



UHI SHETLAND

INTERNAL AUDIT PROGRESS REPORT 2022-23

July 2023



CONTENTS

| | |
|--------------------------------------|---|
| Executive Summary | 3 |
| Work Completed | 4 |
| Performance Against Operational Plan | 5 |
| Audit Performance | 6 |
| Appendices: | |
| I Definitions | 7 |

Restrictions of use

The matters raised in this report are only those which came to our attention during the course of 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.

EXECUTIVE SUMMARY

Introduction

The purpose of this report is to *advise* the Audit Committee of the progress of the Internal Audit Plan for 2022-23. This paper together with progress and assignment updates are discussed with management and the Audit Committee throughout the year. These reports will form the basis of information to support our Annual Internal Audit Report for 2022-23.

Internal Audit Plan 2022-23




Since the last Audit Committee meeting, the following internal audits have been completed:

- Risk Management
- Student Recruitment

Conclusion

The Audit Committee is asked to *note* this report.

WORK COMPLETED

| Reports Issued | Overall Report Conclusions - see appendix I | | | | |
|---------------------|---|---|---|-------------|---------------------------|
| |  |  |  | Design | Operational Effectiveness |
| Staff Recruitment | 0 | 3 | 3 | Moderate | Moderate |
| Risk Management | 0 | 5 | 3 | Limited | Limited |
| Student Recruitment | 0 | 1 | 0 | Substantial | Moderate |

PERFORMANCE AGAINST OPERATIONAL PLAN

| Visit | Date of visit | Proposed Audit | Planned Days | Actual Days | Status |
|-------|---------------|----------------------------------|--------------|-------------|------------------------------------|
| 1 | February 2023 | Risk Management | 6 | 6 | Completed |
| 2 | June 2023 | General Financial Controls | 6 | - | In progress |
| 3 | February 2023 | Staff Recruitment | 6 | 6 | Completed |
| 4 | April 2023 | Business Continuity Planning | 6 | - | Draft report issued |
| 5 | March 2023 | Student Recruitment | 6 | 6 | Completed |
| 6 | May 2023 | Research Governance & Management | 6 | - | In progress |
| 7 | April 2023 | Health & Safety | 6 | - | In progress |
| 8 | | Follow up | 3 | - | Starting w/c 24 th July |





AUDIT PERFORMANCE




| AUDIT | COMPLETION OF FIELDWORK | DRAFT REPORT | FINAL MANAGEMENT RESPONSES | FINAL REPORT |
|---------------------|-------------------------|--------------|----------------------------|--------------|
| Staff Recruitment | 18/04/2023 | 28/04/2023 | 08/05/2023 | 09/05/2023 |
| Risk Management | 06/04/2023 | 17/04/2023 | 16/05/2023 | 18/05/2023 |
| Student Recruitment | 05/05/2023 | 01/06/2023 | 20/06/2023 | 23/06/2023 |


On average:

- All reports were issued in draft within 15 working days of completion of our fieldwork and a debrief meeting with management.
- Final reports were issued within 1 working day of final management responses being received.

APPENDIX I - DEFINITIONS

| LEVEL OF ASSURANCE | DESIGN of internal control framework | | OPERATIONAL EFFECTIVENESS of internal 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. |



BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright ©2023 BDO LLP. All rights reserved.

www.bdo.co.uk