



# UHI North, West & Hebrides

Internal Audit Plan 2024/25

October 2024

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# Introduction

## Background

Wbg Services LLP (Formerly Wylie Bisset LLP) were appointed as Internal Auditors by the Audit & Risk Management Committee for a period of 2 years from 1<sup>st</sup> August 2024 to 31<sup>st</sup> July 2024 with the option to extend for 1 year.

## Internal Audit

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

The IAS objectively examines, evaluates and reports on the adequacy of internal control thus contributing to the economic, efficient and effective use of resources and to the reduction of the potential risks faced by the College.

Also, the operation and conduct of the IAS must comply with the guidelines set down by the Institute of Internal Auditors and the Public Sector Internal Audit Standards.

## Terms of Reference – Internal Audit

The provision of the IAS by Wylie Bisset LLP is covered by the letter of engagement dated 15 August 2024.

## Formal Approval

The Audit Needs Assessment (ANA) will be presenting to the Audit & Risk Management Committee for approval on 13 November 2024.

# Approach

Planning process and review

# Approach

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

- | Consideration of the risks noted within the College’s Risk Register;
- | Consideration of previous internal audit coverage and the key findings from these reports;
- | Meetings held with the Vice Principal: Resources & Enterprise (CFO);
- | Preparation of an Assurance Map;
- | The identification of all areas of work by system and sub-system;
- | The identification of key controls and associated risks for each system and sub-system; and
- | The determination of the internal audit resource required to meet the identified audit needs.

# Planning Process

Below is a diagram which details our planning process:



# Revisiting the ANA



The ANA will be reviewed continuously throughout our appointment and will take account of the results of audit work, the development of new systems and any other risk factors identified. Any proposed changes to the ANA will be presented to the Audit & Risk Management Committee on at least an annual basis for discussion and approval.



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# Operational Plan

2024/25



# Health and Safety

Audit area	High level indicative summary scope	Total number of days
Health and Safety	<p>The purpose of this review is to ensure that the risks surrounding the Health and Safety arrangements in place at the College are appropriately managed and controlled. This review will seek to provide assurance to the College that the Health and Safety arrangements are operating effectively.</p> <p>Our objectives for this review are to ensure:</p> <ul style="list-style-type: none"><li>  The College has suitable Health &amp; Safety policies and procedures in place which are subject to regular review and approval.</li><li>  The College have a standard operating procedure for carrying out risk assessments in the workplace.</li><li>  There are appropriate Health &amp; Safety checks in place for contractors and visitors.</li><li>  There is a designated Health &amp; Safety Team/Group for the College who have sufficient Health &amp; Safety expertise.</li><li>  There is ongoing training given to staff in respect of Health &amp; Safety requirements and guidance.</li><li>  Periodic spot checks take place to ensure that staff are complying with the Health &amp; Safety policies and procedures.</li><li>  There are appropriate reporting mechanisms in place with regard to Health &amp; Safety.</li></ul>	8

# Procurement

Audit area	High level indicative summary scope	Total number of days
Procurement	<p>The purpose of this review is to conduct a review of the procurement process in place, from identifying procurement needs, through to appraising options and contracting with suppliers. We will also look to provide assurance that the College is complying with legislative requirements. We will also review the controls the College has in place to mitigate the risk of fraud.</p> <p>Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"><li>  An agreed procurement strategy and appropriate policies and procedures are in place to guide staff on making purchasing decisions. This should comply with the requirements of the new Procurement Bill.</li><li>  Staff have been trained in procurement and receive appropriate procurement support, in particular in relation to changes as a result of the new Procurement Bill.</li><li>  Agreed procurement procedures are being consistently followed in line with legislation, leading to value being achieved from purchases.</li><li>  There are controls in place to mitigate the risk of fraud in relation to the procurement process.</li></ul>	8

# Budgetary & Financial Reporting

Audit area	High level indicative summary scope	Total number of days
Budgetary & Financial Reporting	<p>The purpose of the review is to ensure that the College has appropriate budgetary and financial reporting arrangements in place and that these have been embedded throughout the whole of the College. This review will seek to provide assurance to the Board, via the Audit &amp; Risk Management Committee, that the College's budgetary and financial reporting arrangements are adequate.</p> <p>Our objectives for this review are to ensure:</p> <ul style="list-style-type: none"> <li>  There is appropriate control of the budgeting and forecasting process within the College, with an appropriate member of management having ultimate responsibility for the process.</li> <li>  The College has a comprehensive set of Financial Regulations to ensure that there are clear guidelines in place and that financial matters are managed professionally.</li> <li>  Deviations from budget are identified and investigated with remedial action taken at an early stage.</li> <li>  Budget holders are adequately trained and receive information regarding their budgets in a timely manner.</li> <li>  The budget setting process is effectively linked to the operational planning process.</li> <li>  The Board and Senior Management receive sufficient reporting of performance against budget and against plans throughout the year to enable informed decision making.</li> </ul>	8

# Funding Reviews and Follow Up

Audit area	High level indicative summary scope	Total number of days
EMA	Mandatory review of the Education Maintenance Allowance Return.	3
SSF	Mandatory review of the Student Support Funds Return.	3
Credits	Mandatory review of the Credits Return.	6
Follow Up Review	<p>The effectiveness of the internal control system may be compromised if management fails to implement agreed audit recommendations. Our follow up work will look to provide the Audit &amp; Risk Management Committee with assurance that prior year recommendations are implemented within the expected timescales.</p> <p>Our objective for this review is to ensure that:</p> <ul style="list-style-type: none"> <li>The College has appropriately implemented any outstanding internal audit recommendations made in prior years.</li> </ul>	4

# Assignment Plans & Dates

## Assignment Plans

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

## Key Dates

Visit	Name	No. of audit days	Key College personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Audit & Risk Management Committee
1	EMA	3	Senior Student Awards Officer and Student Support Officer	2 September 2024	20 September 2024	13 November 2024
	SSF	3				
	Credits	6	Head of Quality & Registry and Registry Officer			
2	Procurement	8	Vice Principal: Resources & Enterprise (CFO)	20 January 2025	7 February 2025	26 February 2025
	Follow Up Review	4	Vice Principal: Resources & Enterprise (CFO)			
3	Health & Safety	8	Vice Principal: Resources & Enterprise (CFO)	7 April 2025	29 April 2025	21 May 2025
4	Budgetary & Financial Reporting	8	Vice Principal: Resources & Enterprise (CFO)	5 May 2025	23 May 2025	August 2025

# Reporting & Initial 3-year Audit Needs Assessment

# Reporting

The reporting arrangements for internal audit will be discussed and agreed with the Audit & Risk Management Committee.

The following reports will be produced by internal audit:

- | An Audit Needs Assessment;
- | A report on each audit assignment;
- | An annual report on Internal Audit Service's activities.

For each audit report we will have an overall level of assurance.

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

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

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

# Initial 3-year Audit Needs Assessment

1 August 2024 to 31 July 2026		Operating Plan (No. Of days)	
System	Audit Area	2024/25	2025/26
Finance	Overall Financial Controls	-	-
	Payroll	-	-
	Non-SFC Income	-	-
	Procurement	8	-
	Budgetary & Financial Reporting	8	-
HR	Integration of HR Systems & Policies	-	-
IT	IT Systems Integration	-	-
Compliance	Corporate Governance	-	-
	Health & Safety	8	-
	<b>Total Days c/f</b>	<b>24</b>	<b>-</b>



# Initial 3-year Audit Needs Assessment

1 August 2023 to 31 July 2025		Operating Plan (No. Of days)	
System	Audit Area	2024/25	2025/26
	<b>b/f</b>	<b>24</b>	<b>-</b>
Funding	SSF	3	3
	EMA	3	3
	Credits	6	6
Areas TBC	Areas to be confirmed	-	23
Required	Follow Up	4	4
	Audit Management	5	5
	<b>Total Days</b>	<b>45</b>	<b>45</b>

# Appendices

**A - Grading Structure**

**B – Key Performance Indicators**

**C – Training Topics**

# A – Grading Structure

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

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

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

Grading	Risk	Classification
High	High Risk	Major weakness that we consider needs to be brought to the attention of the Audit & 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

# B – Key Performance Indicators

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

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

# C – Training Topics

As a firm we offer a wide range of training topics to our clients and we have listed below some of the topics which we would be able to offer UHI North, West & Hebrides.

Topic	Summary
Risk Management	This can cover risk awareness, assessment of risks, responsibilities for monitoring risks, risk appetite and the scoring of risks. This is usually done as a workshop to ensure buy-in from management and committee members to the risk management process.
Role of the Board	This would cover the roles and responsibilities of Board members, including the Chair. This has been particularly useful when new Board members have been appointed and allows members to obtain some knowledge on what the expectation of a Board member is and what they should be looking out for.
Role of Internal Audit	We would provide a short session on what the internal audit function should be delivering to the College and the added value which we would bring.
Finance for Non-Financials	This is useful for committee members who do not have a finance background and covers areas such as the management accounts, budget reporting and the statutory accounts.
Fraud Awareness	We would cover the importance of a having a strong control environment and areas to be aware of in relation to fraud. We would discuss some real-life examples of where we have identified or been asked to investigate allegations of fraud and the results of these investigations.

# D – Assurance Map

We have mapped assurance areas against your highest rated risks.

Risk Theme	Residual Risk	Mitigating actions	Controls	Internal Audit Assurance
<b>The level of required savings is not achieved, the Organisation remains financially unstable</b>	10	<ul style="list-style-type: none"> <li>Contingency planning for compulsory redundancies in case VSS doesn't deliver savings required.</li> </ul>	<ul style="list-style-type: none"> <li>Financial status and savings targets identified; VSS managed and implemented (VSS1 &amp; 1b complete, VSS2 Mar-Jul)</li> <li>Strict vacancy management applied</li> <li>Other savings/income growth opportunities pursued</li> </ul>	<ul style="list-style-type: none"> <li>Budgetary &amp; Financial Reporting Review</li> <li>Overall Financial Controls Review</li> </ul>
<b>Project board (ELT and supporting UHI staff) unable to deliver plan on time due to resource vs workload constraints</b>	10	<ul style="list-style-type: none"> <li>Identify further operational activities to delegate, pause or cancel .</li> </ul>	<ul style="list-style-type: none"> <li>Clearly defined OD principles and project objectives</li> <li>Project plan/timelines up to date and reviewed weekly by OD Project board</li> <li>UHI Transformation Team and HR OD Support provided</li> </ul>	<ul style="list-style-type: none"> <li>2023/24 Corporate Governance Review</li> </ul>

## D – Assurance Map

Risk Theme	Residual Risk	Mitigating actions	Controls	Internal Audit Assurance
<b>Low staff morale due to uncertainty over roles, job retention, organisational change, implementation processes and timescales – impacting wellbeing and quality of work/productivity and potential loss of staff</b>	9	<ul style="list-style-type: none"> <li>Ongoing implementation of the 12-point action plan</li> </ul>	<ul style="list-style-type: none"> <li>VSS1, 1b and 2 completed.</li> <li>Regular, clear and 2-way comms opportunities; HR to support consulting managers.</li> <li>Staff wellbeing online resources and existing HR processes for individual stress management promoted to all staff.</li> <li>HSE Management Standards and HSE Working Mind campaigns adopted by ELT as framework and methods to prevent stress and support good MH in workplace.</li> <li>Work-related Stress Risk Assessment compiled.</li> </ul>	<ul style="list-style-type: none"> <li>Staff Wellbeing review to be considered during the 2025/26 Internal Audit Planning process.</li> </ul>

## D – Assurance Map

Risk Theme	Residual Risk	Mitigating actions	Controls	Internal Audit Assurance
<b>Delays/disruption of Collective Consultation through the Unions due to union stance on structure changes and staffing numbers or any other CC processes, leading to delays in organisation and realisation of savings, affecting staff morale</b>	8	<ul style="list-style-type: none"> <li>Providing appropriate types of information and legal obligations via both LIC meetings and in writing</li> </ul>	<ul style="list-style-type: none"> <li>Information with staff shared as soon as practicable after sharing with LIC</li> <li>Response complied to joint EIS-FELA/Union dispute in progress ahead of first LJC meeting</li> </ul>	<ul style="list-style-type: none"> <li>Staff Wellbeing review to be considered during the 2025/26 Internal Audit Planning process.</li> </ul>
<b>Implementation of new structure does not comply with pre-agreed HR processes/fail to meet regulatory guidelines resulting in personnel, morale and reputational consequences or financial impact</b>	8	<ul style="list-style-type: none"> <li>Ongoing OD Project Board Scrutiny</li> </ul>	<ul style="list-style-type: none"> <li>HR processes developed, reviewed by legal advisors &amp; ELT, consulted with Trade Unions and shared with staff prior to implementation</li> <li>Implementation plans to be developed for each department; HR to provide training/support to line managers and staff on the processes</li> </ul>	<ul style="list-style-type: none"> <li>2023/24 Corporate Governance review.</li> <li>Staff Wellbeing review to be considered during the 2025/26 Internal Audit Planning process.</li> </ul>



# D – Assurance Map

Risk Theme	Residual Risk	Mitigating actions	Controls	Internal Audit Assurance
As consequence of FOI's/ challenging relations with unions, staff and fragile communities, College attracts adverse media attention and puts reputation of College at risk	8	<ul style="list-style-type: none"> <li>Ensure effective and consistent communication with staff and Trade Unions to build trust</li> </ul>	<ul style="list-style-type: none"> <li>Proactive external communication</li> <li>Monitor/respond to staff concerns on health and wellbeing</li> <li>Monitor concerns over impact assessments</li> <li>Support line managers to build staff trust</li> <li>Implement staff engagement ambassador program</li> <li>FOI's responded on time and in full</li> <li>Share FOI outcomes with head of M&amp;C</li> </ul>	<ul style="list-style-type: none"> <li>To be considered during the 2025/26 Internal Audit Planning process.</li> </ul>

# D – Assurance Map

Risk Theme	Residual Risk	Mitigating actions	Controls	Internal Audit Assurance
<b>Insufficient capacity skills and experience in NWH staff to deliver restructure</b>	2	<ul style="list-style-type: none"> <li>Support from UHI HR to ensure correct implementation processes</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with mandatory governance and consultation obligations</li> </ul>	<ul style="list-style-type: none"> <li>Staff Recruitment review to be considered during the 2025/26 Internal Audit Planning process.</li> </ul>
<b>Decision making delays from Project Board/management affecting on-time delivery of project plan</b>	4	<ul style="list-style-type: none"> <li>Clearly defined Delegated Authority and project objectives</li> </ul>	<ul style="list-style-type: none"> <li>Priority to actions that maintain implementation timeline</li> <li>Clear decision points made to Board/management</li> <li>Decisions escalated/made ex-committee or at extraordinary meetings where necessary</li> </ul>	<ul style="list-style-type: none"> <li>2023/24 Corporate Governance review</li> </ul>

# D – Assurance Map

Risk Theme	Residual Risk	Mitigating actions	Controls	Internal Audit Assurance
<b>Deteriorating relationships between NWH and UHI if no financial savings from restructure</b>	3	<ul style="list-style-type: none"> <li>Strategy, progress and financial updates to UHI.</li> </ul>	<ul style="list-style-type: none"> <li>UHI OD team provide updates to directors and UHI audit committee</li> </ul>	<ul style="list-style-type: none"> <li>To be considered during the 2025/26 Internal Audit Planning process.</li> </ul>
<b>Insufficient communication with managers and staff regarding priorities, drivers and change</b>	3	<ul style="list-style-type: none"> <li>Communication Plan developed</li> </ul>	<ul style="list-style-type: none"> <li>Managers brief introduced</li> <li>Staff forums</li> <li>All staff SharePoint site</li> </ul>	<ul style="list-style-type: none"> <li>To be considered during the 2025/26 Internal Audit Planning process.</li> </ul>

# D – Assurance Map

Risk Theme	Residual Risk	Mitigating actions	Controls	Internal Audit Assurance
<b>Ongoing industrial action by EIS and Unison resulting in further delays to TU consultation, extending implementation timeline</b>	3	<ul style="list-style-type: none"> <li>OD Project Board and regular monitoring/discussions</li> </ul>	<ul style="list-style-type: none"> <li>OD Project Board to pursue zero slippage in all other aspects to minimise delays</li> </ul>	<ul style="list-style-type: none"> <li>To be considered during the 2025/26 Internal Audit Planning process.</li> </ul>
<b>College systems not fit to support implementation</b>	2	<ul style="list-style-type: none"> <li>Future opportunity for systems and process improvement, including shared services proposals</li> </ul>	<ul style="list-style-type: none"> <li>UHI OD staff supported HR implementation and compilation of unified HR dataset to underpin implementation</li> <li>Board undergoes regular board governance and oversight of OD project</li> </ul>	<ul style="list-style-type: none"> <li>2023/24 IT Systems Integration</li> </ul>

# D – Assurance Map

Risk Theme	Residual Risk	Mitigating actions	Controls	Internal Audit Assurance
Complying with governance and consultation obligations whilst implementing the restructure	4	<ul style="list-style-type: none"> <li>HR consult with Anderson Strathern when required</li> </ul>	<ul style="list-style-type: none"> <li>Consultation, communication and guidance led by HR OD team</li> <li>Training/coaching for all staff members</li> </ul>	<ul style="list-style-type: none"> <li>2023/24 Corporate Governance review</li> </ul>