

**West College Scotland
AUDIT COMMITTEE**

**THURSDAY 14 DECEMBER 2017 at 4.00 p.m. in
The Cunard Suite, Clydebank Campus**

AGENDA

Tour of Clydebank Campus

Please note that should any member of the Committee wish to participate in a brief tour of the Clydebank campus Alan Ritchie will be available at 3pm in the Main Reception.

General Business

1. Apologies
2. Declaration of Interests
3. Minutes of the meeting held on 7 September 2017 Enclosed JM
4. Actions from the Minutes Enclosed JM
(and not otherwise on the agenda)
 - .1 AM280.3 Corporate Dashboard of Performance Measures Verbal AR
 - .2 AM283 Whistleblowing Policy and Procedure Verbal DA
 - .3 AM284 Fraud and Corruption Policy Verbal GMcA
5. Minutes of Joint Audit and Finance and General Purposes Committee Meeting held on 21 November 2017 Enclosed JM
6. Actions arising from the Joint Minutes Enclosed JM

Main Items for Discussion and/or Approval

7. Internal Audit Contract Paper 7 DA
8. Governance Updates Paper 8.1 GMcA
 - .1 Articles of Governance and Scheme of Delegation
 - .2 Standing Orders Paper 8.2 GMcA

Internal Audit

9. Internal Audit Report: Health and Safety Paper 9 CB
10. Internal Audit Report: IT Security Health Check Paper 10 CB
11. Internal Audit Progress Report Paper 11 CB
12. Rolling Audit Action Plan Paper 12 AR

Other

13. Review of Recent Court Judgements
Good Governance Steering Group – Clyde College Paper 13 GM
14. Risk Management Strategy and Strategic Risk Register Paper 14 AR

Items for Information (to note only)

- | | | |
|---|----------|------|
| 15. Register of Interests for Board and Committee members | Paper 15 | GMcA |
| 16. Schedule of Business 2017/18 | Paper 16 | AR |
| 17. Any other business | | |

Next meeting: Thursday 8 March 2018 at 4.00 p.m. at the Paisley Campus

Gwen McArthur
Secretary to the Committee

AM277 WELCOME

The Chair welcomed everyone to the first meeting of the new session and, in particular, Graeme Bold who had now been co-opted to membership of the Committee.

AM278 DECLARATION OF INTERESTS

John McMillan, Audrey Cumberford and David Alexander declared an interest as Trustees of West College Scotland Foundation. Stephen Vere declared an interest as a Director of C3 Investments in Ayrshire College Education Limited.

AM279 MINUTES

The minutes of the meeting held on 8 June 2017 were approved subject to the following amendments:

.1 AM261 Audit Strategy Memorandum

Paragraph 4, end of first sentence should be amended to read:
'which would have an impact on the content of the final audit opinion'.

.2 AM264 Corporate Dashboard of Performance Measures

Second sentence after the colon:
Delete: 'a clean audit report'
Insert: 'an unqualified audit report'.

AM280 ACTIONS FROM THE MINUTES

The Committee noted a report on the actions taken since the last meeting and particularly the following:

.1 Procurement Improvement Plan (AM256.3) – the Director of Finance and Estates informed the Committee that he had met with APUC (Advanced Procurement for Universities and Colleges) to discuss the College's Procurement Improvement Plan (PCIP) and to seek guidance from them regarding other bodies, who were considered to use best practice, that he could meet with to discuss how the College could improve. He had no further information on this yet, but APUC were coming into the College to conduct an interim review of the PCIP Action Plan and further information would be sought from them at that point. The Committee would be kept informed of progress. **[Action: AR]**

.2 Publication Scheme for Board and Committee Papers (AM256.4) – it was noted that there had been no change to the draft publication scheme for Board and Committee papers. In relation to publication of the Strategic Risk Register, this had already been published in this form for some time. It was considered that no further action was required but that

cognisance should be taken of the audience likely to be reading the risk register.

- .3 Corporate Dashboard of Performance Measures (AM264)** – it was noted that this information had been provided to the Corporate Development Committee at its meeting earlier in the week. The Vice Principal Corporate Development would be producing a report for consideration by the Board in light of all the responses provided by the Committees and the Committee would be kept informed of developments.
[Action: AR]

AM281 REMIT, MEMBERSHIP AND DATES OF MEETINGS (AM258)

The Committee noted its remit, membership and dates of meetings in session 2017/18. In relation to its remit the Committee **agreed** that no further changes be made to it at present.

AM282 MONITORING OF REGIONAL OUTCOME AGREEMENT (AM263)

The Committee noted background information on the process used to update the Regional Outcome Agreement (ROA) annually and the key objectives of the ROA for the period 2017/18 – 2019/20. The Vice Principal Operations had provided a paper setting out the processes to be used to monitor the ROA outcomes that fell within the remit of the Committee, which related primarily to governance, in order that the Committee could report to the Board in June 2018. The Committee welcomed this information and **agreed** the processes to be used to monitor the required ROA outcomes.

AM283 WHISTLEBLOWING POLICY AND PROCEDURE (AM260)

The Committee received the revised Public Interest Disclosure (Whistleblowing) Policy and procedure which had been revised in light of the comments made at the last meeting. Legal advice had also been sought in relation to this policy update. The Committee was satisfied with the changes made and

RESOLVED that the revised Public Interest Disclosure (Whistleblowing) Policy and procedure be approved and be made available on the College website.
[Action: DG]

It was noted that the accompanying Guidance Notes for Managers had been amended to ensure consistency with the revised policy and procedure and that this would now be published on the staff intranet.

AM284 FRAUD AND CORRUPTION POLICY

The Committee considered the Fraud and Corruption Policy which had been recently revised to ensure that it remained in line with current best practice. Legal advice had also been sought to ensure the policy was fully

compliant. Once approved this policy would be placed on the staff intranet and appropriate briefing and/or training would be made available to all staff. The Committee confirmed that it was satisfied with the changes made and

RESOLVED that the Fraud and Corruption Policy be approved.

Copies of this policy would be provided to all Board members to ensure that they were aware of their responsibilities in this area. **[Action:GMcA]**

AM285 VALUE FOR MONEY POLICY (AM263)

The Committee considered the Value for Money Policy which had been produced based on current best practice. This policy made clear that it was not just about cost, but about taking other factors into account as well e.g. effectiveness, quality and fitness for purpose. This policy provided guiding principles designed to ensure that decision-making, and subsequent service provision, represented the best value that could be achieved. The Internal and External Auditors also considered value for money as part of their audit process and the External Auditors produced a report on all colleges for Audit Scotland. The Committee welcomed this and

RESOLVED that the Value for Money Policy be approved.

AM286 NATIONAL FRAUD INITIATIVE

The Director of Finance and Estates informed the Committee that the College had taken part in the National Fraud Initiative (NFI) which had been piloted in a limited number of colleges during 2015/16. The NFI in Scotland was a counter-fraud exercise led by Audit Scotland. The Committee noted the questionnaire used by the NFI and the information the College had provided. The Committee was pleased to note that there were no instances of fraud to report. The External Auditors had been required by Audit Scotland to review the NFI arrangements in place at the College. The Committee was pleased to note that the External Auditors had confirmed that they had no concerns and that the College had complied with all the requirements of the NFI reporting. While there had been a number of areas that fell into the 'amber' category, the External Auditors were of the view that this was because it was the first time through this exercise. They had proposed some recommendations for improvement, particularly regarding NFI awareness, which were now being taken forward within the College and would move most of the 'amber' matters to 'green'. The Committee welcomed this report and **agreed** the next steps to be taken as proposed by the Director of Finance and Estates. The Committee would be kept informed of progress.

[Action: AR]

AM287 AUDIT SCOTLAND REPORT – SCOTLAND’S COLLEGES 2017

The Committee noted the Audit Scotland Report – Scotland’s Colleges 2017 and the key recommendations this report contained. The College was already addressing those issues that were relevant to it and the Committee supported the actions being taken.

AM288 ANNUAL REPORT FROM THE COMMITTEE TO THE BOARD

The Committee considered its draft Annual Report to the Board for 2016/17. It was proposed that reference to participation in the NFI initiative (see AM286 above) should be included in this report.

The Committee **agreed** that, subject to some minor amendments, the Annual Report for 2016/17 be approved and be forwarded to the Board for its meeting in December 2017. **[Action: AR]**

AM289 INTERNAL AUDIT REPORT: BUSINESS CONTINUITY AND DISASTER RECOVERY

The Committee received the Internal Audit Report on Business Continuity and Disaster Recovery. The Committee welcomed this report and noted that 5 recommendations for improvement had been made. The most important of these was the need to conduct a business impact analysis as this was considered critical to developing recovery strategies and business continuity plans to minimise the impact of any disruption to the business of the College. This would be progressed as a matter of some urgency with the aim of completing this by December 2017, with the other recommendations being completed by either March or May 2018 as set out in the report. The Committee noted the actions being planned and was aware of the resourcing implications required to complete this. It was also proposed that College staff should meet with staff in other organisations who were currently undertaking similar actions so that they could learn from each other. All the recommendations would be captured in the Rolling Audit Action Plan and so the Committee would receive regular reports on progress. It was **agreed** that the Committee would return to consider the recommendations emerging from this report in some detail at its meeting in March 2018. **[Action: DA; AR]**

AM290 INTERNAL AUDIT FOLLOW-UP REPORT

The Committee received the Follow-Up Report from Internal Audit. This confirmed that the College had made good progress in implementing the agreed actions from previous internal audit reviews with only 21 actions outstanding, from a total of 53, of which 11 actions had not yet reached their due date. The Report also confirmed that all aged actions were now complete. The Committee welcomed this report and noted the information contained in it.

AM291 INTERNAL AUDIT: PROGRESS REPORT (AM269)

The Committee received the Progress Report from the Internal Auditors which confirmed that all reviews to be undertaken in 2016/17 were now complete. The Committee welcomed this information and **approved** the Internal Audit plans for the next quarter.

AM292 INTERNAL AUDIT ANNUAL REPORT 2016/17

The Committee welcomed the Draft Annual Report from the Internal Auditor for 2016/17. The Internal Auditors had achieved their audit plan for the year and could confirm that they had not identified any major control weaknesses. They had identified the key themes arising in 2016/17 which the Committee found helpful.

The Committee was pleased to note this and also the opinion of the Internal Auditor that, on the basis of the work undertaken during 2016/17, 'West College Scotland has an adequate and effective framework of governance, risk management and internal control, and proper arrangements are in place to promote value for money and deliver best value in the achievement of organisational objectives'. The Committee **agreed** it was satisfied with the Draft Internal Audit Annual Report 2016/17. The final Annual Report would be presented to the Joint meeting of the Audit and Finance and General Purposes Committee at its meeting in November.

AM293 ROLLING AUDIT ACTION PLAN (AM270)

The Committee noted the Rolling Audit Action Plan 2017/18. It was pleased to note that 32 recommendations had been fully implemented and **approved** their removal from the Plan. The Committee also **approved** an extension of time to the anticipated completion dates of 6 recommendations. In light of the information presented and the decisions taken above, the Committee **agreed** that the Rolling Audit Action Plan be approved.

AM294 INTERNAL AUDIT ANNUAL PLAN 2017/18 (AM271)

It was noted that the Internal Audit Annual Plan for 2017/18 had been updated in light of the comments made at the last meeting. The Committee **agreed** that the Internal Audit Annual Plan for 2017/18 be approved.

AM295 EXTERNAL AUDIT PROGRESS REPORT (AM261)

The Committee noted a report from the External Auditors on progress made in delivering their responsibilities. Mazars had undertaken an initial visit during the summer which had included scrutiny of the controls in place at the College as well as a review of the information supplied in relation to the National Fraud Initiative (see AM286 above). The

Committee welcomed this report and noted the key issues emerging nationally which would be taken into account.

AM296 ACCOUNTS DIRECTION FOR SCOTLAND'S COLLEGES 2016/17

The Committee noted the Accounts Direction for Scotland's Colleges 2016/17 which had been issued by the Scottish Funding Council (SFC).

AM297 ACCOUNTABILITY REPORT – CORPORATE GOVERNANCE

The Committee considered the Corporate Governance Statement that would be published in the Accountability Report section of the annual accounts. It was noted that some information was not available yet but would be included in the final edition which the Committee would see at the Joint meeting in November. The Committee confirmed that it was satisfied with the information provided to date.

AM298 ANNUAL REPORT ON PUBLIC INTEREST DISCLOSURE, FREEDOM OF INFORMATION/DATA PROTECTION, REGISTER OF INTEREST AND GIFTS & HOSPITALITY

The Committee noted the above Annual Report.

AM299 RISK MANAGEMENT: STRATEGIC RISK REGISTER (AM266)

The Committee considered the Strategic Risk Register and noted the changes that had been made since the last edition, which included the addition of the General Data Protection Regulations (GDPR) that would come into force in May 2018. It was noted that, in relation to the impact of National Bargaining, further information should be available by the time of the next meeting in December. It was also noted that it was the intention to bring a revised Risk Management Strategy to the December meeting for consideration. The Committee welcomed this information and **agreed** that the Strategic Risk Register be approved.

AM300 SCHEDULE OF BUSINESS 2017/18

The Committee noted its Schedule of Business 2017/18.

AM301 TOUR OF GREENOCK CAMPUS

The Committee members confirmed that they had found the tour of the Finnart Street buildings at the Greenock Campus, which had taken place immediately prior to the meeting, very useful.

AM302 NEXT MEETINGS

Tuesday 21 November 2017 at 4.00 p.m. at the Clydebank Campus – joint meeting with Finance and General Purposes Committee; and Thursday 14 December 2017 at 4.00 p.m. at the Paisley Campus.

Audit Committee: Meeting of 7 September 2017

Actions from the Minutes

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
7 Sept 2017	AM276	Internal Audit Contract – paper to be produced for consideration by Committee	D Alexander		December 2017 meeting
	AM280.1 256.3	Procurement Improvement Plan – progress report to be provided on outcome of discussions with APUC regarding best practice following interim review	A Ritchie		December 2017 meeting
	AM280.3 264	Corporate Dashboard of Performance Measures – Committee to be kept informed of developments	A Ritchie		Future meeting
	AM283 260	Whistleblowing Policy and Procedure – revised policy and procedure to be made available on College website	D Gunn	Policy now on website	Complete
	AM284	Fraud and Corruption Policy – copies to be provided to all Board members	G McArthur	Copies issued to all Board members for the meeting held on 9 October 2017	Complete
	AM286	National Fraud Initiative – Committee to be kept informed of progress in taking forward recommendations for improvement	A Ritchie		Future meeting
	AM288	Annual Report from Committee to Board – to be forwarded to the December 2017 Board meeting	A Ritchie	Considered and approved at Board meeting on 4 December 2017	Complete
	AM289	Internal Audit Report: Business Continuity and Disaster Recovery – Committee to return to consider the recommendations emerging	D Alexander A Ritchie		March 2018 meeting

		from this report at its March 2018 meeting			
	AM299, 266	Risk Management: Strategic Risk Register – further consideration to be given to the matters raised by the Committee	D Alexander A Ritchie	Latest version considered at September meeting. Further updates to be provided to December meeting along with revised Risk Management Strategy	December meeting
		Actions from previous minutes			
8 June 2017	AM256.4 224.1	Publication Scheme for Board and Committee Papers – consideration to be given to publication of Strategic Risk Register	G McArthur	Considered at September meeting	Complete
	AM256.5 188	Judicial Review (Glasgow Clyde College) – External Auditors to draw attention to the lack of information on future funding position for colleges which hindered their ability to plan ahead in their Audit Report	L Nutley	External Auditors report provided to the Joint meeting with Finance and General Purposes Committee in November	Complete
	AM263 241	Governance Compliance and Regional Outcome Agreement Outcomes – paper to be provided on the College’s Value for Money Policy	A Ritchie	Value for Money Policy provided to September meeting	Complete
	AM268.1	Internal Audit Report on Workforce Planning – i. ODHR Committee to consider this report; ii. Internal Auditors to conduct a benchmarking exercise in its 2017/18 schedule	i. G McArthur ii. C Brown	i. ODHR considered report at its September meeting ii. Built into Internal Audit plan for 2017/18 and approved by Committee at its September meeting	Complete
	AM268.2	Internal Audit Report on Curriculum Planning – report to be forwarded to LTQ Committee for consideration	G McArthur	LTQ Committee considered report at its October meeting	Complete

	AM268.3	Internal Audit Report on Estate and Asset Management – report to be forwarded to Estates Committee for consideration	G McArthur	Estates Committee considered report at its September meeting	Complete
	AM271	Draft Internal Audit Annual Plan 2017/18 – to be revised in light of comments made and brought back to next meeting for consideration	C Brown	Revised Plan approved by Committee at its September meeting	Complete

GMcA/26.10.17/updated 6.12.17

AFM2 WELCOME

The Chair welcomed everyone to the joint meeting of the Audit Committee and the Finance and General Purposes Committee.

AFM3 DECLARATION OF INTERESTS

John McMillan, Audrey Cumberford and David Alexander declared an interest as Trustees of the West College Scotland Foundation. David Alexander declared an interest as a Council member of the Scottish Funding Council (SFC) and Chair of the SFC Audit and Compliance Committee. Stephen Vere declared an interest as a Director of C3 Investments in Ayrshire College Education Limited.

AFM4 MINUTES

The minutes of the Joint meeting of the Audit Committee and the Finance and General Purposes Committee held on 22 November 2016 were approved.

AFM5 ACTIONS FROM THE MINUTES

The Committee noted that all actions arising from the previous minutes had been completed.

AFM6 2016/17 CREDIT AUDIT REPORT

The Committee received the Credit Audit Report for 2016/17 and was pleased to note that the External Auditors had issued an unqualified certificate which had been submitted to the Scottish Funding Council (SFC) on 27 October 2017. The External Auditors had confirmed that “the College has reasonable procedures and controls over the collection of data for the Credits return and assurance can be taken that the Credits count for the College is not materially mis-stated. The systems used by the College are satisfactory”. They also confirmed that of the 5 recommendations made in the 2015/16 report, 4 of these were now fully implemented and could be removed from the College’s Rolling Audit Action Plan. The 2016/17 report contained 1 low priority recommendation for action which would be built into the College’s Rolling Audit Action Plan and would be monitored by the Audit Committee.

It was noted that there had been a delay in submitting this report to SFC as there had been a late adjustment requested by the SFC. The College and Auditors had to wait until the SFC had confirmed that they were satisfied with this adjustment.

The Committee welcomed this information and **agreed** that the 2016/17 Credit Audit Report be approved and the 4 recommendations from the previous year that were fully implemented be removed from the Rolling Audit Action Plan.

[Action: AR]

AFM7 STUDENT SUPPORT FUNDS 2016/17 AUDIT REPORT

The Committee received the Student Support Funds Audit Report for 2016/17 and was pleased to note that the External Auditors had confirmed that the

College had used these funds in accordance with the guidance issued by SFC and that they were satisfied with the systems and controls of the administration and disbursement of these funds. There were no recommendations made in the 2016/17 report, and the Auditors had confirmed that the 1 recommendation from the previous year's report had been fully implemented.

The Committee welcomed this information and **agreed** that the Student Support Funds Audit Report for 2016/17 be approved and the 1 recommendation from the previous year be removed from the College's Rolling Audit Action Plan. **[Action: AR]**

AFM8 EMA 2016/17 AUDIT REPORT

The Committee received the Education Maintenance Allowance (EMA) Audit Report for 2016/17 and was pleased to note that the External Auditors had confirmed that they were satisfied with the systems and controls in place for the administration and disbursement of these funds and that the funds had been used in accordance with the guidance issued by SFC. It was noted that the Auditors had confirmed that the 1 recommendation from the previous report had been fully implemented and could be removed from the College's Rolling Audit Action Plan, and there was 1 low priority recommendation in this Audit Report that would be added to the College's Rolling Audit Action Plan and would be monitored by the Audit Committee.

The Committee welcomed this information and **agreed** that the Education Maintenance Allowance (EMA) Audit Report for 2016/17 be approved and the 1 recommendation arising from the previous report be removed from the College's Rolling Audit Action Plan. **[Action: AR]**

Mr Pringle left the meeting.

AFM9 INTERNAL AUDITOR ANNUAL REPORT

The Committee received the Annual Report for 2016/17 from the Internal Auditors and was pleased to note that this was a positive report. The Internal Auditors had confirmed that they were satisfied that the College "has an adequate and effective framework of governance, risk management and internal control, and proper arrangements are in place to promote value for money and deliver best value in the achievement of organisational objectives".

The Audit Committee had already reviewed this report and had been satisfied with it.

The Committee **agreed** that the Internal Auditor Annual Report 2016/17 be approved and be forwarded to the Board for information.

AFM10 AUDIT COMMITTEE ANNUAL REPORT

The Committee noted the Annual Report from the Audit Committee for the year to 31 July 2017 which was **approved** and would be forwarded to the Board for information.

AFM11 AUDIT REPORT/LETTER OF REPRESENTATION FROM EXTERNAL AUDITORS

Ms Nutley presented the External Auditors Report and Letter of Representation from the External Auditors, Mazars, for the year ending 31 July 2017. The Committee was pleased to note that the External Auditors were satisfied and had issued an unqualified audit opinion. The Committee also noted that there were no management recommendations arising from the 2016/17 audit.

[REDACTED]

The Committee noted that Mazars had also considered other matters and provided an opinion on financial management, financial sustainability, governance and transparency and value for money.

The External Auditor confirmed that she had received excellent support from College staff and particularly from the Finance Team and wished to record her thanks to them.

The Committee **agreed** that the External Auditors report be approved and be forwarded to the Board for consideration, and

RECOMMENDS to the Board that the Letter of Representation be approved and the Chair and the Principal be authorised to sign this on behalf of the Board. **[Action: DA; GMcA]**

AFM 12 PERFORMANCE AND ACCOUNTABILITY REPORT/FINANCIAL STATEMENTS 2016/17

The Committee received the Performance and Accountability Report and the Financial Statements for the year ended 31 July 2017. The Finance and General Purposes Committee had discussed the Performance and Accountability Report and the Financial Statements at its meeting earlier in the day and had been satisfied with the information presented (FPM157).

In discussion the following points were raised:

- [REDACTED]
- The College was compliant with the Scottish Government banking arrangements and had moved its account to the Royal Bank of Scotland. There had been no impact on the Bank Covenants the College had in place.
- The External Auditor had confirmed that the Financial Statements had been prepared to a very high standard and the Committee could be assured by the information presented.

The Committee was satisfied with the information provided and, subject to some minor amendment to the wording around the valuation of fixed assets in the covering paper,

RECOMMENDS to the Board that the Financial Statements for the year ended 31 July 2017 be approved and that the Chair of the Board and the Principal be authorised to sign these on behalf of the Board. **[Action: AR; GMcA]**

AFM13 THANKS

The Chair thanked the members of the Committee and the External Auditors for their attendance at the meeting and their input to the business before the Committee. He also thanked the Vice Principal Operations, the Director of Finance and Estates, the Head of Finance and Student Funding and their team for all their efforts in producing the information for this meeting.

Joint Audit and Finance & General Purposes Committee: Meeting of 21 November 2017

Actions from the Minutes

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
21 Nov 2017	AFM6	2016/17 Credit Audit Report – 4 recommendations from previous year to be removed from Rolling Audit Action Plan (RAAP)	A Ritchie	RAAP updated	Complete
	AFM7	Student Support Funds 2016/17 Audit Report – 1 recommendation from previous year to be removed from RAAP	A Ritchie	RAAP updated	Complete
	AFM8	EMA 2016/17 Audit Report – 1 recommendation from previous year to be removed from RAAP	A Ritchie	RAAP updated	Complete
	AFM9	Internal Auditor Annual Report – report to be forwarded to Board		Board approved report at its meeting on 4 December 2017	Complete
	AFM10	Audit Committee Annual Report – to be forwarded to Board		Board approved Annual Report at its meeting on 4 December 2017	Complete
	AFM11	Audit Report and Letter of Representation from External Auditors – recommended to Board for approval and Letter to be signed by Chair and Principal	D Alexander G McArthur	Letter of Representation approved by Board at its meeting on 4 December 2017 and signed by Chair and Principal on behalf of Board	Complete
	AFM12	Performance and Accountability Report and Financial Statements 2016/17 - recommend to Board for approval and to be signed by Chair and Principal	A Ritchie G McArthur	The Financial Statements 2016/17 were approved by the Board at its meeting on 4 December 2017 and signed by the Chair and the Principal	Complete

TITLE: ARTICLES OF GOVERNANCE AND SCHEME OF DELEGATION

Background: The Good Governance Steering Group, established by Colleges Scotland, has issued a template for a Scheme of Delegation that colleges are encouraged to adopt. Colleges are free to adapt these to suit their own local circumstances but it is expected that colleges would retain the main guidance contained in the template.

The College currently has Articles of Governance which includes the Scheme of Delegation. However, in light of the guidance issued it is considered that it would be more helpful to separate out the Articles of Governance from the Scheme of Delegation. The Articles of Governance will continue to provide information on how the various members of the Board are appointed as well as how the Board Secretary is appointed and how the Committees are established.

The Scheme of Delegation has been produced as a separate document and confirms the powers reserved to the Board and those that can be delegated to certain individuals, namely the Chair, the Principal, the Board Secretary and the Committees.

The College already complied with the guidance issued in the templates but the opportunity has been taken to update these documents and provide a more streamlined version. Also the External Auditors were aware that these documents were being revised and asked that the timescale for the next review of these documents be included. It is proposed that these documents be reviewed again in 3 years' time, or earlier if appropriate.

The Committee is provided with:

- The templates issued by the Good Governance Steering Group – Paper 8.1 (a);
- Clean versions of the Articles of Governance and the Scheme of Delegation – Papers 8.1 (b) and (c);
- A marked up version of the current Articles of Governance to show where the changes have been made – Paper 8.1 (d).

Action: The Committee is invited to consider the revised Articles of Governance and the Scheme of Delegation provided and to consider if any further amendments are necessary and, once satisfied, to recommend to the Board that these revised documents be approved.

Lead: Gwen McArthur, Secretary to the Committee

Status: Open

www.westcollegescotland.ac.uk/about-us/publication-policies/

TITLE: STANDING ORDERS

Background: The Good Governance Steering Group, established by Colleges Scotland, has issued a template for Standing Orders that colleges are encouraged to adopt. Colleges are free to adapt these to suit their own local circumstances but it is expected that colleges would retain the main guidance contained in the template.

The College already complied with the guidance issued in the template but the opportunity has been taken to update these documents and provide a more streamlined version. The main changes centre round the ability of the Board and its Committees to take decisions outwith normal committee meetings should the need arise – see 5.4

Also the External Auditors were aware that this document was being revised and asked that the timescale for the next review be included. It is proposed that these Standing Orders be reviewed again in 3 years' time, or earlier if appropriate.

The Committee is provided with:

- The template issued by the Good Governance Steering Group – Paper 8.2 (a);
- Clean version of the Standing Orders – Papers 8.2 (b);
- A marked up version of the current Standing Orders to show where the changes have been made – Paper 8.2 (c).

Action: The Committee is invited to consider the revised Standing Orders provided and to consider if any further amendments are necessary and, once satisfied, to recommend to the Board that these be approved.

Lead: Gwen McArthur, Secretary to the Committee

Status: Open

TITLE: INTERNAL AUDIT REPORT – HEALTH AND SAFETY

Background: As part of the internal audit programme for 2017-18 Scott Moncrieff were requested to conduct a review of the Health and Safety arrangements within the College. This report presents the findings of that review along with the management responses to the recommendations made in the report.

Action: The Audit Committee is asked to approve the contents of this report.

Lead: Chris Brown, Partner, Scott Moncrieff
Alan Ritchie, Director of Finance and Estates

Status: Open

1. Introduction

- 1.1 The Health and Safety at Work Act 1974 is the primary piece of legislation covering health and safety in the United Kingdom. The primary aim of this legislation is to secure the health, safety and welfare of people at work.
- 1.2 The general provisions of the Act impose a duty on all employers to ensure, as far as is reasonably practicable, the safety of their employees at work by maintaining safe plan, safe systems of work and safe premises and also by ensuring adequate instruction, training and supervision. West College Scotland is also bound by the Act to ensure, as far as is reasonable, the safety of all other persons who (though not employees) may be affected by the organisation's work activities. Scott Moncrieff have undertaken a review of the health and safety arrangements in place at the College, including policy and procedures; roles and responsibilities; and incident management and reporting.

2. Conclusion

- 2.1 The College has generally robust controls in place to ensure the health and safety of staff, students and external users. Scott Moncrieff noted good practice in respect of the Health and Safety Policy and clearly defined the roles and responsibilities for health and safety within the College. A number of improvement actions have also been identified relating to the provision of health and safety training and induction processes and the scheduling and undertaking of health and safety inspections. Implementation of these actions will further enable the College to demonstrate best practice in this area, and improve the control environment overall.

3. Recommendations

- 3.1 The internal audit report identified six grade two improvement actions where the control objective was achieved with no major weaknesses but there is some scope for improvement.
- 3.2 The following improvement areas have been identified which would further strengthen the existing health and safety arrangements:
- Centralised monitoring of training, with escalation where this has not been completed timeously.
 - The introduction of a health and safety refresher training programme;
 - Implementation of a risk-assessed schedule for health and safety inspections across all campuses, to be supplemented with clearer recording of actions and a formal follow-up process.

4. Next Steps

- 4.1 The six recommendations with be added to the Rolling Audit Action Plan for future monitoring.
- 4.2 The Audit Committee is asked to approve the contents of this report.

TITLE: INTERNAL AUDIT REPORT – IT SECURITY HEALTH CHECK

Background: As part of the internal audit programme for 2017-18 Scott Moncrieff were requested to conduct a review of the IT security arrangements at the College.

There have been a number of high profile cyber security attacks which have affected public bodies in recent months. In response to this, and after consultation, the Scottish Government has very recently published a Cyber Resilience Action Plan that requires all publicly funded bodies to demonstrate that their cyber prevention/protection measures are compliant with leading practice frameworks.

The Cyber Resilience Action Plan, supported by an implementation toolkit, sets out key actions to be undertaken during the period to October 2018. A specific focus is on assessing the organisation against the Cyber Essentials framework with other key actions being sought in the areas of governance, training and awareness raising.

Cyber Essentials is a Government-backed and industry-supported framework to help organisations protect themselves against the most common threats found on the internet. There are two schemes – Cyber Essentials and Cyber Essentials Plus. Both are based around five core controls (Boundary Firewalls and Gateways; Secure Configuration; Access Control; Malware Protection and Patch Management). The Cyber Essentials Plus scheme requires formal testing of control operation including penetration testing and vulnerability scanning.

The internal audit review was a high level review and looked to assess the extent to which the College's current control framework displays readiness to comply with the Cyber Essentials scheme. The audit did not include penetration testing or vulnerability scanning of the College network.

The review focused on the following control areas:

- Appropriate firewalls and perimeter security devices are implemented to prevent unauthorised access to the College network.
- Networks, systems and devices are configured to reduce to prevent unauthorised access to data and commands.
- There are effective user account and access management processes.
- Adequate anti-virus and malware protection is installed and kept up to date.
- There are effective patch management processes in place to reduce the risk of known vulnerabilities being exploited.

This report presents the findings from this review.

Action: The Audit Committee is asked to approve the contents of this report.

Lead: Chris Brown, Partner, Scott Moncrieff
Alan Ritchie, Director of Finance and Estates

Status: Open

1. Background

- 1.1 The IT security audit was planned and conducted during October 2017 whilst the Scottish Government's Cyber Resilience consultation process was concluding.
- 1.2 The audit report was completed following publication, on the 8 November 2017, of the Scottish Government's Public Sector Action Plan on Cyber Resilience and supporting implementation toolkit.
- 1.3 The assignment was planned to align audit activities toward preparing the College for subsequent assessment, by a Cyber Essentials accredited practitioner, under one of the Cyber Essential schemes and the audit report reflects this approach.
- 1.4 To allow for a wider scope of review the internal audit work considered the criteria of the Cyber Essentials Plus framework.

2. Response to Public Sector Action Plan on Cyber Resilience

- 2.1 The Public Sector Action Plan on Cyber Resilience sets out details of the key actions required of public sector organisations to embed and strengthen cyber resilience across the Scottish Public Sector.
- 2.2 As a publicly funded bodies governed by the Scottish Public Finance Manual the Action Plan is applicable to all further education institutions.
- 2.3 The Action Plan directs public sector bodies to undertake implementation activities and meet key milestones over the period to October 2018. The first of these around governance arrangements and formal pre-assessment by a Cyber Essentials accredited practitioner will be reported to the Finance and General Purposes Committee, along with this report, at the meeting on 6 March 2018. This will include a recommendation on the Cyber Essential scheme best suited for the College.

3. Next Steps

- 3.1 The College accepts and acknowledges the six recommendations contained within the report. These recommendations along with the management responses will be added to the Rolling Audit Action Plan for future monitoring.
- 3.2 IT security will be further reviewed as the College progresses the Action Plan on Cyber Resilience. Updates to the Rolling Audit Action Plan will reflect this process.

4. Conclusion

- 4.1 The Audit Committee is asked to approve the contents of this report.

TITLE: INTERNAL AUDIT PROGRESS REPORT

Background: Summary of progress

This paper provides the Audit Committee with a summary of internal audit activity since the Committee last met.

Progress against annual audit plan

The internal auditors have completed two reviews in the period to December 2017:

- Health and Safety; and
- IT Security Health Check

These reports were completed in line with the agreed 2017-18 Internal Audit Plan. Planning for the audits of Payroll and Expenses and Procurement and Tendering have also commenced.

Action: The Audit Committee is asked to note the contents of this report.

Lead: Chris Brown, Partner, Scott Moncrieff

Status: Open

TITLE: ROLLING AUDIT ACTION PLAN

Background: The purpose of this report is to update the Audit Committee on the status of the recommendations made by both the internal and external auditors from either the:

- a) internal audit reports received by the Committee; or
- b) external auditor management letters received as part of the year end reports made to the Joint Audit / Finance and General Purposes Committee.

Action: The Audit Committee is requested to review the report and to approve:

- a) The request to extend 4 of the anticipated dates of completion; and
- b) The Rolling Audit Action Plan.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1. Introduction

- 1.1 The current Rolling Audit Action Plan (RAAP - Appendix A) sets out the recommendations made by both the internal and external auditors. The report provides a summary of the recommendations made and indicates their status as at the time of this report and what was previously reported. The initial management response is also shown along with an update to provide both the Committee and auditors with a commentary on any progress.
- 1.2 The report also indicates where an extension of time has been requested to the original deadline set to complete the recommendations (dates in red are where an extension of time has been requested).

2. Summary of Number of Recommendations

- 2.1 The table below summarises the movement on the RAAP since the last Committee meeting:

		Internal Audit	External Audit	Total
Total brought forward recommendations		53	7	60
Removed since last Audit Committee:				
	Follow up audit recommendations	(32)	0	(32)
	External audit recommendations	0	(6)	(6)
Added since last Audit Committee:				
	Business Continuity Planning	5	0	5
	External Credits 2016-17	0	1	1
	EMA Audit 2016-17	0	1	1
Total recommendations as per current RAAP		26	3	29

2.2 The table below indicates the status of all the recommendations compared to the last report presented to the Committee:

	Previous RAAP		Current RAAP	
Partially implemented	10	17%	14	48%
Fully implemented pending external auditor review	7	12%	1	4%
Fully implemented pending review	0	0%	11	38%
Not implemented	0	0%	0	0%
Sub total	17	29%	26	90%
Not yet due	11	18%	3	10%
Recommend for closure following audit review	32	53%	0	0%
Total	60	100%	29	100%

3. Commentary on Recommendations

3.1 External Audit

The November 2017 Joint Audit/Finance and General Purposes Committee received the 2016-17 external audit reports. These reports approved the closure of 6 recommendations and made a further 2 recommendations. The College considers that good progress continues to be made in addressing the external audit recommendations with the overall number of items requiring to be addressed falling from 7 to 3, with all outstanding items considered as low priority. The RAAP has been updated based on the outcomes approved by the November 2017 Joint Audit / Finance and General Purposes Committee meeting.

3.2 Internal Audit

The Audit Committee at their last meeting approved the removal of 32 of the recommendations as a result of the internal auditors follow up work. In addition the five recommendations from the Business Continuity Planning review have been added to the RAAP.

3.2 The College is requesting an extension to the expected completion dates for the following four recommendations:

- Rolling Audit Actions 5 and 6 (previous date 31/10/17 to 31/3/18)
LEAN review of student recruitment: The process of adapting the current student database is taking longer than anticipated. The first review group (curriculum, finance and student information staff) is now due to meet in early December to assess the progress made to date. The beta system was showcased at a recent sectoral event and initial feedback has been positive.
- Rolling Audit Action 16 (grade 1 - previous date 31/10/17 to 31/3/18)
Curriculum Planning: The annual curriculum planning guidance requires to be adapted to take account of the recently introduced Education Scotland evaluation procedures. Progress is being made and the final update is also looking to incorporate any changes resulting from the review of the operational planning process which is also underway.
- Rolling Audit Action 26 (grade 3 - previous date 31/12/17 to 31/3/18)
Business Continuity Planning: Given the level of work required to effectively undertake this exercise an extension of time is requested. The College has allocated resource to address this issue and has a detailed plan to achieve the revised date.

4. Conclusion

4.1 The College continues to address recommendations made by auditors. The Audit Committee is requested to review the RAAP report and to approve the:

- Request to extend 4 dates of completion; and
- Rolling Audit Action Plan.

TITLE: REVIEW OF RECENT COURT JUDGEMENTS

Background: The Committee will recall that the Scottish Government removed all bar 1 member of the Board of Management at Clyde College. The staff member of the Clyde Board took legal action in light of this decision and sought a Court ruling on the matter. A summary of the Court ruling is attached for information along with a paper produced by the Good Governance Steering Group which considered these findings and the implications for the future development of the Code of Good Governance for Scotland's Colleges. It should be noted that in addition to the legislation the Court referenced the Code of Good Governance in reaching its decision. Some of the main points emerging from this case are:

- The Code of Good Governance sets out the framework within which all colleges are expected to operate;
- The collective responsibility of Boards;
- Board members are not appointed to represent particular groups, their responsibilities are to the Board;
- Board members need to be clear about the statutory nature of the role and their responsibilities;
- The importance of Board papers for transparency and effective governance.

Action: The Committee is asked to note the information emerging from the recent Court judgements and the additional comment made by the Good Governance Steering Group (of Colleges Scotland).

Lead: Gwen McArthur, Secretary to the Committee

Status: Open

4.2 - Review of Recent Court Judgements/Rulings

Interaction between *Laverie v The Scottish Ministers* Decision and *Code of Good Governance for Scotland's Colleges*

This paper aims to highlight points arising from the decision in *Laverie v The Scottish Ministers* which interact with or may be useful to consider in the future development of the *Code of Good Governance for Scotland's Colleges*. Details of the case and the Court's decision is outlined in Annex 1.

1. The Code was effectively endorsed and referenced by the Court as making provision for various governance aspects which were identified as being issues in the circumstances of the *Laverie* case. As highlighted in Annex 1, the issues that form the background to the *Laverie* case are largely already addressed in the Code and for the most part the facts outlined in the case appear to show failures to observe the Code rather than any omission or lack of clarity in the Code.
2. There is a balance to be struck between making sure Board Members (and potential Board Members) are aware of their responsibilities and avoiding Board candidates from being put off from the role by making it appear too onerous or challenging by over-emphasising the scale of the commitment and the risk of removal/disqualification.
3. The Code is drawn in terms of general principles, providing a framework within which individual colleges must develop their own specific policies and procedures to ensure adherence to the principles of the Code. It would not necessarily be practical for the Code to be too prescriptive around the detail of how colleges should implement the Code in practice. However, it is important that Boards ensure that they are aware of the content of the Code, what that requires of them and the practical steps their college has taken to implement the Code. **One way in which the Code could be developed to help Board members might be to identify practical steps which colleges/Boards could consider taking in response to the principles set out in the Code.**
4. One of the key points from the *Laverie* decision is the emphasis placed by the Court on the collective responsibility of Boards. In response to Mr *Laverie's* efforts to argue that he personally bore no responsibility for the shortcomings of the Board identified by the Cabinet Secretary, the Court was unequivocal that collective responsibility is a central feature of the Board's governance – mismanagement or failures/ breakdowns of governance are the responsibility of a Board as a whole, and all members are potentially liable and therefore at risk of removal and disqualification in these circumstances. **Although the Code does acknowledge collective responsibility, it may be worth adding a specific principle expanding on what this means in practice** (e.g. making clear that absence of individual culpability is irrelevant, tying in the obligation to act on concerns, identifying that particular roles/areas of expertise do not absolve other Board members from responsibility for those aspects).
5. As part of his case, Mr *Laverie* argued that he would be prevented from exercising his role as a Trade Union representative as a result of his disqualification from serving as a Board member in the future. In rejecting this argument, the Court made clear that there is no "representative element" to serving as a Board member. Although Mr *Laverie* was elected by the college staff, his duties were to the Board and the college as a Board member and charity trustee, and his role did not carry with it any representative capacity – his duty was to act in the best interests of the college, not to represent the views of or guard the interests of any particular constituency (be that the staff generally or his Union). This is a point which can often be misunderstood by appointees/nominees to Boards generally. Although the Code

identifies the requirement to act in the best interests of a college rather than in the interests of any specific group at paragraph D.3, **it may be helpful to elaborate on and specifically address the “non-representative” point in the context of staff and student appointees.**

6. One of the points which the Court made in its decision in the Laverie case was that role of Board member is a public office provided for by statute, and the need for Board members to be aware of the statutory background in terms of their responsibilities and duties, and that they are voluntarily submitting to the legislative regime which includes provision for removal and disqualification. **Should the Code place more emphasis on the importance of awareness and understanding of the statutory nature of the role and the requirements of the legislation in terms of Board Members’ duties and responsibilities, and the consequences of failure to discharge them?**
7. The Code identifies (para C.4) that Board Members may be removed but does not currently mention the prospect of disqualification as a consequence of removal. **It may be appropriate to add reference to disqualification** as this was a particular issue highlighted by Mr Laverie, given his Trade Union involvement and possible wish to remain involved in a governance role in the college sector.
8. The reasons identified by the Cabinet Secretary for removal of the Board of Glasgow Clyde College (as referenced in the Laverie case) are as follows:

- Inadequate Board papers – specifically agendas and minutes

The importance of proper Board papers for transparency and effective governance, the Board’s responsibility for ensuring their production and publication, and the requirement for agendas are already provided for at paragraph C.7 of the Code. **Would it be worth adding emphasis that this goes beyond a purely administrative concern and is fundamental to evidencing the functioning of the Board?**

- Failure to replace the Board Secretary timeously

The importance of the role, detail around the functions of the Secretary, and the need to ensure the role is properly deputised in the Secretary’s absence are all already provided for in paragraph D.14 of the Code. It is not clear more could be done in the Code to address this point.

- Failure to observe specified limits on legal expenditure

In particular, the Court highlighted the Board’s improper delegation of responsibility for ensuring the limits were not exceeded as a failing. Ultimate responsibility for compliance lay with the Board and the Board should have exercised proper scrutiny of the costs rather than delegating this to the college executive. Paragraphs C.22 and C.23 of the Code recognise the Board’s obligation to ensure compliance with the SFC Financial Memorandum and Scottish Public Finance Manual, and include reference to effective monitoring arrangements and reporting of financial matters by college staff. These are broad principles rather than detailed rules, but it is perhaps impractical to include in the Code any detail around particular spending limits, controls and lines of reporting, as these arrangements will vary from college to college. **It is clearly fundamentally important that Board members are aware of the financial parameters within which their college operates and continuously monitor the college’s financial position. Arguably, the importance of financial management and monitoring could possibly be given more prominence in the Code.**

- Improper delegation of functions to a Board member

The delegation to a single Board member of the decision to suspend the Principal appears to have been identified by the Cabinet Secretary as one of the relevant factors behind the removal Order. The Code makes provision for a scheme of delegation to be developed and acknowledges that incorporated and regional Boards have no power to delegate functions to individual Board Member at paragraph C.8.

- Relationship with students

The Laverie case does not elaborate on the nature of the difficulties behind the decision to remove. Section B of the Code is entirely concerned with the relationship between a college and its students. In addition, in relation to student Board Members, paragraph D.4 makes clear that student Board Members are “full” members of the Board and should not be excluded except where there is a clear conflict of interest.

Next Steps

Good Governance Steering Group members are invited to review this paper, discuss the points highlighted and advise on any further developments to the Code or exemplars.

Good Governance Steering Group
August 2017

Laverie v The Scottish Ministers – Case Summary/Comment

1. Mr Laverie challenged the decision by the Scottish Government to remove all but one member of the Board of Management of Glasgow Clyde College, along with the consequent disqualification from serving as a Board Member in the further and higher education sector in future.
2. Mr Laverie's arguments were grouped under two main headings:
 - 2.1 Firstly, that the Order was contrary to Mr Laverie's human rights and therefore unlawful. This argument stems from the principle that the Scottish Parliament/Scottish Government's power to legislate is limited by a requirement that any piece of legislation is consistent with the European Convention on Human Rights ("ECHR"), and is open to challenge if it is not. There were three strands to this argument, each based on a right from an Article of ECHR:
 - Article 6 – in relation to determination of civil rights and obligations, everyone is entitled to a fair hearing by an independent and impartial body. The Court rejected that the office of Board Member constituted a "civil right" on the basis that the right had no personal or economic character, and was an elected, unpaid role rather than analogous to employment. The right of college staff to participate in a process of election to a college Board was not a civil right. In any event, the Court also rejected the argument that the process was unfair – see comments below on process.
 - Article 11 – the right to freedom of peaceful assembly and association, including to form and join trade unions. The Court determined that the disqualification Order did not in any way restrict this right. Mr Laverie's status as an EIS member was completely independent from his election as a Board Member. In no sense was Mr Laverie representing his union, nor did he have any differentiated status on the Board as a consequence of his union membership.
 - Article 1 Protocol 1 – the right to peaceful enjoyment of possessions. The Court rejected the argument that the office of Board Member was a possession capable of being protected by this Article, on the basis that the role does not constitute a right or economic interest or asset with any monetary value or which can be transferred or disposed of.
 - 2.2 Secondly, challenges to the decision-making process, primarily on the following grounds:
 - The removal of Mr Laverie was an irrational and unreasonable decision given that no personal or individual failure on his part was suggested. In rejecting this argument, the Court made clear the collective responsibility of all Board Members for the proper discharge of the Board's responsibilities. The decision for the Cabinet Secretary was whether the Board's discharge of its governance responsibilities as a whole had fallen sufficiently short of the required standard to justify removal, not the role or extent to which that collective failure was attributable to any individual. The Court found that the decision to remove was within the range of reasonable responses to the circumstances, and one which the Cabinet Secretary was entitled to make. The decision had to be so unreasonable as to be irrational in order for Mr Laverie to succeed on this point and it could not be described as such.
 - The process by which Mr Laverie was removed was not sufficiently transparent, fair and impartial, and the procedures were materially unfair. The Court determined that removal had been effected in line with the statutory procedure for such a decision (barring one procedural issue around timing of the Order, which the Court did not consider material), and had allowed for representations to be made by Board Members, both individually and collectively. The right afforded to Mr Laverie to challenge the Order by the proceedings before the Court constituted sufficient opportunity for review. Following an alternative process which allowed

Board Members the opportunity to resign before a removal Order was made would defeat the purpose of the disqualification provided for in the legislation.

Key Points/Comments from the Court's Decision

3. The Court very clearly emphasised the principle of collective responsibility of Boards of Management:
"[122]...collective responsibility is a central feature. Where the petitioner in his submissions or the Board (in its responses to the Cabinet Secretary) refer to not being responsible for particular matters, this simply fails to recognise that responsibility for the management of the affairs of the college rests with the Board of Management."
4. Board Members do not represent the parties to whom they owe their appointment to the Board:
"[133] As to the petitioner's argument that he was a representative of the academic staff, the reality is that his obligations as a member of the Board were not to the constituency from which he was elected. As the key documents demonstrate, the Board of Management does not operate on the basis of members representing individual constituencies."
5. The importance of Board papers. Among the arguments advanced by Mr Laverie was a suggestion that some of the failings identified by the Report into the governance issues at Glasgow Clyde College were relatively minor issues. This was very clearly rejected by the Court:
"[134] Agendas and minutes of Board meetings have particular importance. They are certainly not minor or immaterial aspects of the Board's functions. These documents are open to inspection, including by members of the public. That is a normal consequence of the need for transparency in a process which involves responsibility for the spending of substantial amounts of public money. The statute, the Code and the Constitution attach importance to agendas and minutes, and these are plainly significant documents. The Board had to make sure that the such documents were available and that other Board members were informed of their contents."
6. Overall responsibility of the Board for matters within its remit.
"[135]...it is clearly intended by the various governance and constitutional documents that it is the Board which is responsible for seeing to it that things are actually done in accordance with the rules and requirements. Indeed, that is the point of having a Board of Management. Proper management must involve the scrutiny and challenge of matters relevant to the Board's functions, such as the absence of the Board Secretary. On any view, the position of the Secretary is of major importance. Ultimately, this issue and indeed all aspects of management of the College come back to the Board as the executive body of the college."
7. Importance of public responsibility and accountability for Board Members:
"[156]... The simple reality is that those who serve on boards of management of this kind, which have important public responsibilities and duties, must recognise that they expose themselves to collective responsibility for the board's performance. That is repeatedly made clear in the governance and constitutional documents and the legislation provides that removal can be a consequence of mismanagement."
8. Board membership is not directly analogous to company directorship and comparisons between the role of Members of a Board of Management and the powers and duties of a company director should be treated with caution:
"[112] The petitioner's suggested analogy between the position of board member and that of company director is of no assistance. Members of the Board do not have powers of the sort that a company director has, whether executive or non-executive. Powers cannot be delegated to individual board members such as the petitioner. A company director will generally be remunerated and many directors have a contractual relationship with the company. A board member receives no remuneration and is not an employee."

TITLE: RISK MANAGEMENT STRATEGY AND STRATEGIC RISK REGISTER

Background: In October 2015 the Board of Management approved the 2014-2017 Risk Management Strategy and subsequently reviewed this in December 2016.

This report provides:

- a) An update on the implementation of the 2014-17 Risk Management Strategy;
- b) An updated Risk Management Strategy; and
- c) The current Strategic Risk Register for review.

Action: The Audit Committee is requested to:

- a) Consider and approve the updated Risk Management Strategy; and
- b) Approve the current Strategic Risk Register.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1. Introduction

1.1 The Board of Management approved the Risk Management Strategy 2014-2017 in October 2015 and subsequently reviewed this in December 2016. The Strategy presents the commitment of the Board to operating an effective risk management system.

1.2 The Strategy contains the following sections:

1) Introduction

This section present a summary of the environment within which the College operates along with a number of strategic objectives. The section concludes with a commitment on behalf of the Board of Management and Senior Management Team to the overall College Risk Management process

2) Risk Management Overview

This section outlines how the Strategy will be delivered along with a detailed section on the roles and responsibilities with regard to risk management.

3) Risk Management Framework

This section presents the framework within which the College risk management process operates. It highlights the overall risk process from identification to response.

4) Risk Management Process

This section explains the individual components of the Strategic Risk Register. It also includes an outline of the College risk management process

2. Implementation of Risk Management Strategy 2014-17

2.1 The College considers that it continues to make good progress in addressing the seven objectives set within the Strategy. A number of these Objectives have been fulfilled with the approval of the Strategy and Risk Register. In addition the embedding of risk reviews into the Committee meetings along with College operational planning developments have embedded the risk management system.

2.2 The internal audit assignment on 'Risk Management' concluded in March 2016 that the College "... has developed a robust framework for the management and control of strategic risks, which is in line with best practice." Since that report the College has worked to implement the 6 recommendations which were included in the report. All of these recommendations have now been fully implemented.

3. Risk Management Strategy Review

- 3.1 The Risk Management Strategy has been reviewed and the format remains unchanged with some minor revisions having been made including the removal of a specific time period for the Strategy, with the proposal being that this is reviewed every year.
- 3.2 The main aim of the Strategy remains at ensuring that that risk management system is further embedded into the culture and operations of the College.

4. Strategic Risk Register

- 4.1 The Board of Management at its 4 December 2017 meeting considered the attached Risk Register and were content that it represented the main strategic risks faced by the College. The OD and HR Committee were requested to consider the inclusion of a risk in relation to health and safety and this will be reported at the next Committee meeting.
- 4.2 The recent internal audit report 'IT Security Health Check' (agenda item 10) noted that with regard to Risk 11 (Failure to maintain or acquire and use IT systems and infrastructure to support strategic improvement in business and learning processes), that "Based on the results of our high level of IT security arrangements within the College, the post-mitigation score will be appropriate following implementation of our recommendations." The College has in the light of the above finding amended the post mitigation score from a risk probability of 3 and risk impact of 2 total 6 to risk probability of 3 and risk impact of 3 total 9. This has resulted in the IT risk moving from position 11 to 10 in the overall register.
- 4.3 The Audit Committee is requested to review the Strategic Risk Register and consider:
- The risks included in the register;
 - The risk rating both pre and post mitigation;
 - Whether any risks should be considered for removal; and
 - Whether any new risks should be considered for inclusion.

5. Next Steps

- 5.1 The Audit Committee is requested to:
- a) Consider and approve the Risk Management Strategy; and
 - b) Approve the current Strategic Risk Register.



Risk Management Strategy

Contents

	Page
1	Introduction from Chair of Board of Management and the Chief Executive 3
2	Risk Management Overview 5
2.1	Purpose _____ 5
2.2	Objectives _____ 5
2.3	Definitions _____ 5
2.4	Roles and Responsibilities _____ 6
2.5	Partnership and Projects _____ 7
3	Risk Management Framework 8
3.1	Code of Corporate Governance _____ 8
3.2	Internal / External Audit _____ 9
3.3	Insurance _____ 9
3.4	Business Continuity Management (BCM) _____ 9
3.5	Health and Safety _____ 9
3.6	Risk Implications – Decision Making Process _____ 10
4	Risk Management Process and Approach 11
4.1	Risk Tolerance _____ 11
4.2	Risk Categorisation _____ 11
4.3	Risk Identification _____ 12
4.4	Risk Assessment _____ 12
4.5	Risk Owner _____ 13
4.6	Risk Mitigation _____ 13
4.7	Risk Monitoring and Reporting _____ 14
4.8	Risk Management Strategy Review _____ 15
5	Appendix 16

Document control

Version	Date	Review	Summary of changes made
V1.0 Draft	01.09.15	A Ritchie	Initial strategy document for review
V1.2	12.09.15	A Ritchie	Final 2014-17 Strategy for approval
V2.0	04-12-17	A Ritchie	Strategy document review

1 Introduction from Chair of Board of Management and the Chief Executive

The Financial Memorandum with the Scottish Funding Council (SFC) requires that the governing body complies with the principles of good governance set out in the Code of Good Governance for Scotland's Colleges. The SFC also requires the governing body to ensure that:

- The College has an effective policy of risk management and risk management arrangements;
- Internal audit must provide the governing body and senior management of the College with an objective assessment of adequacy and effectiveness of risk management, internal control, governance and value-for-money; and
- The College undertakes careful appraisal of the risks before accepting any contingent liability.

The College must recognise the environment within which it operates as a non-departmental public body (NDPB). This environment includes compliance with the Scottish Public Finance Manual (SPFM) which requires that it is "...necessary to develop a framework for assessing risks that evaluates both the likelihood of the risk being realised, and of the impact if the risk is realised. Risk assessment should be recorded in a way that demonstrates clearly the key stages of the process." This Strategy has therefore been written taking account of the requirements of the SFC Financial Memorandum and SPFM.

In addition to the above requirements the internal auditor must produce an annual report for the governing body on their activities during the year. The report must include an opinion on the adequacy and effectiveness of the College's risk management, internal control and governance. The report must be presented to the College's Audit Committee and a copy sent to the SFC.

The College Vision states that we will seek '*To make a difference*', '*To be bold*' and '*To be forward thinking*' and achieve the Strategic Priority of delivering '*...a sustainable, effective and efficient service*'. The Risk Management Strategy is a key link between the Vision and Strategic Priorities, ensuring the College is aware that some risks will always exist and will never be eliminated, however mitigation can be put in place to minimise the impacts and deliver the Vision.

The College recognises that it has a responsibility to manage risks and supports a structured and focused approach to managing them through application of the Risk Management Strategy. In this way the College will better achieve its strategic priorities and enhance the value of services it provides to the community.

The approach of the Strategy is that it is owned and led by the Board of Management and it is intended to deliver a more dynamic and inclusive approach to risk management. The Strategy aims to ensure that the Strategic Risk Register will be informed by the College Operational Planning process and from all Board of Management Committees with the objective of being outward facing and strategically focused.

The College's Risk Management Strategy objectives are to:

- 1) Integrate risk management into the culture of the College;
- 2) Manage risk in accordance with best practice;
- 3) Anticipate and respond to changing requirements;
- 4) Prevent injury, damage losses and reduce the cost of risk; and
- 5) Raise awareness of the need for risk management by all those connected with delivering the College's Strategic Priorities.

These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the College for risk management;
- Providing opportunities for shared learning on risk management across the College;
- Reinforcing the importance of effective risk management as part of everyday work by offering training;
- Incorporating risk management considerations into the annual internal audit plan and any internal / external audit work carried out; and
- Monitoring arrangements on an on-going basis.

The Risk Management Strategy aligns with the Regional Outcome Agreement (ROA) and will be reviewed annually. In the event material amendments to the Strategy are required it will be presented to the Board of Management for approval.

The Board of Management and Senior Management Team are fully committed to the principles of Risk Management and the approach outline within this Strategy.

Approved by:

Keith McKellar
Chair of the Board of Management

Audrey Cumberford
Principal

2 Risk Management Overview

2.1 Purpose

The purpose of the Risk Management Strategy is to:

- outline West College Scotland's approach to risk management; and
- describe the procedures for the management of risk within the College while detailing the roles and responsibilities of the key business areas.

2.2 Objectives

To ensure the effective delivery of the College Risk Management Strategy, the following objectives will require to be progressed by the College Senior Management Team:

1. Undertake an annual review of the College Risk Management Strategy. The review will ensure clear roles, responsibilities and a reporting framework for the managing of risk across the College is maintained and developed;
2. Development of operational planning guidance on risk identification and translation into strategic risk where appropriate;
3. Monitoring and reporting on risk management arrangements to the Board of Management Audit Committee;
4. Continue to integrate risk management into the culture of the College and to raise awareness of need to manage risk effectively throughout the College;
5. Comply with Corporate Governance and integrate effective processes to allow the Board to approve the annual Accountability Report including the section on Risk Management and Internal Controls.

2.3 Definitions

The following represents the meaning of terminology that is used throughout the Strategy document.

- Risk: An uncertain event, which, should it occur, will have an effect on the achievement of objectives. Risks may have a negative effect, in which case they are recorded as threats, or a positive effect, denoted as opportunities.
- Issue: A certain event which is known and will impact upon the achievement of the College's objectives.
- Risk Appetite: The level of risk which is deemed acceptable to the organisation in the pursuit of its objectives.
- Risk Exposure: The calculated level of risk which the organisation is exposed to in pursuit of its objectives.

2.4 Roles and Responsibilities

To be effective, the risk process is recognised as the responsibility of all WCS employees and will integrate with the College operating requirements.

Owner	Role
<p><u>Board of Management</u></p> <ul style="list-style-type: none"> - <i>Has a fundamental role to play in the management of risk.</i> 	<ul style="list-style-type: none"> - Provide authority and responsibility for the establishment, maintenance, support and evaluation of the Risk Management Strategy - Set the tone and promote a positive risk culture within the College - Delegate the overall implementation of risk management to the SMT - Have knowledge of the significant risks facing the College
<p><u>Audit Committee</u></p> <ul style="list-style-type: none"> - <i>Has a fundamental role to play in the review and management of risk.</i> 	<ul style="list-style-type: none"> - To ensure compliance with corporate governance requirements - To review the Strategic Risk Register and approve for presentation to the Board - To review internal processes and systems and work closely with internal and external auditors to obtain reports on these
<p><u>Senior Management Team (SMT)</u></p> <ul style="list-style-type: none"> - <i>Support and implement policies approved by the Board of Management.</i> - <i>The Senior Management Team consists of the Principal, Vice Principals, Assistant Principals and Directors.</i> 	<ul style="list-style-type: none"> - Implementation of Risk Management Strategy - Overall co-ordination of risk management - Promotion of a holistic approach to risk management - To review the probability and impact assessments of risks on a regular basis - Ensure appropriate levels of awareness throughout the College
<p><u>College Management Teams</u></p> <ul style="list-style-type: none"> - <i>Encouraging and embedding good risk management practice within their area of activity.</i> - <i>The College Management Team consists of all those managers who are directly line managed by SMT.</i> 	<ul style="list-style-type: none"> - Co-ordinating and ensuring that the operational objectives are implemented in line with the Risk Management Strategy - Have an awareness and understanding of risks which fall into their area of responsibility, the impacts these may have, and monitor outcomes against the risks identified ensuring that response plans detail corrective action to minimise risk - Report any new risks identified or failures of existing control measures to SMT - Report on current 'active' risks highlighting mitigating actions and effect towards risk reduction

Owner	Role
	-
<p><u>College Staff</u></p> <ul style="list-style-type: none"> - <i>Encouraging and embedding good risk management practice within their area of activity</i> 	<ul style="list-style-type: none"> - Understand their accountability for individual risks - Understand how they can enable continuous improvement of risk management and risk awareness - Report systematically and promptly to a member of the College Management Team or Senior Management Team any perceived new risks or failures of existing control measures
<p><u>Internal/External Audit</u></p> <ul style="list-style-type: none"> - <i>Ensuring the effectiveness of organisational and financial control systems, including monitoring performance against quality assurance standards.</i> 	<ul style="list-style-type: none"> - To review risks and limitations of existing control measures - To review the adequacy of internal control systems designed to minimise risk - To make appropriate recommendations following on from any internal / external audit reports to the SMT, which will effectively improve systems of control

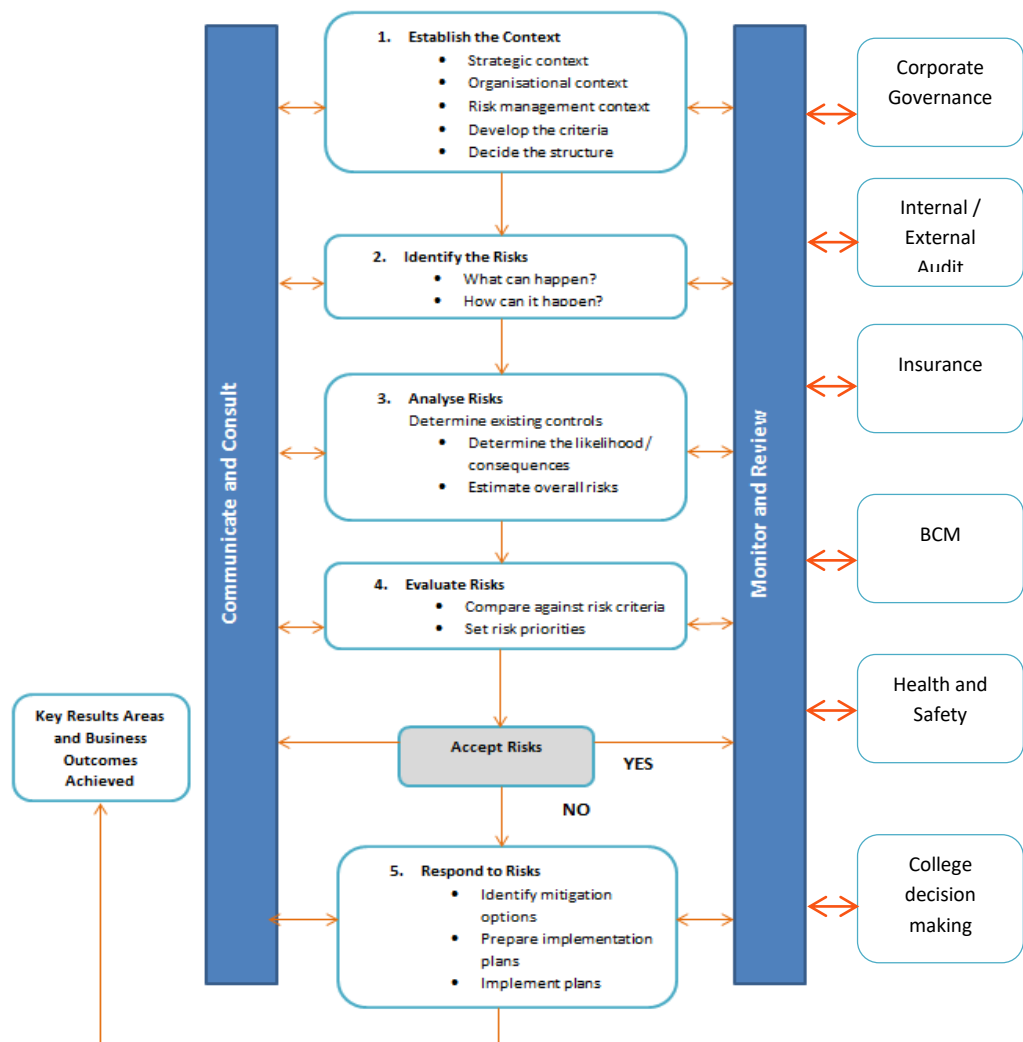
2.5 Partnership and Projects

For the College, it is important to ensure partnerships and projects are considered in a Risk Management context, as well as core services. Where the College is involved in Strategic Projects and Partnerships, it will look to develop joint Risk Management practices with relevant partners as required.

3 Risk Management Framework

The overall responsibility for ensuring the College has effective Risk Management arrangements is with the Board of Management but this is implemented and co-ordinated by the College SMT. Risk Management at the College is closely aligned to Corporate Governance, Internal/External Audit, Business Continuity Management (BCM), Insurance, Health and Safety and Occupational Health and Safety arrangements. These different elements act as support mechanisms for the delivery of the Risk Management Strategy at the College. Internal and external audit also plays a key role in scrutinising the mitigations and controls implemented by the College.

Figure 1 - WCS Risk Management Framework



3.1 Code of Corporate Governance

The Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of

failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Management has delegated the day-to-day responsibility to the Principal, as Chief Executive, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and asset.

3.2 Internal / External Audit

Internal Audit will assess the effectiveness of the College's internal controls and review Risk Management as part of the Corporate Governance arrangements. Internal Audit will use the information on the Strategic Risk Register to inform their annual Audit Plan.

External Audit will annually undertake an overall review of the corporate governance arrangements and processes of internal control in place at the College. Based on their audit work and the findings made by the internal auditors they will form an opinion on adequacy of the systems in place to comply with corporate governance requirements.

3.3 Insurance

Insurance is one method the College uses to transfer risk. The implementation of an effective Risk Management Strategy will have an impact upon the premiums paid by the College. The prevalence of insurance claims will need to be monitored as these will have a bearing on the Strategic Risk Register.

3.4 Business Continuity Management (BCM)

Business Continuity underpins Risk Management and is concerned with how the College can overcome disruption in the event of an adverse incident or situation and continue to deliver key services at an agreed, pre-determined level. It is the low probability/high impact risks that if they occurred could result in the failure of key services or systems.

3.5 Health and Safety

There are clear and well established links between the College Health and Safety and Risk Management. The College is committed to achieving best practice in health and safety management and is fully committed to controlling risk and preventing harm to people.

The College will use the guidance in Managing for Health and Safety (MFHS), which supports the model of managing health and safety with a 'Plan, Do, Check and Act' approach. This model helps to achieve a balance between the systems and behavioural aspects of management.

The Board of Management has a primary objective to ensure health and safety is integrated into the College's core business management activities and that suitably resourced Health and Safety Management Systems are implemented which are also influenced by Risk Management.

3.6 Risk Implications – Decision Making Process

Effective Risk Management is crucial to the achievement of the College's Vision and the success of the strategic operation and provision of College services. It is important to recognise that there are risks associated with decisions taken in respect of the delivery of College business.

The nature, severity and likelihood of these risks will vary depending on a wide range of circumstances or potential outcomes.

4 Risk Management Process and Approach

Risk Management is a cyclical process – new risks emerging while old risks become obsolete. Below are listed the steps in the Risk Management process.

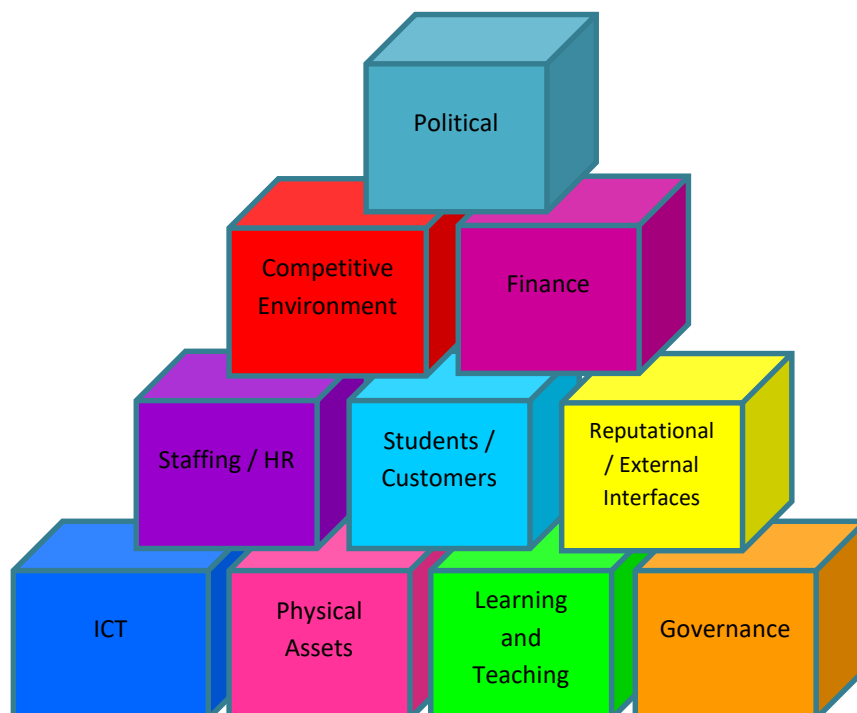
4.1 Risk Tolerance

The Risk Management Strategy is objective driven. The College's Strategic Priorities within the Corporate Plan are used as the basis for developing the Strategic Risk Register. The first step in the risk management cycle is to establish the tolerance level that the Board of Management is willing to accept. It may require to be expressed as more than one threshold depending on strategic priorities and objectives e.g. separately in respect of financial or reputational outcomes as well as for both the delivery of projects and "business as usual" activities.

4.2 Risk Categorisation

Risks shall be categorised to enable identification of risk trends and gap analysis. Risk will be categorised according to:

Figure 2 – West College Scotland Risk Categories



4.3 Risk Identification

Risk identification is focussed on the key risks against the achievement of College Strategic Priorities. The risk categories, as per figure 2, ensure a holistic approach to risk identification is taken. However, this list is not exhaustive and acts as a prompt only. Not all risks will apply to each category and some may apply to more than one.

During risk identification, it is helpful to consider the drivers for each risk, causes of the risk, and potential negative (or positive if an opportunity) outcome should the risk arise.

Risks identified within Committee and other meetings; the operational planning cycle; dedicated risk workshops and other reviews will be recorded in such a manner as to allow easy identification and understanding of the risk. Each Risk Description will contain information on the three composite parts of a risk; the cause, the risk event and the impact on the College Strategic Priorities:

'As a result of <cause/statement of fact>, there is a risk that <uncertain event> may occur, which would result in <an effect on Strategic Priorities>.'

4.4 Risk Assessment

Risk Assessment will be undertaken in the first instance to prioritise risks (risk evaluation) using a standard 6 by 4 semi-quantitative scale (shown in Figure 3.0) for risk probability and impact.

This use of a standard scoring threshold promotes consistency in risk assessment.

Figure 3 - Risk Scoring Thresholds

Probability	Score	Impact	Score
Almost Certain	6	Catastrophic	4
Very Likely	5	Critical	3
Likely	4	Marginal	2
Possible	3	Negligible	1
Very Unlikely	2		
Remote Chance	1		

When assessing impact, it is important that a holistic analysis of the categories of risk be considered, in terms of how the issue would impact on the College (a partnership, a particular service or a specific project). The agreed approach to the assessment of risk at the College is undertaken on the basis of existing control measures.

When assessing probability, a consideration of historical information, external drivers, trends and statistics can be useful in determining an appropriate level.

Risks identified within the Strategic and Operational Risk Register will be plotted on a probability impact grid, as shown in figure 4.0 below, to provide a pictorial representation of risk exposure. Risks which fall into the upper boundary (Red RAG status) will be considered as critical for management

attention and as greater than the acceptable risk appetite. Efforts will be made to reduce risk exposure below the upper boundary.

Figure 4 - Risk Probability Impact Grid

Risks with low probability but high impact scores will be elevated for attention of the Board. Risk response plans will be developed which seek to reduce the potential impact of the risk.

Almost Certain	6	6	12	18	24
Very Likely	5	5	10	15	20
Likely	4	4	8	12	16
Possible	3	3	6	9	12
Very Unlikely	2	2	4	6	8
Remote Chance	1	1	2	3	4
		1	2	3	4
		Negligible	Marginal	Critical	Catasrophic

4.5 Risk Owner

A risk owner is a member of the Senior Management Team that has been given the responsibility and authority to manage a particular risk/set of risks and is accountable for doing so.

4.6 Risk Mitigation

Risk mitigation is concerned with taking action to reduce the likelihood and / or severity of the risk.

Each risk shall have a number of mitigations which where appropriate will be backed up by control plan. Control strategies / plans may align with the categories below:

Figure 5 – Risk Mitigation Measures

Risk Response	Commentary
Tolerate	The exposure may be tolerable without any further action being taken. It may be supplemented by contingency planning for handling the impacts that will arise if the risk is realised
Transfer	Transfers the risk to a third party. Be aware that the entirety of a risk is practically impossible to transfer
Terminate	Some risks are only treatable by terminating an activity. Alternative plans and/or processes will require developing
Treat	Action is taken to constrain the risk to an acceptable level. This includes reducing the probability of occurrence and/or the impact of the risk
Take	Implement actions to exploit the identified opportunity

Each action will have recorded against it a named owner for delivery of the risk response / mitigating action. Those with responsibility for the Risk Management Strategy, whether at partnership, strategic, directorate or project level must be satisfied that all controls are working effectively and can be evidenced for audit or scrutiny purposes.

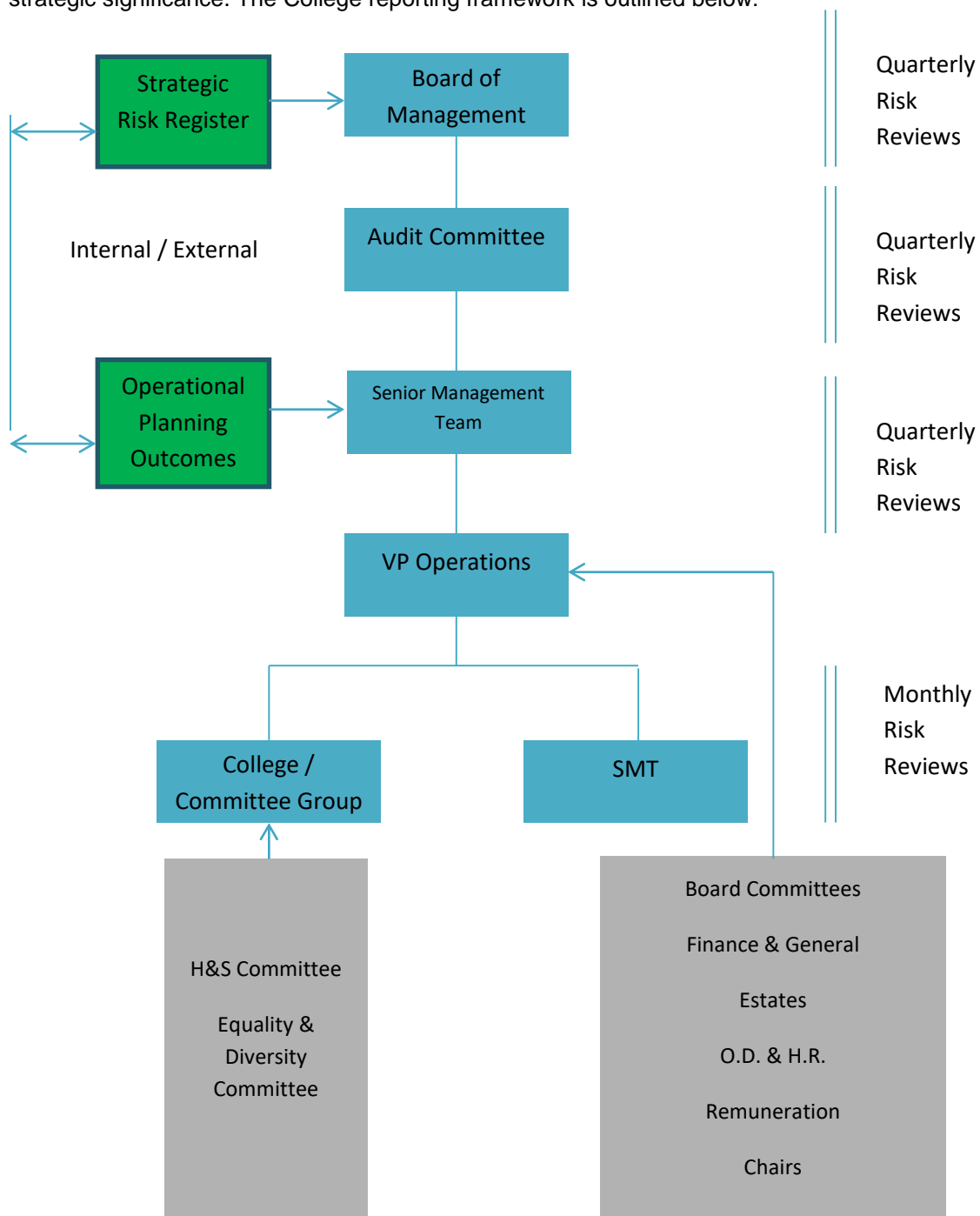
4.7 Risk Monitoring and Reporting

Successful implementation of the Risk Management Strategy rests upon the creation and development of an adequate monitoring framework and reporting structure.

It is important to assess the effectiveness of any control measures which have been implemented and these must be monitored and reviewed on a regular basis. It is also necessary to assess whether the nature of risk has changed over time.

At strategic and operational levels, the College approach is focussed on embedding a formal reporting structure for Risk Management which is outlined below.

It is the responsibility of the SMT to highlight risks within their Directorates that are considered to have strategic significance. The College reporting framework is outlined below:



Risk reporting is used to communicate risk across the College. Through Strategic Risk reviews, SMT members are likely to be requested to 'manage' those risks at Directorate or operational level that are not considered to be strategic in nature. This will ensure a steady flow of information and the management of risk at the correct level.

This approach will also ensure that Board members and appropriate levels of staff are made aware of the risks incurred through service provision and the achievement of objectives. Through this framework, ownership of risk will be retained at the appropriate level to best manage the risk successfully.

4.8 Risk Management Strategy Review

The effectiveness of the Strategy and information within the College Strategic and Operational Risk Registers will be monitored and reported as outlined above.

5 Appendix

Appendix 1: Categories of Risk

Category	Description of Risk
Political	Those affecting the College Strategic Priorities normally at a national political level.
Competitive Environment	Those affecting the competitiveness of the service (in terms of cost of quality) and / or its ability to deliver Best Value.
Finance	Those related to financial planning and control and the adequacy of insurance cover.
Staffing / HR	Those affecting the recruitment, retention and morale of staff.
Students / Customers	Those affecting the recruitment, retention and morale of students and attracting customers / partners to the College.
Reputational / External	Those affecting the reputation of the College and/or external partnerships / projects / community in which the College is involved.
ICT	Those affecting the College's ICT / communication systems which could have a negative effect on reputation / priorities.
Physical Assets	Those negatively affecting the assets of the College causing loss / damage.
Learning and Teaching	Those affecting the successful delivery of the College's curriculum.
Governance	Those that impose requirements on the College which could affect priorities / funding / reputation.

WEST COLLEGE SCOTLAND STRATEGIC RISK REGISTER 2017-18

Risk No.	Strategic Priority	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
			Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
1	1,2,3,11	Impact of SFC funding changes including credit, European, ELS, student support and estates maintenance funding.	5	4	20	1) Financial scenario planning undertaken along with development of 5 year financial plan 2) Robust budgetary / forecasting including production of monthly management accounts 3) Estates Strategy including objective to improve / rationalise the College estate 4) Commercial Development Group reporting to Corporate Development Committee. 5) Robust monitoring of current and future curriculum delivery plans (CMAF) including staffing needs 6) Significant work undertaken to embed Workforce Planning into College operations / planning. Positive internal audit report highlighting solid base position. 7) On going discussions and modelling with SFC. 8) Active involvement in external review groups - Credit review, Access and Inclusion, Rural and remoteness Premium and Student Funding.	4	4	16	VP Operations / VP Educational Leadership
2	1,2,3,11	Failure to secure estates capital funding for future investment or refurbishment.	5	4	20	1) College Estate Strategy submitted to SFC, reviewed by internal audit and Year 1 implementation update provided to Board of Management Estates Committee. 2) Continued engagement with SFC regarding the basis of the funding methodology for the allocation of estate maintenance resource. 3) Participation in SFC/sector Capital Working Group 4) Submission of Outline Business Case for Greenock campus to SFC; awaiting review. 5) Development of draft Outline Business Case for the future development of the Paisley campus. 6) Engagement on-going with SFC in relation to national estate condition survey review.	4	4	16	VP Operations
3	1,2,3,11	Business case for development of estate are delayed, impacting upon ability of College to recruit students / retain staff.	5	4	20	1) The College continues to actively engage with SFC, SFT and other key stakeholders. 2) College Estate Strategy highlights required estate investment for consideration by SFC and Scottish Government. 3) Option Appraisal and Outline Business Case considering future options for College estate in Greenock submitted to the SFC. 4) Outline Business Case for College estate in Paisley now concluded for review and submission to SFC. 5) Ongoing prioritisation of College estates funding in a way which links to priority projects, with update reports being provided to each meeting of the Board of Management Estates Committee. 6) Ongoing involvement in sector/SFC capital working group enables WCS input to ongoing discussions re SFC estates maintenance allocation methodology and capital allocations. 7) Engagement on-going with SFC in relation to national estate condition survey review.	4	4	16	VP Operations

Risk No.	Strategic Priority	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
			Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
4	3, 11	Impact and outcomes of National Pay Bargaining for both teaching and support staff	6	3	18	<ul style="list-style-type: none"> 1) WCS representation and involvement in national college Employers Association and national joint negotiating committee (NJNC). 2) Financial impact assessment / planning scenarios with the financial impacts of National Bargaining under ongoing discussion with the SFC. 3) Planning for impact of industrial action, with specific strike business continuity plans in place. 4) Local trade union negotiating committees for support and teaching staff continuing to meet on an ongoing basis in order to maintain positive College industrial relations. 5) Robust college sector and WCS communication plan. 6) Local workforce planning arrangements subject to positive internal audit review (May 2017) 	6	2	12	Principal
5	1, 3, 5, 6	Unable to meet student targets leading to a failure to deliver stated Regional Outcome Agreement objectives	5	3	15	<ul style="list-style-type: none"> 1) Robust internal monitoring, tracking and reporting procedures in place, including through College operational planning process and ongoing monitoring through the Board of Management and sub-committees. 2) Detailed Curriculum Development Planning and review process. 3) Ongoing engagement with SFC in relation to ROA outcomes. 4) Involvement with SFC advisory group on 'One Plus' 5) Blended approach to delivery of teaching and learning including distance and online learning. 6) Curriculum offering is reviewed to ensure employer and student needs are met and appropriate courses delivered. 	4	3	12	VP Educational Leadership
6	2, 11	Inadequate business continuity / contingency planning	3	4	12	<ul style="list-style-type: none"> 1) Internal audit report on Business Continuity Planning highlighted areas for development. Plans in place to action recommendations. 2) Communications to staff of procedures to be followed in the event of an incident. 3) Effective estate security procedures. 4) Adequate insurance cover. 5) Embedding of risk assessments. 6) Planned preventative measures in place, including alarms. 	3	3	9	VP Operations

Risk No.	Strategic Priority	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
			Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
7	2, 9, 11	Unable to develop and commence the implementation of an Estates Strategy that achieves the agreed criteria for size, quality, flexibility and carbon emissions	3	4	12	<ul style="list-style-type: none"> 1) Estate Strategy 2016-2026 approved by Board of Management and submitted to SFC. 2) Plans to improve infrastructure and equipment are in place. 3) Minimise possibility of unplanned closures through regular maintenance of physical assets. 4) On going discussions with funders and other stakeholders to identify potential funding / development opportunities. 5) Condition survey work undertaken to assist with identification of areas of investment . 6) Internal audit review (May 2017) of Asset Management included positive review of work undertaken to developed the College Estate Strategy 2016-26. 	3	3	9	VP Operations
8	3, 4, 11	Inability to maintain good staff relations	4	3	12	<ul style="list-style-type: none"> 1) Internal audit report on Workforce Planning indicated sound building blocks. 2) Clear procedures for communication in place in order to engage with Trade Unions and all staff across the College. 3) Developed procedures for staff engagement / negotiations 4) "Ask Audrey" staff engagement session and staff surveys undertaken. 5) Local trade union negotiation committees in place for teaching and support staff and meet on an ongoing basis 	3	3	9	Principal
9	3, 4,	Failure to implement a systematic approach to workforce planning resulting in lack of appropriate resources and skills to achieve strategic priorities	4	3	12	<ul style="list-style-type: none"> 1) Detailed teaching resource planning through use of curriculum mapping tool (CMAP). 2) Resourcing of support staff structures reviewed on an ongoing basis by Executive Management Team to ensure alignment with operational and strategic priorities. 3) Itrent HR and Payroll software developed to provide staff data and reports. 4) Professional Development Policies are aligned to strategic priorities. 5) Roll out of CPD review process now underway and supports succession planning, leadership development and assists in mitigating the impact of the loss of key staff. 6) Internal audit reviewed workforce planning as part of 2016/17 audit plan. 	3	3	9	VP Educational Leadership VP Operations
10	2, 3	Failure to maintain or acquire and use IT systems and infrastructure to support strategic improvement in business and learning processes	4	3	12	<ul style="list-style-type: none"> 1) IT Strategy, Policies / Procedures and system access processed in place. 2) Staff and student feedback and evaluation procedures in place. 3) IT Contingency Plan in place with regular review. 4) Embedded IT incident review process. 	3	3	9	VP Operations

Risk No.	Strategic Priority	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
			Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
11	1,2,3,11	Failure to invest sufficient resource (financial / staff) into delivery of Carbon Management Plan (CMP) resulting in negative publicity for College.	3	3	9	1) Approval of CMP by Board of Management in October 2016 with this subsequently being submitted to SFC. 2) Specific resource - staff and funding - allocated to allow CMP to be implemented. 3) Creation of Sustainability Group involving staff and student representatives. 4) CMP Plan and targets will be kept under review and revised should further funding become available.	2	3	6	VP Operations
12	5, 6, 8, 11	Inability to specify, deliver and implement effectively an approach to generation of alternative income	3	3	9	1) Development of strong partnerships with local employers and stakeholders. 2) Development of operation plans. 3) Adaption of course portfolio to meet student / employer needs. 4) Financial strategy and financial planning. 5) Review of resources required within Curriculum Development Planning procedure. 6) Annual financial target is agreed and closely monitored by the Corporate Development Committee. 7) Commercial Development Group reporting to Corporate Development Committee.	3	2	6	VP Corporate Development
13	11	Inability to ensure a holistic response to data and information governance, including compliance with the General Data Protection Regulations (GDPR).	3	3	9	1) External briefings provided to SMT on principles and practicalities of implementing GDPR. 2) Establishment of College working group on implementation of GDPR requirements. This group will have oversight of the information risk assessment process. 3) Update reports to SMT and OD&HR Committee on progress made. 4) Active engagement across the College to ensure collaborative approach to addressing issues raised. 5) Data Protection concepts and principles already embedded within the operations of the College. 6) Working with other Colleges to pool resources and minimise duplication of effort.	3	2	6	Principal
14	1, 3, 5, 6	Normal business activities are unduly affected due to the complexity of sequencing estates investment works	4	2	8	1) Detailed resource planning involving all relevant parties at an early stage for project work undertaken. 2) Level of investment at a stage where no material impact on activities. 3) Knowledge base within current staff to be able to identify issues.	3	2	6	VP Operations
15	1, 3, 5, 8	Investment plans do not reflect future requirements. Sector and/or market expectations do not materialise or are markedly different resulting in changes to future delivery plans.	3	3	9	1) Developed environmental scanning process in place 2) Operational planning process in place linked to resource requests. 3) Detailed resource allocation process and ability to address ad hoc requests.	2	3	6	VP Educational Leadership VP Operations

Risk No.	Strategic Priority	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
			Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
16	9, 10, 11	Failure to analyse and respond effectively to changes such as ONS implications, net depreciation / resource impact, year end and insurance	3	2	6	1) Participation in a number of sector working groups. 2) Established team and knowledge base to allow impact of changes to be assessed. 3) Developed budget / forecasting models. 4) Further areas of review expected - commercial insurance and allocation of cash arising from net depreciation - WCS represented on sector Financial Directors group in order to provide input to these key areas of consideration.	1	2	2	VP Operations

STRATEGIC PRIORITIES

1. We will provide education and training in inspirational and innovative ways to engage and meet the diverse needs of our students.
2. Education and training will be delivered to students in high quality College facilities, in their place of work or through the development and use of digital technologies.
3. We will provide the highest quality of teaching and tailored support to maximise our students' opportunities to achieve success and progress to employment and further study.
4. We will support the development of our staff and teams to achieve successful outcomes for themselves, our students and the College.
5. We will develop our curriculum and services to ensure they align with and support Scotland's key economic sectors. We will ensure that our students are equipped with the relevant training, qualifications and essential skills they need for employment and life.
6. We will develop meaningful partnerships; connections and alliances with business and industry to ensure employers are directly involved and invest in educational and skills development across the west.
7. We will become a strategic resource and valued partner with our stakeholders, building relationships, leveraging resources and capabilities to design, develop and deliver our products and services.
8. We will proactively look for new partners and new areas of activity, which will allow us to grow and develop our income to reinvest in our core business for the benefits of our students, our staff and our communities.
9. We will grow our reputation both nationally and internationally. Our reputation will be based on the quality of our teaching, outcomes for our students and our willingness to strive for and set the highest standards across all areas of our work.
10. We are committed to taking a leadership role in the West Region and together with our partners and stakeholders, tackle the significant social and economic deprivation, which still characterise many of our communities.
11. We will deliver a sustainable, effective and efficient service to our communities, through the implementation of sound governance, leadership, planning and management.

Probability	Score	Impact	Score
Almost Certain	6	Catastrophic	4
Very Likely	5	Critical	3
Likely	4	Marginal	2
Possible	3	Negligible	1
Very Unlikely	2		
Remote Chance	1		

Risks - Probability x Impact Score Grid

Almost Certain 6	6	12	18	24
Very Likely 5	5	10	15	20
Likely 4	4	8	12	16
Possible 3	3	6	9	12
Very Unlikely 2	2	4	6	8
Remote Chance 1	1	2	3	4
	Negligible 1	Marginal 2	Critical 3	Catastrophic 4

TITLE: SCHEDULE OF BUSINESS 2017-18

Background: This paper outlines the remit of the Audit Committee and how the schedule of business assists in fulfilling this. The schedule of business is also used to inform the Annual Report of the Chair of the Audit Committee to the Board of Management.

Action: The Audit Committee is requested to note and comment upon the contents of the report.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

REMIT	DELIVERABLES				
	7/9/17	21/11/17 (Joint Meeting with FGP)	14/12/17	8/3/18	24/5/18
1) General					
To provide advice to the Board on the strategic processes for risk, control and governance					
<ul style="list-style-type: none"> • Risk covered under section 4 • Annual statement in Financial Statements – Corporate Governance • Internal audit reports (see section 2) • External audit report (see section 3) • Remit of Committee reviewed against best practice and governance requirements • Review of recent court judgement – Clyde College • Review of Articles of Governance / Scheme of Delegation and Standing Orders 	Y		Y Y		
To review and advise the Board of the Internal Auditor’s and External Auditor’s assessment of the effectiveness of the College’s financial and other internal control systems, including controls specifically designed to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness (value for money)					
<ul style="list-style-type: none"> • Internal Annual Report 2016-17 • External Audit Management Letter July 2017 • Internal and external audit reports as received • Review of Anti-Fraud and Corruption Procedure • Report on National Fraud Initiative • Value for Money Policy / update report 	Y Y Y Y	Y Y	Y	Y	Y

REMIT	DELIVERABLES				
	7/9/17	21/11/17 (Joint Meeting with FGP)	14/12/17	8/3/18	24/5/18
To advise the Board on the adequacy of the whistle blowing process and to receive an annual report on any matters raised through this process					
<ul style="list-style-type: none"> • 2016-17 Annual Report on Whistleblowing • Review of Whistleblowing Policy • 	Y Y				
To consider and advise the Board accordingly on any arrangements for special investigations and the outcomes of such investigations					
<ul style="list-style-type: none"> • Reports to be received as requested 					
To advise the Board on its compliance with corporate governance requirements and good practice guidance, and in particular its compliance with the Financial Memorandum with SFC, the SPFM and the Code of Good Governance for Scotland's Colleges					
<ul style="list-style-type: none"> • Review of Audit Committee effectiveness • Internal Audit Annual Report 2016-17 • External Audit management letter July 2017 • Report on compliance with SFC FM and SPFM • Monitoring of Regional Outcome Agreement • Procurement and Commercial Improvement Programme • Register of Interest for Board and Committee members 	Y Y Y	Y Y	Y		Y Y Y
To consider the College's Annual Financial Statements at a joint meeting with the Finance and General Purposes Committee, and to recommend to the Board for approval					
<u>2016/17</u>					
<ul style="list-style-type: none"> • External Audit Management Letter / Letter of representation • Audit report on student activity audit • Audit report on student funding activity audit • Audit report on Educational Maintenance Allowances audit 		Y Y Y Y			

REMIT	DELIVERABLES				
	7/9/17	21/11/17 (Joint Meeting with FGP)	14/12/17	8/3/18	24/5/18
<ul style="list-style-type: none"> Governance Statement Financial Statements July 2017 	Y	Y Y			
<u>2017/18</u> <ul style="list-style-type: none"> External audit fee proposal 2017-18 External Audit Engagement Letter 2017-18 Tender approval re other external audit work 				Y Y	Y
To provide an annual report to the Board, timed to support the finalisation of the accounts and the Statement on Internal Control, and summarising its conclusions from the work it has done during the year					
<ul style="list-style-type: none"> 2016-17 Annual report to Board of Management from the Audit Committee 	Y (draft)	Y			
To report to the Board after each meeting					
<ul style="list-style-type: none"> Minutes and verbal update to each Board Meeting 	Y	Y	Y	Y	Y
To review its own effectiveness at least annually and to report the results of that review to the Board					
<ul style="list-style-type: none"> Review of remit of Committee Annual report on effectiveness by Chair of the Committee 2016-17 	Y				Y Y

REMIT	DELIVERABLES				
	7/9/17	21/11/17 (Joint Meeting with FGP)	14/12/17	8/3/18	24/5/18
2) Internal Audit					
To advise the Board on the selection, appointment or re-appointment and remuneration, or removal of the Internal Auditors. The responsibility for selection of the Internal Auditor may be delegated to a Selection Committee as agreed by the Committee					
<ul style="list-style-type: none"> Report on review of effectiveness of internal audit function Review of internal audit contract 			Y		Y
To advise the Board on the terms of reference for the Internal Auditors					
<ul style="list-style-type: none"> Annual Internal Audit Plan to Board 	Y				
To review the scope, efficiency and effectiveness of the work of the Internal Auditors and to advise the Board on these matters					
<ul style="list-style-type: none"> 2016-17 Annual report to Board of Management from the Audit Committee Review of effectiveness of internal audit function for 2017-18 	Y	Y			Y
To agree the Internal Audit Plan and review the Internal Audit Annual Report					
<ul style="list-style-type: none"> Internal Audit Annual Report 2017-18 Draft Internal Audit Plan 2018-19 Internal Audit Progress Report 	Y				
	Y		Y	Y	Y
To review the Internal Audit reports, the management response to them and to review implementation of the actions required					
<u>2016-17</u>					
<ul style="list-style-type: none"> D3. Business Continuity and Disaster Recovery (F&GP) Follow up 2016-17 	Y				
	Y				
<u>2017-18</u>					
<ul style="list-style-type: none"> A5. Payroll and expenses (OD&HR) A9. Procurement and tendering (F&GP) 				Y	
				Y	

REMIT	DELIVERABLES				
	7/9/17	21/11/17 (Joint Meeting with FGP)	14/12/17	8/3/18	24/5/18
<ul style="list-style-type: none"> • B5. Student experience • C1. Workforce management (OF&HR) (to be presented to first meeting of 18/19) • C5. Health and safety (OD&HR) • D1. IT Security health check (F&GP) • D2. GDPR compliance (OD&HR) • E1. Follow Up – Sept 2018 (To other Committees for information in brackets)			Y Y		Y Y
To review the Rolling Audit Action Plan at each meeting					
<ul style="list-style-type: none"> • Report on Rolling Audit Action Plan 	Y		Y	Y	Y
To encourage appropriate liaison and co-ordination between internal and external audit					
<ul style="list-style-type: none"> • Invite / attendance at all Committee meeting by both internal and external auditors 	Y	Y	Y	Y	Y
To establish appropriate performance measures and indicators to monitor the effectiveness of the Internal Auditors					
<ul style="list-style-type: none"> • Annual review of internal audit function 2017-18 • Annual meeting with internal auditor excluding college staff 					Y Y
3) External Audit					
To receive information on the general terms and conditions of appointment of the External Auditors who are engaged by Audit Scotland to provide audit services to the College					
<ul style="list-style-type: none"> • Update by external auditors • Report on appointment terms and conditions • Approval of External Auditors Audit Planning Memorandum 2017-18 	Y	Y			Y Y

REMIT	DELIVERABLES				
	7/9/17	21/11/17 (Joint Meeting with FGP)	14/12/17	8/3/18	24/5/18
To consider the External Auditors report on the Financial Statements and the management letter prior to submission to the Board, and to review the implementation of the recommendations					
<ul style="list-style-type: none"> External Auditors report on the Financial Statements 2016-17 		Y			
To review the Statement of Corporate Governance					
<ul style="list-style-type: none"> To review the statement of Corporate Governance as part of the review of Financial Statements 	Y	Y			
To review the External Audit strategy and plan					
<ul style="list-style-type: none"> 2016-17 Accounts direction for Scotland's colleges and universities To review and approve to the Board of Management the 2017-18 engagement strategy from the external auditors To appoint auditors for other audits (Student activity / funding) 	Y			Y	Y
To establish appropriate performance measures and indicators to monitor the effectiveness of the External Auditors;					
<ul style="list-style-type: none"> Annual review of effectiveness of external audit function Annual meeting with external auditor excluding College staff – Mazars 				Y	Y
To consider the objectives and scope of any non-statutory audit work to be undertaken by the External Auditors firm and advising the Board of any potential conflict of interests.					
<ul style="list-style-type: none"> As required 					

REMIT	DELIVERABLES				
	7/9/17	21/11/17 (Joint Meeting with FGP)	14/12/17	8/3/18	24/5/18
4) Risk					
To review the Risk Management Strategy and recommend to the Board for approval					
• Review of Risk Management Strategy 2014-17			Y		
To consider the Strategic Risk Register and to advise the Board accordingly					
• Report on Strategic Risk Register	Y		Y	Y	Y
To consider matters of risk at each meeting and to satisfy itself that risks are being managed, including seeking assurances from internal and external audit on the adequacy of their management, and to report to the Board.					
• Report on Strategic Risk Register	Y		Y	Y	Y
5) Other					
To receive annual reports on Freedom of Information and Data Protection Acts requests; Register of Interests; and Hospitality/Gifts Registers					
a. Freedom of Information and Data Protection Acts requests	Y				
b. Register of Interests	Y				
c. Hospitality / Gift Registers	Y				
To request any member of the College staff to attend and/or to provide a written report on any matter that falls within the remit of the committee					
• As required					
To procure ad-hoc specialist advice at the expense of the College as appropriate and when necessary, subject to budgets being agreed by the Board					
• As required					