



# UHI North, West and Hebrides

Internal Audit 2024/25

Annual Report

May 2025

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# 1. Introduction

The prime responsibility of the Internal Audit Service (IAS) is to provide the College's Audit & Risk Management Committee, the Chief Executive Officer and other Senior Management of the College, with an objective assessment of the adequacy and effectiveness of management's internal control systems.

We conduct our activity within the overarching framework of the Institute of Internal Auditors including the new Global Internal Audit Standards effective from January 2025', Definition of Internal Auditing, Code of Ethics and International Standards for the Professional Practice of Internal Auditing, together with the UK Public Sector Internal Audit Standards, first introduced in April 2013.

In line with these Standards, we have developed a robust quality assurance process to ensure that each of our activities and reports are of a high and consistent standard. Quality assurance activity includes interim reviews during the internal audit process and an extensive final review before reports are issued to clients and other stakeholders. We actively seek to improve the services we deliver through a programme of CPD, training, networking and engagement with internal peers, as well as by piloting new ways of working.

We had an extensive external assessment undertaken against these standards in November 2023. The assessment was undertaken by the Chartered Institute of Internal Auditors who concluded:

"We are pleased to report that the Wbg Services LLP (formerly Wylie and Bisset LLP) Internal Audit Department conforms with the Standards, as well as the Definition of Internal Auditing, Core Principles and the Code of Ethics, which form the mandatory elements of the Public Sector Internal Audit Standards (PSIAS) and the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the globally recognised standard of quality in Internal Auditing".

The Chartered Institute of Internal Auditors also highlighted our compliance with all 64 standards of the IPPF.

This Annual Report should be considered by the Audit & Risk Management Committee prior to the Committee submitting their annual report to the Board.

A copy of this report requires to be submitted to the Scottish Funding Council not later than 31 December following the financial year-end to which it relates.

## 2. Executive Summary

### Overall Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes.

In our opinion UHI North, West and Hebrides did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money. However, we would highlight that we provided a weak level of assurance surrounding the Procurement and Health & Safety arrangements which should be followed up during the 2025/26 Internal Audit Plan.

Our fieldwork was carried out between September 2025 and May 2025, and we have not undertaken any further internal audit assignments at the time of this report.

The overall findings and conclusion of each report are highlighted in Section 3. As can be seen from the summary in Section 3 all areas included in the Operational Plan for 2024/25 have been completed.

In forming our opinion, we have carried out the following work:

- | A review and appraisal of financial and other controls operated by the College;
- | A review of the established policies and procedures adopted by the College;
- | An assessment of whether or not the internal controls are reliable as a basis for producing the financial accounts;
- | A review of accounting and other information provided to management for decision making;
- | Compliance and substantive audit testing where appropriate; and
- | A review of the College's procedures in place to promote and secure value for money.

The analysis of performance indicators for the internal audit work carried out in the year is included at Section 5.

## 2. Executive Summary (continued)

### **Basis of Opinion**

As the Head of Internal Audit at UHI North, West and Hebrides we are required to provide the Audit & Risk Management Committee with an opinion on the adequacy and effectiveness of the College's risk management, control and governance processes.

In giving our opinion, it should be noted that assurance can never be absolute. The most that we can provide to the Audit & Risk Management Committee is reasonable assurance that there are no major weaknesses in the College's risk management, control and governance processes.

In assessing the level of assurance given, we have considered:

- | All audits undertaken during the year ended 31 July 2025;
- | Any follow-up action taken in respect of audits from previous periods;
- | Any significant recommendations not accepted by management and the consequent risks;
- | The effects of any significant changes in the College's objectives or systems;
- | Matters arising from previous reports to the Audit & Risk Management Committee;
- | Any limitations which may have been placed on the scope of internal audit;
- | The extent to which resource constraints may impinge on the Head of Internal Audit's ability to meet the full audit needs of the College;
- | What proportion of the College's audit need has been covered to date; and
- | The outcomes of our quality assurance processes.

# 3. Audit Findings

## Summary of Work Undertaken

The following table summarises the audit work undertaken in 2024/25. The grading structure used in our reports can be found in Appendix A.

Area	Planned Days	Actual Days	Status	Overall Conclusion	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
EMA	3	3	Complete	N/A	-	1	2
SSF	3	3	Complete	N/A	-	3	-
Credits	6	6	Complete	N/A	-	4	3
Procurement	8	8	Complete	Weak	1	-	-
Health and Safety	8	8	Complete	Weak	2	4	1
Budgetary & Financial Reporting	8	8	Complete	Substantial	-	1	2
Follow Up	4	4	Complete	Substantial	-	5	12
Audit Management	5	5	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>45</b>	<b>45</b>	-	-	<b>3</b>	<b>18</b>	<b>20</b>

# 3. Audit Findings

## HIGH PRIORITY RECOMMENDATION

The following high priority recommendation was raised during the year.

Area 1	Finding	Recommendation
<b>Risk Assessment Reviews, Health &amp; Safety, April 2025</b>	<p>The College uses RiskEx within the AssessNET platform to complete risk assessments. These are then exported into a central Risk Assessment Register for monitoring and review purposes. Risk assessments are expected to include defined review dates or indicate if they are one-off assessments.</p> <p>During our review of the Risk Assessment Register which includes 296 Assessments, we found that:</p> <ul style="list-style-type: none"> <li>➤ 44 assessments have passed their assigned review date.</li> <li>➤ 80 assessments have a "not specified" review date, indicating either an incomplete record or a failure to finalise the assessment within the RiskEx system.</li> </ul> <p>The College noted that they are currently completing a review of responsibilities, during which risk assessments will be updated and non-current ones archived. The absence of review dates typically reflects assessments that have been started but not yet finalised in the system.</p> <p>Following analysis, the root cause is that there is a lack of assigned responsibilities in this area.</p> <p>There is the risk that unreviewed or incomplete risk assessments may result in hazards not being properly identified or controlled, increasing the likelihood of accidents or non-compliance with statutory duties under the Management of Health and Safety at Work Regulations 1999. The absence of accurate and up-to-date records may also affect the College's ability to demonstrate effective risk management practices during external inspections or following health and safety incidents.</p>	<p>We recommend that the College ensure that all risk assessments currently past their review date are prioritised for update and that incomplete entries within the RiskEx system are finalised. This includes assigning appropriate review dates or identifying assessments as one-off where applicable.</p> <p>Following the conclusion of the ongoing review of responsibilities, ownership of each risk assessment should be clearly assigned to ensure accountability for timely reviews going forward.</p> <p>Regular checks should also be undertaken to ensure that the Risk Assessment Register reflects the most accurate and complete information from the system.</p>

# 3. Audit Findings

Area 1	Management Response	Responsibility and Implementation Date
<b>Risk Assessment Reviews, Health &amp; Safety, April 2025</b>	<p>This recommendation is accepted.</p> <p>(For information, the College's RiskEx contract expires on 31st January 2026.)</p> <p>1) All risk assessments currently past their review date will be updated and those with incomplete entries within the RiskEx system will be finalized.</p> <p>2) Ownership of each risk assessment will be assigned to ensure accountability for timely reviews.</p> <p>Regular checks will be undertaken to ensure that the Risk Assessment Register is accurate and complete.</p> <p><u>Background</u> Since the 1st August 2023 a total of 159 risk assessments have been completed, of which 19 are currently beyond their review date, 8 require reclassification as one-off assessments and 23 have not been assigned a specified review date.</p>	<p><i>Responsible Officer:</i> Jim Hutton Safety Officer</p> <p><i>Implementation Date:</i> 31 December 2025 31 December 2025</p>

# 3. Audit Findings

Area 2	Finding	Recommendation
<b>Statutory Safety Inspections, Health &amp; Safety, April 2025</b>	<p>The College maintains a Planned Preventative Maintenance (PPM) schedule which outlines statutory and safety-related inspections across its estate. Responsibility for managing and delivering these inspections is divided between the Estates function and the Campus Services function. The schedule is intended to support regulatory compliance and proactive management of building safety and maintenance requirements by tracking the due dates for inspections and ensuring they are completed on time.</p> <p>During our review, we found that there were a total of 252 inspections listed on the PPM. Of these, 79 were recorded as overdue and a further 74 entries did not have a valid date populated in the "next due" column, indicating that the schedule does not currently provide a fully accurate or reliable view of inspection status.</p> <p>A range of explanations were provided, including delays in establishing or procuring College-wide contracts, incomplete updates following the appointment of external contractors, legacy items no longer required, responsibilities shifting between internal departments, and manual updates to the spreadsheet being outstanding or incomplete.</p> <p>As of April/May 2025, the College plans to go live with a new system, Trackplan, which will be used to record and monitor statutory inspections.</p>	<p>We recommend that the College undertake a comprehensive review of the current PPM schedule to validate the status of all listed inspections, remove legacy or non-required entries, and ensure that all outstanding inspections have a clearly defined next due date.</p> <p>Where inspections are currently overdue or awaiting a confirmed contractor schedule, interim mitigation measures should be clearly documented and tracked.</p> <p>Responsibilities between the Estates and Campus Services functions should be clearly defined and communicated to ensure accountability.</p>

# 3. Audit Findings

Area 2	Finding
<b>Statutory Safety Inspections, Health &amp; Safety, April 2025</b>	<p>The root cause of the incomplete and overdue entries appears to be a combination of factors: changes in internal responsibilities, delays in procurement processes, a lack of clear and up-to-date contractor schedules, inconsistent removal or revision of legacy tasks, and the absence of a robust process for routinely reviewing and updating the schedule.</p> <p>An inaccurate or outdated PPM schedule limits the College's ability to ensure that statutory and safety inspections are completed in a timely manner, increasing the risk of non-compliance with legal requirements, potential equipment or system failures, and health and safety breaches. It also makes it more difficult for management to oversee inspection responsibilities effectively, potentially leading to further delays, duplication of effort, or missed inspections. In the event of an incident, the College may also struggle to demonstrate that appropriate preventative measures were in place.</p>

# 3. Audit Findings

Area 2	Management Response	Responsibility and Implementation Date
<b>Statutory Safety Inspections, Health &amp; Safety, April 2025</b>	<p>This recommendation is accepted.</p> <p>1) The College will undertake a comprehensive review of the current PPM schedule covering all aspects of scope as detailed above to ensure accuracy of information.</p> <p>2) The College's management team was aware, prior to the audit commencing, that the existing PPM schedule contained some inaccurate and outdated information and action had already been taken to identify all the items listed as overdue and to put in place mitigating strategies for each, pending the necessary work being completed as a priority.</p> <p>Going forward, for completeness, those mitigations will be recorded in the PPM schedule.</p> <p>3) Responsibilities between the Estates and Campus Services functions should be clearly defined and communicated to ensure accountability.</p>	<p><i>Responsible Officer:</i></p> <p>Doug Rattray Head of Infrastructure</p> <p><i>Implementation Date:</i></p> <p>30 June 2025</p> <p>30 June 2025</p> <p>30 June 2025</p>

# 3. Audit Findings

Area 3	Finding	Recommendation
<b>Procured Suppliers, Procurement, February 2025</b>	<p>Suppliers should go through a procurement process to ensure that an organisation selects an appropriate supplier that can provide the goods or services expected by the organisation and, depending on value, comply with UK legislation. The procurement process varies depending on the level of spending with the supplier and therefore the level of risk posed to an organisation.</p> <p>During our review, we tested a sample of 24 suppliers which highlighted that:</p> <ul style="list-style-type: none"><li>➢ 19 of the 24 were subject to the Colleges or legacy College's procurement processes.</li><li>➢ Five of the 24 had no contract in place and there was no evidence of the procurement process being carried out. Spend for the 5 suppliers totaled £287,887.</li></ul> <p>We acknowledge that as a result of the restructuring of the College, the process of ensuring that all suppliers currently used by the College have been subject to procurement processes commenced on 1 August 2023.</p> <p>We note that the College is currently assessing the suppliers used and are undertaking an exercise to ensure that suppliers/contractors are subject to a procurement exercise and have developed a plan to address the legacy procurement issues. We note that the College expect this to be undertaken over the next two years.</p> <p>There is the risk that the College may use an unsuitable or inappropriate supplier, as they have not gone through a procurement process, which could lead to the College being unable to demonstrate value for money.</p>	<p>We recommend that the College continues on its journey to procure its legacy suppliers to increase the level of suppliers that have undergone the procurement process. We also recommend that the College's staff members are reminded of the necessity to follow procurement routes and are provided with guidance on how to follow these routes.</p>

# 3. Audit Findings

Area 3	Management Response	Responsibility and Implementation Date
<b>Procured Suppliers, Procurement, February 2025</b>	<p>On merger the College inherited a heterogenous range of procurement practices and processes from the three legacy colleges and has been working since 1st August 2023 to deliver a procurement strategy, processes and procedures that are both effective and compliant.</p> <p>Management accepts, as highlighted in this report, that even 18 months post-merger, that considerable work still remains to be completed and that the full scope of the change required is a multi-year project.</p> <p>In accordance with the scope of the review management would highlight the following specific deliverables:-</p> <p><b><u>Procurement strategy / policies / procedures</u></b></p> <ol style="list-style-type: none"> <li>1. Annual procurement report to the Board (represents best practice and mandatory for colleges with non-pay spend &gt;£5m) <ul style="list-style-type: none"> <li>• Report for FY2023-24</li> <li>• Report for FY2024-25</li> </ul> </li> <li>2. Undertake a spend profile exercise to identify high risk areas and put in place an implementation plan for each to mitigate those risk(s)</li> </ol> <p><b><u>Staff training</u></b></p> <ol style="list-style-type: none"> <li>3. Staff induction to include two modules; on procurement and fraud awareness</li> </ol>	<p><i>Responsible Officer:</i> Vice-Principal of Resources and Enterprise (CFO)</p> <p><i>Implementation Date:</i></p> <p>June 2025 December 2025</p> <p>July 2025</p> <p>Head of Finance – May 2025</p>

# 3. Audit Findings

Area 3	Management Response	Responsibility and Implementation Date
<b>Procured Suppliers, Procurement, February 2025</b>	<p>4. PECOS training for both requisitioners and approvers</p> <p><b>Procedures</b> PECOS is a recognised area of good practice within the Sector and, post-merger, has been rolled out to all parts of the College and the proportion of non-pay spend going through this channel has already been increased from an initial base of &lt;50% of transactions.</p> <p>5. A plan will be developed and implemented to increase the percentage of purchase transactions being made via PECOS:</p> <ul style="list-style-type: none"> <li>• By end FY2024-25 - to 70%</li> <li>• By end FY2025-26 – to 85%</li> </ul> <p>[As a benchmark, usage by other colleges, with well-established and dedicated procurement teams, is circa 90%]</p> <p>6. Recruit additional staff resource to accelerate the forward contracting plan</p> <p><b>Fraud Risk</b></p> <p>7. Maintaining annual participation in the National Fraud Initiative</p>	<p>Head of Finance – July 2025</p> <p>Head of Finance – July 2025 Head of Finance – July 2026</p> <p>Vice Principal of Resources and Enterprise (CFO) – March 2025</p> <p>Ongoing</p>

## 4. Benchmarking

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the previous financial year.

Area	High	Medium	Low	Total	
<b>EMA</b>					
Average number of recommendations in similar audits	-	-	-	-	
Recommendations at UHI North, West and Hebrides	-	1	2	3	
<b>SSF</b>					
Average number of recommendations in similar audits	-	-	1	1	
Recommendations at UHI North, West and Hebrides	-	3	-	3	
<b>Credits</b>					
Average number of recommendations in similar audits	-	-	2	2	
Recommendations at UHI North, West and Hebrides	-	4	3	7	
<b>Procurement</b>					
Average number of recommendations in similar audits	-	2	2	4	
Recommendations at UHI North, West and Hebrides	1	-	-	1	
<b>Average number of recommendations in similar audits c/f</b>	<b>-</b>	<b>2</b>	<b>5</b>	<b>7</b>	
<b>Recommendations at UHI North, West and Hebrides c/f</b>	<b>1</b>	<b>8</b>	<b>5</b>	<b>14</b>	

## 4. Benchmarking

Area	High	Medium	Low	Total	
<b>Average number of recommendations in similar audits b/f</b>	-	2	5	7	
<b>Recommendations at UHI North, West and Hebrides b/f</b>	1	8	5	14	
<b>Health and Safety</b>					
Average number of recommendations in similar audits	-	1	2	3	
Recommendations at UHI North, West and Hebrides	2	4	1	7	
<b>Budgetary and Financial Reporting</b>					
Average number of recommendations in similar audits	-	-	1	1	
Recommendations at UHI North, West and Hebrides	-	1	2	3	
<b>Average number of recommendations in similar audits</b>	-	3	8	11	
<b>Recommendations at UHI North, West and Hebrides</b>	3	13	8	24	

As highlighted above, the College has a higher number of recommendations in comparison with the colleges it has been benchmarked against.

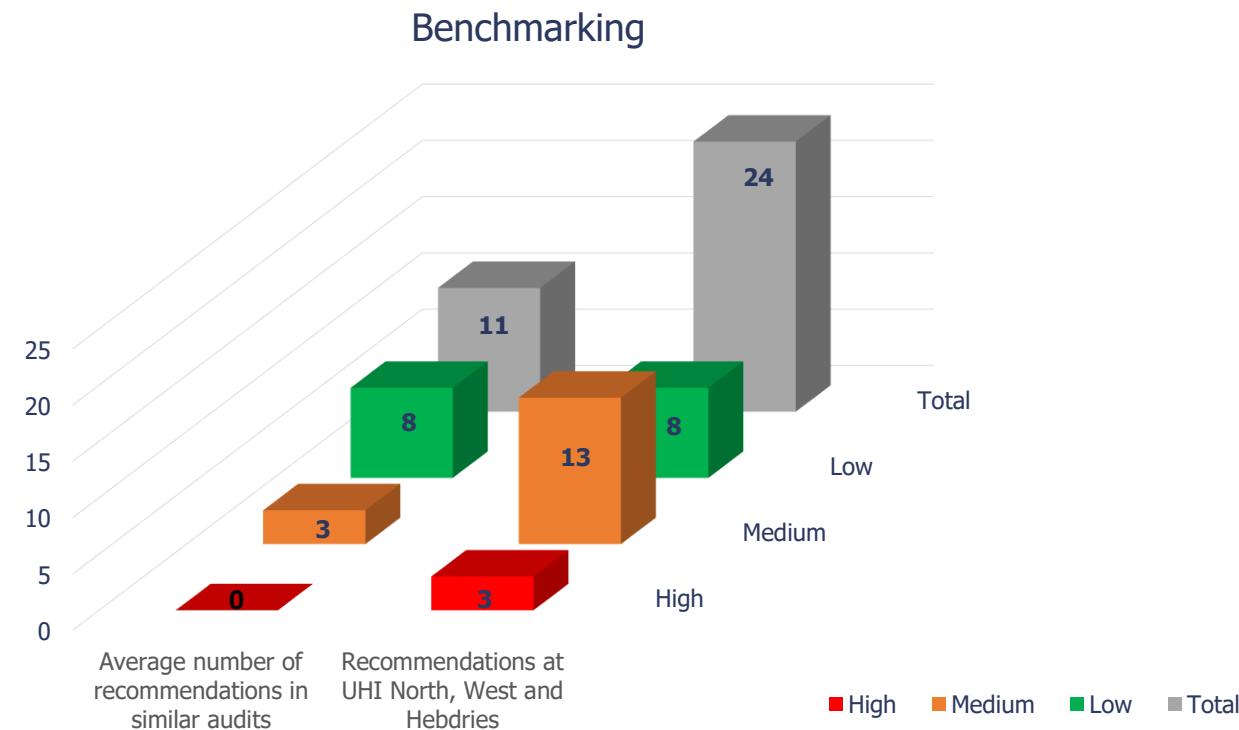
# 4. Benchmarking

For each review, we benchmark the number and ranking of recommendations made for audits of a similar nature in the previous financial year. Please refer to the key below for an explanation of the benchmarking symbols used:

Key	
	Indicates a lower number of recommendations in comparison with the colleges it has been benchmarked against.
	Indicates a similar number of recommendations in comparison with the colleges it has been benchmarked against.
	Indicates a higher number of recommendations in comparison with the colleges it has been benchmarked against.

## 4. Benchmarking

We have set out below in graphical format an analysis of the Benchmarking totals by grade of recommendation made.



As highlighted above, the College has a higher number of recommendations in comparison with the colleges it has been benchmarked against.

# 5. Key Performance Indicators

Performance Indicator	Target	Actual
Internal audit days completed in line with agreed timetable and days allocation	100%	100%
Draft scopes provided no later than 10 working days before the internal audit start date and final scopes no later than 5 working days before each start date	100%	100%
Draft reports issued within 10 working days of exit meeting	100%	100%
Management provide responses to draft reports within 15 working days of receipt of draft reports	100%	100%
Final reports issued within 5 working days of receipt of management responses	100%	100%
Recommendations accepted by management	100%	100%
Draft annual internal audit report to be provided by 31 August each year	100%	100%
Attendance at Audit & Risk Management Committee meetings by a senior member of staff	100%	100%
Suitably experienced staff used on all assignments	100%	100%

# Appendix A

## Grading Structure

# A. Grading Structure

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

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

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

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