

<b>Committee</b>	Board of Management		
<b>Agenda Item Number</b>	14		
<b>Date paper prepared</b>	06/03/2024	<b>Date of committee meeting</b>	27/03/2024
<b>Subject</b>	2022-2023 Annual Internal Audit Report		
<b>Author</b>	BDO		
<b>Action requested</b>	For approval		
<b>Purpose of the paper</b>	<p>The paper details the Internal Audit performance of Shetland UHI during the 2022-2023 academic year, in the Audit Opinion of BDO.</p> <p>The Board of Management are asked to approve the paper for submission to SFC.</p>		
<b>Brief summary of the paper</b>	<p>Selected sections of the Executive Summary as provided in the paper:</p> <p><b>“Background</b></p> <p><i>Our role as internal auditors is to provide an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. Our approach, as set out in BDO’s Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.</i></p> <p><b>Responsibilities</b></p> <p><i>BDO LLP has been appointed as internal auditors to UHI Shetland to provide the Board (via the Audit Committee), the Chief Executive and other managers with assurance on the adequacy of the following arrangements:</i></p> <ul style="list-style-type: none"> <li>• <i>Risk Management;</i></li> <li>• <i>Corporate Governance;</i></li> <li>• <i>Internal Control; and</i></li> <li>• <i>Value for money</i></li> </ul> <p><i>Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide ‘reasonable assurance’ and cannot provide any guarantee against material errors, loss or fraud. Our role at UHI Shetland is also aimed at helping management to improve risk management, governance and internal control, so reducing the effects of any significant risks facing the organisation.</i></p> <p><i>Our risk evaluations and tests are designed to ensure that controls are sound both in design and effective in operation. Our conclusions are based on evidence obtained during the course of our audit work, verification tests and samples selected from the year’s transactions to date. However, our conclusions should not be taken to mean that all transactions have been</i></p>		

	<p><i>properly authorised and processed or that all elements of systems have been tested.</i></p> <p><b>Recommendations</b></p> <p><i>To assist management in addressing our findings, we categorise our recommendations according to their level or priority. The recommendations made in the five completed reviews totalled 31.</i></p> <p><b>Summary of work performed</b></p> <p><i>Details of the six internal audit reviews and the follow up review have been reported to the Audit Committee throughout the year and have been discussed at length with consideration and scrutiny of management responses and timescales proposed.</i></p> <p><i>For the purpose of this annual report, we set out in the following pages our summary of recommendations and assessment of the design and effectiveness of the risk assurance for each of the audit areas reviewed.”</i></p>
<b>Consultation</b>	Audit Committee
<b>Resource implications</b>	Varied depending on the recommendations of each Internal Audit.
<b>Risk implications</b>	Risk 6 Governance.
<b>Link with strategy</b>	Sustainability
<a href="#">Equality, Diversity and Inclusion</a>	N/A
<b>Island Community Impact</b>	N/A
<b>Paper status</b>	<input checked="" type="checkbox"/> <b>Open</b> – The paper may be circulated to non-members of the committee and published online without restriction. <input type="checkbox"/> <b>Restricted</b> – The paper must not be circulated to non-members or published online until after the committee meeting. <input type="checkbox"/> <b>Confidential</b> - The paper must not be circulated beyond the committee members and should not be published online. [Please note papers may still be subject to Freedom of Information requests – see below].
<a href="#">Freedom of information</a>	<p>Choose an item.</p> <p>If closed/ withheld, select date this will become ‘open’: Enter a date.</p>