

SHETLAND UHI

RESEARCH GOVERNANCE & MANAGEMENT

INTERNAL AUDIT REPORT - FINAL

DECEMBER 2023

LEVEL OF ASSURANCE:

DESIGN	MODERATE
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EFFECTIVENESS	MODERATE
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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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FOR INFORMATION	AUDIT COMMITTEE	MEMBERS

REPORT STATUS

LEAD AUDITOR(S):	TOM O'HARA
DATES WORK PERFORMED:	22 MAY 2023 - 8 NOVEMBER 2023
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FINAL REPORT ISSUED:	8 DECEMBER 2023



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 II)			# OF AGREED ACTIONS
H	0		0
M	3		4
L	2		2
TOTAL NUMBER OF FINDINGS: 5			

BACKGROUND

It was agreed as part of the internal audit plan for 2023/24 that internal audit would carry out a review of the research governance and management arrangements at UHI Shetland (SUHI).

The UK's exit from the European Union has caused additional hurdles in accessing funding, therefore it is important the college has effective systems in place to assess opportunities, manage the grant application process and administer the award.

At the time of the review the Director of Research was on long term leave, therefore the Director of the Centre for Island Creativity supported the review.

SUHI's research activities encompass a wide variety of disciplines including aquaculture, archaeology and northern studies, creative industries, fisheries, marine spatial planning and statistics.

Further detail on key processes in place at SUHI can be found at Appendix I.

PURPOSE

The purpose of this review was to provide assurance over the design and operational effectiveness of the key controls relating to research governance and management in the following areas:

- Strategy
- Risks and priorities
- Roles & responsibilities
- Monitoring
- Applications

CONCLUSION

As part of our work, we have identified five findings, three of which has been assessed to be of medium significance and two of low significance.

We are therefore able to provide moderate assurance over the design and operational effectiveness of the College's arrangements in place in relation to research governance and management.

Gaps were identified in relation to the research governance processes in place at the College. Internal Audit identified that there is no process for monitoring and reporting the performance indicators outlined in the Research Knowledge Exchange Strategy or the Research Knowledge Exchange Operational Plan. Consequently, while Internal Audit identified that the College was within its 2022/23 REG funding budget, it could not verify the progress the College had made against research strategic objectives.

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

- ✓ Research governance and management roles and responsibilities may not be clearly defined or identified.



EXECUTIVE SUMMARY

SUMMARY OF GOOD PRACTICE

During the course of our review, we identified areas of good practice, including:

- ▶ Quarterly Principal's Reports are presented to the Board which provide an update on the progress of all research projects across the College's research clusters.
- ▶ The College has a project management tool in place that allows staff to monitor the status of active, closed and developing internally and externally funded research projects.
- ▶ The College has an advance notification process for staff applying for externally funded research projects, which are documented on forms and signed-off by heads of departments.

SUMMARY OF FINDINGS

Notwithstanding the area of good practice identified, we also identified some opportunities for improvement; these are summarised below:


- ▶ **Performance Monitoring** - Internal Audit were advised that the College monitors the performance indicators outlined in the Research & Knowledge Exchange Strategy and Research, Enterprise & Knowledge Transfer Operational Plan through items brought to the REKT and quarterly Principal's reports. However, we identified that neither the REKT standing items or the Principal's report refer to the performance indicators outlined in the strategic research documents. In addition, Internal Audit identified that while KPIs are outlined in the Research, Enterprise & Knowledge Transfer Operational Plan, the College has not documented desired targets against any of the KPIs. While the Operational Plan outlines timeframes of completion for each outcome, these do not include dates or deadlines.
- ▶ **Requested Audit Evidence** - Internal Audit requested evidence verifying the implementation of selected research risk-mitigation actions outlined in the risk register. In addition, we requested evidence verifying the value of additional REG funding brought in by the Associate Professor of Island Studies. Internal Audit have not been provided with these evidence requests.
- ▶ **UHI Shetland Research Strategy** - Internal Audit identified that the College's Research and Knowledge Exchange Strategy 2021-23 is still in draft form and has not received formal approval from the Research, Enterprise and Knowledge Exchange Committee or the Board.
- ▶ **Risk Register Monitoring** - Internal Audit were advised that the REKT, the primary committee within SUHI responsible for overseeing the College's research activities, monitored the research risk documented in the College's risk register as a standing item. However, Internal Audit identified from a selection of REKT minutes spanning from August 2022 to May 2023 that only the May 2023 REKT minutes reference the risk register. We note that at these meetings operational research related risks have been considered and discussed, however consideration of the overall impact to the strategic risk was not considered.
- ▶ **Funding Submission Process** - Internal Audit identified that the College has not documented its internal funding application process. In addition, the College has not documented the required process for processing and notifying the College of externally funded research projects. We note that our sample testing found no instances where the process had not been followed.

DETAILED FINDINGS



DETAILED FINDINGS


RISK: PROGRESS AGAINST THE RESEARCH STRATEGY MAY NOT BE EFFECTIVELY MONITORED AND REPORTED

FINDING 1 - PERFORMANCE MONITORING			TYPE
<p>It is important that progress against strategic and operational objectives is continually monitored to ensure that strategic priorities are being achieved and required improvements are identified.</p> <p>The College's Research & Knowledge Exchange Strategy and Research, Enterprise & Knowledge Transfer Operational Plan outlines performance indicators by which the College will monitor the implementation of research strategic objectives. Internal Audit were advised that the College monitors these performance indicators through items brought to the REKT and quarterly Principal's reports. However, Internal Audit identified that neither the REKT standing items or the Principal's report make reference to the performance indicators outlined in the strategic research documents.</p> <p>In addition, Internal Audit identified that while KPIs are outlined in the Research, Enterprise & Knowledge Transfer Operational Plan, the College has not documented desired targets against any of the KPIs. While the Operational Plan outlines timeframes of completion for each outcome, these do not include dates or deadlines.</p>			<p>DESIGN</p> 
IMPLICATION			SIGNIFICANCE
<p>There is a risk that the College is not monitoring the performance indicators outlined in the Research and Knowledge Exchange Strategy and Research, Enterprise & Knowledge Transfer Operational Plan and that research objectives are not being achieved.</p>			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE.
<p>1. We recommend that a review of performance indicators outlined in the Research and Knowledge Exchange Strategy and Research, Enterprise & Knowledge Transfer Operational Plan is a standing item of the REKT going forward. Thereafter, a summary of each quarter's performance indicators should be included in Principal's reports.</p>	<p>Dr Beth Mouat, Director of Research, Enterprise and Impact</p>	<p>The review of KPIs has been added to the REKT agenda as a standing item.</p> <p>Reporting of all College KPIs will be a standing item at College Board meetings.</p>	<p>24 November 2023</p>
<p>2. We also recommend that the College conducts a review of the KPIs used to monitor research related outcomes within its Research, Enterprise & Knowledge Transfer Operational Plan, and that targets and dated deadlines are developed for each desired outcome.</p>	<p>Dr Beth Mouat, Director of Research, Enterprise and Impact</p>	<p>Strategic KPIs have been revised with respect to the UHI Shetland Strategic Plan and these will be cascaded down to operational planning. Research and KE KPIs will be integrated into operational planning for each Section rather than a separate Research Enterprise and KE Operational Plan</p>	<p>31 October 2023</p>



DETAILED FINDINGS


RISK: UHI SHETLAND HAS NOT IDENTIFIED RESEARCH RELATED RISKS AND PRIORITY DEVELOPMENT AREAS

FINDING 2 - REQUESTED AUDIT EVIDENCE			TYPE
<p>It is important that sufficient documentation is retained to ensure that controls are recorded and verified.</p> <p>Internal Audit requested evidence during its fieldwork to verify that actions outlined in the College’s risk register to mitigate research risk were completed. However, the following evidence requests were not made available to Internal Audit:</p> <ol style="list-style-type: none"> 1. Evidence of research training and materials presented to UHI Shetland staff on the 17th of January 2022. 2. Evidence of the policy and guidance on the production and release of UHI Shetland publications as approved by the REKT, which outlines internal processes for the review and approval of externally published research outputs. 3. Evidence of information shared to staff on sabbaticals. 			
IMPLICATION			SIGNIFICANCE
There is a risk that sufficient documentation has not been retained and that controls have not been recorded.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE.
1. We recommend that sufficient evidence of research risk management activities are documented and retained by the College.	Dr Beth Mouat, Director of Research Enterprise and Impact	Development of the Research area of the UHI Shetland intranet site is underway and will include the provision of documentation relating to training, research policies and opportunities relating to REG funding including sabbaticals.	31 January 2024



DETAILED FINDINGS


RISK: UHI SHETLAND MAY NOT HAVE DOCUMENTED RESEARCH RELATED STRATEGIC AIMS WHICH ALIGN WITH THEIR STRATEGIC PRIORITIES

FINDING 3 - UHI SHETLAND RESEARCH STRATEGY			TYPE
<p>It is important that strategies receive Board and management review and approval to ensure that strategies align with an organisation's strategic priorities.</p> <p>Internal Audit identified that the College's Research and Knowledge Exchange Strategy 2021-23 is still in draft form and has not received formal approval from the Research, Enterprise and Knowledge Exchange Committee or the Board.</p> <p>We note that the Director of Research, Enterprise and Impact, who was the staff principally responsible for developing the strategy, went on extended leave of absence during the strategies development.</p>			<p>DESIGN</p> 
IMPLICATION			SIGNIFICANCE
There is a risk that the Research and Knowledge Exchange Strategy does not align with the College's strategic priorities.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
1. We recommend that the College ensures that the next iteration of the Research and Knowledge Exchange Strategy, which is due for renewal in 2023, receives formal review and approval by the Board or relevant subcommittee.	Dr Beth Mouat, Director of Research Enterprise and Impact	A revised Research and Knowledge Exchange Strategy will be drafted for consideration of the REKT committee at its meeting in February and will subsequently be referred to the next available meeting of the Learning Teaching And Research Subcommittee of the UHI Shetland Board.	31 March 2024



DETAILED FINDINGS


RISK: UHI SHETLAND HAS NOT IDENTIFIED RESEARCH RELATED RISKS AND PRIORITY DEVELOPMENT AREAS

FINDING 4 - RISK REGISTER MONITORING			TYPE
<p>It is important that research related risks are continually monitored to ensure that they are consistently and effectively mitigated.</p> <p>It is SUHI policy that the REKT, the primary committee within SUHI responsible for overseeing the College's research activities, monitor the research risk documented in the College's risk register as a standing item. However, Internal Audit identified from a selection of REKT minutes spanning from August 2022 to May 2023 that only the May 2023 REKT minutes reference the risk register. The August 2022, November 2022 and February 2023 minutes did not refer to the risk register. We note that at these meetings operational research related risks have been considered and discussed, however consideration of the overall impact to the strategic risk was not considered.</p>			DESIGN 
IMPLICATION There is a risk that the College's research risk is not being monitored and that it is consequently not being mitigated.			SIGNIFICANCE LOW
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
1. We recommend that a review of the research related risk register is included as a standing item within the REKT agenda and minutes.	Dr Beth Mouat, Director of Research Enterprise and Impact	The risk register is reviewed as a standing agenda item at SMG and the Research risk register has been added as a standing agenda item at REKT	24th November 2023



DETAILED FINDINGS

RISK: THERE MAY NOT BE CLEAR PROTOCOL IN PLACE FOR COMPLETING AND ASSESSING APPLICATIONS FOR RESEARCH GRANT FUNDING

FINDING 5- FUNDING SUBMISSION PROCESS			TYPE
<p>It is important that processes are documented to ensure that staff are aware of their roles and responsibilities and are able to complete processes efficiently and accurately.</p> <p>Internal Audit identified that the College has not documented its internal funding application process. For instance, the requirement for the Senior Management Team, rather than the Research, Enterprise and Knowledge Exchange Committee, to approve prospective funding applications has not been documented.</p> <p>In addition, the College has not documented the required process for processing and notifying the College of externally funded research projects. For instance, the requirement to complete an Advance Notification Form (ANF) in advance of processing an externally-funded opportunity has not been documented and it is unclear as to whether Finance is notified of approved ANFs.</p> <p>We note that our sample testing found no instances where the process had not been followed.</p>			DESIGN 
IMPLICATION There is a risk that staff are unaware of their roles and responsibilities in relation to the research funding application process and that staff will not follow the process efficiently and accurately.			SIGNIFICANCE LOW
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
1. We recommend that the College develop a funding application process document that outlines the steps required for both internal and external funding applications to be successfully approved and the roles and responsibilities of staff.	Dr Beth Mouat, Director of Research Enterprise and Impact	A new process for has been developed based on the existing project management provision. A training session is being provided at the next staff training day in January	15th January 2024

OBSERVATIONS



OBSERVATIONS

- ▶ **SMT Approval Documentation** - Internal Audit identified that in two instances, the 28/03/2023 SMT approvals of REG projects were not documented in formal SMT minutes, but instead were documented in an SMT maintained spreadsheet tracking REG funding applications. Internal Audit were advised that this was due to the 28/03/2023 SMT meeting being a one item agenda, which was for the purpose of reviewing and approving REG funding projects.

APPENDICES



APPENDIX I: BACKGROUND

SUHI is a member of the University of Highlands & Islands, whose research is governed by the following committees:

- Research and Knowledge Exchange Committee (RKEC)
- Research Degrees Committee
- Research Ethics Committee
- Graduate School Committee

The Director of Research, Enterprise and Impact is a member of the RKEC and Research Degrees Committee. The RKEC developed UHI's Research, Impact and Knowledge Exchange Strategy, which runs from 2018 to 2023.

SUHI's Research and Knowledge Transfer Committee (REKT) oversees research activities at the College, and reports to UHI's RKEC. The Director of Research, Enterprise and Impact developed the College's Research and Knowledge Exchange Strategy, which runs from 2021 to 2023 and aligns the College with the RKEC's research strategy. Aligned objectives include an increased output in SUHI research that enhances the College's international profile and increased income from research and knowledge exchange within the UHI partnership. The strategy outlines three focus areas:

1. Research Environment
2. Research and Impact
3. Partnerships

SUHI developed a research operational plan for 2022/23, which outlines desired outcomes to be achieved during the year, performance indicators, responsible staff and completion timeframes.

Activities in relation to the University's Research Excellent Framework (REF) submission 2027 are coordinated by the REF steering group, which the Director of the Centre for Island Creativity sits on.

The College's risk register includes the risk that research outputs are sub-standard. The register identifies the REKT, the Director of Research, Enterprise and Impact, research managers and the Learning, Teaching & Research Sub-Committee as risk owners. The registers outlines an action plan to mitigate the risk, with actions including the development of internal processes for approval of publications and develop a research framework that provides staff with opportunities to develop research networks. The risk register is monitored by the Audit Committee on a quarterly basis.

The roles and responsibilities of UHI and SUHI Committees are documented in committee terms of references. The REKT's terms of reference includes the responsibility to development and implement a REKT strategy and monitor all operational plans for research across UHI Shetland.

Individual staff research roles and responsibilities are outlined in staff job descriptions. The University's code of practice for postgraduate research outlines the responsibilities of research students and supervisory teams.

The REKT's Research and Knowledge Exchange Strategy outlines key performance indicators for each of the three research focus areas. Example indicators include a greater number of staff supported to be submitted to REF, improved quality REF outputs and increased number of research projects with collaborative or interdisciplinary elements.

Principal Reports which are presented to the Board on a quarterly basis and includes a research update prepared by each of UHI Shetland's Head of Research clusters, which outlines the current status and progress of all ongoing research projects.

The College prepares an annual Research Excellence Grant (REG) funding plan based on the REG allocation provided by UHI, which is reviewed and approved by the REKT. In 2022/23, UHI Shetland was allocated £67,320, with additional funds of £7,457 and £1,879 provided by additional flexible research funding and capital funding respectively.



APPENDIX I: BACKGROUND

Research staff applying to receive REG funding first complete a REF Development Funding Proposal Form, which includes a description of the proposal, an outline of how the project will contribute to UHI Shetland's REF 2027 submission and the total funding request. Completed forms are emailed to the Senior Management Team Secretary, who stores them in a shared folder for SMT review. The Director of the Centre for Island Creativity reviews completed forms in the first instance to provide initial feedback to applicants before SMT review. The SMT review applications on a fortnightly basis. If successful, approved forms are passed onto the Finance Team to prepare the disbursement of funding. The REKT is informed of SMT approved research projects each quarter.

Research staff applying to externally funded research opportunities must complete an Advance Notification Form prior to application, which outlines the project, including its impact and output, an itemised breakdown of the funding applied for and whether UHI Shetland funding is required. Each form is signed-off by the applicant's head of department.

The College has developed a project management tool to record and monitor active, approved and prospective internally and externally funded research projects. The details of REF Development Funding Proposal forms submitted for SMT review are automatically migrated to the project management tool.



APPENDIX II: 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 III: 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 relating to research governance and management in the following areas:

- Strategy
- Risks and priorities
- Roles & responsibilities
- Monitoring
- Applications

KEY RISKS

1. UHI Shetland may not have documented research related strategic aims which align with their strategic priorities.
2. UHI Shetland has not identified research related risks and priority development areas.
3. Research governance and management roles and responsibilities may not be clearly defined or identified.
4. Progress against the research strategy may not be effectively monitored and reported.
5. There may not be a clear protocol in place for completing and assessing applications for research grant funding.

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. We are reliant on the honest representation by staff and timely provision of information as part of this review.



APPENDIX IV: 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.

MALCOLM INNES	DIRECTOR OF THE CENTRE FOR ISLAND CREATIVITY	AUDIT LEAD
BETH MOUAT	DIRECTOR OF RESEARCH, ENTERPRISE & IMPACT	AUDIT LEAD



APPENDIX V: 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 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 College, 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 III - 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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