**West College Scotland**

**FINANCE AND GENERAL PURPOSES COMMITTEE**

**TUESDAY 6 MARCH at 4.00 p.m. in
Room 1, Abercorn Centre, Paisley Campus**

**AGENDA**

**General Business**

1. Apologies
2. Declaration of Interests

3. Minutes of the meeting held on 21 November 2017    Enclosed    JH
   .1 Actions arising from the Minutes    Enclosed    JH

4. Matters arising from the Minutes
   (and not otherwise on the agenda)

| | | | |
|---|---|---|---|
| .1 FPM 151 | SFC Feedback on FFR Return | Verbal | AR |
| .2 FPM 152 | Committee Remit | Paper 4.2 | GM |
| .3 BM361; FPM 128 | Oakshaw/Inchinnan Project | Verbal | AR |
| .4 FPM154.5 | Technology One System | Verbal | AR |

5. Joint meeting of Audit and Finance & GP Committees
   .1 Minutes of the meeting held on 21 November 2017   Enclosed    JH
   .2 Actions arising from the Minutes    Enclosed    JH

**Main Items for Discussion and/or Approval**

| | | |
|---|---|---|
| 6. Vice Principal Update Report | Paper 6 To follow | DA |
| 7. Independent Review of Financial Support for Students | Paper 7 | DA |
| 8. Management Accounts to 31 January 2018 | Paper 8 | AR |
| 9. Annual Review of Financial Regulations | Paper 9 | AR |
| 10. Cleaning and Catering Operations | Paper 10 To follow | DA/AR |

11. Scottish Government Cyber Resilience Strategy

| | | |
|---|---|---|
| a) Internal Audit Report – IT Security Health Check | Paper 11(a) | DA/DB |
| b) Action plan on Cyber Resilience | Paper 11(b) | DA/DB |

| | | |
|---|---|---|
| 12. IT Strategy Update | Paper 12 | DA/DB |
| 13. Strategic Risk Register Review | Paper 13 | AR |

**Items for Information**

| | | |
|---|---|---|
| 14. Schedule of Business 2017/18 | Paper 14 | AR |

15. Any other business

**Next meeting**:   Tuesday 5 June 2018 at 4.00 p.m. at the Paisley Campus


Gwen McArthur
Secretary to the Committee

# FINANCE AND GENERAL PURPOSES COMMITTEE

**MINUTES:** 21 November 2017

**Present:** Jim Hannigan (in the Chair), Audrey Cumberford, John Leburn.

**Attending:** David Alexander (Vice Principal Operations), Alan Ritchie (Director of Finance and Estates), David Black (Director of IT), Vivienne Mulholland (Head of Finance and Student Funding), Gwen McArthur (Secretary to the Committee).

**Apologies:** Angela Wilson, Keith McKellar.

## FPM148 DECLARATION OF INTERESTS

Audrey Cumberford and David Alexander declared an interest as Trustees of West College Scotland Foundation. David Alexander declared an interest as a member of the Council of the Scottish Funding Council (SFC) and Chair of the SFC Audit and Compliance Committee.

## FPM149 MINUTES

The minutes of the meeting held on 6 June 2017 were approved.

## FPM150 ACTIONS

The Committee noted a report on actions taken since the last meeting, and in particular the following matters:

.1 **Operational Planning (FPM118) –** the Vice Principal Operations informed the Committee that the Corporate Development Committee had oversight of this matter and was currently working on this. It was also the intention to review and refresh the Corporate Plan which would be brought to the Board for consideration later in the session, probably after Easter 2018. There was, therefore, no further action required from the Committee at this time.

.2 **Oakshaw/Inchinnan Project (FPM131.2)** – the Committee was pleased to note that the Oakshaw/Inchinnan project was proceeding to plan and would be completed within budget. Of the 7 sub-projects: 5 were now complete; 1 would be completed by Christmas; and the final sub-project was out for tender and would be completed by February 2018. A post-occupancy review would be conducted at a later stage and the findings used to inform future projects.

.3 **Performance Dashboard Indicators (BM397; FPM137) –** the Committee had agreed the 3 main key performance indicators (KPI's) that it would monitor, these being: the overall financial performance of the College; cash and working capital management; and cost control. These indicators were

incorporated into the Management Accounts pack allowing the Committee to monitor them. The Corporate Development Committee was developing a performance dashboard for the Board which would come forward for consideration later in the session.

**FPM151    SFC FINANCIAL FORECAST RETURN (BM402; FPM140)**

At its last meeting in June 2017 the Committee had agreed the Budget for 2017/18 and recommended it to the Board where it had been approved, along with the 5 year Financial Strategy. However, following this meeting the SFC had requested that further financial modelling be undertaken for the next 5 year period by all colleges in completing and submitting the Financial Forecast Return (FFR). The Finance Team had worked on the FFR over the summer and, due to the reporting timescale involved, the Board had considered this at its meeting in October. The FFR had been submitted to SFC following the Board meeting but, to date, no feedback had been provided to the College.

It was accepted that the College could not start to plan its future Financial Strategy until it had further information from SFC, and was able to consider this along with the wider strategic discussions that were ongoing with the SFC. The Committee had approved a balanced underlying operating budget for 2017/18, but was aware that the financial position of the College would become more challenging in future years. The Finance Team would continue to monitor spend and report as necessary, incorporating further information from the SFC as and when this becomes available.            **[Action: DA; AR]**

**FPM152    REMIT, MEMBERSHIP AND DATES OF MEETINGS IN 2017/18**

The Committee considered its remit and membership and noted the dates of meetings in 2017/18. It was noted that Angela Wilson had agreed to join this Committee. In considering the Committee remit some amendments were proposed.

The Committee
**RECOMMENDS** to the Board that the proposed amendments be made to its remit as set out in Annex 1 to the minutes.                          **[Action: GMcA]**

**FPM153    MONITORING OF REGIONAL OUTCOME AGREEMENT (FPM141)**

The Committee noted a paper which identified the elements in the Regional Outcome Agreement (ROA) 2017/18 – 2019/20 that fell within its remit and the processes that would be used to monitor progress against these outcomes. The Committee **agreed** the processes to be used in monitoring progress against the relevant outcomes in the ROA.

In discussion it was acknowledged that the Board had responsibility for the ROA and **agreed** that the Committee Schedule of Business for 2017/18

enabled the Committee to monitor progress against those areas of the ROA that fell within its remit.                                        **[Action: DA]**

**FPM154  VICE PRINCIPAL UPDATE (FPM133)**

The Vice Principal Operations provided the Committee with an update on a range of matters relating to the financial position of the College and IT development, including the following:

**.1  Funds arising from net depreciation -** the College Budget for 2017/18, previously approved by this Committee and the Board, had agreed that funds arising from net depreciation would be used to support:

    i.    the repayment of bank loans ██████████

    ii.   to maintain levels of student support funding ██████████

    iii.  to meet the cost of essential estates works ██████████

These priorities had been discussed and agreed in principle with SFC, but SFC still required to secure formal approval from the Scottish Government, which was still awaited. The Committee was aware that any cash arising from net depreciation could only be used to support the areas identified above.

**.2  Student Support Funding -** a review of Student Support Funding had recently been conducted and the Review Group had published an outcome report the previous day. This would be considered further and a report on this would be brought to the next Committee meeting in March, by which time the Scottish Government's views and a sector position might be available.

**[Action: DA; AR]**

**.3  Dialogue with SFC -** the College was continuing its dialogue with SFC on a number of matters including the financial sustainability of the College and the actions required to achieve a sustainable College. It was hoped that the next meeting with the SFC would be held in December where the main topics for consideration would centre round curriculum strategy, workforce planning and estates. The Senior Management Team were preparing a Development Plan for SFC in order to aid the discussions. The Committee, and the Board, would be kept informed of progress with these discussions.     **[Action: AC; DA]**

**.4  National Bargaining -** the Vice Principal Operations provided the Committee with an update on progress with National Bargaining. It was noted that a pay deal for 2017/18 had been reached with the support side, and that a job evaluation exercise would be undertaken nationally. The Committee was disappointed by this as the College had previously undertaken a job evaluation exercise following regionalisation and would now have to undertake another exercise.

In relation to teaching staff it was noted that no agreement had been reached on a pay deal for 2017/18. In relation to the agreement on national harmonisation of pay, terms and conditions, the first 25% of this had been paid in July 2017, with the next 25% due to be paid in 2018 subject to final agreement being reached on a deal, but this was still under discussion at national level. The Vice Principal Operation would continue to update the Committee on progress as and when appropriate.

.5 **IT Development –** the Director of IT informed the Committee that an update report on implementing the IT Strategy would be brought to the next meeting for consideration. In the meantime he provided the Committee with an update on the following matters:

i. **Skype for Business** – following a procurement exercise the College had appointed Exactive to support the initial implementation of the Skype for Business project. A number of pilots would run across the College in 2018 following which it was anticipated that there would be a full implementation in 2018/19. The Committee welcomed this information and noted the project would provide a unified communications platform that enabled instant messaging, audio and video conferencing, online meetings and real time presence. The aim was to change the way the College worked, not just for staff but for students also as it could be used to support teaching and learning.

ii. **Internal Audit: IT Security Health Check** – the Committee was pleased to note that Internal Audit had conducted a health check review of IT security in the College. The report from this review would be provided to the Audit Committee at its next meeting in December and would be brought to the next meeting of this Committee. **[Action: DA; DB]**

iii. **Scottish Cyber Resilience Consultation** – it was noted that the Scottish Government had recently issued consultation papers to all public sector bodies on an intended Cyber Resilience Action Plan. This Action Plan included 6 key actions on public sector bodies and was supported by an Implementation Toolkit. A timeline for plan implementation ran until October 2018, with regular milestone activities scheduled along the way. A further update on this would be brought to the next meeting along with the IT Strategy update. **[Action: DB]**

iv. **Technology One Finance System –** the Committee noted that the implementation of the Technology One Finance System had been delayed. While Technology One would provide an improved reporting system assurances around the levels of expertise and support required to implement this system were still being sought. In the meantime the College was continuing to use the existing system, Symmetry. The College was

currently taking advice on this matter and a progress report would be brought to the next meeting. **[Action: AR]**

The Chair thanked the Vice Principal Operations for his report and the Directors of IT and Finance and Estates for their input.

**FPM155 PROCUREMENT – ANNUAL STRATEGY AND REPORT UPDATE (FPM124; 100)**

The Committee received an update on the implementation of the Procurement Strategy 2016 – 2020 and the Annual Procurement Report which covered the period 1 January to 31 July 2017. The Annual Report was a requirement of the Procurement Reform Act and required to be made publicly available. It was noted that in the future the annual reports would cover the period 1 August to 31 July each year. The Committee was pleased to note the progress made in relation to the Procurement Strategy objectives. In looking ahead the Committee noted the objectives set for the coming year. However, it was also noted that not all regulated procurements were under the control of the College as some of these, such as utilities, were within the control of the Scottish Government. The procurement processes would develop further over the period of the Strategy. It was also noted that PCIP had directed the College team to speak to Clyde College regarding best practice in procurement. The Committee welcomed this report.

**FPM156 MANAGEMENT ACCOUNTS TO 31 OCTOBER 2017 (FPM136)**

The Committee received the Management Accounts for the first quarter to 31 October 2017. The Management Accounts presented forecast a financial deficit ███████████ which was consistent with the deficit approved by the Board of Management at its meeting in June 2017 (BM374). They also showed an underlying operating break even position after accounting adjustments. The Committee noted this information and **approved** the Management Accounts for the period to 31 October 2017 which would be presented to the Board at its meeting in December for information. **[Action: DA; AR]**

**FPM157 FINANCIAL STATEMENTS 2016/17**

The Committee received the draft Performance and Accountability Report and Financial Statements for the year ended 31 July 2017. These would be discussed later at a joint meeting with the Audit Committee. The Committee was pleased to note that the College continued to generate a small operating surplus, had sufficient cash at bank to meet its on-going capital requirement, and continued to manage its debtors and creditors.

The Committee **agreed** that it was satisfied with the information provided and that the Performance and Accountability Report and Financial Statements 2017 be approved for presentation to the Joint meeting of the Audit Committee and this Committee. **[Action: DA; AR]**

The Committee also expressed their thanks to the Vice Principal Operations, the Director of Finance and Estates, the Head of Finance and Student Funding and their team for all their hard work in achieving such a good result for the College.

**FPM158 AUDIT SCOTLAND REPORT (FPM99)**

The Committee noted the Audit Scotland Report – Scotland's Colleges 2017. Audit Scotland had made a number of recommendations for the Scottish Government, SFC and colleges. It was noted that a key recommendation for colleges was the need for 5 year financial planning to be in place, which the College already had in place.

**FPM159 STRATEGIC RISK REGISTER (FPM142)**

The Committee noted the Strategic Risk Register and was of the view that all the matters it contained were being addressed.

**FPM160 BAD DEBT REPORT 2016/17 (FPM107)**

The Committee noted the report on bad debt collection and write-off in 2016/17. The Committee noted the procedures in place and that all actions complied with College Financial Regulations.

**FPM161 ANNUAL REVIEW OF BANKING ARRANGEMENTS (FPM103)**

The Committee noted a report on the banking arrangements for the College, including the completion of the transfer to the Scottish Government's banking service operated by the Royal Bank of Scotland, the bank loan agreements/covenants currently in place, and the bank signatories.

**FPM162 ANNUAL REPORT ON TAXATION MATTERS (FPM106)**

The Committee noted the annual report on taxation matters.

**FPM163 INTERNAL AUDIT REPORTS**

**.1 Estates and Asset Management**

The Committee noted the Internal Audit Report on Estates and Asset Management.

**.2 Internal Audit Plan 2017/18**

The Committee noted the Internal Audit Plan 2017/18.

**FPM164 SCHEDULE OF BUSINESS 2017/18**

The Committee noted its schedule of business for 2017/18.

**FPM165 NEXT MEETING**

Tuesday 6 March 2018 at 4.00 p.m. at the Clydebank Campus.

**RESERVED BUSINESS**

**The following item is deemed to be restricted under the Freedom of Information Act as being commercially sensitive.**

GMcA/22.11.17/Final

**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 | FPM151 140 | SFC Financial Forecast Return – further financial modelling undertaken and FFR submitted to SFC following approval by Board. Reports on spend to be provided as appropriate, including information/feedback from SFC when available | D Alexander A Ritchie | | Future meeting |
| | FPM152 | Committee Remit – proposed amendments to be forwarded to Board | G McArthur | Board considered at December meeting and 1 amendment to be considered further | March meeting |
| | FPM153 141 | Monitoring of ROA – monitoring process built into Committee's schedule of business | D Alexander | | Complete |
| | FPM154.2 | Student Support Funding – report on review of Student Support Funding to be brought to Committee | D Alexander A Ritchie | | March meeting |
| | FPM154.3 | Dialogue with SFC – Committee to be informed of progress with discussions with SFC | A Cumberford D Alexander | | Future meeting |
| | FPM154.5 | IT Development<br>ii. Internal Audit Report on IT Security to be brought to next meeting;<br>iii. Scottish Cyber Resilience Consultation – further update to be brought to next meeting;<br>iv. Technology One Finance System – progress report to be brought to next meeting | ii. D Alexander D Black<br><br>iii. D Black<br><br>iv. A Ritchie | | March meeting |

| | | | | | |
|---|---|---|---|---|---|
| | FPM156 | Management Accounts to 31 October 2017 – to be presented to Board in December | D Alexander A Ritchie | Management Accounts presented to Board at its December meeting | Complete |
| | FPM157 | Financial Statements 2016/17 – to be presented to the Joint meeting of Audit and FGP Committees | D Alexander A Ritchie | Financial Statements presented to Joint meeting; and also to Board in December | Complete |
| | FPM166 14 | Catering and Cleaning Services – report on review of services to be provided to next meeting | D Alexander | | March meeting |
| | | **Actions from previous minutes** | | | |
| 6 June 2017 | FPM134 120 | IT Strategy Update – i. progress report on implementation of Skype for business provided; ii. matters raised at March meeting to be considered further when next progress report received | D Black | Progress reports provided to November meeting | Complete |
| | FPM137 | College Performance Dashboard Reporting – performance measures proposed to be further developed for inclusion in corporate performance dashboard | A Ritchie | KPI's built into Management Accounts to allow Committee to monitor. Corporate Development Committee developing College performance dashboard. | Complete |
| | FPM140 | Budget 2017/18 and Financial Strategy – SMT asked to look again at 5 year Financial Strategy in light of comments made and to bring back to Committee for further consideration | D Alexander A Ritchie | Board approved Budget for 2017/18 and 5 year Financial Strategy at its June meeting. SFC sought further information on Financial Forecast Return – feedback from SFC awaited (see FPM151 above). | Complete |
| 7 Mar 2017 | FPM118 | Operational Planning 2016/17 – update on progress, at more strategic level, be provided once per annum to Board | D Alexander | Corporate Development Committee taking lead on this. Board Corporate Planning event to be arranged | Complete |

| | FPM124 100 | Procurement and Commercial Improvement Plan – College encouraged to work with APUC and learn from best practice. Committee to be kept informed of developments | A Ritchie | College had received feedback and directed to speak to Clyde College regarding best practice – reported to November meeting. | Complete |
|---|---|---|---|---|---|

GMcA/10.01.18

**DRAFT**

## JOINT MEETING OF AUDIT COMMITTEE AND
## FINANCE AND GENERAL PURPOSES COMMITTEE


**MINUTES:** 21 November 2017

**Present:**   John McMillan (in the Chair)
 **Audit**: Andrew Hetherington, Robin Downie, Stephen Vere, Graeme Bold.
 **FGP:** Jim Hannigan, Audrey Cumberford, John Leburn.

**Attending:** David Alexander (Vice Principal Operations), Alan Ritchie (Director of Finance and Estates), Vivienne Mulholland (Head of Finance and Student Funding), Gwen McArthur (Secretary to the Committee).

**Attending by invitation:**
 Stephen Pringle, Wylie & Bisset LLP (External Auditor for items at AFM6, 7 & 8) Lucy Nutley, Mazars LLP (External Auditor for items at AFM11 & 12).

**Apologies:** Angela Wilson.


**AFM1    CLOSED SESSION**

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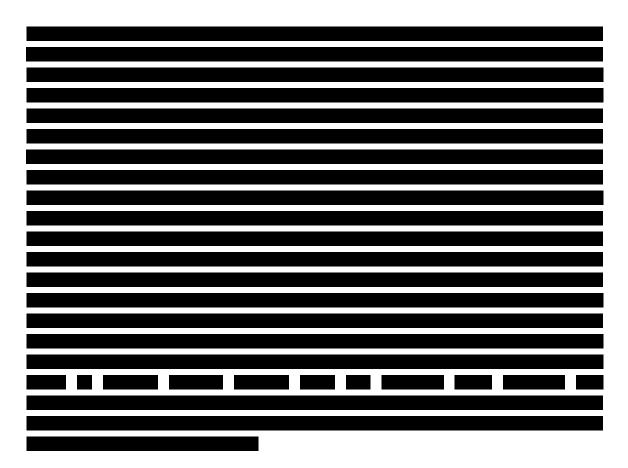
The Committee **agreed** that the Internal Auditor Annual Report 2016/17 be approved and be forwarded to the Board for information.

**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.

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:
- The College had achieved an underlying operating surplus of £77k, which was effectively a break even position.
- 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.

GMcA/22.11.17/Draft v2

**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 |

GMcA/5.12.17

**TITLE:**   **VICE PRINCIPAL UPDATE/OVERVIEW REPORT**

**Background:**   This paper provides the Finance and General Purposes Committee with updates in relation to:

- ongoing changes and matters of consideration arising from the Office of National Statistics (ONS) reclassification of the college sector in April 2014

- Student Support Funding

- Ongoing West College Scotland engagement with the SFC

- National pay bargaining

- 2018-19 Indicative funding allocations for the college sector

- ICT developments

**Action:**   The Finance and General Purposes Committee is invited to consider and note the report for information.

**Lead:**   David Alexander, Vice Principal Operations

**Status:**   Open

**Vice Principal Update/Overview Report**

**1.0    Changes Arising from ONS Reclassification**

1.1    There are areas of complexity that have arisen as a result of the ONS reclassification of colleges which took effect from 1 April 2014, and the Board of Management and Finance and General Purposes Committee have considered these matters on an ongoing basis.  The following sections seek to provide the Finance and General Purposes Committee with an update in relation to the following aspects arising from the ONS change:

- Funds arising from net depreciation
- Accounting Treatment of historic SFC Estates Maintenance Funding

1.2    *Funds Arising from Net Depreciation*

1.2.1    The Finance and General Purposes Committee and Board of Management have previously been made aware of the arrangement put in place between Colleges Scotland, the Scottish Government and the Scottish Funding Council (SFC) to allow the cash balance arising from net depreciation to be expended by the college sector within certain parameters.

1.2.2    The West College Scotland budget approved by the Finance and General Purposes Committee on 6 June 2017 and subsequently by the Board of Management on 21 June 2017, ██████████████████████████████████ ██████████████████████████████████████████████ it was agreed with the SFC that these funds should be applied towards the 3 key strategic priorities on the following basis:

- to repay bank loans██████████
- to maintain levels of student support funding██████████ and
- to meet the cost of essential estates works ██████████

1.2.3    However the following developments have occurred:

- on 21 December 2017 the SFC confirmed changes in the amount of cash arising from net depreciation available to West College Scotland for 2017-18 (see *Section 1.2.5*, below); and
- on 16 February 2018 the SFC also announced an in-year allocation of student support funds to West College Scotland (see *Section 2.2,* below)

These changes mean that funds available from net depreciation for the College have increased slightly, ██████████████████████████ will now be utilised on the following basis during 2017-18 in order to meet key strategic priorities:

- to repay bank loans██████████ and
- to meet the costs of essential estate works ██████████

1.2.4 As previously advised to the Finance and General Purposes Committee the Audit Scotland report of the college sector published in August 2016 stated that the process for allocating cash arising from net depreciation is complex and has a number of disadvantages, including:

- Depreciation charges are volatile and change year on year and during the year;
- Colleges do not have certainty in terms of the application of these funds until well into the financial year, this making the planned allocation and utilisation of these funds challenging; and
- Significant time is invested in collecting, analysing and approving the information to cover a relatively small amount of expenditure.

Audit Scotland therefore recommended this process be reviewed.

1.2.5 On 21 December 2017 the Scottish Funding Council wrote to all colleges advising that a new framework for the allocation and utilisation of funds arising from net depreciation would come into effect for the 2017-18 financial year. This correspondence confirmed that depreciation will be 'locked' at 2015-16 financial year levels and so the amount is fixed and will no longer be linked to changes in the annual depreciation charge. ███████████████████
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1.2.6 In agreeing this approach Scottish Government Ministers have confirmed that colleges are expected to utilise these funds towards the following:

- Primary Government Priorities – which encompass student support funds, loan repayments and the cost of the 2015-16 sector pay award; and
- Secondary Government Priorities – which encompass voluntary severance costs, estates related revenue costs and operating deficits (for colleges where a recovery plan is under development or has been agreed). Funds can only be applied against these secondary areas once the Primary priorities have been addressed.

There will now be no need for an SFC approvals process unless spend is out with the agreed priorities, in which case proposals will be considered by the SFC on a case-by-case basis.
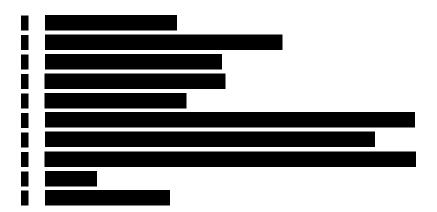
*1.3 Accounting treatment of Historic SFC Estates Maintenance Funding*

1.3.1 As advised at previous Finance and General Purposes Committee meetings, discussions and correspondence with the SFC during 2015-16 in relation to ██████ historic estates maintenance funding arising from James Watt College concluded with West College Scotland being asked to expend this estates maintenance grant funding through the 2015-16 accounts and in future years. The 2016-17 College Financial Statements were therefore prepared, audited and approved on this basis. The budget and accounting impacts arising from expending of this grant continues to impact upon the College accounts with the final tranche of £1.5m of funding being released in 2017-18 towards estate maintenance costs.

**2.0    Student Support Funding**

2.1     As previously advised to the Finance and General Purposes Committee there remains a commitment from the Scottish Government to identify a long term sustainable sector solution in relation to levels of student support funding.  A detailed update on the recommendations provided by the independent review of further and higher education student support on 20 November 2017 is provided at this meeting under *Agenda Item 7 (Independent Review of Financial Support for Students).*

2.2     On 16 February 2018 the SFC issued circular SFC/AN/05/2018 – *In-Year Redistribution of Student Support Funds for 2017-18.*  This circular allocated an additional £495,000 of funding to West College Scotland for 2017-18 and will enable all student support needs to be met.

**3.0    Ongoing West College Scotland Engagement with the SFC**

3.1     Following approval of the West College Scotland 2017-18 budget and five year financial strategy at the Board of Management meeting on 21 June 2017 – and the subsequent submission of revised 5 year financial modelling based on SFC assumptions as considered by the Board of Management meeting on 9 October - the Principal and Chief Executive, Vice Principal Operations and Director of Finance and Estates have continued to engage with the SFC regarding the financial sustainability of the College and the actions required in order to achieve a balanced budget on an ongoing basis.

3.2     In considering the financial position with the SFC discussions have also involved a review of wider College operations which has included the following areas:

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This strategic dialogue remains ongoing and further meetings are scheduled to take place between the College and SFC in order to progress considerations.   Ultimately it has been agreed the College will submit a document to the SFC outlining what future operating changes may be required in order to achieve ROA outcomes and deliver a financially sustainable position beyond 2017-18.

**4.0 National Pay Bargaining**

4.1   On 18 March 2016 the Colleges Scotland board approved the creation of an Employers' Association.  This Association has representation from all 26 colleges as employers and has full authority in relation to national bargaining, but remains within the Colleges Scotland structure.  The Employers Association nominated ten representatives to take forward national bargaining discussions with teaching and support trade unions through a National Joint Negotiating Committee (NJNC), and the Vice Principal Operations is one of those nominated representatives.

4.2   National discussions remain ongoing in relation to staff pay, conditions and job evaluation through regular NJNC meetings and an update will be provided at this meeting.

**5.0 2018-19 Indicative Allocations for the College Sector**

5.1   On 27 February 2018 the SFC issued circular SFC/AN/06/2018 – *Outcome Agreement Funding for Colleges – Indicative Allocations for 2018-19.*  This circular provided the initial SFC decisions on indicative outcome agreement funding for colleges in 2018-19.  The purpose of providing these indicative allocations is to help colleges plan their provision and for the SFC to move towards finalised outcome agreements for 2018-19.  The indicative allocations are based on the Scottish Government's budget as approved by Parliament on 21 February 2018 and are in line with the Minister for Further Education, Higher Education and Science's most recent Letter of Guidance to SFC of 30 March 2017.

5.2   The key points contained within the indicative 2018-19 funding announcement are:

- Teaching funding has been increased to meet harmonisation costs of national bargaining – an increase of £34.2m;
- An additional £4.2m has been added to core teaching grant-in-aid in order to meet the costs of additional financial pressures – equivalent to a 1% sector increase;
- The core student activity (Credit) target has increased, however changes to childcare and European Social Fund (ESF) have resulted in a slight decrease to the overall activity target of around 1%;
- Core student support funding has increased by £3.6m (3.36%) and a further £5.2m has been set aside for the implementation of the Scottish Government commissioned Independent Review of Student Support; and
- Funding totalling £39.4m has been made available in order to meet estate needs, with this being on the basis of:
  - £12.5m to meet college lifecycle maintenance (allocated on the basis of activity/credit targets); and
  - a further £26.9m being provided to meet the very high priority backlog maintenance requirements as informed by the sector condition survey published on 22 December 2017.

For 2017-18, £20.81m was allocated to meet in-year estates requirements, thus the 2018-19 indicative funding represents an increase of £18.59m (47.2%) for the sector.

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## 6.0 Information Technology Development

6.1 *Internal Audit - IT Security Health Check*

Scott-Moncrieff have undertaken a health check review of IT Security as part of the agreed 2017-18 internal audit plan. This review focused upon pre-assessing the College towards certification under a recognised IT Security framework, the Cyber Essentials Plus scheme. The internal audit report arising from this review was initially considered by the Audit Committee on 14 December 2017 and is provided under *Agenda Item 11(a)* for consideration by the Finance and General Purposes Committee.

6.2 *Scottish Government Cyber Resilience consultation*
In November 2017 the Scottish Government published a Public Sector Action Plan on Cyber Resilience. The Plan applies to all colleges and sets a number of key actions and milestones over the period to October 2018. It is supported by an Implementation Toolkit. *Agenda Item 11(b) Action Plan on Cyber Resilience* provides more information on key actions required and what steps the College is taking to respond to these.

The Operations Executive will lead on this activity within the College and further updates will be provided to future meetings of the Finance and General Purposes Committee.

6.5 *Technology One Finance System*

As previously reported to the Finance and General Purposes Committee the College undertook a joint procurement exercise with Glasgow Clyde College for the provision of an upgraded finance system, with the contract being awarded to TechnologyOne. The original intention had been for the new finance system to be in place by 1 August 2017 ████████████████
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████████████████████████████████████████ Discussions with TechnologyOne have confirmed that a revised implementation date of 1 August 2018 will now be progressed. The College is therefore continuing to use the Symmetry finance system which has been in place since merger - and remains fully supported by Symmetry - and so there has been no disruption to the end user experience or reporting.

## 7.0 Recommendation

7.1 The Finance and General Purposes Committee is asked to consider and note the report.

**TITLE:**          **INDEPENDENT REVIEW OF FINANCIAL SUPPORT FOR STUDENTS**


**Background:**     On 6 September 2016 the First Minister announced the formation of a group to undertake an independent review of further and higher education student support.

                   The Review was chaired by Jayne-Anne Gadhia, CEO Virgin Money, and launched in October 2016.  Scottish Ministers received the report arising from the Review on 20 November 2017 and are currently considering the recommendations.  This report provides the Finance and General Purposes Committee with an update in relation to the Review outcomes and next steps.



**Action:**        The Committee is requested to consider and note the content of the report.



**Lead:**          Alan Ritchie, Director of Finance and Estates



**Status:**        Open

## 1.0 Introduction

1.1 On 6 September 2016 the First Minister announced the formation of a group to undertake an independent Review of further and higher education student support. The Review was chaired by Jayne-Anne Gadhia, CEO Virgin Money, and launched in October 2016. Scottish Ministers received the report arising from the Independent Review Group (IRG) on 20 November 2017 and are currently considering the recommendations. The full 84 page report can be accessed at the following link

https://beta.gov.scot/publications/independent-review-student-financial-support-scotland/documents/00527875.pdf

1.2 The Finance and General Purposes Committee have been received regular updates on the work of the IRG during the review period, and this report now seeks to summarise the outcomes and recommendations which Scottish Ministers received on 20 November 2017.

## 2.0 Background

The Scottish Government already funds tuition fees and provides a range of student support funding for students to support their learning journey. Currently, some students attending college receive discretionary means tested grants known as bursaries – which can range from £3,200 to £4,100 depending on the students circumstances. However these students are not eligible for student loans which are available to university students. University students are entitled to smaller bursaries – up to a maximum of £1,875 – but all students can benefit from a student loan.

For West College Scotland, fees for students attending full-time advanced courses (£1,820) and fee waivers for attending non-advanced courses (£1,285) are met, with a range of other student support funds also being in place – which for 2017/18 are as follows:

- Childcare – £1,469,000
  - All student parents can apply for help with registered childcare costs whilst attending courses at college
- Bursary – £8,040,000
  - Bursary support is available on a discretionary basis for maintenance (living expenses, travel) and for other specific costs (course consumable costs, support for travel).
- Discretionary funds (FE / HE) - £982,000
  - Discretionary funds provide financial help to students whose access to or continuation in, further education may be inhibited by financial considerations.

The Scottish Government asked the IRG to consider how the provision of living costs for students across further and higher education might be improved, stating that any recommendations should be made in full awareness '*of the evident constraint on public finances*'.

**3.0 Review Outcomes/Recommendations**

3.1 The Review recommendations are classified under 4 categories, as follows:

- Fair Funding
- Parity
- Clarity
- Costs to implement

In summarising these recommendations the IRG state they have '*considered how to support students fairly, whatever their circumstances and whatever their chosen path*.'

3.2 Key recommendations arising from the Review – which are more fully summarised at Appendix 1 to this report - are as follows:

**Fair Funding**
- There should be a *New Social Contract for Students,* which guarantees funding a minimum level, with parity across educational sectors and with clarity in terms of what is available to each student at all times.

- Under the *Social Contract,* students in both further and higher education should receive the same total allowance of £8,100 for each academic year of study, with this figure being based on a calculation (38 weeks, 25 hours per week of study) which is linked to the Scottish National Living Wage.  This is deemed to be the amount of support via loans, bursaries, benefits and other payments that every student should be entitled to, with the mixture of loans and grants varying depending on a means test.
- The *Social Contract* would be a step change for students in colleges, who currently have no guaranteed entitlement to funding and no ability to access student loans.

**Parity**
- A common funding system across universities and colleges
- A common data system and central budget for student support
- Flexibility for students in receipt of support

**Clarity**
- The creation of a single funding portal;
- A special support payment for students on benefits
- Parity of information.

**Costs to Implement**
- To support the introduction of loans to college students, the Scottish Government should provide an equal split of bursaries and loans for the poorest students in further education – the additional cost of this being £16m per year.

3.3 These outcomes/recommendations have been cautiously welcomed by Colleges Scotland, Universities Scotland, the Scottish Funding Council (SFC) and NUS Scotland.

### 4.0 The Mechanics of Funding

4.1 The Report considers three options for the future funding – with Option 2 being the recommended option.

Option 1 – Status Quo for Bursaries
As outlined above, currently in Scotland HE students can expect a bursary of up to £1,875 (depending on the income of their parents), and in FE the maximum amount is £3,915. Option one maintains these amounts, topping the remainder up with student maintenance loans to get to the £8,100 targets. This is revenue neutral as regards direct cost but would notionally cost a further £252m in loans.

Option 2 - Hybrid
The recommendation of the Review is for this option- a 50:50 split – at the amount of £4,050 for each - between bursaries and loans for FE students, with the amounts for HE staying at current levels of £1,875 for bursary with the remainder being met through loan funding. This would increase the direct cost of bursaries to the Scottish Government by £16m each year and the notional further loan cost would fall to £231m.

Option 3 – 50:50 bursary to loan
Further and higher education students would receive £8,100 a year in minimum income allocated for those from the lowest income backgrounds at 50% bursary and 50% loan funding. This would have a direct cost of £123m a year and would increase the notional cost of loans by £153m per year.

4.2 On 27 February 2018 the Scottish Funding Council issued Circular SFC/AN/06/2018 – *Outcome Agreement Funding for Colleges – Indicative Allocations for 2018-19'* –which advised that £5.2million has been ring fenced for the implementation of the Independent Review of Student Support. The detail of how this will be applied in 2018-19, and the Scottish Government's response to the Review outcomes are currently awaited.

### 5.0 Next Steps

5.1 This report provides the Finance and General Purposes Committee with an update in relation to the Scottish Government commissioned independent review of further and higher education, the outcomes of which were published on 20 November 2017.

5.2 The report has been cautiously welcomed by Colleges Scotland, Universities Scotland, the Scottish Funding Council (SFC) and NUS Scotland, and while £5.2million has been ring fenced by the Scottish Funding Council within the college sector 2018-19 budget allocation, the detail of how this is to be applied – and the Scottish Government's response to the Review recommendations – is awaited.

5.3 The Finance and General Purposes Committee are requested to consider and note the content of this report and that further updates will be provided at future meetings.

**Appendix 1 – Summary of IRG Recommendations**

# A New Social Contract for Students Summary of Recommendations

## Our recommendations are:

### Fair funding

- Entitlement to a Minimum Student Income of £8,100 in both further and higher education

- Delivered through a mix of bursaries and student loans, with means-testing of bursaries to target support for those from the poorest backgrounds

- Student loans available in further education

- Further education loans written off in full for those transitioning from further to higher education

- Student loan terms enhanced by:
  - Repayment threshold being increased to £22,000
  - Write-off period for student loans being shortened from 35 to 30 years
  - Low interest rates continuing (lowest of RPI or 1% above Bank of England base rate)

### Parity

- Common funding system across further and higher education, with local face-to-face support

- Common data system and a central budget for student support

- Flexibility for students around when they would receive financial support

### Clarity

- A single, centralised online portal to provide information to all students

- Consistent guidance and communications for prospective students of all ages, parents and carers

- Local support to help students navigate the system, especially those with more specialist needs

- These recommendations are complemented by a proposed special support payment for students on benefits in further and higher education, similar to the approach already taken in England, Wales and Northern Ireland

### Costs to Implement

- To support the introduction of student loans in further education, the Scottish Government should provide an equal split of bursaries and loans for the poorest students in further education

- This would provide an immediate and meaningful improvement in funding to students and would cost an additional £16m per year

- There are other options, some of which would cost less and some more

**TITLE:**        **MANAGEMENT ACCOUNTS TO 31 JANUARY 2018**

**Background:**        This paper presents to the Committee the Management Accounts for the 6 month period to 31 January 2018.

**Action:**        The Finance and General Purposes Committee is requested to approve the Management Accounts to 31 January 2018.

**Lead:**        Alan Ritchie, Director of Finance and Estates

**Status:**        Open

**1. Introduction**

1.1 The Management Accounts presented are for the 6 months to 31 January 2018 and contain the following information:

- An Executive Summary provides an overview of those factors with a potential to impact the accounts or which require to be drawn to the attention of the Finance and General Purposes Committee. The summary also highlights the underlying operating position of the College which is seen as a key indicator of financial sustainability and outlines key risks which may have an impact on the financial statements.

- The Statement of Comprehensive Income and Expenditure, which provides a summary of the financial position as at October 2017 and also provides a comparison of the approved 2017-18 budget with the full year forecast position to 31 July 2018. This statement also includes the 12 month prior year comparative figures.

- The Balance Sheet reflects the assets and liabilities of the College as at the period end.

- Analysis of key variances. The detailed behind the changes to the forecast can be found in this section.

- The financial graphs and performance indicators provides background information in regard to income and expenditure and highlights the main indicators of financial sustainability.

- The cashflow analysis, which shows the actual cash position at the end of the second quarter and forecasts the cash flows to 31 July 2018.

- The aged debt analysis shows a summary of the age of the sales ledger along with a split between corporate and student debt. The emphasis of the credit control team continues to be the reduction in the level of debt in excess of 3 months.

- The student funding analysis provides a summary of the budgeted and forecast income and expenditure to 31 July 2018 resulting from the processing of student bursary, childcare and discretionary expenditure. The only element which is recorded within the College Statement of Comprehensive Income and Expenditure is childcare income and expenditure as the College is deemed to act as an agent for these funds. All other funds are accounted for through the College balance sheet.

**2. Next Steps**

2.1 The Finance and General Purposes Committee is requested to approve the Management Accounts to 31 January 2018.

**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.

At the same time, and because of recent high profile cyber security attacks which had affected public bodies, the Scottish Government were close to concluding a consultation on their Public Sector Cyber Resilience Strategy. The consultation indicated that publicly funded bodies would need to be able to demonstrate that their cyber prevention / protection measures were compliant with one of the leading practice frameworks.

From the strategic consultation, the draft *Public Sector Action Plan on Cyber Resilience* (the Action Plan) indicated that key actions would need to be undertaken during the period to October 2018. For colleges a specific focus was on assessing the organisation against the Cyber Essentials framework with other key actions being in the areas of governance, training and awareness raising.

The internal audit review was therefore scoped to assess the extent to which the College's current control framework displayed readiness to comply with the Cyber Essentials Plus scheme.

The audit review covered 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.

The Internal Audit report on IT Security Health Check was presented to the Audit Committee on 14 December. ████████████████████ ████████████████

**Action:** The Finance and General Purposes Committee is asked to consider the contents of the audit report and the actions which the College will take in relation to this.

**Lead:** David Black - Director, IT

**Status:** Open

## 1.    IT Security Audit

1.1    The IT security audit was planned and conducted during October 2017 as the Scottish Government's Cyber Resilience consultation process was concluding.

1.2    The audit was completed following publication, on 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 *(see Agenda Item 11 (b) Action Plan on Cyber Resilience)*.

1.4    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 network vulnerability scanning.

1.5    To allow for a wider scope of review the internal audit work considered the criteria of the Cyber Essentials Plus framework.

## 2.    Public Sector Action Plan on Cyber Resilience

2.1    The Scottish Government Action Plan on Cyber Resilience sets out details of the key actions required of public sector organisations to embed and strengthen cyber resilience.

2.2    As publicly funded bodies governed by the Scottish Public Finance Manual, the Action Plan is applicable to all colleges.

2.3    The Action Plan directs that public sector bodies undertake implementation activities and meet key milestones over the period to October 2018.

## 3.    Audit Committee review of IT Security Audit

3.1    On 14 December 2017 the IT Security Health Check internal audit report was presented to the Audit Committee. The Committee accepted the report and agreed that the planned actions should be added to the Rolling Audit Action Plan for future monitoring.

3.2     The Audit Committee were made aware that IT security would be further reviewed as the College progressed the Public Sector Action Plan on Cyber Resilience, and updates to the Rolling Audit Action Plan would reflect this.

3.3     The Audit Committee were further informed that key actions around governance arrangements and formal pre-assessment by a Cyber Essentials accredited practitioner would be reported to the Finance and General Purposes Committee, along with the Audit Report, at the Finance and General Purposes Committee meeting on 6 March 2018.

**4.     Conclusion**

4.1     The Finance and General Purposes Committee is asked to consider the contents of the audit report and the actions that the College will take in relation to this.

**TITLE:**  **SCOTTISH GOVERNMENT PUBLIC SECTOR ACTION PLAN ON CYBER RESILIENCE**

**Background:**  In November 2017 the Scottish Government published a Public Sector Action Plan on Cyber Resilience.   The Plan applies to all colleges and sets a number of key actions and milestones over the period to October 2018. It is supported by an Implementation Toolkit.

This paper provides more information on key actions within the Cyber Resilience Plan and what action the College is taking to respond to these.

**Action:**  The Finance and General Purposes Committee is asked to:

- consider the College's progress to date in relation to the Scottish Government cyber essentials requirements; and
- agree that West College Scotland seek to achieve Cyber Essentials Plus accreditation by October 2018.

**Lead:**  David Black - Director, IT

**Status:**  Open

**1.      Introduction**

1.1      The Scottish Government, in conjunction with the National Cyber Resilience Leaders Board (NCRLB), published the Public Sector Action Plan on Cyber Resilience and associated Implementation Toolkit on 8 November 2017. The Plan sets out the key actions that that Scottish Government bodies and key partners will require to take up to the end of 2018 in order to further enhance cyber resilience in Scotland's public sector.  Development of the plan and toolkit followed some well publicised cyber incidents within the public sector.

1.2      The Plan is established around a set of key actions which encompass governance, contingency planning and cyber security, and totals fifty pages.  *Appendix A* provides the Executive Summary of the Plan and *Appendix B* the high level timetable of key milestones.

1.3      As advised under Agenda Item 11 (a), separately, in October 2017, during the consultation period for the Scottish Government Action Plan, the College had agreed that Internal Audit undertake a review of IT Security. This approach was adopted in order to enable the College to agree a baseline of the IT security position against the scope of the Cyber Essentials Plus Scheme and inform what action might be required at the point the Scottish Government published the final Action Plan.

1.4      At the College Board of Management meeting on 4 December 2017 it was agreed that the College Executive take responsibility for implementing the Plan in line with the timeframes set out where possible and that the Board would receive regular reports on progress via the Finance and General Purposes Committee.

**2.      Background**

2.1      The Scottish Government Public Sector Action Plan on Cyber Resilience is applicable to the College sector and requires that implementation activities and key milestones are progressed over the period to October 2018.  The plan contains eleven Key Actions with actions 2, 3, 4, 6 and 7 requiring action from the College and therefore being a concern the Finance and General Purposes Committee.

Section 3 below summarises these key actions and the College's planned response.

For information, key action 1 is the responsibility of the Scottish Government. Key action 5 is targeted at small scale IT operations within public sector bodies using different technologies from the College. Key actions 8 and 9 relate to the procurement supply chain beyond the College. Key action 10 is on the Catalyst groups, and key action 11 covers the Scottish Government's overarching monitoring arrangements.

2.2     Ultimately Action 4 of the Plan is fundamental, and recommends that college's achieve certification under one of the two Cyber Essentials schemes:

- **Basic Cyber Essentials [CE**] – in this case certification involves a self-assessment that is reviewed and awarded by the assessing organisation;
- **Cyber Essentials Plus [CE+] –** this includes additional control testing and network vulnerability scanning to assess the technical robustness of the organisations' self-assessment narrative.

The Plan notes that CE+ is the *"strongly preferred"* certification choice and that where CE is chosen *"alternative independent assurance"* must be demonstrated.  West College Scotland is therefore proposing to achieve accreditation in accordance with the requirements of CE+.

2.3     On 31 January 2018 consultation closed on the Scottish Government's Cyber Incident Central Notification and Co-ordination Policy proposal. Again the consultation involved all public sector bodies and key partners and looked to improve policy and procedure around the notification and co-ordination of significant cyber incidents impacting on Scotland's public services.  Within the draft papers the Scottish Government proposed cyber contingency recommendations and actions in a Cybersecurity Incident Response Template (CIRT) format.

2.4     The College awaits the final outcome arising following the consultation period, however the Committee can expect that this additional CIRT exercise is likely to require further, specific, key actions on business continuity planning for cyber resilience.

**3       College Response to Action Plan on Cyber Resilience keys actions**

*3.1     Key Action 2 – The College has in place minimum cyber risk governance arrangements.*

The Board of Management has agreed that the Finance and General Purposes Committee will have governance oversight of this area. The Vice Principal, Operations is the senior manager responsible for College cyber resilience, with the Director, IT being the senior technical contact.
The Finance and General Purposes Committee will receive further information and updates at future meetings. The College strategic risk register at **Risk 6 –** Digital Ambitions *[was Risk 10]* and **Risk 7 –** Business Continuity / Cyber Resilience *[was Risk 6]* have been updated following consideration of Internal Audit findings in relation to cyber resilience.

*3.2*   **Key Action 3** - *Ensure public bodies join the NCSC's Cybersecurity Information Sharing Partnership (CiSP).*

The College was accepted as a member of CiSP on 8 October 2017 and so this action has been achieved.

*3.3*   ***Key Action 4** – (a) The College puts in place independent assurance of critical cyber security controls by end October 2018. The plan proposes Cyber Essentials [CE] or Cyber Essentials Plus [CE+] as appropriate options for further education.*

The College engaged SERIC Systems to conduct the Cyber Essentials pre-assessment work and this was completed on 7 February 2018. ███████████████████████
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This review included internal and external network vulnerability scanning. The pre-assessment findings endorse the control findings of the recent Internal Audit review considered under Agenda Item 11 (a). The information from the additional network vulnerability scanning exercise highlights the technical measures that the College must adopt or follow in order to meet the certification standard.  The Committee should note that any level of fail within the CE+ assessment constitutes an overall fail.

Together with the Internal Audit findings the College now has a clear view on the work that it must complete prior to achieving Cyber Essentials or Cyber Essentials Plus certification. This work must be undertaken in the period to the end of October 2018 and Appendix C confirms this to be achievable.

***Key Action 4** – (b) To support this goal, funding will be made available for public bodies to undergo Cyber Essentials "pre-assessments", by end March 2018.*

Scottish Government are providing £1,000 to support pre-assessment activities for which the College has submitted a claim. At this stage further expenditure on full assessment/certification and any costs associated with remedial works must be borne by the College. Full assessment will involve a further 5 days supplier engagement████
██████████████████████████ The resourcing impacts and potential financial costs of remediation works are still being assessed.

*3.4*   ***Key Action 6** - Have in place appropriate cyber resilience training and awareness raising arrangements for individuals at all levels of the organisation.*

The implementation toolkit highlights a selection of training resources.  The College's Continuing Professional Development Review (CPDR) process will be used to develop individual skill sets. Together with the awareness raising that will be part of General Data

Protection Regulation (GDPR) implementation, the College will ensure that cyber and information security is given an appropriate profile in the months ahead.

Within the IT Directorate, ██████████ existing resource has been identified to undertake a role to facilitate cyber information co-ordination and dissemination. The College will ensure that the required level of resource and expertise required to achieve this level of accreditation within the necessary timeframe is kept under review.

3.5    *Key Action 7 - Have in place appropriate cyber incident response plans as part of wider response arrangements, and ensure these align with central incident reporting and co-ordination mechanisms.*

The College awaits final publication of the CIRT documentation. Key actions from that publication will be incorporated into the revised Business Continuity planning that the College is already working on.

## 4      Considerations

4.1    This piece of work is separate from, but overlaps with, some of the topics that must be addressed in implementing GDPR changes. The implementation date for GDPR is 28 May 2018.

4.2    Beyond the scope to claim £1,000 for pre-assessment work, the Scottish Government is making no other direct resource allocations to individual institutions.

4.3    The Plan indicates that financial penalty would be the ultimate sanction on public sector bodies not engaging with the Plan and enhancing public sector cyber resilience.

## 5      Conclusion

5.1    The Cyber Resilience Plan directs public sector bodies to undertake implementation activities and meet key milestones over the period to October 2018 and the College Board of Management has agreed that the Finance and General Purposes Committee have oversight responsibility in in assuring an appropriate level of cyber governance and resilience is in place within the College. The work that has been undertaken to date by both internal audit and the independent reviewers ██████████ considers that the College is positioned to achieve Cyber Essentials Plus [CE+] as the appropriate cyber assessment / certification scheme for the College by October 2018 in line with Scottish Government recommendations.

**6      Recommendations**

6.1     The Finance and General Purposes Committee is asked to:

- consider the College's progress to date in relation to the Scottish Government cyber essentials requirements; and
- agree that West College Scotland seek to achieve Cyber Essentials Plus accreditation by October 2018.

6.2     Progress updates will be provided at future Finance and General Purposes Committee meetings.

**TITLE:**  **IT STRATEGY – PROGRESS REPORT**

**Background:**  West College Scotland's IT Strategy was recommended for approval at the Finance and General Purposes Committee meeting of 8 March 2016 and subsequently approved by the Board of Management on 21 March 2016.   In approving the IT Strategy it was agreed that an annual update on progress would be provided to the Finance and General Purposes Committee.

The initial annual review of the IT Strategy was considered by the Finance and General Purposes Committee meeting of 7 March 2017, at which time the report was welcomed and the outcomes achieved acknowledged. This report provides an update on the progress of the IT Strategy following the second year of implementation.

**Action:**  The Finance and General Purposes Committee are requested to review and consider progress made in implementing the first two years of the IT Strategy.

**Lead:**  David Black - Director, IT

**Status:**  Open

**IT Strategy – Progress Report**

**1.0     Background**

1.1.    The West College Scotland IT Strategy – which was approved by the Board of Management on 21 March 2016 - sets objectives across 6 areas, with these intended to be achieved through delivery of 27 associated outcomes/indicators of success.

1.2.    In approving the College IT Strategy, it was agreed that the Finance and General Purposes Committee would receive an annual update on implementation. This IT Strategy update therefore encompasses:

- Section 2 - a summary of activity and progress against each of the IT strategic objectives and associated outcomes/indicators of success;
- Section 3 – a summary of key areas and considerations that will arise during Year 3 of the IT Strategy implementation, drawing on recent changes in the IT landscape and upcoming events; and
- Section 5 - a more detailed review of the "*How do we get there?*" indicators of success that were agreed for monitoring progress against each objective within the IT Strategy.

In considering the progress made to date it should be noted that:

- the fundamental role of the IT Strategy is to provide the support and infrastructure that is necessary in order to deliver the College's wider digital agenda, which is currently under development and the subject of strategic dialogue with the Scottish Funding Council (SFC); and
- the Board of Management planning day, and agreement of the College corporate plan going forward, may revise the framework within which the IT Strategy requires to operate and the means by which progress is measured and assessed - this will therefore be considered as required during Year 3 of Strategy implementation.

**2.0     IT Strategic Objectives - Update**

2.1     As can be seen from Section 5 of this report the College believes progress has been made in relation to all 6 strategic objectives during the second year of IT Strategy implementation.  Of the 27 associated outcomes/indicators of success it is assessed that:

- 3 of these have been completed;
- 21 have progressed to the point anticipated during Year 2 of the Strategy;
- some progress has been achieved with 2 outcomes, with further work required; and
- 1 outcome is scheduled to be progressed from Year 3 onwards.

2.1     Objective 1 - Infrastructure (Hardware and Software)
The College considers further progress has been made against this objective. Still set against the tri-part challenge of Estate, Finance and managing legacy Infrastructures the College has prioritised the annual IT Maintenance budget of £500,000 during 2016/17 and 2017/18 to sustain resource and support the delivery of teaching and learning. Service availability has been maintained, some essential infrastructure upgrading has been completed and staff email has been migrated to Office365, an established cloud service for education and a prerequisite to deliver Skype for Business in the cloud.

However, while progress has been made, it should be recognised that the level of investment the College requires in order to sustain and develop IT infrastructure in a way which meets digital ambitions is currently not considered to be sufficient, and there are some areas where a higher level of investment is required – such as the upgrading of the campus wireless infrastructures, the regular renewal of all desktop equipment and large scale provision of thin client technologies. As previously advised to the Board of Management this is currently under review and discussion with the SFC.

2.2     Objective 2 - Projects and Enhancements
The College considers further progress has been made against this objective. The Operational Planning processes are now used to identify prioritised resource requests. Spend has been targeted towards teaching and learning needs, whilst Service Desk and Skype for Business projects have been progressed.

Following fulfilment of its initial remit, the College Technology Committee is no longer operating as it has been agreed to progress any IT requirements through the College planning and resourcing processes and operational structures, with specific project Boards being out in place where required – for example, in relation to Skype for Business.

2.3     Objective 3 - Structure and Service Delivery
The College considers progress has been made in this area with specific reference to:
- Building on the changes to the team structures within the IT Directorate that were finalised in July 2017,
- Utilising the new Service Desk software that was piloted internally between June and October 2017 and went live to users on 31 October 2017, and
- Simultaneously introducing new email and telephone call handling arrangements for users wishing to contact the campus service teams, which has seen improvements to service delivery and job logging requests.

Together these revised arrangements are proving successful in focusing resource and allocating workload.

The new software is enabling an improved level of management information that the Directorate and College are able to utilise in providing IT services, and this will in turn inform additional refinements to job classification and internal workflow arrangements during Year 3 of the Strategy implementation.

Over the longer term, the College's Continuing Professional Development Review [CPDR] activities will enable further development of the IT teams, and staff from with the IT Directorate are included within the upcoming College Leadership Development Programme.

2.4     Objective 4 - Planning and Risk
The College considers progress has been made against this objective. For 2016-17 revenue and maintenance spending was delivered to budget while meeting priority needs and it is envisaged the 2017-18 process will lead to a similar outcome.

The IT continuity plan remains in place and, along with the established intranet communication model, supports incident response. Cyber Essentials pre-assessment activity has highlighted a number of mitigation areas (see Agenda Item 10) that require further action to better define or enforce procedural and technical control and the College strategic risk register has been revised to reflect this. The College also anticipates having to develop a specific Cyber Incident Response Plan as a response to the Scottish Government's cyber planning.

A review of Business Continuity planning is underway and together with the planned operational Risk Management training for key College personnel, including IT Operational Managers, this will support further development of operational risk assessment techniques in IT decision making.

2.5     Objective 5 - Policy and Process
The College considers effective progress had been made against this objective, however the need to now both assess College operations to meet Cyber Essentials accreditation and fulfil GDPR requirement during Year 3 of the Strategy implementation will mean some aspects of existing policies and processes will require review.

The College CPDR process and these further refinements in IT policy and procedure in the remaining period of the Strategy will continue to support the goal of ensuring user understanding around IT resource and security.

2.6     Objective 6 - Collaboration and Partnership
The College considers further progress has been made against this objective. The IT Director continues to co-chair the Scottish College's Information Leads group [SCIL], sits on the Information Services Strategy Group [ISSG] group and has recently been invited to participate, as SCIL representative, in a Scottish Government Digital Engagement Forum.

A core element of the Scottish Governments' approach to strengthening cyber resilience is through information sharing and collaboration. This is seen from the shared information resources to which the College can now subscribe, the catalyst approach to developing and sharing best practice and the collaborative approach that is being advocated to incident response.

The IT Service Desk software which was selected and implemented by West College Scotland was also a process undertaken in collaboration with Glasgow Clyde College.

**3.0    IT Strategy Year 3 – Key Outcomes and Considerations**

3.1    In progressing Year 3 implementation of the IT Strategy, across the six objectives the following are seen as key outcomes:

- The successful delivery of the Skype for Business pilots and commencement of a wider cross campus roll out;
- Cyber Essentials accreditation to support the Scottish Government's strategy on Cyber Resilience;
- Extending and improving campus wireless facilities;
- Making progress on our ambition to introduce thin client technologies, to promote a lower carbon footprint and simplified management: and
- Seeking to prioritise teaching and learning IT needs within available resource parameters.

The annual college budget currently available to deliver against these outcomes totals £500,000, and as outlined above, this level of funding is the subject of ongoing dialogue with the SFC and should this lead to any further funding becoming available this will be used to support delivery of IT Strategy outcomes.  To achieve these outcomes there is therefore a constant need for the College to seek to maximise investment at all times.

3.2    As outlined above, the forthcoming the Board of Management planning day, and agreement of the College corporate plan going forward, may revise the framework within which the IT Strategy requires to operate and the means by which progress is measured and assessed - this will therefore be considered as required during Year 3 of Strategy implementation.

**4.0    Conclusion**

4.1    The Finance and General Purposes Committee are requested to review and consider progress made during Year 2 of the IT Strategy implementation.

**TITLE:**     **STRATEGIC RISK REGISTER**

**Background:**     Under the Corporate Governance Code the Board of Management is tasked with ensuring a framework of risk management and control is in place. This paper presents to the Finance and General Purposes Committee the considerations of the College Senior Management Team (SMT) in relation to the College Strategic Risk Register.

**Action:**     The Finance and General Purposes Committee is requested to review and approve the Strategic Risk Register and in doing so consider:

- The risks included in the register;
- The risk ratings both pre and post mitigation;
- The removal of risks 14;
- Whether any other risks should be considered for removal; and
- Whether any new risks should be considered for inclusion.

**Lead:**     Alan Ritchie, Director of Finance and Estates

**Status:**     Open

1.      **Risk Management Strategy**

1.1     The West College Scotland Risk Management Strategy was approved by the Board of Management and is subject to ongoing review by the Audit Committee.

2.      **Considerations of Board Sub-Committees and Senior Management Team**

2.1     The College Senior Management Team (SMT) has carried out a periodic review of the College strategic risk register for consideration by Board Committees prior to presenting this at the next Board of Management meeting in March 2018.  A copy of the previous version (Appendix B) of the risk register, and the proposed updated version (Appendix A), are provided with this report.

2.2     The SMT have made the following changes to the Strategic Risk Register:

**Risk 1 – Impact of SFC funding changes**
The description for Risk 1 was previously stated to be as follows:

'*Impact of SFC funding changes including credits, European, ELS, student support and estates maintenance funding.*

This has been revised in order to more fully recognise the nature of the risk arising, with the risk description now reading as follows:

'*Negative impact of SFC funding changes including revised Credit model; reduction in European funding; changes in One Plus activity; changes to levels of student support funding; and impact of estates maintenance funding methodology.*'

The pre and post mitigation scores for Risk 1 have not been altered and this remains the highest ranked risk faced by the College.

**Risk 2 – Failure to secure estates capital funding**
The description for Risk 2 was previously stated to be as follows:

'*Failure to secure estates capital funding for future investment or refurbishment.*'

This has been amended in order to recognise the broader nature of this risk as being not only in relation to buildings, but also in relation to information technology, and now reads as follows:

'*Failure to secure adequate estates maintenance/capital funding for future investment or refurbishment of IT and physical infrastructure.*'

There have been no changes to the pre or post mitigation scores for Risk 2.

The potential to combine risks 2 and 3 was also considered by the College SMT given the similar nature of each risk – although Risk 3 is slightly different in nature given it relates specifically to estates business cases. SMT agreed that this would be referred to the Estates Committee for consideration.

**Risk 3 – Business cases for development of the College estate are delayed**
No change has been made to this risk subject to further consideration by the Estates Committee as outlined above.

**Risk 4 – Intensification of the SFC Regional Outcome Agreement process (Previously risk 5)**
The description for this risk previously read as follows:

*'The College is unable to meet student targets leading to a failure to deliver stated Regional Outcome Agreement (ROA) objectives.'*

However this has been updated in order to reflect the change of emphasis in relation to the SFC Regional Outcome Agreement process and the challenges arising in relation to the changing educational landscape, with particular reference to schools and the allocation and use of Scottish Government Attainment funding. The revised description for Risk 4 now therefore reads as follows:

*'Intensification of the SFC Regional Outcome Agreement process requires the College to be more ambitious in delivering and sustaining outcomes at a time of limited resource and changing educational landscape, particularly in relation to schools.'*

Given this intensification of the SFC ROA process the SMT were minded to increase the pre mitigation risk impact score from 3 to 4 resulting in an overall post-mitigation risk rating score of 20. This is pre mitigation score of 20 is higher than the previous rating of 15, and thus has resulted in the risk moving from position 5 to position 4 on the strategic risk register.

**Risk 5 – Impact and outcomes arising from National Pay Bargaining (Previously Risk 4)**
The prominence of the Regional Outcome Agreement in the relationship between the College and the SFC has move the impact of national bargaining down the Register. As the outcome of the negotiation process becomes clearer along with the potential impact on the College this downward movement appears correct. No change to this risk scoring was considered necessary.

**Risk 6 – Failure to maintain or acquire and use IT systems and infrastructure to support the digital ambitions of the College (Previously risk 10)**
The description for this risk previously read as follows:

*'Failure to maintain or acquire and use IT systems and infrastructure to support strategic improvement in business and learning processes.'*

However this was reviewed in light of ongoing College dialogue with the SFC regarding the need for investment to meet College Digital Strategy requirements. The risk description has therefore been revised to:

*'Failure to maintain or acquire and use IT systems and infrastructure to support the digital ambitions of the College'.*

The SMT view this as being a critical area for the College and as each year passes with a stagnant level of investment in addressing digital requirements the impact of the risk will increase. This is evidenced by recent Education Scotland review outcomes.  The pre mitigation risk impact score has therefore been increased from 3 to 4 resulting in a total risk rating of 16. With limited visibility on the availability of future funding the post mitigation risk probability score has been increased from 3 to 4 resulting in a total score of 12.

This movement upward movement in rating result in the risk moving from the ranking of (10) on the register to a ranking of (6).

### Risk 7 - Inadequate business continuity/cyber resilience planning (Previously risk 6)
The risk description previously read as follows:

*'Inadequate business continuity / contingency planning.'*

However this has been revised in order to recognise the increasing prominence of cyber security and resilience, and now reads as follows:

*'Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery.'*

Although the risk description has been widened, the SMT believes that based on recent internal audit work and the preparation work being undertaken by the College there is no requirement to change the risk scoring.  The mitigations in relation to this risk have been updated in order to recognise the work that has been undertaken and is being progressed by the College in relation to cyber resilience.

### Risk 8 – Unable to develop and commence the implementation of an Estates Strategy (Previously risk 7)
SMT considered that no changes were required to this risk.

### Risk 9 – Inability to maintain positive staff relations (Previously risk 8)
SMT considered that no changes were required to this risk.

### Risk 10 – Failure to implement a systematic approach to workforce planning (Previously risk 9)
SMT considered that no changes were required to this risk.

**Risk 11 – Inability to specific, deliver and effectively implement an approach to generation of alternative income (Previously risk 12)**

With the likelihood that SFC funding for the coming year being of a similar level to this year the SMT consider the impact of the failure to deliver on alternative income targets to have a greater impact on the College budget. As such the pre mitigation risk impact score has increase from 3 to 4 and the score increased to 12. Even after the mitigating actions have been implemented, given the critical nature of this income generation to the delivery of a break even budget the post mitigation score risk impact score has also increased from 2 to 3 giving a total score of 9.

**Risk 12 – failure to invest sufficient resource into delivery of College Carbon Management Plan (previously risk 11)**

The achievement of carbon reduction targets is embedded in the Regional Outcome Agreement. The SMT consider that no change is required to this risk.

**Risk 13 – Compliance with General Data Protection Regulations (GDPR)**

SMT considered that no changes were required to this risk.

**Risk 14 – Investment plans do not reflect future requirements**

The SMT consider that the content of this risk is captured within risk 2 and that it should therefore be removed.

**Risk 15 – Complexity of sequencing estates investment works**

SMT considered that no changes were required to this risk.

**Risk 16 – Failure to analyse and respond effectively to changes such as ONS implications**

The SMT consider that the implications of ONS are either now well understood and have been/are being addressed.  However there remains one key issue at this time still without a clear resolution – which is the impact of the end of the 3 year derogation from the Scottish Government regarding the purchase of commercial insurance. A business case has been presented to the Scottish Government by Scotland's Colleges requesting a continuation of the derogation and they are awaiting feedback. As the outcome is unclear as is the impact it may have this risk will be considered further during the next cycle of Committee reviews.  At this stage the working of the risk description and the mitigations have been revised slightly.

2.3     The Strategic Risk Register has been updated based upon the above considerations and is presented to the Committee for review. The considerations of this Committee will be consolidated along with the feedback from the other Board Committees during the forthcoming round of meetings. The Audit Committee will then consider all Committee feedback and make recommendations to the Board of Management at its next meeting in relation to any changes required to the Strategic Risk Register.

**3.      West College Scotland Risk Management Training and Assurance**

3.1     In addition to ongoing review of the strategic risk register the College will progress the following training during 2018 in order to further develop risk management systems:

- A Board of Management session facilitated by Mott MacDonald to review the College Risk Management Strategy and risk appetite of the Board has been arranged prior to the March 2018 meeting; and

- College Heads of Department will undergo an introduction to risk management as part of the development of the operational risk management process.

**4.      Conclusion**

4.1     The Committee is requested to review and approve the strategic risk register and consider:

- The risks included in the register;
- The revised risk rating both pre and post mitigation;
- The removal of risk 14;
- Whether any other risks should be considered for removal; and
- Whether any new risks should be considered for inclusion.

**TITLE:**  **SCHEDULE OF BUSINESS 2017-18**

**Background:**  This paper outlines how the Schedule of Business for 2017-18 enables the
Finance and General Purposes Committee to fulfil its' remit.

**Action:**  The Finance and General Purposes Committee is requested to note the content
of the report.

**Lead:**  Alan Ritchie, Director of Finance and Estates

**Status:**  Open

| REMIT | DELIVERABLES | | | |
|---|---|---|---|---|
| | 19/9/17 | 21/11/17 | 6/3/18 | 5/6/18 |
| a) **To advise the Board of Management on key issues of the College's financial and resource management including:** | | | | |
| • **solvency of the College** <br> • **cashflow** <br>    o Annual review of banking arrangements <br>    o Cash flow report (Management accounts) <br>    o Update on Scottish Government Banking Contract | | Y <br> Y <br> Y | Y | Y |
| • **the effectiveness and appropriateness of the utilisation of College resources** <br>    o Vice Principal Update Report <br>    o Update on 2016-17 year-end financial position <br>    o SFC Resource return April 17 – March 18 <br>    o Management Accounts <br>    o Internal Audit reports <br>      o IT Security Health Check | | Y <br> Y <br><br> **Y (October)** <br> Y | Y <br><br><br> **Y (January)** <br><br> Y | Y <br><br> Y <br> **Y(April)** |
| • **Financial Strategy** <br> • Management Accounts <br> • Update of 5 year Financial Strategy <br> • 2018-19 SFC Grant Settlement <br> • 2018-19 budget <br> • Update report on SFC funding changes/methodology as required. | | **Y (October)** | **Y (January)** <br><br><br><br> Y | **Y (April)** <br> Y <br> Y <br> Y <br><br> Y |

| REMIT | DELIVERABLES | | | |
|---|---|---|---|---|
| | **19/9/17** | **21/11/17** | **6/3/18** | **5/6/18** |
| | | | | |
| b) **To review and approve the Financial Regulations on an annual basis, or more frequently if required.** | | | | |
| • Annual review of Financial Regulations<br>• Governance Statement | | Y | Y | |
| c) *To consider and advise the Board on:* | | | | |
| **Financial forecasts and budgets in relation to the West Region Outcome Agreement.**<br>• Management Accounts including forecast for year<br>• Budget 2018-19<br>• Monitoring report on Regional Outcome Objectives | | Y<br><br>Y | Y | Y<br>Y<br>Y |
| **Any relevant taxation issues.**<br>• Annual update report on taxation matters<br>• Update report if any material changes – as required | | Y | | |
| d) **To consider the College's annual financial statements (at a joint meeting of the Audit and Finance and General Purposes committees).**<br>• External Audit Management Letter 2016-17<br>• Corporate Governance Statement 2016-17<br>• Financial Statements 2016-17<br>• Annual Internal Audit Report 2016-17<br><br>• Internal Audit Annual Plan 2017-18<br>• External Audit Planning Memorandum 2017-18 | | Y<br>Y<br>Y<br>Y<br><br>Y | | <br><br><br><br><br><br>Y |

| REMIT | DELIVERABLES | | | |
|---|---|---|---|---|
| | 19/9/17 | 21/11/17 | 6/3/18 | 5/6/18 |
| | | | | |
| e)  To monitor: | | | | |
| The College's financial performance against agreed budgets and make recommendations on major variations. <br> • Management Accounts <br> • Update on 31 July 2017 Year End Position | | Y <br> Y | Y | Y |
| All income <br> • Reported through Management Accounts | | Y | Y | Y |
| All material financial issues. <br> • Vice Principal Update / Overview Report | | Y | Y | Y |
| Monthly management accounts. <br> • Management Accounts | | Y | Y | Y |
| f)  To advise the Board on investments and borrowing and to seek appropriate external advice. <br> • Annual review of banking arrangements | | Y | | |
| g)  To ensure adherence to statutory requirements related to the College's financial affairs and compliance with the Financial Memorandum, Scottish Public Finance Manual (SPFM), and related guidance. <br> • Internal Audit Annual Report 2016-17 <br> • External Audit Management Letter 2016-17 <br> • Annual report on Governance Compliance | | Y <br> Y | | Y |

| REMIT | DELIVERABLES | | | |
|---|---|---|---|---|
| | 19/9/17 | 21/11/17 | 6/3/18 | 5/6/18 |
| | | | | |
| h) To receive a regular report on bad debt write offs<br>• Annual report on bad debt write off<br>• Further reports if/as required | | Y | | |
| i) To consider, review and recommend to the Board, pension arrangements for College staff, in consultation with the Organisational Development and HR Committee.<br>• Overview of College pension schemes | | | | Y |
| j) *To receive an annual update on banking arrangements, including Scottish Government banking arrangements and to annually approve the bank signatories.*<br>• Annual review of banking arrangements | | Y | | |
| **Information Technology** | | | | |
| k) To agree and approve IT strategy and policies, ensuring these support the priorities and outcomes of the College<br>• IT Strategy Update<br>• Scottish Government/ College Cyber resilience updates | | | Y<br>Y | Y |
| l) *To advise the Board of Management on key issues relating to the College's information technology.*<br>• IT Strategy Implementation Update<br>• Internal Audit Report - IT Security Health Check | | | Y<br>Y | |
| m) *To consider and promote the effective and efficient use of IT services.* | | | | |

| REMIT | DELIVERABLES | | | |
|---|---|---|---|---|
| | 19/9/17 | 21/11/17 | 6/3/18 | 5/6/18 |
| • IT Strategy Implementation Update | | | Y | |
| n) *To consider information technology initiatives and innovations for use within the College, the resources required to implement these and to identify risks and opportunities associated with proposals.*<br>• Reports as required | | | | |
| **Procurement** | | | | |
| o) *To agree and approve financial regulations which ensure compliance with legal obligations in respect of tendering and contract procedures*<br>• Review of Financial Regulations | | | Y | |
| p) *To agree and approve procurement strategy and policies that reflect best practice, ensuring these support the priorities and outcomes of the College and the achievement of efficiencies.*<br>• Procurement Strategy Update<br>• Procurement Annual Report 2016-17 including plan for 2017-18 | | Y<br>Y | | |
| q) *Approve the awarding of contracts above £250,000*<br>• Skype for Business<br>• Authorisation sought as required | | Y | | |
| r) *To support development of:*<br>○ *supplier management and contract monitoring*<br>○ *electronic procurement systems*<br>○ *procurement performance management systems* | | Y<br>Y<br>Y | | |

| REMIT | DELIVERABLES | | | |
|---|---|---|---|---|
| | **19/9/17** | **21/11/17** | **6/3/18** | **5/6/18** |
| o *collaborative opportunities*<br>• Reports on update of implementation of Procurement Strategy | | Y<br><br>Y | | |
| s) *To consider risk relating to the matters that fall within the Committee's remit and to agree what mitigating factors/actions are in place and what further action, if any, needs to be taken to address such matters of risk.*<br>• Review of strategic risk register | Y | Y | Y | Y |
| t) *Any other factors as required by the Board of Management*<br>• As required | | | | |