

The expected base fee for the College, set out in our annual audit plan, assumes there is no major change in respect of the scope of work in the year, that the College 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, and an unqualified audit opinion resulting from the audit. Should any of these circumstances change 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.

In our audit planning report we noted that we had not been able to fully consider and quantify the potential impact of Covid-19 on the financial statements and wider scope audit work. While there remains uncertainty around the quantum of additional time required, the changes impacting the College and the associated risks to the audit outlined in this addendum will have a significant impact on the audit work we need to perform to conclude on the financial statements, in particular:

- The reduction in materiality to £140,000;

- The greater use of internal specialists required to support our work on significant and inherent risk areas, in particular the valuation of pension assets and liabilities;

- Additional work required around the appropriateness of going concern and financial sustainability disclosures in the financial statements and the associated wider scope audit consideration required around financial sustainability; and

- The pervasive impact of Covid-19 on the financial statements disclosures required, including the performance reporting, governance statement, key judgements and estimates and post balance sheet events note.

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.

> **Fee variations will be agreed with management and reported to the Audit Committee in our 2019/20 Annual Audit Report.**

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Moray College

Committee:	Audit Committee
Annual	Annual Fraud Update
Brief summary of the paper:	The College/SLT can advise that it/they are unaware of any instances of fraud during AY2019/20. In addition, the College/SLT can confirm that it/they are unaware of any instances of non-compliance with regards to the relevant laws and regulations the College is due to comply with during AY19/20.
Action requested/decision required:	For noting

Status: *(please tick ✔)*	**Reserved:**		**Non-reserved:**	X

Date paper prepared:	29 September 2020
Date of committee meeting:	6 October 2020
Author:	Director of Finance
Link with strategy: Please highlight how the paper links to, or assists with: compliance partnership services risk management strategic plan/enabler other activity (e.g. new opportunity) – please provide further information.	
Equality and diversity implications:	N/A
Resource implications: *(If yes, please provide detail)*	N/A

Risk implications: *(If yes, please provide detail)*	Risk of fraud. Risk of non-compliance with regards to the relevant laws and regulations the College is due to comply with.