

Our ref: GG/SB

Your ref:

Date: 11 August 2023

Please reply to:



Audit and Risk Management Committee
UHI North, West and Hebrides
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Thurso
KW14 7EE

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DX 512406
Glasgow Bath Street

Dear Sirs

- 1 Following our appointment as internal auditors of UHI North, West and Hebrides by the Audit and Risk Management Committee, we set out below what we consider to be the basis on which we are to act as internal auditors and the respective areas of responsibility of the College and of ourselves.

Appointment and qualification

- 2 We acknowledge that the Audit and Risk Management Committee have appointed us for a period of 1 year for the academic year 2023/24.
- 3 We confirm that we are qualified to be appointed as internal auditors for the College in accordance with the requirements of the relevant legislation. We shall have right of access at all times to the books, accounts and vouchers of the College and to such information and explanations as necessary for the performance of our duties.

Responsibilities of the College

- 4 The College's Board shall be responsible for ensuring that a system of controls, financial and otherwise, is established and maintained in order to carry on the operations of the College in an orderly and efficient manner, to ensure adherence to management policies, to safeguard the assets and to secure, as far as possible, the completeness and accuracy of the records.

Audit scope and reporting

- 5 We shall conduct our work in accordance with the standards and guidelines set down by the Institute of Internal Auditors (IIA) and the Public Sector Internal Audit Standards (PSIAS).
- 6 We will prepare an Audit Needs Assessment which will detail a programme of work over a one year period in order that we can provide an annual opinion on the system of internal control. The Audit Needs Assessment will be presented to the Audit and Risk Management Committee for approval.
- 7 Specifically, our work will achieve the following objectives:-
 - (a) to review and appraise the soundness, adequacy and application of accounting, financial and other controls;
 - (b) to ascertain the extent to which systems of control ensure compliance with established policies and procedures;
 - (c) to ascertain the extent to which the assets and interests entrusted to or funded by the College are properly controlled and safeguarded from losses of all kinds;
 - (d) to ascertain that all accounting and other information is reliable as a basis for the production of accounts and other returns;

- (e) to ascertain the integrity and reliability of financial and other information provided to management including that used in decision-making;
 - (f) to ascertain that systems of control are laid down and operate to achieve the most economic, efficient and effective use of resources; and
 - (g) to draw attention to apparently uneconomic or otherwise unsatisfactory results flowing from management decisions, practices or policies.
- 8 We shall prepare reports following each visit to the College which will detail our findings and conclusions and, where appropriate, make recommendations for improvement. Subsequent reports will review the adequacy of action taken in relation to any recommendations previously made. Draft reports will be submitted within 2 weeks of the conclusion of each audit visit. Once the report has been agreed a final version will be issued to the Finance Director and presented to the Audit and Risk Management Committee.
- 9 Annually, a report will be prepared setting out our activities in the previous year. The report will be addressed to the College's Board, and will provide an assessment of the adequacy and effectiveness of the internal control systems of the College and the coverage of the work undertaken as measured against the audit plan.
- 10 Serious weaknesses or an accounting breakdown will be reported in the first instance to the College's Finance Director without delay, and thereafter to the Audit and Risk Management Committee.
- 11 We acknowledge that internal audit working papers and relevant audit documentation are the property of the College.

Irregularities, including fraud

- 12 The responsibility for ensuring the establishment and maintenance of an adequate system of internal control lies with the College's Board. The Board is also responsible for ensuring compliance with statutory and other regulations, including those in relation to taxation, and for the prevention and detection of irregularities including fraud.

As internal auditors, we are responsible for examining and evaluating the adequacy and effectiveness of action taken by the College to fulfil this obligation. In planning and conducting our work we will seek to identify serious defects in internal control which may give rise to the possibility of malpractice. Any such defects will be reported immediately to the Finance Director of the College and the Audit and Risk Management Committee.

External audit

- 13 We expect to have regular meetings with staff carrying out the external audit function in order to enhance the level of service we provide to the management of the College. We acknowledge that the external auditors have unlimited access to our files and working papers.

Other services

- 14 We have not, at this stage, agreed to perform any other service for you but if, at any time, you feel that additional services could be of assistance to you we would be pleased to discuss such matters.

15 **Data Protection Act 1998 (DPA 1998)/General Data Protection Regulation (GDPR)**

During the course of our engagement you may disclose personal data to us in order that we may provide our services to you. The processing of personal data is regulated in the UK by the General Data Protection Regulation as supplemented by the Data Protection Act 2018 together with other laws which relate to privacy and electronic communications. In this clause, we refer to these laws as "**Data Protection Law**". In providing our services, we act

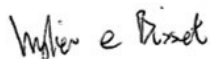
as an independent controller and are, therefore, responsible for complying with Data Protection Law in respect of any personal data we process in providing our services to you. Our privacy statement <https://www.wyliebisset.com/downloads/privacy-statement.pdf> explains how we process personal data. You are also an independent controller responsible for complying with Data Protection Law in respect of the personal data you process and, accordingly, where you disclose personal data to us you confirm that such disclosure is fair and lawful and otherwise does not contravene Data Protection Law. Terms used in this clause bear the same meanings as are ascribed to them in Data Protection Law.

Fees

- 16** Our fees are computed on the basis of the time spent on your affairs by the partners and our staff and on the levels of skill and responsibility involved. Unless otherwise agreed, our fees will be charged separately for each of the main classes of work as instructed and described above, will be billed at appropriate intervals during the course of the year and will be due on presentation.

Our fees for the provision of an internal audit service to 31 July 2024 will be £21,000 excluding VAT including expenses based on 50 internal audit days.

Yours faithfully



WYLIE & BISSET LLP

We acknowledge and agree the terms of the above letter.

..... Signed

..... Signed

..... Dated