



Internal Audit Report

Governance effectiveness

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1. Executive summary

Background and context

The Scottish Code of Good Higher Education Governance (SCGHEG) requires the governing body of every institution to undertake an independent review of its own effectiveness, and that of its committees, at least every five years. This report presents the outcome of three governance effectiveness reviews of Edinburgh Napier University, undertaken as part of the 2025/26 Internal Audit Plan approved by the Audit and Risk Committee, and demonstrates the fulfilment of that requirement. For reference, the extracts of the scopes from the final terms of reference for each of the three governance reviews are included in Appendix C of this report.

The individual governance internal audit reviews completed in 2025/26, and the outcome of each review is summarised in the table below.

Internal audit report	Overall rating	Critical	High	Medium	Low
Institutional Financial Monitoring and Scrutiny (February 2026)	Satisfactory	-	-	1	1
Institutional Governance (May 2026)	Satisfactory	-	-	1	3
Academic Board Effectiveness (May 2026)	Satisfactory	-	-	-	3

The scope of these three reviews covered the governance arrangements of University Court and its formal Committees (Audit and Risk (ARC), Finance, Property and Infrastructure (FPIC), Remuneration, and Governance & Nominations), the University's financial monitoring and scrutiny arrangements, and the governance arrangements of the Academic Board together with its Standing Committees in scope, the Education and Student Experience Committee (ESEC) and the Research and Innovation Committee (RIC).

The reviews considered both the design of governance arrangements and how they operate in practice across eight key areas:

- *Overall governance structure* - terms of reference, roles, responsibilities, delegated authorities and reporting lines across Court, its Committees and Academic Board.
- *Size and composition of membership* - the size, balance and constitutional compliance of Court, Committee and Academic Board membership.
- *Skills and diversity of memberships* - how skills, experience and diversity are assessed, and how gaps are identified and filled.
- *Financial and risk oversight* - financial strategy, budgeting, monitoring and reporting, and oversight of financial and strategic risk.
- *Debate, challenge and decision making* - the quality of scrutiny, challenge and decision making at meetings.
- *Quality of papers, information and reporting* - the clarity, timeliness and decision focus of papers submitted to Court, Committees and Academic Board.
- *Induction and development of members* - the consistency and effectiveness of induction and ongoing development.
- *Culture, values and conduct* - governance culture, behaviours and the management of conflicts of interest.

The reviews did not re-perform budget setting, forecasts or financial models, examine transactional financial controls, assess the academic merit of the University's offering, or extend to organisational culture at Executive or Departmental levels of the University.

1. Executive summary (continued)

Approach

Our approach to the work completed across the three governance internal audit reviews in 2025/26 that support the conclusions of this report included the following:

- Detailed review of the terms of reference, agendas, papers and minutes of Court, its Committees, Academic Board, ESEC and RIC;
- Review of central governance documentation including the Court Handbook, delegated authority and financial regulations;
- Completed surveys of Court and Academic Board members;
- Interviewed a sample of members of Court, its Committees and the Academic Board as well as senior officers and governance staff;
- Sample tested areas such as conflicts of interest declarations and a sample of committee papers;
- Attended meetings of Court on 23 March 2026, FPIC on 12 November 2025, all ARC meetings in the 2025/26 year and the Academic Board on 6 March 2026 for observation; and
- Assessed how the University is positioned against the key findings and learnings of the Scottish Funding Council's investigation into financial oversight and decision making at the University of Dundee (the 'Gillies Report') as listed in Appendix B.

Overall conclusions

Overall, the reviews found that the University has a well-established and effective governance framework. Court, its formal Committees and Academic Board operate within clearly defined structures, supported by strong governance administration, committed and engaged members, effective chairing, clear reporting lines and active consideration of risk and assurance. No systemic weaknesses in governance effectiveness were identified from the work across the governance reviews in 2025/26, and arrangements are consistent with the expectations of the Scottish Code of Good Higher Education Governance.

Based on the evidence reviewed for the 2025/26 year, Court, its formal Committees and the Academic Board are appropriately constituted, compliant with statutory requirements in design with the Academic Board functioning effectively as the University's primary academic assurance and oversight body, providing robust academic assurance to Court. Financial governance has been strengthened, with clearer articulation of committee responsibilities, improved clarity over FPIC's oversight role and a proactive approach to managing financial sustainability risks in a challenging sector environment.

Summary of findings

Across the three governance internal audit reviews completed in 2025/26 nine findings were raised as summarised below:

Institutional financial monitoring and scrutiny review:

1. *Full 2025/26 budget paper not reviewed and recommended by FPIC (medium risk)* - Our review found that although FPIC members were engaged in the budget development process and received a presentation outlining indicative budget figures, the Committee did not formally review the full budget or recommend the full budget paper to Court as required by its Terms of Reference. The situation arose due to timing pressures and the ongoing development of the financial reshaping to achieve sustainability. It was noted that all FPIC members are Court members, and that they were well sighted on the financial position; however, the absence of formal committee consideration represents a deviation from the Committee's remit and a gap in the financial governance process.
2. *Inconsistent use of the standard committee paper template (low risk)* – The University's Committee Servicing Guidance requires that all papers submitted to Court and its Committees should follow the standard template, which includes a clear recommendation section. Our review of Committee papers submitted between August 2024 and November 2025 noted that committee papers are not always using the required template. In addition, committee agendas do not specify the action required of the Committee for each agenda item. We noted that this information instead is contained in a Chair or Convenor briefing that is not circulated as part of the Committee papers for the committee members. Improving compliance with the standard template would support transparent decision making, enable easier comparison between papers and consistent presentation of information.

1. Executive summary (continued)

Summary of findings (continued)

Institutional governance review:

3. *Incomplete and out-of-date conflicts of interest declarations (medium risk)* – The University has a documented framework for managing conflicts of interest, including annual declarations and a standing agenda item at Court, and survey responses confirmed a strong culture of openness, with 100% of respondents agreeing conflicts are proactively managed. However, as of April 2026 five Court members did not have a declaration in place and a further five had not renewed their 2024/25 declaration for 2025/26, despite declarations being requested in July 2025. Incomplete documentation reduces transparency and governance assurance where decisions are subject to external scrutiny.
4. *Consistency and clarity of Court papers (low risk)* – Standard templates and covering papers are well embedded and 81% of survey respondents agreed that papers are clear, concise and appropriately detailed. Interviews and survey responses nevertheless highlighted variability, with some papers overly long, detailed or operational and the decision required of Court not always explicit. Finance and risk papers were repeatedly cited as good practice, demonstrating that greater consistency of strategic context, key risks and the decision or assurance sought is achievable across all Court submissions.
5. *Absence of formal action tracking for Court and Committees (low risk)* – Minutes are prepared for all meetings and decisions clearly documented, but Court, the Audit and Risk Committee and FPIC do not operate a formal action log, relying instead on narrative minutes, forward planners and informal follow-up. Interview and focus group feedback indicated that actions are not always tracked through to completion, particularly where not captured as formal resolutions, providing limited visibility that agreed actions are owned, completed and reported back to members.
6. *Induction and development arrangements not fully structured (low risk)* – Induction materials and development opportunities are in place, with 81% of Court members agreeing they received a structured induction and 94% agreeing that ongoing development is considered. Experience is variable, however, particularly for members new to Scottish higher education or governance, with learning often described as occurring “by osmosis”. Members identified opportunities for clearer contextual briefings, deeper exposure to academic activity, committee observation prior to appointment and mid-year refresh sessions, which are increasingly important given recent turnover in membership.

Academic Board effectiveness review:

7. *Incomplete student membership on Academic Board (low risk)* – Academic Board’s composition complies in design with the Higher Education Governance (Scotland) Act 2016, but only 2 of the 4 student positions were filled in 2025/26, meaning the required student membership was not met in practice. Appointments are the responsibility of Edinburgh Napier Students’ Association, and reduced student voice may weaken the legitimacy of academic decision making and expose the University to challenge on constitutional compliance.
8. *RIC terms of reference last reviewed in October 2021 (low risk)* – The Terms of Reference for the Research and Innovation Committee, a Standing Committee of Academic Board, have not been reviewed or re-approved since October 2021, despite subsequent changes in strategy, regulatory expectations, committee responsibilities and reporting arrangements. There was no evidence of formal cyclical review confirming that the Terms of Reference remain fit for purpose, increasing the risk that roles, responsibilities and delegated authority are misaligned with current Academic Board expectations.
9. *Inconsistent use of the standard cover template for RIC papers (low risk)* – Papers submitted to Academic Board and ESEC consistently use the standard template with defined purpose, background and recommendation sections. Review of RIC papers identified several instances where the standard cover paper was not completed, including the Doctoral College Annual Report and Research Centre reports presented in November 2025. This reduces clarity over the purpose of papers and the decisions requested and may limit the effectiveness of scrutiny and upward reporting to Academic Board.

Full details of each finding are included in Appendix A of this report.

1. Executive summary (continued)

Other points for management consideration

Through the stakeholder interviews and surveys completed across the three governance reviews, a number of themes emerged which, individually or collectively, do not meet the threshold for formal internal audit findings and do not represent control failures or non-compliance; rather, they highlight opportunities to strengthen the effectiveness, consistency and maturity of governance arrangements.

In summary, the themes raised related to the volume, density and timeliness of papers, which are of good quality and issued around a week in advance but which some members felt allowed limited time to engage with more complex or strategic items; the depth and timing of scrutiny, with some items presented for final approval at Academic Board creating a perception that the Board's role is at times more endorsement than early shaping; the use of private and confidential papers, which can constrain members' ability to consult the constituencies they represent; and induction arrangements, described by some members as informal although new members do receive a full information pack and further support on request. In each case management has been asked to consider whether current arrangements remain proportionate, and to make incremental improvements where there is an opportunity to do so.

Good practice

The reviews identified areas of good practice that provide a strong foundation for effective governance:

- *Culture, conduct and chairing* - Court, Committee and Academic Board meetings are described as respectful, open and collegiate, with effective chairing balancing openness with time discipline and actively managing the boundary between governance and operational matters. Members report feeling able to contribute, question and challenge; 20 of 21 Academic Board survey respondents indicated that the Board always or usually promotes open and respectful dialogue and encourages diverse perspectives.
- *Governance framework and documentation* - Roles, responsibilities, delegated authorities and reporting lines are formally documented and generally applied consistently, with all Court survey respondents agreeing that the Court and Committee structure and Terms of Reference are clear. Academic Board's composition complies with the Higher Education Governance (Scotland) Act 2016 in design.
- *Financial and risk oversight* - Financial reporting to Court and Committees is clear, structured and decision focused, and was repeatedly cited by members as good practice. The Audit and Risk Committee regularly reviews the strategic risk register, risk appetite and assurance reporting, and the University demonstrates a proactive approach to managing financial sustainability risk.
- *Succession planning and skills-based recruitment* - Membership decisions are informed by skills and diversity considerations, with terms of office tracked, recruitment staggered and co-option used effectively to address emerging skills gaps and maintain continuity of oversight.
- *Governance servicing and administration* - Clerking support, agenda management, minute taking and document control are of a high standard, with minutes providing a clear, accurate and timely record of proceedings and decisions.
- *Member commitment and engagement* - Members demonstrate a high level of personal commitment, attendance is generally strong and members take their responsibilities seriously, particularly in relation to financial sustainability, academic quality, standards and student outcomes.

2. Background

This section provides an overview of how governance operates across the main scope areas, drawing together evidence from documentation review, survey responses, interviews, testing and observation.

Overall governance structure, including Terms of Reference and responsibilities

The University has a clearly defined and well-established governance framework. University Court is the governing body, supported by formal Committees including Audit and Risk, Finance, Property and Infrastructure, Remuneration, and Governance & Nominations. Roles, responsibilities, delegated authorities and reporting lines are formally documented within the Court Handbook, Committee Terms of Reference, the Financial Regulations and the Finance - Risk Management Delegated Approval Matrix, and were generally understood and applied consistently in practice.

Academic Board is clearly established as the University's principal academic governance body, with delegated responsibility from Court for the overall planning, development, co-ordination and supervision of the academic work of the University. Its Standing Committees in scope, ESEC and RIC, have defined remits, and the reporting relationships between Academic Board, its Standing Committees and Court are clearly articulated, providing Court with visibility of academic quality, standards and risk.

Terms of reference are subject to periodic review, and updated Committee terms of reference have recently improved clarity over financial oversight responsibilities, particularly the respective roles of FPIC and the Audit and Risk Committee. Review has not, however, been applied consistently across all bodies: RIC has continued to operate under Terms of Reference last approved in October 2021 (see finding 8).

Overall, the governance structure was found to be appropriately designed and operating effectively. The main improvement areas were the timely cyclical review of Terms of Reference and consistent application of delegated approval routes, as the full 2025/26 budget paper was not formally reviewed and recommended by FPIC before Court approval (see findings 1 and 8 in appendix A).

Size and composition of membership of Court, Committees and Academic Board

The composition of Court and its Committees is overseen by the Governance & Nominations Committee, with terms of office tracked and reported periodically and recruitment planned to manage turnover. Committee memberships align with the requirements set out in Terms of Reference, and the use of co-option was noted as an effective mechanism to address emerging skills gaps and support continuity of oversight.

Academic Board's formal composition complies in design with the Higher Education Governance (Scotland) Act 2016, with appropriate representation from senior academic leadership, elected academic staff and students. At the time of the review, however, only 2 of the 4 student member positions were filled, meaning that Academic Board was not in practice meeting the required 10% student membership. The appointment of student members is the responsibility of Edinburgh Napier Students' Association (ENSA), and the University engages with ENSA through the University and Student Association Forum (see finding 7).

Attendance at Court, Committee and Academic Board meetings was generally good and quoracy was maintained across the meetings reviewed. The size and composition of the Board are broadly comparable with other Scottish higher education institutions and are not considered excessive or unmanageable by members.

Overall, the size and composition of Court, its Committees and Academic Board were appropriately designed and broadly support effective governance. The key improvement area identified was to achieve and maintain full student membership of Academic Board.

2. Background (continued)

Skills and diversity of memberships

Skills and diversity are actively considered as part of governance membership arrangements. Membership decisions for Court and its Committees are informed by a skills-based assessment alongside diversity considerations, and all survey respondents agreed that skills and diversity are considered when identifying and filling membership gaps.

We identified good practice in proactive succession planning and skills-based recruitment, including the use of co-option to secure specific expertise at short notice, with terms of office staggered to preserve continuity and reduce the risk of capability gaps arising at the same time.

Financial, audit, risk, property and digital expertise was evident across FPIC and the Audit and Risk Committee, and members considered that the Committees collectively hold the expertise required to scrutinise the matters within their remits, including during the current period of financial pressure. Academic Board's membership structure provides broad academic representation across Schools and professional services.

Overall, the University was found to have appropriate arrangements for considering the skills and diversity of governance memberships. Continued focus should be maintained on succession planning, diversity of thought and experience, and ensuring student representation is complete and effective.

Financial and risk oversight

The University has taken meaningful steps to strengthen financial governance in response to increased financial pressure across the sector, including clearer articulation of committee responsibilities through updated Terms of Reference and improved clarity over FPIC's oversight role relative to that of the Audit and Risk Committee. Financial information submitted to FPIC and Court, including management accounts, treasury management reporting covering loan facilities, covenant compliance and headroom, and financial sustainability updates, was presented in a way that enabled constructive scrutiny.

Risk oversight is embedded within Court and Committee business. The Audit and Risk Committee regularly reviews the strategic risk register, risk appetite and assurance reporting before escalation to Court, and members expressed confidence that significant risks are visible and discussed through structured reporting and committee scrutiny. Financial sustainability risk is actively tracked, with mitigation workstreams reported through the financial reshaping programme.

Two improvement areas were identified. The full 2025/26 budget paper, including planning assumptions, sustainability workstreams and the budgeted balance sheet, was approved by Court in June 2025 without first being formally reviewed and recommended by FPIC as required by the Delegated Approval Matrix (see finding 1). In addition, budget and planning papers contain limited sensitivity testing showing how changes in key assumptions would affect the financial position, despite such modelling being undertaken within the finance team.

Overall, financial and risk oversight arrangements were found to be generally effective, with evidence of active scrutiny and improving governance maturity. The University should ensure that formal approval routes are followed and recorded consistently, and that financial reporting continues to support forward-looking challenge.

2. Background (continued)

The debate, challenge and decision making at meetings

There was evidence of effective debate, challenge and decision making across the governance framework in 2025/26. Court and Committee meetings were described as well chaired, respectful and increasingly strategic, with Chairs actively managing the boundary between governance and operational matters and creating space for members to test proposals.

Discussion of financial information at Committee and Court was active and constructive, with members probing assumptions, mitigation plans and the deliverability of savings. Risk discussions similarly demonstrated challenge, with the Audit and Risk Committee testing risk appetite, controls and assurance coverage before matters were escalated to Court.

Academic Board operates with a respectful, collegiate and professional culture. Members reported feeling able to contribute, ask questions and raise concerns, and observation of the March 2026 meeting confirmed inclusive and well-managed discussion. Some members perceived that certain academic matters are presented for final consideration rather than early shaping, and that occasional use of private and confidential papers can limit the ability of elected staff and student members to consult those they represent.

Overall, meetings were found to support constructive debate and informed decision making. There is scope to ensure that Academic Board is engaged at the right stage in the development of significant academic matters, and that decisions and actions arising from debate across the Committees are consistently tracked through to completion (see finding 5).

Quality of papers, information and reporting

The quality of papers, information and reporting was generally good. Standard templates and covering papers were well embedded across the governance framework, papers were circulated in advance of meetings in line with procedural expectations, and financial and risk reporting was consistently cited as good practice because of its clarity, structured presentation of data and explicit articulation of the decisions and assurances sought.

From the survey completed 81% of Court respondents agreed or mostly agreed that papers are clear, concise and appropriately detailed. Members noted that some papers were overly long, detailed or operational, making it difficult to identify the key strategic issues and risks, and that the decision required is not always sufficiently explicit (see finding 4). Feedback on Academic Board papers similarly highlighted volume and density, reliance on assumed knowledge and the need for clearer summaries.

A consistent theme related to the use of standard paper templates. Testing identified papers submitted to FPIC, including the Annual Procurement Report and the Digital Strategy Update in November 2025, that did not use the standard template or a cover sheet specifying the recommendation (see finding 2), and papers submitted to RIC, including the Doctoral College Annual Report and Research Centre reports, that did not complete the standard cover paper (see finding 9).

Overall, papers and reporting reviewed were found to be effective and support informed oversight. The main opportunity is to strengthen consistency so that all papers clearly set out purpose, strategic context, key risks and implications, and the specific decision, assurance or input sought.

2. Background (continued)

Induction and development of members

Induction arrangements and development opportunities are in place for Court, Committee and Academic Board members. New Court members receive induction materials and meetings with senior officers, and have access to internal and external development opportunities. New Academic Board members receive a suite of information covering membership, roles, papers, agendas, conduct and attendance, together with links to the constitution, Terms of Reference, standing orders and previous papers, and are asked to confirm that they have read and understood it.

There is variability in the induction experience. For Court members, learning was sometimes described as occurring “by osmosis” over time rather than through a consistent baseline programme, particularly for members new to Scottish higher education or to governance. Members highlighted opportunities for clearer contextual briefings, deeper exposure to academic activity, opportunities to observe Committees prior to appointment, mid-year refresh sessions and clearer signposting of development (see finding 6).

Sub-committee induction arrangements are established, with similar information and support provided along with a meeting with the sub-committee chair. Student members receive additional support from the Students' Association; however, this does not always extend to Academic Board-specific processes or expectations.

Overall, induction and development arrangements are established and proportionate but would benefit from further structure and consistency, particularly during periods of increased member turnover.

Culture, values and conduct

Culture is a strength of the University's governance arrangements. Court members described a respectful, open and collegiate culture in which members are comfortable asking questions and challenging constructively, and expressed confidence in the integrity of discussions and in how tensions between different categories of members are handled in practice. Academic Board culture was consistently described in the same terms.

The University has a documented framework for managing conflicts of interest, including annual declarations, a standing agenda item at Court meetings and expectations for item-specific declarations. In practice a strong culture of openness was evident, with all survey respondents agreeing that conflicts are proactively managed and 94% indicating that conflicts are declared always or usually in meetings.

Formal documentation does not, however, fully reflect this culture. Although declarations were requested from standing Court members in July 2025 with an August 2025 deadline, as of April 2026 five Court members did not have a declaration in place and a further five had not renewed their 2024/25 declaration for 2025/26 (see finding 3).

Overall, it was found that the University has a positive governance culture, underpinned by respectful behaviours, constructive challenge and a shared commitment to effective oversight. Formal conduct arrangements, particularly conflicts of interest declarations, should be completed and refreshed on a timely annual basis so that documented evidence matches the culture observed in practice.

Appendices

Appendix A – Internal audit findings

Full 2025/26 budget paper not reviewed and recommended by FPIC
(Institutional financial monitoring review)

1

Finding rating	Medium
Finding type	Operating effectiveness
Scope area	Financial Monitoring, Reporting and Transparency

Finding

According to the University's Finance - Risk Management Delegated Approval Matrix, the annual budget requires first line approval by the Director of Finance, second line approval by the University Leadership Team, third line recommendation by FPIC to Court, and final approval by Court. Consistent with this, the Terms of Reference for FPIC state that it is responsible for recommending the annual University budget to Court.

Our review found that although the Annual Plan, Three-Year Financial Forecast and Budget for 2025/26, along with the Financial Planning Paper, were approved by Court on 23 June 2025, these papers were not provided to FPIC before Court's consideration. FPIC received a presentation on 22 May 2025 outlining the developing financial position, including workstreams planned for 2025/26, emerging risks and indicative financial scenarios. Draft figures were presented, including the projected £5.7 million deficit, which aligned with the final figures later submitted to Court. However, the slides did not contain as much detail as the full budget paper, such as the assumptions, planning process, workstreams to achieve financial sustainability, and budgeted balance sheet.

Management explained that the budget cycle had been affected by timing pressures linked to the ongoing development of the financial reshaping to achieve sustainability and availability of key stakeholders and noted that all FPIC members sit on Court. Notwithstanding this context, the Committee did not formally review or recommend the full 2025/26 budget paper prior to its submission to Court, so the approval process did not fully comply with the remit set out in the Terms of Reference and the Delegated Approval Matrix.

Potential impact and risk

FPIC is designed to oversee financial matters and provide scrutiny of the budget on behalf of Court. Although the full budget papers were approved by Court, consideration by FPIC would have allowed more time for detailed review and more extensive discussion. The process does not fully comply with the Committee's Terms of Reference or the University's Financial Regulations, and the absence of a formal review of the full paper limits documented evidence that the approval framework has been followed as designed.

Recommendations

Align Court and committee meeting schedules with key milestones in the financial planning cycle to ensure FPIC can review and recommend the annual budget as required. Where timing pressures make this challenging, consider alternative mechanisms such as an additional meeting or formal consideration of papers via circulation. Where exceptional circumstances prevent the Committee from fulfilling this remit, ensure that this is clearly communicated and recorded in meeting minutes to support transparency and continued compliance with governance expectations.

Agreed action plan

It is normal practice for FPIC to receive and review the full budget paper and the circumstances leading to this isolated omission were exceptional. The FPIC meeting schedule and the budget setting process will be aligned to ensure the full budget paper is presented to FPIC in the normal manner going forward.

Action owner/title:
Director of Finance, Strategy & Planning and Secretary to Court

Target date: 30 June 2026

Appendix A – Internal audit findings

Inconsistent use of the standard committee paper template
(Institutional financial monitoring review)

2

Finding rating	Low
Finding type	Operating effectiveness
Scope area	Financial Monitoring, Reporting and Transparency

Finding
<p>Agendas for each FPIC and ARC meeting set out the items to be considered but do not indicate the action required for each item. Instead, this information is expected to be set out within the content of individual papers. In addition, the Chair of each Committee receives a convenor’s briefing in advance of the meeting, which summarises the recommended action for each agenda item. The University’s Committee Servicing: Procedures and Good Practice Guidance requires all papers submitted to committees to follow a single standard template. The template can act as a cover sheet for longer papers, summarising the key issues and setting out the action required, or it may serve as the full structure for shorter papers. The Guidance also specifies that authors should clearly state the recommendation for each paper, including whether the committee is being asked to approve or note the item. Our review of the papers submitted to Committees between August 2024 and November 2025 noted that there were papers submitted to FPIC that did not follow this required format. For example, the Annual Procurement Report and the Digital Strategy Update presented at the November 2025 FPIC meeting did not include the standard template or a cover sheet specifying the recommendation.</p>
Potential impact and risk
<p>The absence of required actions on committee papers, combined with the use of a convenor-only briefing, means that not all members have access to the same information regarding expected decisions. This may limit their ability to prepare fully for meetings and may affect the transparency of the decision-making process.</p>
Recommendations
<p>We recommend that the University reinforce adherence to the University’s standard committee paper template across all committees, ensuring that each paper includes a clear statement of the action required.</p>
Agreed action plan
<p>We will re-enforce requirements on adherence to the paper template to paper authors when requesting papers to ensure all papers include a clear statement of action required.</p>
<p>Action owner/title: Head of Governance</p> <p>Target date:30 June 2026</p>

Appendix A – Internal audit findings

<div>Incomplete and out-of-date conflicts of interest declarations (Institutional governance review)</div> <div>3</div>		<div>Finding</div> <p>The University has a documented framework for managing conflicts of interest, including annual declarations, a standing agenda item at Court meetings, and expectations for item-specific declarations. In practice, a strong culture of openness and regular in-meeting declarations was observed through interviews, focus group feedback and survey responses, with 100% of survey respondents agreeing that conflicts are proactively managed and 94% indicating that conflicts are declared always or usually. However, audit testing identified that not all Court members had completed or renewed a formal declaration of interests for the current academic year, including new members who had not yet submitted a declaration. Standing Court members were requested to complete their declarations in July 2025 with a deadline of August 2025. However, as at April 2026 five Court members did not have a conflicts of interest declaration in place and a further five Court members had not renewed their declaration from 2024/25 for the 2025/26 year.</p>	
<div>Finding rating</div> <div>Medium</div>		<div>Potential impact and risk</div> <p>Incomplete or informal documentation of conflicts of interest may reduce transparency and governance assurance, increasing reputational and regulatory risk where decisions are subject to external scrutiny.</p>	
<div>Finding type</div> <div>Operating effectiveness</div>		<div>Recommendations</div> <p>Management should ensure the conflicts of interest declarations are complete for all Court members.</p>	
<div>Scope area</div> <div>Culture, values and conduct</div>		<div>Agreed action plan</div> <p>Register of interest declaration requests were sent to all Court members on 18 May 2026 with a two week return deadline and will be followed up as required to ensure full completion by the end of June 2026 and annual declarations will be updated on a timely basis for each academic year.</p>	<div>Action owner/title:</div> <p>Head of Governance</p> <div>Target date:</div> <p>30 June 2026</p>

Appendix A – Internal audit findings

Consistency and clarity of Court papers

(Institutional governance review)

4

Finding rating **Low**

Finding type Operating effectiveness

Scope area Governance structure and operations

Finding

The University has established standard templates and covering papers for Court and Committee submissions, which are well embedded and support a consistent approach to reporting. Survey results indicate strong confidence in the overall governance framework, with 100% of respondents agreeing that the Court and Committee structure and Terms of Reference are clear, and over 90% agreeing that agendas are strategically focused and allow sufficient time for scrutiny.

However, both quantitative and qualitative evidence highlights variability in the consistency, clarity and strategic focus of Court papers, with 81% of survey respondents agreeing or mostly agreeing that papers are clear, concise and appropriately detailed. It was noted through the survey and interviews that some papers are overly long, detailed or operational, making it difficult for members to identify the key strategic issues and risks, with the decisions requiring the attention of Court not always sufficiently explicit.

By contrast, finance and risk-related papers were frequently cited as examples of good practice, demonstrating clearer executive summaries, structured presentation of data, and explicit articulation of decisions and assurances sought, reinforcing that improved consistency is achievable in practice.

Potential impact and risk

Where papers are insufficiently focused, time may be spent clarifying purpose rather than engaging in effective strategic debate, with discussions at risk of drifting into operational detail. This can limit the depth and effectiveness of challenge, reduce time available for strategic oversight and assurance, and increase reliance on verbal explanation during meetings, creating a risk that key strategic risks and implications do not receive sufficient focus.

Recommendations

Management should reinforce expectations that all Court papers clearly set out the strategic context, key risks and implications, and the specific decision(s), assurance or input sought from Court. Examples of good practice, particularly in finance and risk reporting, should be actively promoted and replicated across other Court submissions, with Court feedback on the quality of papers periodically reviewed through governance effectiveness or annual reflection processes to support continuous improvement.

Agreed action plan

1. The requirement that Court papers should adhere to the standard paper template and clearly set out the strategic context, key risks and implications, and the specific decision(s) or input sought from Court will be communicated and emphasised to paper authors, and sample “good practice” papers will be made available to support this.
2. The quality of papers will be monitored by Governance & Nominations Committee through the Court Annual Effectiveness Review exercise.

Action owner/title:

Head of Governance

Target date: 1. 30 November 2026, 2. 30 May 2027

Appendix A – Internal audit findings

Absence of formal action tracking for Court and Committees (Institutional governance review)

5

Finding rating **Low**

Finding type Operating effectiveness

Scope area Governance structure and operations

Finding

Formal minutes are prepared for Court and Committee meetings, and decisions are clearly documented. However, Court, Audit & Risk Committee and FPIC do not operate a formal action log, relying instead on narrative minutes, forward planners and informal follow-up to close out the actions agreed as part of Court or Committee business. Feedback from interviews and the focus group indicated that there is a risk that actions arising during Court and Committee meetings are not always clearly tracked through to completion, particularly where they are not captured as formal resolutions. It was noted that some Court members take notes of actions that are of interest or relevant to them to follow up themselves. The current approach provides limited visibility and assurance that agreed actions are completed, owned, and reported back to Court members.

Potential impact and risk

Actions may be delayed, partially completed, or inadvertently dropped, reducing assurance that Court and Committees are effectively following up matters raised and increasing reliance on personal memory and informal ownership.

Recommendations

Management should introduce a proportionate, risk-based action tracking mechanism, focusing on actions requiring Court or Committee assurance that collates the actions raised during the meetings and documented in the minutes. All actions should have clear ownership and timescales so they can be monitored by Court members through future Court or Committee meetings.

Agreed action plan

A tracking report will be introduced for actions raised and recorded in the minutes during Court and Committee meetings.

Action owner/title:
Head of Governance

Target date: 30 November 2026

Appendix A – Internal audit findings

Induction and development arrangements not fully structured (Institutional governance review)

6

Finding rating

Low

Finding type

Operating effectiveness

Scope area

Court and Committee membership

Finding

Induction materials and development opportunities are available, and survey results indicate generally positive perceptions, with 81% of Court members agreeing they received a structured induction and 94% agreeing that ongoing development is considered. However, the survey and Court member interviews identified variability in induction experience, particularly for members new to Scottish higher education or governance, with learning often described as occurring 'by osmosis' over time rather than through a consistent baseline programme.

Court members highlighted opportunities to strengthen induction and development arrangements through clearer contextual briefings, deeper exposure to academic activity, opportunities to observe committees prior to appointment, mid-year refresh sessions, and clearer signposting of development opportunities.

It is also noted that there have been a number of changes in Court members recently, increasing the importance of a more consistent and structured induction framework to support early member effectiveness.

Potential impact and risk

Variability in induction and development arrangements may result in inconsistent member confidence and effectiveness, with new members experiencing a longer learning curve, particularly during periods of change. This can reduce members' ability to contribute and challenge effectively in the early stages of their tenure, potentially limiting the overall effectiveness of Court and Committees.

Recommendations

Management should consider whether the existing Court member induction arrangements could be further enhanced to improve consistency of early member experience, for example through clearer contextual briefings, optional committee observation opportunities and light-touch refresh sessions, particularly during periods of increased Court member turnover.

Agreed action plan

The induction framework for new members will be further enhanced reflecting the above points.

Action owner/title:
Head of Governance

Target date: 30 September 2026

Appendix A – Internal audit findings

Incomplete student membership on Academic Board

(Academic Board effectiveness review)

7

Finding rating **Low**

Finding type Operating effectiveness

Scope area Remit and membership

Finding

Edinburgh Napier Student Association (ENSA) is responsible for appointing students to the Academic Board. However, student representation on the Academic Board is incomplete with only 2 of the 4 positions appointed in the 2025/26 year. As a result, the Academic Board is not currently meeting its required student membership, resulting in non-compliance with expected composition requirements (e.g. Higher Education Governance (Scotland) Act 2016 and/or institutional governance documentation).

Potential impact and risk

The Academic Board may be operating outside agreed constitutional/legislative requirements, exposing the institution to scrutiny and potential challenge. In addition, reduced student voice on the Academic Board can weaken the quality and legitimacy of academic decision-making and oversight.

Recommendations

The University should continue to engage with ENSA to understand the progress to appoint 2 additional student members to ensure the Academic Board membership is compliant with its composition and the requirements of the Higher Education Governance (Scotland) Act 2016.

Agreed action plan

The University will engage with ENSA through the University and Student Association Forum (USAF) to understand progress towards achieving the appointment of the full allocation of student members for the 2026/27 academic session.

Action owner/title:
Deputy Vice-Chancellor

Target date: 1 December 2026

Appendix A – Internal audit findings

RIC terms of reference last reviewed in October 2021

(Academic Board effectiveness review)

8

Finding rating Low

Finding type Control design

Scope area Remit and membership

Finding

The Terms of Reference (ToR) for the Research and Innovation Committee (RIC), one of the Academic Board's reporting sub-committees, have not been reviewed or re-approved by the Academic Board since October 2021. This means that the sub-committee continues to operate under Terms of Reference approved over four years ago; that since that time there have been changes in the University's academic governance environment, including shifts in strategy, regulatory expectations, committee responsibilities and reporting arrangements; and that there is no evidence of a formal cyclical review or confirmation by Academic Board that the ToR remain fit for purpose.

In contrast, good governance practice and internal expectations would promote that committee Terms of Reference should be reviewed regularly to ensure continued alignment with delegated responsibilities and the Academic Board's oversight role.

Potential impact and risk

The absence of a recent review of RIC's Terms of Reference increases the risk that roles, responsibilities and delegated authority may be unclear or misaligned with current Academic Board expectations. Furthermore, RIC may be operating under outdated assumptions that no longer reflect the University's academic priorities, regulatory context or governance arrangements. Over time, this weakens the Academic Board's ability to demonstrate effective oversight of its delegated academic governance functions.

Recommendations

The University should review, update and approve RIC's ToR, ensuring they reflect current Academic Board delegated responsibilities, strategic and regulatory expectations and practical roles performed by the sub-committee.

Agreed action plan

The Terms of Reference for the Research & Innovation Committee will be reviewed, updated and presented to Academic Board for approval at the first meeting of the 2026/27 academic session.

Action owner/title:
Dean of Research and Innovation

Target date: 30 October 2026

Appendix A – Internal audit findings

Standard cover template for RIC papers

(Academic Board effectiveness review)

9

Finding rating

Low

Finding type

Operating effectiveness

Scope area

Processes, Information and Communication

Finding

From the review of papers for the Academic Board, ESEC and RIC it was noted that there is inconsistent use of the standard cover paper template for papers presented to RIC. While some RIC papers adopt the standard cover paper with details completed on the purpose and recommendations of the paper, there were examples throughout the year where the standard cover paper was not completed, for example, the Doctoral College Annual Report, RIC research staff report, Research Centre report, and the Research Centre delivery plan in November 2025.

In contrast, papers submitted to the Academic Board and ESEC are consistently prepared using a standard paper template, incorporating defined sections (e.g. purpose, background and recommendations). As a result, RIC agendas and papers do not consistently present information in a uniform format or structure providing clarity to RIC members. The inconsistent use of the standard template cover paper arises from the absence of a clear requirement or enforcement mechanism mandating use of the standard template for all RIC paper types, or a perception that certain papers are exempt from standard covering templates.

Potential impact and risk

The inconsistent use of a standard template at RIC increases the risk that key information is not consistently or clearly presented, including the purpose of the paper, decisions requested, and implications for RIC and the Academic Board. This could impact the scrutiny of papers, particularly for members who rely on structured summaries rather than detailed narrative reports. Over time, this may reduce the effectiveness of RIC as a sub-committee of Academic Board and limit the clarity of upward reporting.

Recommendations

The University should strengthen consistency of paper presentation at RIC by requiring the use of the standard paper template as a cover for all RIC papers, regardless of type, and provide clarity on the minimum mandatory sections to be completed (e.g. purpose, type of decision, implications for Academic Board).

Agreed action plan

Papers presented to RIC will use the University's standard paper template with effect from the first meeting of the 2026/27 academic session.

Action owner/title:
Dean of Research and Innovation

Target date: 1 October 2026

Appendix B – Gillies report lessons mapping

Gillies Report Lesson	Alignment with Financial Governance review (with relevant scope area)	Alignment with Institutional Governance review (with relevant scope area)	Comment
1. UEG (Exec) should understand and challenge integrated I&E, cashflow, balance sheet; treasury & capex controls	No	No	The Financial Governance review focused on the governance and oversight of financial reporting at Court and sub-committee level. Neither review extended to operational or executive-level financial management discussions.
2. Active, critical appraisal of Risk Register	Partial (Financial risk management)	Yes (Governance structure and operations)	The Financial Governance review considered the Top Risks Reports reviewed at ARC, FPIC and Court, and noted that the operational risk register is monitored regularly at ULT level. The Institutional Governance review demonstrated that Court and Committees consider risk within their areas of responsibility and maintain clear links to the University's strategic risk register to support effective oversight and escalation.
3. Regular updates on student recruitment and financial sustainability risks to Finance Committee	Yes (Financial monitoring, reporting and transparency)	Yes (Governance structure and operations)	The reviews confirmed that regular financial reporting to FPIC and Court includes updates on financial performance and financial sustainability. Information on student recruitment and associated risks is included within these reports and minutes.
4. RCF/loan covenants to be monitored and reported in real-time	Partial (Financial monitoring, reporting and transparency)	No	FPIC reviews at each meeting the Treasury Management report which contains a section on loan facilities, covenant compliance and headroom.
5. Culture of openness and freedom to challenge	Partial (Committee membership and expertise)	Partial (Governance structure and operations)	Active and constructive discussion was observed at both Committee and Court level for the meetings attended in the year. However, neither of the reviews included an assessment of the wider organisational culture at executive or departmental levels.
6. Principal receptive to challenge	No	No	We observed that the Principal is actively involved in the Court Committee meetings but neither of the reviews included an assessment of the Principal's engagement or responsiveness to challenge.
7. Curiosity encouraged across governance layers	Partial (Committee membership and expertise)	Partial (Governance structure and operations)	Open discussions were observed at both Court and Committees for the meetings we attended. However, these reviews did not include scrutiny of University Leadership Team (ULT) level engagement or cultures.
8. Early communication to Court on major university-wide matters	Yes (Financial monitoring, reporting and transparency)	Yes (Governance structure and operations)	Court receives financial and strategic updates at each meeting through the year. In March 2025, Court was notified of a budgeted year end deficit and a Financial Sustainability paper was put forward to address the changing environment. In addition, a paper on the proposed future structure of the University was presented to Court in March 2026. This demonstrates examples of proactive and early engagement of Court on major University-wide matters.

Appendix B – Gillies report lessons mapping

Gillies Report Lesson	Alignment with Financial Governance review (with relevant scope area)	Alignment with Institutional Governance review (with relevant scope area)	Comment
9. Minutes should reflect challenge and decision rationale	Yes (Financial monitoring, reporting and transparency)	Yes (Governance structure and operations)	Minutes reviewed across Court and Committees as part of both reviews clearly documented discussion, challenge, and the rationale for decisions taken by Committees and Court.
10. UEG and Court members should embody the Nolan principles	No	Partial (Governance structure and operations)	Ethical conduct and adherence to the Nolan Principles were outside the scope of these reviews. However, the University Court Handbook does reference the Nolan principles under the Standards of Behaviour section noting that “The nine principles of public life in Scotland, which incorporate the seven ‘Nolan Principles’, form the basis on which the University conducts its affairs.”
11. ARC should be able to independently investigate any matter	No	Partial (Governance structure and operations)	The reviews did not specifically assess ARC’s authority or procedures for initiating independent investigations. However, through the work on the Institutional Governance review it was evident that the terms of reference for the Audit and Risk Committee point 20 notes that “To consider any other matters as determined where assurance is required or as may be remitted by the Court from time to time.”
12. Chair of ARC should not also attend FPIC to avoid bias	Yes (Committee membership and expertise)	Yes (Court and Committee membership)	The Terms of Reference for both ARC and FPIC explicitly state that no member of the FPIC may be member of the ARC, and vice versa. The Convenor of FPIC may be invited to attend ARC meetings for specific items as necessary, such as to present the outcome of the FPIC consideration of the annual accounts.
13. ‘Committee of Chairs’ (e.g. Court Advisory Group) can weaken ARC objectivity	Not applicable	Not applicable	The University does not have a Committee of Chairs
14. Papers must be distributed in advance	Yes (Financial monitoring, reporting and transparency)	Yes (Governance structure and operations)	Papers to Court, FPIC, ARC, Remuneration Committee and Governance and Nominations Committee are circulated at least a week in advance. The Clerks start gathering papers two weeks in advance to help make sure paper deadlines are met. Only final papers are circulated. In 2025/26, the University has amended the Terms of Reference for FPIC and ARC to also require presentations to be circulated in line with paper deadlines.
15. Papers should not be distributed retrospectively	Yes (Financial monitoring, reporting and transparency)	Yes (Governance structure and operations)	See 14 above

Appendix B – Gillies report lessons mapping

Gillies Report Lesson	Alignment with Financial Governance review (with relevant scope area)	Alignment with Institutional Governance review (with relevant scope area)	Comment
16. Dual-role conflicts (e.g. Secretary also COO) must be managed	Yes (Committee membership and expertise)	Yes (Court and Committee membership)	Although the University Secretary also serves as Director of Finance, Strategy and Planning, the Secretary does not attend Court or Committee meetings in the capacity of Director of Finance, and their participation is confined to the responsibilities of Secretary to Court. The Director of Finance also attends Court meetings to represent and cover financial related papers. Court has strengthened governance arrangements through the approval of updated Governance & Nominations Committee Terms of Reference in December 2025, which includes explicit responsibility for oversight of any potential conflicts arising from the University Secretary's dual role. These arrangements support ongoing assurance over the independence of the governance function.
17. Financial Memorandum could clarify Principal's Accountable Officer responsibilities	No	No	Review of the Principal's responsibility was not included within the scope of these audits.
18. Values-led culture enhances transparency and challenge	Partial (Committee membership and expertise)	Partial (Governance structure and operations)	These reviews observed active and transparent discussion for the Court, FPIC and ARC meetings attended.

Appendix C – Terms of reference (financial governance)



Financial Strategy & Budgeting



Control Objectives

- The financial strategy, underlying assumptions, and long-term forecasts are transparent, evidence-based, and clearly communicated to Committee members.
- Budget-setting processes include scenario analysis, sensitivity testing, and alignment with institutional priorities.
- Annual budgets are subject to robust review and approval (if required) by Court, ARC and the Finance & Property Committee (FPC).



Risk

- Budgets may be unrealistic or misaligned with strategic priorities, leading to overspending or underfunding of key activities.
- Lack of transparency in financial assumptions and forecasts could prevent Court and Committees from exercising effective scrutiny.
- Without scenario testing and sensitivity analysis, the University may be unprepared for changes in income, costs, or sector-wide pressures, increasing the risk of financial instability.



Financial Monitoring, Reporting and Transparency



Control Objectives

- Court and committee meeting agendas and supporting financial papers are circulated in advance and in sufficient time to enable members to effectively scrutinise proposals and make informed decisions.
- Financial information is presented in a way that enables both experts and non-experts to understand the key issues and exercise oversight.
- Reports include performance metrics, KPIs, variances, and forecasts that highlight risks and emerging pressures and are presented with sufficient regularity
- Committee decisions are transparently documented, with minutes providing a clear trail of approvals, rationale, and evidence of challenge.



Risk

- If agendas and supporting papers are not circulated in a timely manner, Committee members may be unable to scrutinise proposals effectively, increasing the risk of poorly informed decisions.
- If financial information is presented in a complex or unclear way, committee members may struggle to interpret it, reducing effective oversight and constructive challenge.
- Financial pressures may go undetected, leading to delayed action and worsening financial performance.
- A weak audit trail of decisions and recommendations may undermine accountability, transparency, and stakeholder confidence.

Appendix C – Terms of reference (financial governance)



Financial risk management



Control Objectives

- Financial risks are clearly articulated, monitored, and reported to Committees, and are realistically reflected in departmental and institutional risk registers.
- Minutes of relevant governance meetings demonstrate that financial risks are actively discussed, challenged, and scrutinised by senior leaders.
- The University undertakes early identification and proactive management of emerging financial risks and opportunities.
- Escalation processes are clear and effective and ensure concerns can be raised without fear of negative consequences.



Risk

- Insufficient escalation of emerging or critical financial risks due to inadequate horizon scanning could limit the University's ability to anticipate and prepare for future threats or opportunities.
- Absence of meaningful discussion, challenge, or scrutiny in governance forums may result in unchallenged financial assumptions, weak accountability, and missed opportunities to strengthen risk responses
- Lack of regular reporting over financial risks and mitigations in place to manage risk may result in negative consequences on the achievement of strategic objectives.



Committee Membership & Expertise



Control Objectives

- Roles and responsibilities are clear and reporting lines are appropriate to ensure independence from executive management. Any dual-role conflicts are declared and appropriately managed.
- Membership of Court, ARC and FPC has an appropriate balance of financial expertise, ensuring effective scrutiny of financial matters.
- Induction and ongoing training arrangements ensure that all members (including non-financial specialists) can engage meaningfully in financial discussions.



Risk

- If conflicts of interest are not properly managed, there is a risk that governance advice and support may be compromised, weakening the effectiveness and integrity of Court oversight.
- Committees may be unable to provide effective scrutiny, leading to gaps in oversight and poor-quality financial decision-making.
- If suitable training/induction arrangements are not in place, members — particularly non-financial specialists — may struggle to engage meaningfully in financial discussions, which reduces the quality of challenge and decision-making.
- There is a risk that decisions may be taken without sufficient expertise, increasing the likelihood of financial misjudgements or missed risks.

Appendix C – Terms of reference (institutional governance)



Governance structure and operations



Control Objectives

- The University has a clear structure for the University Court and its Committees, with agreed and appropriate terms of reference which clearly state Committee roles and responsibilities.
- Delegations of authority to the Committees are clearly defined and allow for decisional matters to be made at an appropriate level within the governance structure.
- There is clarity on the reporting and escalation requirements for each Committee to enable the University to make informed decisions and fully discharge its duties.
- Meeting agendas for Court and Committees are strategically focused, avoiding operational detail, and allow sufficient time for scrutiny and discussion.
- Court and Committee papers are clear, concise, and appropriately detailed to support informed discussion and decision-making. Papers are received by members in a timely manner, in line with agreed deadlines, to allow for adequate review and preparation ahead of meetings.
- Minutes are drafted and circulated for the Court and Committee meetings, with formal tracking of decisions, agreed actions and action ownership.
- There is clarity around the roles and responsibilities of the Court and Committees in relation to the University strategy and strategic themes.
- Court and Committees actively consider risk within their areas of responsibility and maintain clear links to the University's strategic risk register to support effective oversight and escalation.
- Governance arrangements for the management and distribution of meeting papers, including the use of platforms or alternative mechanisms to support effective access to papers, secure information sharing and remote participation.



Risk

- Decision-making may be undermined if roles, responsibilities, or delegations of Court and Committees are unclear or inconsistently applied.
- Gaps in oversight or escalation could occur if reporting lines between Committees and Court are not well defined or followed.
- Insufficient scrutiny of strategic issues may result if agendas of Court and Committees are overly operational or poorly structured.
- Lack of accountability could arise without formal tracking of decisions and action ownership through clear and timely minutes.
- Misalignment with strategic priorities may develop if committees do not clearly link their activities to the University's strategic themes.
- Failure to identify or escalate key risks if committee discussions are not effectively integrated with the strategic risk register.
- Operational inefficiencies or data security issues could emerge if governance systems are not robust or do not support effective meeting management and remote access.

Appendix C – Terms of reference (institutional governance)



Court and Committee membership



Control Objectives

- Terms of office for members of Court and Committees are tracked and managed in line with agreed policies.
- Consideration has been taken to staggering terms of office to minimise disruption in the event of members leaving.
- The University assesses its skills and diversity mix, using this to inform membership decisions for Court and Committees.
- New members to Court or a Committee receive a structured induction and opportunities for continued development, including briefings on sector risks, regulatory change, and institutional strategy.



Risk

- Gaps in continuity and oversight could arise if terms of office for Court and Committee members are not effectively tracked and managed.
- Skills and knowledge gaps may exist if membership decisions are not informed by regular assessment of capability and diversity.
- There could be limited challenge and inclusivity if there is a lack diversity of background and perspective across the membership of Court and Committees.
- Reduced member effectiveness due to inadequate induction or lack of ongoing development in key areas such as sector change and regulatory risk.



Conflicts of interest



Control Objectives

- There is a robust and clear process in place to identify any potential conflicts of interest across members of the University Court and Committees.
- Members of Court and Committees are required to declare any actual and perceived conflicts of interest on an annual basis, as well as during meetings for specific items on the agenda.



Risk

- Undisclosed or unmanaged conflicts could lead to biased decision-making and compromise the integrity of governance processes.
- Reputational damage may occur if conflicts of interest are not transparently declared and recorded, particularly in high-stakes or externally scrutinised decisions.
- Regulatory non-compliance if the University fails to meet sector expectations or applicable governance standards around conflict management.

Appendix C – Terms of reference (Academic Board effectiveness)



Remit and Membership



Control Objectives

- The Terms of Reference for the Academic Board and its sub-Committees are formally agreed.
- Roles and responsibilities for the Academic Board and its sub-Committees are clearly defined, fit for purpose and understood.
- The size, experience, skills and diversity of the Academic Board and its sub-Committees are appropriate to fulfil the required roles and responsibilities and in line with guidance.
- The composition of the University's Academic Board is appropriate and complies with the requirements of the HE Governance (Scotland) Act 2016.



Risk

- Inappropriate Terms of Reference could result in inconsistencies, accountability weaknesses, oversight gaps or overlaps, and increased regulatory risk.
- Unclear roles and responsibilities could lead to duplication / gaps, slower decisions, weakened scrutiny, diluted accountability, and increasing errors or conflicts.
- Inadequate Academic Board or Committee size, experience, skills, or diversity could result in inadequate, ineffective challenge and oversight with heightening strategic, quality, equality, compliance, and reputational risks.
- Breaches in the HE Governance (Scotland) Act 2016 undermine governance, triggering challenge or sanctions, and damaging reputation.



Induction and Training



Control Objectives

- Effective induction arrangements are in place for newly appointed Academic Board members and its sub-Committees which recognise an individual's prior experience.
- Student members of the Academic Board are provided with appropriate support and training to allow them to fulfil their role on the Academic Board.



Risk

- Inadequate induction may leave new members unclear on roles, regulations and procedures, causing weak governance, slow decisions and compliance breaches.
- Insufficient support and training may leave student members unable to contribute, weakening decision quality and the student voice in governance.

Appendix C – Terms of reference (Academic Board effectiveness)



Processes, Information and Communication



Control Objectives

- Agendas and papers for the Academic Board and its sub-Committees are prepared using standard templates with all sections of the template completed.
- Agendas and papers for the Academic Board and its sub-Committees are circulated on a timely basis to allow members time to review and understand.
- All papers on the agenda of the Academic Board are presented with a clear action for the Academic Board (e.g. for noting, for review, for approval).
- There are clear reporting lines and protocols between the Academic Board and the sub-Committees.
- Minutes of the Academic Board and its sub-Committees are completed and approved with a record of the attendance, actions and decisions.
- Meetings of the Academic Board are conducted in a timely and appropriately transparent manner.
- The Academic Board operates with an open and collaborative culture to help ensure it fulfils its responsibilities effectively.



Risk

- Without standard, fully completed templates, agendas and papers may be inconsistent, omit key information, and weaken scrutiny and decision quality.
- Late circulation of agendas and papers may hinder preparation, reduce debate quality, and increase errors or deferrals in decision-making.
- Lack of clear action status on papers creates ambiguity, slows approvals, misdirects discussion, and leads to unimplemented recommendations or non-compliance.
- Unclear reporting lines and protocols may cause duplication, gaps, or conflicting decisions, weakening accountability and oversight across committees and Board.
- Incomplete or unapproved minutes risk inaccurate records of attendance, actions, and decisions, impairing audit trail, accountability, and follow-up.
- Untimely or opaque meeting conduct may limit transparency, exclude stakeholders, delay decisions, and erode trust in governance processes.
- A closed or non-collaborative culture may suppress challenge and diverse perspectives, reducing decision quality and the Board's effectiveness.



Compliance with quality requirements



Control Objectives

- The Academic Board oversees the development, approval and review of institutional academic strategy.
- The Academic Board provides institutional oversight of academic quality and standards and has regard to the QAA Quality Code (2024) in discharging its responsibilities.



Risk

- Failure to effectively oversee development, approval, and review of academic strategy may misalign priorities, weaken performance, and compromise stakeholder outcomes.
- Inadequate oversight of QAA requirements and review outcomes may lead to quality failures, regulatory noncompliance, reputational damage, and incomplete reporting.

Appendix D – Basis of our classifications

Findings are assessed on their impact and likelihood based on the assessment rationale in the tables below.

Impact rating	Assessment rationale
Critical	A finding that could have a: <ul style="list-style-type: none"> • Critical impact on operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation or brand of the organisation which could threaten its future viability.
Highly significant	A finding that could have a: <ul style="list-style-type: none"> • Highly significant impact on operational performance; or • Highly significant monetary or financial statement impact; or • Highly significant breach in laws and regulations resulting in large fines and consequences; or • Highly significant impact on the reputation or brand of the organisation.
Major	A finding that could have a: <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation or brand of the organisation.
Moderate	A finding that could have a: <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations with moderate consequences; or • Moderate impact on the reputation of the organisation.
Minor	A finding that could have a: <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with moderate consequences; or • Minor impact on the reputation of the organisation.
Insignificant	A finding that could have an: <ul style="list-style-type: none"> • Insignificant impact on operational performance; or • Insignificant monetary or financial statement impact; or • Insignificant breach in laws and regulations with moderate consequences; or • Insignificant impact on the reputation of the organisation.
Other	Internal Audit functions commonly have an 'other' category whereby they would raise a finding that does not fall into any of the above categories for one reason or another. These could be findings that are out of scope of the audit, but internal audit wanted to document or discuss, or observations with a nominal expected exposure. These could be verbal findings or those documented with no associated rating.

Appendix D – Basis of our classifications

Likelihood rating	Assessment rationale
Highly likely	Has occurred or probability of occurrence is extremely high (90% – 100% certainty)
Likely	Probability of occurrence is very high (75% – <90% certainty)
Probable	Probability of occurrence is high (50% – <75% certainty)
Possible	Probability of occurrence is medium (25% – <50% certainty)
Unlikely	Probability of occurrence is low (10% – <25% certainty)
Not expected	Not expected to occur (0% – <10% certainty)

	Impact rating					
Likelihood rating	Critical	Highly Significant	Major	Moderate	Minor	Insignificant
Highly likely	Critical	Critical	High	High	Medium	Medium
Likely	Critical	High	High	Medium	Medium	Low
Probable	High	High	Medium	Medium	Low	Low
Possible	High	Medium	Medium	Low	Low	Low
Unlikely	Medium	Medium	Low	Low	Low	Not reportable
Not expected	Medium	Low	Low	Low	Not reportable	Not reportable

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding



Report classification	Classification	Points
●	Satisfactory	6 points or less
●	Satisfactory with exceptions	7 - 15 points
●	Needs improvement	16 - 39 points
●	Unsatisfactory	40 points and over

Appendix E – Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

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.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not 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 changes; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Thank you