

SHETLAND UHI

STAFF RECRUITMENT

INTERNAL AUDIT REPORT - FINAL

MARCH 2023

LEVEL OF ASSURANCE:

DESIGN	MODERATE
EFFECTIVENESS	MODERATE

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RESTRICTIONS OF USE

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX II FOR DEFINITIONS)

DESIGN	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
EFFECTIVENESS	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF FINDINGS (SEE APPENDIX III)			# OF AGREED ACTIONS
H	0		0
M	3		6
L	3		4
TOTAL NUMBER OF FINDINGS: 6			

OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

- ✓ Pre-employment checks may not be carried out on staff members prior to their employment.
- ✓ The approach to recruitment may not be cost effective.
- ✓ The college may not be providing appropriate staff recruitment training to relevant staff.

BACKGROUND

Staff recruitment involves attracting and selecting individuals into a job role. Quality recruitment is vital, as it helps to ensure that the workforce has the relevant skills and abilities for the college's current and future needs.

The key areas of law affecting recruitment and selection include discrimination, the right to work in the UK, criminal records checks and data protection. The process should be transparent, timely and fair for all candidates.

Shetland UHI has had a recruitment freeze in place since May 2022 to help manage the effects of the merger. Therefore recruitment has been minimal in the last year. Current staff headcount sits at approximately 120.

The College has a HR administrator to support the recruitment process. There is no HR lead in place currently, the College are considering their options about how to fill the post. They make look for support within the partnership.

The College has a recruitment and selection policy and procedure to help guide staff through the process.

Further detail on background can be found in Appendix I.

PURPOSE

The purpose of this review is to provide assurance over the design and operational effectiveness of the key controls in staff recruitment in the following areas:

- Documented policy
- Consistent approach
- Pre-employment checks
- Equality of opportunity
- Cost-effective
- Staff recruitment training

CONCLUSION

As part of our review, we have identified 3 findings, of which 3 were assessed as medium and 3 as low.

Shetland UHI (SUHI)'s control framework for staff recruitment has improved since the merger in 2021, this is evidenced by our sample testing, which found a more consistent approach was taken for more recent recruitments.

Some controls which were in place include the Recruitment and Selection Policy and Procedures, robust pre-employment checks and training in the recruitment process. However, there remain some improvements to be made around consistency of document retention.

As a result of our audit, we are able to provide moderate assurance over the design and operational effectiveness of SUHI's arrangements in place in relation to staff recruitment.



EXECUTIVE SUMMARY

SUMMARY OF GOOD PRACTICE

- ▶ SUHI's "Request to Recruit" form is required to be completed prior to a post being advertised. The form requires approval by Finance, to ensure there is funding available for the post.
- ▶ Pre-employment checks were completed for all recruitments reviewed as part of our sample testing.
- ▶ Training on the Recruitment and Selection Policy and Procedures was provided to all Line Managers by HR in March 2022.

SUMMARY OF MEDIUM FINDINGS

- ▶ During sample testing, we found some exceptions where the recruitment process was not followed consistently in line with the documented procedure and documentation was not retained.
- ▶ The Public Sector Equality Duty requires four-yearly publication of equality outcomes and two-yearly publication of progress against these outcomes. We found that SUHI have not published a report on their equalities outcomes on their website since the 2013-17 period.
- ▶ SUHI's Recruitment and Selection Policy and Procedures states that they will develop guidance on reasonable adjustments for disabled applicants, this has not yet been completed.

USEFUL STATISTICS

18

Posts recruited in the 2021/22 academic year.

7

Posts recruited in the 2022/23 academic year to date.

100%

Line Managers completed Staff Recruitment training in March 2022

£5,150



The Recruitment budget for 2022/23

DETAILED FINDINGS



DETAILED FINDINGS

RISK: THERE MAY BE INCONSISTENCIES IN THE APPROACH TAKEN FOR THE RECRUITMENT OF STAFF, AND DOCUMENTATION TO SUPPORT RECRUITMENT DECISIONS MAY NOT BE MAINTAINED

FINDING 1 - CONSISTENCY OF APPROACH			TYPE
<p>It is important that the recruitment approach is applied consistently and suitably evidenced to ensure SUHI can confirm that they have followed a fair recruitment process.</p> <p>We tested a sample of 6 recruited posts and found the following exceptions where the recruitment process was not followed consistently or where additional evidence could be retained to ensure a more robust audit trail:</p> <ul style="list-style-type: none"> • Interview notes were not fully complete for any of the posts sampled - either the column for scoring was not filled in or the panel signatures and dates were missing. • We found that the SUHI Recruitment and Selection Policy was not suitably clear on what documentation was required to be returned to HR by the Panel e.g. whether a shortlisting pack and interview pack was required from each panel member. For one of the posts sampled, the interview pack on file was not populated, for a further 3 of the posts sampled, interview packs were only retained from one panel member. • For one of the posts sampled, there were only two panel members whilst the Policy states that panel should ideally be comprised of 3 members, the reason for this was not known. 			<p>DESIGN & EFFECTIVENESS</p>  
<p>IMPLICATION</p> <p>There is a risk that if SUHI's recruitment process for a post is challenged they are unable to evidence that they have followed the recruitment process fairly and consistently.</p>			<p>SIGNIFICANCE</p> <p>MEDIUM</p>
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>SUHI should update their Recruitment and Selection Policy to be specific on the documentation that is required to be returned to HR by the panel and retained on file.</p> <p>Whilst it is acceptable that only one moderated version of the shortlisting pack is retained, we would recommend that completed interview packs are retained for each of the panel members.</p>	<p>Laura Burden Depute Principal</p>	<p>We accept this finding and will make the required update to the policy to provide to the next meeting of our HR&R committee.</p>	<p>31st May 2023</p>
<p>We recommend HR monitor the completion and return of the documentation to HR.</p>	<p>Brendan Hall Business Development Manager</p>	<p>We accept this finding and will take appropriate action to ensure HR personnel monitor this.</p>	<p>31st May 2023</p>
<p>We recommend the Recruitment and Selection Policy is updated to specify the requirement to document the rationale where panel composition differs from that specified in the Policy.</p>	<p>Laura Burden Depute Principal</p>	<p>We accept this finding and will make the required update to the policy to provide to the next meeting of our HR&R committee.</p>	<p>31st May 2023</p>



DETAILED FINDINGS


RISK: THERE MAY BE INCONSISTENCIES IN THE APPROACH TAKEN FOR THE RECRUITMENT OF STAFF, AND DOCUMENTATION TO SUPPORT RECRUITMENT DECISIONS MAY NOT BE MAINTAINED

FINDING 1 - CONSISTENCY OF APPROACH			
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend the updated policy is shared with staff, highlighting the key changes about document completion and sending completed documentation to HR	Brendan Hall Business Development Manager	We will ensure that policy changes are shared with and highlighted to staff using our Breathe HR system. We will also share this through our internal committee structure.	31 st May 2023



DETAILED FINDINGS


RISK: THERE MAY BE INSUFFICIENT CONTROLS IN PLACE TO PREVENT DISCRIMINATORY PRACTICES AND TO ENSURE EQUALITY OF OPPORTUNITY

FINDING 2 - PUBLICATION OF EQUALITIES OUTCOMES			TYPE
<p>In line with the Equality Act 2010 and the Public Sector Equality Duty it creates, SUHI are required to prepare and publish a set of equality outcomes at four-yearly intervals and publish a report on progress made to achieve the equality outcomes at two-yearly intervals.</p> <p>We found that SUHI have not published a report on their equalities outcomes on their website since the 2013-17 period.</p>			EFFECTIVENESS 
IMPLICATION			SIGNIFICANCE
There is a risk that SUHI are not currently complying with the Equality act 2010 and the Public Sector Equality Duty in their equalities reporting.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that SUHI publish their latest equalities outcomes on their website and publish a report on progress against these on a two-yearly basis, in line with the Public Sector Equality Duty.	Gemma MacGregor Vice Principal	As advised during audit, this report was in draft and has now been published on our website. https://www.shetland.uhi.ac.uk/t4-media/one-web/shetland/about-us/equality-and-diversity/UHI-Shetland-PSED-April-2023-(004).pdf	30th April 2023



DETAILED FINDINGS



RISK: THERE MAY BE INSUFFICIENT CONTROLS IN PLACE TO PREVENT DISCRIMINATORY PRACTICES AND TO ENSURE EQUALITY OF OPPORTUNITY

FINDING 3 - REASONABLE ADJUSTMENTS GUIDANCE			TYPE
<p>It is important that SUHI implement suitable controls to ensure that there is equality of opportunity in the recruitment process and that candidates with disabilities are not discriminated against or disadvantaged.</p> <p>The Recruitment and Selection Policy and Procedure states that SUHI will develop clear guidance about how applicants/candidates with disabilities must be treated in relation to reasonable adjustments - we found that this guidance has not yet been developed.</p>			DESIGN 
IMPLICATION			SIGNIFICANCE
<p>There is a risk that candidates with disabilities may not be aware of what reasonable adjustments are available to them as part of the recruitment process and may therefore be unfairly disadvantaged in SUHI's recruitment process which could lead to a breach of the Equality Act 201</p>			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that, as stated in their Recruitment and Selection Policy and Procedure, SUHI develop and publish on their website, guidance about how applicants/candidates with disabilities will be treated and supported throughout the recruitment process.</p>	<p>Jane Lewis Principal and CEO</p>	<p>We accept this finding and will undertake to develop and publish this guidance.</p>	<p>31st July 2023</p>



DETAILED FINDINGS


RISK: THE APPROACH TO RECRUITMENT MAY NOT BE COST EFFECTIVE

FINDING 4 - BUDGET MONITORING ARRANGEMENTS			TYPE
<p>It is important that there is regular monitoring of the staff recruitment budget to ensure the College remains within budget.</p> <p>During the audit we found that there was a lack of clarity around who the budget owner was for staff recruitment.</p> <p>We also found that the staff recruitment budget had not been imported into the finance system for monitoring by the budget owner, there are inbuilt controls in the finance system which will flag where a Purchase Order is raised which exceeds the budget; these controls will not be in operation as the budget has not been imported. The recruitment budget is included in the Master Budget spreadsheet which is used to inform budget reporting to management and Finance and General Purposes Committee; however, the College advised us that reporting is not on a granular enough level that the staff recruitment budget of £5.1k would be identifiable and therefore we were unable to confirm that there was oversight or monitoring of the recruitment budget.</p>			DESIGN & EFFECTIVENESS  
IMPLICATION			SIGNIFICANCE
There is a risk that there is insufficient monitoring of the staff recruitment budget and therefore, the approach to recruitment may not be cost effective.			LOW
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that the staff recruitment budget is imported into the finance system.	Isobel Johnson Finance Manager	We accept this finding, will investigate and take appropriate action.	31 st July 2023
We also recommend that the budget owner monitors the actual figures against the budget on a regular basis.	Gemma MacGregor Vice Principal	We accept this finding and appropriate action will be taken.	31 st July 2023



DETAILED FINDINGS


RISK: THE COLLEGE MAY NOT HAVE ADEQUATE POLICIES AND PROCEDURES IN PLACE FOR STAFF RECRUITMENT

FINDING 5 - CLARITY OF POLICY ON DOCUMENTATION REQUIREMENTS			TYPE
<p>It is important that the College has suitably clear policies and procedures in place to guide the staff recruitment process.</p> <p>We identified the following areas in which there is an opportunity to improve the Recruitment and Selection Policy and Procedure:</p> <ul style="list-style-type: none"> • The Policy does not capture the requirement for the Interview Panel to meet following interviews to discuss scoring and decide on a preferred and reserve candidate; • The Policy states that documents will be retained for six months but does not specify where documents will be stored or that successful applicants documentation will be stored in their employee file longer term; • The Policy does not specify that panel members should complete recruitment training. 			DESIGN 
IMPLICATION			SIGNIFICANCE
<p>There is a risk that, as a result of a lack of clarity in guidance, the process may not be consistently followed or a sufficient audit trail may not be retained to evidence that a fair process was followed by SUHI if they are challenged on a recruitment decision.</p>			LOW
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that SUHI takes the following steps to improve their Recruitment and Selection Policy and Procedures:</p> <ul style="list-style-type: none"> • SUHI should add a section which outlines the requirement for the Interview Panel to meet following the interviews to discuss scoring and decide on a preferred and a reserve candidate; • They should update the retention policy section within the Recruitment and Selection Policy to specify where documents will be stored and what the retention arrangements are for the documentation of successful candidates; • The Policy should note that panel members are required to complete recruitment training. 	Laura Burden Depute Principal	<p>We accept this finding and will incorporate these changes into our policy for presentation to the next meeting of our HR&R committee.</p>	31 st May 2023



DETAILED FINDINGS

RISK: THE COLLEGE MAY NOT BE PROVIDING APPROPRIATE STAFF RECRUITMENT TRAINING TO RELEVANT STAFF

FINDING 6 - DEVELOPMENT OF TRAINING MATERIALS			TYPE
<p>It is important that the training offered to staff on the recruitment process helps them to fully understand what is required of them in their involvement in the process.</p> <p>We found that whilst the recruitment training slides provided a definition of unconscious bias, there were no examples provided to help staff understand where unconscious biases may be displayed in the recruitment process.</p>			DESIGN 
IMPLICATION			SIGNIFICANCE
There is a risk that staff may not fully understand the concept of unconscious bias and may therefore not know how to identify and avoid biases.			LOW
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
It is our recommendation that the recruitment training slides are updated to include some examples of unconscious bias.	Jane Lewis Principal and CEO	We accept this finding and will undertake to update the slides before the next running of this training.	31st August 2023

APPENDICES



APPENDIX I: BACKGROUND

BACKGROUND

It was agreed with management and the Audit Committee within the 2022-23 Internal Audit Plan that Internal Audit would review the control arrangements which Shetland UHI (SUHI) has in place in relation to staff recruitment.

SUHI was established on 1st August 2021 as the result of a merger of the NAFC Marine Centre UHI, Shetland College UHI and Train Shetland. Since the merger, there have been 25 new posts recruited.

The recruitment process is governed by the UHI Shetland Recruitment and Selection Policy and Procedure which was implemented in March 2022 following review and approval by the Senior Management Group (SMG), the Local Consultation and Negotiating Committee (LNCC) and the Human Resources and Remuneration Committee. The Policy is made available to all staff on Breathe, the staff intranet, and was also flagged to staff through the staff newsletter. The Policy captures the recruitment process including authorisation arrangements, applications, shortlisting, interviews, notification of outcome and new starter arrangements. There is a Process Flowchart appended to the Policy which summarises the process in diagrammatic form.

There is also an Equality, Diversity and Inclusivity Policy to be read in conjunction with the Recruitment and Selection Policy and Procedures. This Policy identifies the protected characteristics under the Equality Act (2010) and also outlines the responsibilities and commitments of SUHI in relation to the Act.

Roles and responsibilities of staff in relation to staff recruitment are captured within the above policies. Additionally, specific responsibilities are documented within the job descriptions of the relevant role e.g. the HR & OD Lead and the HR Administration Assistant.

SUHI currently has a freeze on recruitment, except for business critical appointments and externally funded roles. The freeze was discussed and decided upon at the Human Resources and Remuneration meeting in May 2022.

When a manager identifies a need to recruit for example in cases of retirement or where additional workload has been identified, they must complete a “Request to Recruit within Temporary Recruitment Freeze” form. The Form requires the recruiting manager to justify the reason for recruitment, whether they have considered other means of fulfilling the role, the length of the appointment, the budget code for salary costs, and where they wish the post to be advertised, amongst other details. The recruiting manager is also required to append a Job Description and Person Specification to the form.

Once the form is completed it must be signed by the Head of Department and submitted to Finance to review the cost codes and salary level and consider whether the recruitment can fit in the budget. Once Finance have signed and approved, the form is sent to HR to review the Job Description and Person Specification, in part to ensure these are free from discrimination. If HR make any amendments to these documents, they must also sign the Request to Recruit form. The final levels of approval are from the Principal and the Board Recruitment Panel.

If the recruitment is fully approved, the recruiting manager and HR will begin to work with the Communications Team to advertise the post. Posts are generally advertised on SUHI’s website and on myjobscotland. SUHI has a specific email address for recruitment which all applications are submitted to. The email account is currently only accessible by the HR Assistant.

Once the application deadline has passed, the HR Assistant anonymises the applications and passes these on to the recruiting manager and interview panel members. Personal details such as name, age and address are removed to prevent biases and individuals are allocated a number to identify them. The panel, which is Chaired by the recruiting manager, will then complete a shortlisting pack which scores candidates against criteria from the Person Specification. The panel members meet to moderate the shortlisting scoring and decide which candidates should be invited for an interview.



APPENDIX I: BACKGROUND

BACKGROUND (CONT.)

The shortlisting pack is returned to HR to arrange interviews with successful candidates and to notify unsuccessful candidates of the outcome. The panel develop a set of interview questions which HR use to create an interview pack which contains the questions and scoring. All interviewees are asked the same questions to ensure fairness. The panel meets following the interviews to score candidates and decide on a preferred and reserve candidate. The recruiting manager is responsible for notifying HR of the outcome so that HR can notify the candidates.

Any offer of employment made by SUHI is conditional upon receipt of satisfactory pre-employment checks. These include two satisfactory references, evidence of eligibility to work in the UK, confirmation of educational qualifications, and evidence of a PVG Scheme registration or disclosure check where appropriate. The HR Assistant is responsible for ensuring these documents are provided prior to the start date. There is a framework in place at SUHI which identifies the roles which require a PVG registration as part of pre-employment checks.

SUHI has been through one budget cycle since the merger. The approach to budgeting for recruitment is to consider historic recruitment costs and consider whether there is any adjustment required for known circumstances such as the recruitment freeze or upcoming retirements. In 2021/22, SUHI underspent on their recruitment budget of £11,500 by £5,865 (51%) and their revised forecast by £1,865 (25%). The recruitment budget for 2022/23 is £5,150 and to date (February 2023, 7 months into the year) £1,835 (36%) has been spent.

SUHI provided all Line Managers with training on the recruitment process which was delivered by the HR Lead over two sessions in March 2022. The purpose of the session was to provide managers with information on the updates Recruitment and Selection Policy and Procedures, to increase confidence and encourage good practice in the recruitment process, and to raise awareness of the legislation considerations in recruitment. The training covered each of the key steps in the recruitment process and also offered attendees the opportunity to ask any questions related to the process.



APPENDIX II: OBSERVATIONS

1. New Starter Checklist

We noted during the audit that there was an opportunity to improve the process by introducing a New Starter Checklist to help ensure that all steps are completed in a timely manner for new starters and no pre employment checks are missed; SUHI noted that they are in the process of developing a New Starter Checklist.

2. Signed Contract

For one of the posts tested in our sample, we found that there was not a signed version of the contract on file; it is good practice to retain a signed copy of the contract to evidence the terms of employment that staff members have agreed to.

3. Request to Recruit Form

The Process Flowchart states that the Request to Recruit Form is reviewed and signed off by HR and Management, whereas the process described and observed as part of the audit was that the form is reviewed and signed off by Finance, the Principal and the Board, and it is only signed by HR if amendments are required to the Job Description and Person Specification. The current process is an extra-ordinary procedure due to the current staffing freeze, which has been in place since May 2023. Management have informed us that they want to maintain the usual process in the procedure and staff have been suitably briefed on the updated process as required.



APPENDIX III: DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
SUBSTANTIAL	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
MODERATE	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
LIMITED	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
NO	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
HIGH	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
MEDIUM	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
LOW	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.
ADVISORY	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.



APPENDIX IV: TERMS OF REFERENCE

EXTRACT FROM TERMS OF REFERENCE

PURPOSE

The purpose of this review is to provide assurance over the design and operational effectiveness of the key controls in risk management in the following areas:

- Documented policy
- Consistent approach
- Pre-employment checks
- Equality of opportunity
- Cost-effective
- Staff recruitment training

KEY RISKS

1. The college may not have adequate policies and procedures in place for staff recruitment.
2. There may be inconsistencies in the approach taken for the recruitment of staff, and documentation to support recruitment decisions may not be maintained.
3. There may be insufficient controls in place to prevent discriminatory practices and to ensure equality of opportunity.
4. Pre-employment checks may not be carried out on staff members prior to their appointment.
5. The approach to recruitment may not be cost effective.
6. The college may not be providing appropriate staff recruitment training to relevant staff.

EXCLUSIONS/LIMITATIONS OF SCOPE

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review.

Our work is inherently limited by sample testing and therefore will not provide assurance over all staff recruitment processes within the College. We are reliant on the honest representation by staff and timely provision of information as part of this review.



APPENDIX VI: STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

LAURA BURDEN	DEPUTY PRINCIPAL (TERTIARY)	KEY SPONSOR
ISOBEL JOHNSON	FINANCE MANAGER	



APPENDIX VII: LIMITATIONS AND RESPONSIBILITIES

MANAGEMENT RESPONSIBILITIES

The Audit Committee is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work. The Committee is also responsible for ensuring the internal audit function has:

- The support of the management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit Committee.

The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the College.

Internal controls covers the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the College in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

LIMITATIONS

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

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