West College Scotland
AUDIT COMMITTEE

THURSDAY 13 DECEMBER 2018 at 4.00 p.m. in
Abercorn 1, Paisley Campus

AGENDA

General Business
1. Apologies
2. Declaration of Interests

3. Minutes of the meeting held on 6 September 2018	Enclosed	JM
Actions from the Minutes	Enclosed	JM

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

.1 Other audit work contract update	Verbal	AR

5. Minutes of Joint Audit and Finance & General Purposes Committee Meeting held on 20 November 2018	Enclosed	JM

Main Items for Discussion and/or Approval

6. Audit and Assurance Committee Handbook Update	Paper 6	GM
7. Review of Committee Remit	Paper 7	GM
8. Internal Fraud Review	Paper 8	DA

Internal Audit

9. Internal Audit Report –Internal Communications	Paper 9	EY
10. Internal Audit Report – Financial planning and monitoring	Paper 10	EY
11. Rolling Audit Action Plan	Paper 11	AR
12. Internal Audit Annual Plan 2018-19 Update	Paper 12	EY

Other

13. Risk Management - Strategic Risk Register	Paper 13	AR
14. Register of Interest for Board and Committee Members	Paper 14	GM

Items for Information (to note only)

15. Schedule of Business 2018-19	Paper 15	AR

16. Any other business

Next meeting: Thursday 14 March 2019 at 4.00 p.m. at the Paisley Campus.

Gwen McArthur
Secretary to the Committee

AUDIT COMMITTEE

MINUTES: 6 September 2018

Present: John McMillan (in the Chair)
Andrew Hetherington, Graeme Bold, Stephen Vere.

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

Attending by invitation: Elizabeth Young, Scott-Moncrieff, Internal Auditors;
Joanne Buchanan, Mazars, External Auditors.

Apologies: Liz Connolly, Lucy Nutley, Claire Stevenson.

AM355 WELCOME

The Chair welcomed everyone to the first meeting of the session.

AM356 DECLARATION OF INTERESTS

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

AM357 MINUTES

The minutes of the meeting held on 24 May 2018 were approved.

AM358 ACTIONS FROM THE MINUTES

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

.1 **SFC Funding Allocation for 2018-19 (AM345) –** the Committee noted that discussions with SFC regarding the funding allocated to the College for session 2018-19 were continuing. The College had developed a transition plan which considered the next five year period, with a focus on 2018-19 and 2019-20 for now, but needed funding from SFC to support this. Some actions in the plan had already been achieved while others were the subject of ongoing discussion with SFC. The Board and the Finance and General Purposes Committee were monitoring developments closely and an update on progress would be made to their next meetings.

AM359 REMIT, MEMBERSHIP AND DATES OF MEETINGS IN 2018-19

The Committee considered its current remit. It was noted that the Scottish Government had recently updated its Audit and Assurance Committee Handbook and some of the changes had implications for the remit and operation of the Committee. It was **agreed** that the revised Audit and Assurance Committee Handbook would be considered further and any proposed changes to the Committee's remit, which might be needed in order to ensure compliance with this Handbook, would be brought to the next meeting. **[Action: DA; AR; GMcA; EY]**

The Committee noted its membership and dates of meetings in session 2018-19.

AM360 MONITORING OF REGIONAL OUTCOME AGREEMENT (AM347)

The Vice Principal Operations provided a paper setting out background information in relation to the process for producing the Regional Outcome Agreement (ROA) and highlighting the College's key objectives that were contained within the ROA. The paper indicated the ROA objectives applicable to the Audit Committee and how these would be monitored during the year. The Vice Principal Operations also informed the Committee that the College had received a letter from the SFC setting out at a summary level the areas for consideration in producing the ROA for the next year. The Committee noted this information.

AM361 VALUE FOR MONEY POLICY (AM285)

The Committee had approved the Value for Money Policy in September 2017 and now had before it a report from the Director of Finance and Estates which set out the actions that had been taken during the year to secure value for money across all areas and activities. The Committee was aware that both the Internal and the External Auditors commented on value for money in their reports, which provided another level of assurance to the Committee. The Committee welcomed this report.

AM362 DRAFT ANNUAL REPORT FROM COMMITTEE TO THE BOARD

The Committee considered its draft Annual Report to the Board for 2017-18. It was noted that the report would be updated once the external audit process was complete. Some minor amendments to the report were proposed. The final edition of the Committee's Annual Report would be brought to the Joint meeting in November for approval.

AM363 INTERNAL AUDIT REPORTS

The Internal Auditors presented the findings and recommendations from the following reports:

.1   Procurement and Tendering

The Internal Audit report on Procurement and Tendering confirmed that the College complied with all legislative requirements and had a robust procurement process in place led by a dedicated team employed by the College. The report highlighted areas of good practice and proposed five recommendations for improvement which would further strengthen the process, all of which either had been actioned or were currently being actioned by management. The Committee noted the report and welcomed the findings. The report would now be forwarded to the Finance and General Purposes Committee for information and follow-up as necessary.

[Action: AR]

.2   Workforce Planning

The Internal Auditor presented the Audit Visit Memo on the work they had undertaken in relation to Workforce Planning. It was noted that the Workforce Plan had not as yet been finalised. The Internal Auditors had agreed with College Management that the audit review should therefore concentrate on particular aspects, and so had reviewed progress with the People Strategy, the Workforce Plan and the project plan to deliver improvements to the College HR system, iTrent. The Audit Visit Memo was therefore not a full audit report in the format the Committee was used to receiving.

The Internal Auditor was pleased to report that good progress was being made with the People Strategy which included a workforce planning framework. There had been some difficulties around the HR iTrent system, but further improvements were being made. Internal Audit had proposed a number of recommendations for improvement that would help management further develop the People Strategy and workforce planning approach. The Committee welcomed this report which showed that the College was making good progress. It was acknowledged there were a number of assumptions that had to be made in order to plan ahead to 2023. However, all the data provided contained clear explanations of the basis on which the assumptions were made.

It was **agreed** that the Organisational Development and HR (ODHR) Committee should continue to monitor progress with the People Strategy, including the Workforce Planning framework. One overall recommendation would be added to the rolling audit action plan to enable the Audit Committee to monitor progress. It was noted that the last implementation date for the recommendations was February 2019 and the ODHR Committee would report back to the Audit Committee on implementation of the recommendations in this report once it had reviewed the progress made, this was likely to be reviewed at its meeting in May 2019.   **[Action: DG; GMcA]**

AM364 INTERNAL AUDIT ANNUAL REPORT 2017-18

The Internal Auditors presented their draft Annual Report for 2017-18. The Internal Auditors had achieved their audit plan for the year and had provided their audit opinion which confirmed that 'West College Scotland has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks'. The report also identified the key strategic themes that they had reviewed during the year some of which would be continuing into the following year, these being: Cyber Essentials Plus accreditation to be achieved by October 2018; GDPR compliance; Workforce Planning; and Health and Safety. The Committee welcomed this report and the assurance that it provided. The final Annual Report would be brought to the Audit Committee Joint meeting with the Finance and General Purposes Committee in November.

The Committee also noted that the Internal Auditors had been subject to an external assessment of their Internal Audit Service. The Committee was pleased to note that this external assessment had been positive and had concluded that the Internal Audit Service provided by Scott-Moncrieff was in accordance with the standards set by the Institute of Internal Auditors' International Professional Practices Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS).

AM365 ROLLING AUDIT ACTION PLAN (AM343)

The Director of Finance and Estates presented the updated Rolling Audit Action Plan. This was the first full report in the new reporting format. The Committee **approved** the Rolling Audit Action Plan, including the removal of 13 completed recommendations and the extensions of time to three of the anticipated dates of completion in relation to Student Experience and to IT Security Healthcheck.

AM366 INTERNAL AUDIT ANNUAL PLAN 2018-19 (AM344)

The Committee received the Internal Audit Annual Plan 2018-19 which had been updated to reflect the current College Strategic Risk Register and following discussions with the Senior Management Team (SMT). It was noted that 55 days had been planned for session 2018-19. This would be monitored throughout the year and adjusted as necessary.

It was noted that one of the priority areas for review previously discussed was student mental health. The Scottish Government had allocated additional funding to support identified needs for this area. This would be linked to the work currently being taken forward by the Students Association.

The Committee welcomed this information and **agreed** that the Internal Audit Annual Plan for 2018-19 be approved. It also noted the developing Internal Audit Plan for 2019-20.

AM367 EXTERNAL AUDIT PROGRESS REPORT (AM340)

The External Auditor provided the Committee with a report on progress with the external audit of the annual accounts 2017-18. It was noted that the fieldwork was due to start the following week, but some preliminary work had already been undertaken. The External Auditor was pleased to report that the audit work was on track and there were no matters to be raised with the Committee at this stage. The Annual Audit Report and opinion on the financial statements would be provided to the joint meeting in November. The Committee welcomed this report.

AM368 ACCOUNTS DIRECTION FOR SCOTLAND'S COLLEGES 2017-18

The Committee noted the Accounts Direction for Scotland's Colleges 2017-18 which had been issued by the Scottish Funding Council. The Director of Finance and Estates provided the Committee with a summary of the main changes that had been made.

AM369 ACCOUNTABILITY REPORT – CORPORATE GOVERNANCE

The Committee considered the Corporate Governance Statement that would be published in the Accountability Report section of the annual accounts. It was noted that some information was not available yet but would be included in the final edition which the Committee would see at the Joint meeting in November. It was also noted that the new Principal would sign the annual accounts, along with the Chair of the Board, once finalised and approved by the Board. The Committee confirmed that it was satisfied with the information provided to date.

AM370 AUDIT SCOTLAND REPORT – SCOTLAND'S COLLEGES 2018

The Committee received the Audit Scotland Report – Scotland's Colleges 2018. The Vice Principal Operations provided a brief overview of the main recommendations emerging from this report. The Committee noted the information provided.

AM372 NATIONAL FRAUD INITIATIVE (AM286)

The Committee received a report from the Director of Finance and Estates which confirmed that the College would be participating in the National Fraud Initiative (NFI) Exercise 2017-18. The report set out the timetable for this exercise and the process to be followed. The Committee noted this information.

AM373 ANNUAL REPORT ON FREEDOM OF INFORMATION, DATA PROTECTION, REGISTER OF INTERESTS AND GIFTS AND HOSPITALITY (AM298)

The Committee noted the above Annual Report.

AM374 STRATEGIC RISK REGISTER (AM348)

The Committee noted the College Strategic Risk Register. No changes had been made to the risks or their rankings, but some adjustments had been made to the mitigations in light of actions taken by the SMT over the summer period. In discussion it was considered that a further mitigating action be added to the register – at item 13 Internal Audit had provided a report on GDPR and had provided further assurance that the College was on track to meet its obligations under the new regulations.

The Committee **approved** the revised Strategic Risk Register.

AM375 SCHEDULE OF BUSINESS 2018-19

The Committee noted its Schedule of Business 2018-19.

AM376 NEXT MEETINGS

The Joint meeting with the Finance and General Purposes Committee will be held on Tuesday 20 November 2018 at 4.00 p.m.

The next meeting of the Committee will be on Thursday 13 December 2018 at 4.00pm.

Both meetings to be held at the Paisley campus.

GMcA/13.09.18/Final

Audit Committee: Meeting of 6 September 2018

Actions from the Minutes

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
6 Sep 2018	AM359	Committee Remit – to be reviewed again in light of changes to Scottish Government Audit & Assurance Committee Handbook	D Alexander A Ritchie G McArthur E Young	Meeting between C Stevenson, A Ritchie & G McArthur held to discuss changes and Audit Assurance Framework. Report to be provided to next meeting	December meeting
	AM363.1	Internal Audit Report: Procurement & Tendering – report to be forwarded to FGP Committee	A Ritchie	Report considered by FGP at its September meeting	Complete
	AM363.2	Internal Audit Report: Workforce Planning – ODHR Committee to report back once all recommendations have been implemented (May 2019)	D Gunn G McArthur	Workforce Plan 2019-2024 being finalised by ODHR Committee and Board will discuss this at its December 2018 meeting.	May 2019
		Actions from previous minutes			
24 May 2018	AM341.1	Internal Audit Report: Student Experience – to be forwarded to LTQ Committee	G McArthur	Forwarded to LTQ Committee for consideration at next meeting	October 2018
	AM346.1 329	Effectiveness Review of Audit Committee – Internal & External Auditors to be invited to take part next year	G McArthur		April/May 2019

GMcA/23.10.18

TITLE: **AUDIT AND ASSURANCE COMMITTEE HANDBOOK UPDATE**

Background: The Scottish Government issued a revised Audit and Assurance Committee Handbook in April 2018 to replace the previous Audit Committee Handbook published in July 2008. The purpose of this report is to inform the Committee on the actions the College intends to take, in conjunction with Scott Moncrieff, to address the amendments made to the Handbook.

Action: The Audit Committee is requested to note the content of the report and the intended actions being taken by the College to address the requirements of the revised Audit and Assurance Committee Handbook.

Lead: Gwen McArthur, Secretary to the Board

Status: Open

1. **Introduction**

1.1   The Scottish Government issued a revised Audit and Assurance Committee Handbook in April 2018 to replace the previous Audit Committee Handbook published in July 2008. A copy of the revised Handbook is attached at Appendix A for Committee members' reference.

1.2   The 2018 Handbook includes a number of minor amendments and one major addition that affects various aspects of governance and audit committee responsibilities. The purpose of this report is to inform the Committee on the actions the College intends to take, in conjunction with Scott Moncrieff, to address these amendments.

2. **Changes from the Revised Handbook**

2.1   The major change in the revised handbook is an increased responsibility for the Audit Committee to develop an assurance framework and to understand the various sources of assurance it receives and the role that each assurance provider plays. The new Handbook advocates using the 'three lines of defence' model (referred to in the Handbook as "the three lines of assurance") to help articulate this framework. The full requirements are covered in Chapter 4 of the Handbook.

2.2   These changes mean that Audit Committees will need to:
a) Consider training Audit Committee members on the new assurance framework and other changes to the Handbook;
b) Refresh their Terms of Reference to comply with the changes outlined in the new Handbook; and
c) Develop an assurance framework and consider whether there are gaps or duplication in the assurance that the Committee are receiving.

2.3   The approach that the College intends to take in relation to (a) to (c) are noted below

a) Training

2.4   The College will arrange a workshop / training session for Audit Committee members that is likely to be scheduled in February 2019. At the session, Scott Moncrieff will update the members on the changes that the revised Handbook has introduced. The session will then move on to identify assurance areas with particular reference to the 'big 3' in the College - Teaching & Learning; ODHR; and Finance.

Scott Moncrieff will also introduce members to the requirement that they understand the College's three lines of assurance and sources of assurance that are defined as follows:

- First line: high level management assurance from front line areas;
- Second line: oversight of management activity, including effective management information, separate from those responsible for delivery, but not independent of the organisation's management chain; and
- Third line: independent and more objective assurance, including the role of Internal Audit and from external bodies.

2.5   It is intended that the session will allow members to understand the proposed methodology and expected results from the work being undertaken.

b) Terms of Reference

2.6   The Audit Committee are required to review and amend their terms of reference in line with the requirements of the revised handbook. This will be covered under agenda item 6.

c) Development of an assurance framework

2.7   The outline plan for the delivery of the assurance framework is as follows:
    i.   Workshop and training session February 2019 facilitated by Scott Moncrieff.
    ii. College will look to develop assurance framework in one area with assistance from Scott Moncrieff.
    iii. Other areas of the assurance framework will be developed by the College based in the model established at (ii).
    iv. An update on progress will be provided to the March Audit Committee.
    v.   Scott Moncrieff will review progress on assurance framework and provide feedback on areas of further work.
    vi. Outline assurance framework will be provided to Audit Committee in June 2019. Comments requested to inform further work.
    vii. Final framework will be presented for approval to the Audit Committee/ Board of Management by end of 2019.

2.8   The above timetable has been discussed with Scott Moncrieff who have indicated that there is not a requirement for the College to have the assurance framework complete by the 31 July 2019. Neither the internal nor external auditors are required to comment on the assurance framework within their year-end / annual reports. The timescale proposed by the College is in line with other similar organisations.

## 3.	Conclusion

3.1	The Audit Committee is requested to note the content of the report and the intended actions being taken by the College to address the requirements of the revised Audit and Assurance Committee Handbook.

TITLE: **REVIEW OF COMMITTEE REMIT**

Background: At the last meeting it was noted that the Scottish Government had recently issued a revised Audit and Assurance Committee Handbook. This revised Handbook has implications for the remit and operation of the Audit Committee with a much greater emphasis on assurance and how this is sought and evidenced. In light of this the remit has been reviewed and a marked up version is attached showing the proposed changes (highlighted in yellow) to be made.

    It is also proposed that consideration be given to the name of the Committee, as 'Audit Committee' may no longer be considered to fully reflect the role and purpose of the Committee. I have suggested either – *'Audit and Assurance Committee'* or *'Audit, Risk and Assurance Committee'.*

    The Committee is invited to consider its proposed revised name and remit, which is attached.

Action: The Committee is asked to approve its revised remit and possibly also a change in name.

Lead: Gwen McArthur, Secretary to the Committee

Status: Open

West College Scotland

Board of Management

Audit Committee – <mark>re-name?</mark>
<mark>Audit and Assurance Committee</mark>
<mark>Audit, Risk and Assurance Committee</mark>

Statement of Purpose

The Board provides the principal governance mechanism through which activities are managed in accordance with legislation and regulations, as well as ensuring that systems are in place to provide efficiency, effectiveness and economy. However, the Board has delegated some of its responsibilities to certain committees.

The role of the Audit Committee <mark>(or new Committee name)</mark> is to support the Board in its responsibilities of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the assurance needs of the Board, and by reviewing the reliability and integrity of these assurances through <mark>the assurance framework and</mark> a process of constructive challenge.

1.   Remit

.1   General
- To provide advice to the Board on the strategic processes for risk, control and governance;
- <mark>To review the assurance framework and receive regular reports relating to it in order to provide the necessary assurances to the Board or determine any further action or assurances required;</mark>
- To review and advise the Board of the Internal Auditor's and External Auditor's assessment of the effectiveness of the College's financial and other internal control systems, including controls specifically designed to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness (value for money);
- To advise the Board on the adequacy of the <mark>anti-fraud policy and processes; and on the</mark> whistle blowing process and to receive an annual report on any matters raised through <mark>these processes</mark>;
- To consider and advise the Board accordingly on any arrangements for special investigations and the outcomes of such investigations;
- To advise the Board on its compliance with corporate governance requirements and good practice guidance, and in particular its compliance with the Financial Memorandum with SFC, the SPFM and the Code of Good Governance for Scotland's Colleges;
- To consider the College's Annual Financial Statements at a joint meeting with the Finance and General Purposes Committee, and to recommend to the Board for approval;
- To provide an annual report to the Board, timed to support the finalisation of the accounts and the Statement on Internal Control, and summarising its conclusions from the work it has done during the year;
- To report to the Board after each meeting;
- To review its own effectiveness at least annually and to report the results of that review to the Board.

.2   Internal Audit

- To advise the Board on the selection, appointment or re-appointment and remuneration, or removal of the Internal Auditors. The responsibility for selection of the Internal Auditor may be delegated to a Selection Committee as agreed by the Committee;
- To advise the Board on the terms of reference for the Internal Auditors;
- To review the scope, efficiency and effectiveness of the work of the Internal Auditors and to advise the Board on these matters;
- To agree the Internal Audit Plan and review the Internal Audit Annual Report;
- To review the Internal Audit reports, the management response to them and to review implementation of the actions required;
- To review the Rolling Audit Action Plan at each meeting;
- To encourage appropriate liaison and co-ordination between internal and external audit;
- To establish appropriate performance measures and indicators to monitor the effectiveness of the Internal Auditors

.3   External Audit

- To receive information on the general terms and conditions of appointment of the External Auditors who are engaged by Audit Scotland to provide audit services to the College;
- To consider the External Auditors report on the Financial Statements and the management letter prior to submission to the Board, and to review the implementation of the recommendations;
- To review the Statement of Corporate Governance prior to finalisation and incorporation into the Financial Statements;
- To review the External Audit strategy and plan;
- To establish appropriate performance measures and indicators to monitor the effectiveness of the External Auditors;
- To consider the objectives and scope of any non-statutory audit work to be undertaken by the External Auditors firm and advising the Board of any potential conflict of interests.

.4   Risk

- To review the Risk Management Strategy and recommend to the Board for approval;
- To consider the Strategic Risk Register and to advise the Board accordingly;
- To consider matters of risk at each meeting and to satisfy itself that risks are being managed, including seeking assurances from internal and external audit on the adequacy of their management, and to report to the Board.

.5   Other

- To receive annual reports on Freedom of Information and Data Protection Acts requests; Register of Interests; and Hospitality/Gifts Registers;
- To request any member of the College staff to attend and/or to provide a written report on any matter that falls within the remit of the committee;
- To procure ad-hoc specialist advice at the expense of the College as appropriate and when necessary, subject to budgets being agreed by the Board.

2. Membership

Four Members, at least two of whom shall be members of the Board of Management, one of whom will Chair. The Chair of the Committee shall be a member of the Board of Management.

At least one member should have a background in finance, accounting or auditing but membership should not be drawn exclusively from people with such a background.

The Committee will **not** include any of the following as members:
- The Principal or other senior post holders

- The Chair of the Board of Management

- Members of the Finance and General Purposes Committee

- Connected parties such as the employee, partner, spouse or family member of the College's solicitors, bankers, auditors, insurers or other professional advisers.

Attending:
> The Principal.
> Vice Principal Operations
> The Director of Finance and Estates
> The College's Internal Auditor.
> The College's External Auditor.

The Committee is empowered to invite other members of the Senior Management/Executive team to attend meetings of the Committee.

The Committee is empowered to co-opt additional members, subject to approval by the Nominations Committee. Such members will normally be appointed for one year, will be subject to annual review, and may be re-appointed annually up to a maximum of 8 years.

Chairs of other Committees, other than the Chair of the Board of Management, can attend the meetings, with the approval of the Chair of the Audit Committee.

Committee members will be appointed to serve a four- year term, or for the period of their term of office.

Committee members may sit privately without any non-members present for all or part of a meeting if appropriate.
Committee members will meet with the Internal and External Auditors without the Executive Team present at least annually.

External and Internal Auditors will have the right to unrestricted and confidential access to Chair of the Audit Committee.

3. Frequency of Meetings

The committee will meet at least four times per year and will also hold an annual joint meeting with the Finance and General Purposes Committee to consider the Financial Statements. Additional meetings will be convened as necessary.

4 Quorum

A quorum will be two Members of the Committee, one of whom must be a member of the Board.

5   Secretariat

Secretary to the Board of Management

Papers for meetings will be sent out 7 days in advance of the meeting

The Committee will report to the Board of Management and the minutes of its meetings will be circulated to the Board for information.

6   Review

The Remit will be subject to review annually.

Approved by Board - 15 March 2017

Revised 19.11.18 DRAFT v1

MEMBERSHIP 2018/19

	Date Appointed	Re-appointed	End date
Membership			
John McMillan (Chair)	1.02.15	1.02.17	31.01.21
Andrew Hetherington	1.02.15	1.02.17	31.01.21
Stephen Vere (co-opted)	1.03.14	1.03.18	28.02.19
Graeme Bold (co-opted)	1.07.17	1.07.18	30.06.19

Attending Officers
Principal
David Alexander, Vice Principal Operations
Alan Ritchie, Director of Finance and Estates
Gwen McArthur, Secretary

Internal Auditor – Elizabeth Young & Claire Stevenson, Scott Moncrieff
External Auditors – Lucy Nutley & Joanne Buchanan, Mazars

DATES OF MEETINGS IN 2018/19

6   September 2018
13 December 2018
14 March 2019
23 May 2019

All Thursdays starting at 4.00 p.m.

Additionally the Joint meeting with the Finance and General Purposes Committee will be held on **Tuesday 20 November 2018 at 4.00 p.m.** to look at the Financial Statements before they are submitted to the Board for approval.
All meetings will be held on the Paisley Campus, unless otherwise notified.

TITLE: **INTERNAL AUDIT REPORT – INTERNAL COMMUNICATIONS**

Background: As part of the internal audit programme for 2018-19 Scott Moncrieff conducted a review of the internal communications process at the College. This report presents the findings of that review along with the management response to the recommendations made in the report.

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

Lead: Elizabeth Young, Director

Status: Open

1.   Introduction

1.1   Scott Moncrieff have completed a review of internal communication at the College including communication planning, consideration of stakeholder needs, modes of delivery and feedback mechanisms

1.2   Communication with staff is crucial to ensure full support for the College's strategic and operational plans. Communication is also fundamental to maintaining positive staff and industrial relations. The College should therefore have a communication strategy that ensures that internal communications are effective, promote consistency, keep staff informed of key developments on a timely basis and contribute to the achievement of strategic objectives.

2.   Conclusion

2.1   The College uses a range of appropriate methods to communicate with staff and has controls in place to ensure that information provided to staff is accurate and timely. The auditors have noted a number of improvements that would ensure internal communications are tailored to user requirements. This includes completing an annual staff survey to seek views on whether the information provided is relevant and delivered using methods that are fit-for-purpose.

2.2   The auditors noted that the College procedures reflect good practice in a number of areas:
*   The Communications, Policy and Planning Directorate creates an annual operational plan that sets out objectives for improving internal communications that are linked to the College's Corporate Plan.
*   The Directorate holds monthly meetings to discuss internal communications, including any ad-hoc feedback that has arisen and whether their input is required on any internal campaigns. These meetings help ensure staff are kept up-to-date with all activity and ensures a consistent approach when engaging with other staff throughout the College.
*   The College uses the staff intranet as the main method for communication. The Directorate monitors the usage of the intranet on a monthly basis to ensure it continues to be used regularly by all staff from across the College.
*   The Directorate has controls in place to ensure the content of internal communications are accurate. For example, the Director of Communications, Policy and Planning ensures the SMT minutes are confirmed as accurate by management before they are shared with staff.

2.3   Four audit recommendations (three grade 2 and one grade 1) were identified and accepted by management during the audit:
*   Ensuring that all future operational plan objectives are SMART and that quarterly reviews are undertaken on a consistent and regular basis to facilitate implementation of improvements to internal communications.
*   Regularly assessing whether communication methods are fit-for-purpose to address staff information needs.

- Ensuring only relevant updates are posted to each area of the staff intranet for sharing with staff.
- Seeking regular feedback from staff on internal communications to ensure information provided is relevant and timely.

3. Next Steps

3.1 The recommendations arising from the internal audit review with be added to the electronic Rolling Audit Action Plan for future monitoring.

3.2 The Audit Committee is requested to approve the contents of the report.

TITLE: **INTERNAL AUDIT REPORT – FINANCIAL PLANNING AND MONITORING**

Background: As part of the internal audit programme for 2018-19 Scott Moncrieff conducted a
review of the College processes for producing and updating its financial plans.
The College's current financial position has been reviewed and commented on
separately by external audit and this was not considered as part of this audit
work. This report presents the findings of that review along with the
management response to the recommendations made in the report.

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

Lead: Elizabeth Young, Director

Status: Open

1.   Introduction

1.1   Scott Moncrieff have completed a review of the College processes for producing and updating its financial plans.

1.2   As a public sector organisation, the College is accountable for the appropriate use of public funds. In order to ensure the economic, efficient and effective use of resources, it is important for the College to have robust financial planning in place to facilitate delivery of the College's Regional Outcome Agreement. The College is currently facing significant financial challenges, including addressing a deteriorating estate / IT infrastructure and meeting the additional staff costs arising from national pay bargaining. It is therefore even more fundamental that the College adequately identifies funding gaps as early as possible and puts in place plans to address them.

1.3   Audit Scotland and the Scottish Funding Council (SFC) expect colleges to carry out financial planning over a five-year horizon. The SFC has issued a set of Financial Forecast Reporting assumptions for 2018/19 onwards that it expects colleges to use as the basis of longer term planning. The College has prepared a Financial Strategy and as a consequence has identified savings / efficiencies that must be made in order to breakeven across the next five years. The College has prepared a Transition Plan "Future Proofing our College", outlining the financial issues it is experiencing and the projects it plans to undertake to deliver the required savings / efficiencies.

2.   Conclusion

2.1   The College has robust processes in place for financial planning and is taking proactive steps to address the current financial challenges it is faced with. The College prepares a detailed Financial Strategy that takes cognisance of relevant internal strategies and external guidance, and is subject to scrutiny by both senior management and the Board of Management.

2.2   The auditors noted that the College's procedures reflect good practice in a number of areas:

- The College has integrated its financial planning and forecasting process with its annual budget setting process. This ensures that forecasts are based upon the most recent financial information available and that the budget is presented for approval in the context of the College's longer term financial position.
- The resulting Financial Strategy links to the College's Regional Outcome Agreement through the Corporate Plan and financial objectives are set in the context of Corporate Plan priorities. The strategy is also linked to other relevant college strategies, including the Estates Strategy, to ensure all key current and future activities are adequately reflected within financial projections.

- The initial Financial Strategy originally forecasted a deficit position across the five year planning horizon. In order to address this, the College has developed a transition plan 'Future Proofing Our College', that outlines initiatives to address the deficit position and ensure that the College has sufficient funds to deliver its strategic and operational activities.
- The College takes cognisance of SFC guidance in the preparation of its Financial Strategy and incorporates assumptions derived from its own experience and assessment of particular areas of pressure within the sector. Detailed information outlining the assumptions used is presented with the Strategy. Where there are differences between the assumptions used by the College and those identified by the SFC, these have been outlined in the Strategy and an explanation provided as to why they have arisen.

2.3   Two audit recommendations (one grade 2 and one grade 1) were identified and accepted by management during the audit:

- The College should provide clear information to senior management and the Board on the potential financial impacts of any changes to the assumptions contained within the Financial Strategy.
- Staff should consider incorporating information on the accuracy of prior budgets and assumptions to inform the achievability of the current year budget and Financial Strategy.

3.   Next Steps

3.1   The recommendations arising from the internal audit review with be added to the electronic Rolling Audit Action Plan for future monitoring.

3.2   The Audit Committee is requested to approve the contents of the report.

TITLE: **ROLLING AUDIT ACTION PLAN AND BUSINESS CONTINUITY UPDATE**

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

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

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

- removal of three prior year external audit recommendations;
- removal of 14 internal audit recommendations;
- extension of 4 due dates; and
- Rolling Audit Action Plan.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1. **Introduction**

1.1 The attached report (Appendix A) provides an update on the progress made by the College in addressing the internal audit recommendations.

2. **Summary of Recommendations**

2.1 The tables below summarise the overall status of audit recommendations since the last Committee meeting:

Total Number of Recommendations		Internal Audit (App. A)	External Audit	Total
Total brought forward recommendations		**27**	**3**	**30**
Removed as agreed at previous Audit Committee		(13)	0	(13)
Removed following Joint Audit / Finance Comm.		0	(3)	(3)
Added following previous Audit Committee		0	0	0
	Procurement and Tendering	5	0	5
	Workforce Planning	1	0	1
Total recommendations as per current RAAP		**20**	**0**	**20**

Status of Recommendations	November 2018	RAAP
Partially complete (Not yet due)	0	0%
Partially implemented (Due for completion – extension requested)	4	20%
Complete pending external auditor review	0	0%
Complete pending validation by internal audit	1	5%
Not implemented	0	0%
Sub total	**5**	**25%**
Not yet due	1	5%
Recommend for removal following audit review	14	70%
Total	**20**	**100%**

3.   Commentary on Recommendations

External Audit

3.1   The Joint Audit / Finance and General Purposes Committee on 20 November considered the audit reports received in relation to Student Funds and SFC Credits. These reports contained three prior year recommendations which were approved by the Joint Committee for removal from the Rolling Audit Action Plan.

3.2   No recommendations were forth coming from the external auditors work in relation to the financial statements for the year ended 31 July 2018.

Internal Audit

3.3   After the previous Audit Committee meeting where the internal auditors presented their findings from the review of Procurement and Tendering (5) and Workforce Planning (1), six recommendations have been added to the Rolling Audit Action Plan.

3.4   The recommendation (20) in relation to Workforce Planning is an overall recommendation and the detailed recommendations will be monitored by the OD & HR Committee. It is intended that a report will be presented to the Audit Committee in May 2019 to update the Committee on the actions taken to address the recommendations made in the report.

3.5   At this time the auditors are content to propose that 14 of the 20 internal audit recommendations are complete and therefore are capable of being removed from the RAAP. These are recommendations 2, 3, 4, 5, 6, 8, 11, 13, 14, 15, 16, 17, 18 and 19

3.6   The College is therefore requesting that the Audit Committee confirms that it is content to remove these 14 recommendations from the RAAP.

3.7   The College is requesting an extension to the expected completion dates for the following 4 recommendations in relation to Health and Safety, IT Security Healthcheck and Student Experience:

- Recommendation (7) - General Health and Safety Refresher Training
  From 30/9/2018 to 28/2/2019
  - The recommendation related to the implementation of health and safety training for staff. The on line module has been made available to staff however the uptake of staff undertaking the training has been

limited. The extension is requested to enable the College to ensure the training programme is undertaken.

- Recommendation (9) - Privileged Account Management
  From 310/10/2018 to 31/03/2019
    - An initial solution to address the recommendation was found not to be suitable. An alternative product has been purchased and now requires to be configured to address the requirements of the recommendation. The extension will allow the work being carried out.

- Recommendation (10) – Student Feedback
  From 31/11/2018 to 31/01/2019
    - The College has carried out the first of the two surveys anticipated to be carried out annually. The results are still being compiled and an action plan requires to be created. The extension is in order to allow the College to finalise the required action plan.

- Recommendation (2) – Penetration testing and vulnerability scanning
  From 31/10/2018 to 31/12/2018
    - The work has been undertaken to address this recommendation and was part of the Cyber Essential Plus accreditation process. The College is now awaiting confirmation of the outcome of this process and the extension is to allow receipt of the final accreditation certification.

4.   Conclusion

4.1   The College continues to address recommendations made by both the internal and external auditors.

4.2   The Audit Committee is requested to review the RAAP report and to approve the:
- removal of three prior year external audit recommendations;
- removal of 14 internal audit recommendations;
- extension of 4 due dates; and
- Rolling Audit Action Plan.

TITLE: **INTERNAL AUDIT ANNUAL PLAN 2018-19 UPDATE**

Background: The Audit Committee approved the 2018-19 internal audit plan in September 2018 and noted the development of the plan for 2019-20.

This paper provides the Audit Committee with a summary of internal audit activity to date. The internal auditors have, in line with the agreed programme of work, completed two reviews in the period since the previous Committee meeting:

- Internal Communications; and
- Financial Planning and Monitoring.

Three further reviews are due to commence in the next period, the outcomes of which will be reported to the next meeting of the Audit Committee:

- Fraud Prevention; and
- Freedom of Information.

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

Lead: Elizabeth Young, Director – Scott Moncrieff

Status: Open

TITLE: **RISK MANAGEMENT - 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 the College Strategic Risk Register for the consideration of the Audit Committee.

Action: The Audit Committee is requested to review and approve the College Strategic Risk Register and in doing so consider:

- The risks included in the register;
- The revised risk rating both pre and post mitigation;
- Whether any other risks should be considered for removal;
- Whether any new risks should be considered for inclusion; and
- The further development of the College risk management framework

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 the College Strategic Risk Register is subject to ongoing review by all Board of Management Committees with oversight being provided by the Audit Committee.

2.   College Strategic Risk Register Update

2.1   Each Board Committee is requested to review the risks included within the register; the risk ratings both pre and post mitigation; whether any other risks should be considered for removal; and whether any new risks should be considered for inclusion.

2.2   The Board of Management is due to review the attached College Strategic Risk Register on 10 December 2018. Due to the timing of this any discussion arising at the Board of Management meeting is unable to be taken into account within this paper; however, a verbal update will be provided.

2.3   The Senior Management Team have made the following amendments to the Strategic Risk Register:

- **Risk 1 (WCS 1) – SFC Funding.** It was felt that the focus of this risk required review and updating. The risk has therefore been amended from:

  Negative impact of SFC funding changes including core-grant-in-aid, 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.

  to

  Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding; and estates maintenance.

  The overall risk score both pre and post mitigation remains the same as in the previous risk register update.

- **Risks 2 (WCS 2) / 3 (WCS 3) / 4 (WCS 4), 5 (WCS 5) and 6 (WCS 6)**
  The profile of these risks has remained unchanged. A number of mitigating factors have been updated to account for the outcome of recent or ongoing matters. The risk scores both pre and posy mitigation remain unchanged.

- **New Risk - Risk 7 (WCS 15) – Transition Plan**
  Given the prominence of the College Transition Plan with the Scottish Funding Council and the integral nature of the achievement of the planned savings/efficiencies in creating a sustainable College, the failure to achieve the objectives of the Plan have been included in the risk register, with this risk being defined as follows:

  Failure to deliver the financial and/or non-financial objectives outlined in the College transition plan "Future Proofing Our College".

  Failure to deliver on the objectives of the plan in 2018/19 has been evaluated as 16 (Probability 4 – Impact 4), recognising the impact that this would have on the sustainability of the College in future years. The SMT believe that the actions taken to date will allow the plan objectives to be achieved hence the post mitigation score has been set at 12 (Probability 3 – Impact 4).

- **New Risk – Risk 8 (WCS 16) - Brexit**
  The SMT consider that the uncertainty surrounding the potential impact on the College sector of Brexit requires to be recognised in the risk register. This has already been highlighted by the Board of Management, which has set up a working group to consider the likely impact upon the College. This risk has been defined as follows:

  Failure to prepare for the anticipated impact upon the College of Brexit including loss of European funding, loss of students / staff and access to exchange programme funding (Erasmus / Leonardo).

  The pre mitigation score has been set at 15 (Probability 5 - Impact 3) which reflects the view that there will be an impact upon the College from Brexit, with any loss of credit activity and associated income which is currently received being of particular significance. Although the College is taking a number of mitigating actions the ability of the College to influence the probability of the risk or to manage the impact is low, so the post mitigating score has not been changed at this time.

- **<u>Risk 13 was 10 (WCS 10) – Workforce Planning</u>**
  The work undertaken by the College following the internal audit report has resulted in a comprehensive Work Force Plan. The register has a post mitigation score of 9 (Probability 3 – Impact 3), it should be noted that there still are a number of work force variables which will require to be addressed in the coming year – voluntary severance, structural changes and transition planning – that may require this risk to be revisited in the near future.

2.4   The overall risk profile of the College has changed with the introduction of one risk with a score of 15 (risk 8) and the increase in the number of risks with a score of 12. This is representative of the challenging operating environment in which the College finds itself.

2.5   There are a number of challenges facing the College which have been highlighted as part of the Audit Committee agenda that members may wish to consider in reviewing the risk register:

- Changes to the Audit and Assurance Committee Handbook; and
- Internal procedures.

3.   Further Development of the College Risk Management Framework

3.1   The Board of Management were requested to consider the following issues at their December meeting and any amendments to the College Risk Management Strategy will be implemented following that meeting:

1) <u>The introduction of a formal risk management appetite statement</u>
   The College is proposing the addition of a risk appetite statement and diagram to the Strategic Risk Register to assist Board members and College staff to assess the risks that they are reviewing.

2) <u>Revisions to the Strategic Risk Register from updating of Corporate Plan</u>
   The updated Corporate Plan will require the College to update the Strategic Risk Register due to the changes in Strategic Priorities. This will be undertaken once the revised Corporate Plan has been agreed and approved by the Board of Management.

3) <u>The introduction of a target risk score</u>
   At this stage a target risk score has not been introduced and this will be given further consideration in the coming period.

4) <u>Prioritisation of risk management on Board and Committee Agendas</u>

Risk management is now prioritised on all Board and Committee agendas.

4. Conclusion

4.1 The Audit 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;
- Whether any other risks should be considered for removal;
- Whether any new risks should be considered for inclusion; and
- The further development of the College risk management framework.

Strategic Risk Register Dashboard Report

Risk register reference date: Oct-18
Board / Committee review date: Nov-18

	Top 5 risks this period			
Ref	**Risk**	**Probability**	**Impact**	**Score**
WCS 1	Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.	6	4	**24**
WCS 2	Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.	4	4	**16**
WCS 3	Business cases for development of estate are delayed, impacting upon ability of College to recruit students / retain staff.	4	4	**16**
WCS 4	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.	4	3	**12**
WCS 5	Impact and outcome of National Pay Bargaining for both teaching and support staff.	6	2	**12**

Movement in Risk Scores

Risk 1 in relation to the volatility of SFC funding remains as the most significant risk faced by the College.

As can be seen from the above graph the higher rated risks have not changed in the last quarter. The risks associated with Brexit (risk 8) has been included in the register with a risk score of 15. The risk associated with delivery of the College Transition Plan has also been added into the register at risk 7.

WEST COLLEGE SCOTLAND STRATEGIC RISK REGISTER 2018-19

Risk No.	Risk Reference	Strategic Priority	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
				Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
1	WCS 1	1,2,3,11	Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.	6	4	24	1) Detail of 2018-19 final SFC funding received on 18 May 2018. This shows a level of core funding which is not greater than in 2017-18; a reduction in the level of activity the College will be required to deliver; a change in the estates funding methodology which will impact upon College operations; and no specific funding in order to meet the cost of any annual pay increases. The College will continue to face a number of financial challenges arising from this settlement. 2) 2018-19 budget approved in conjunction with 5 year future financial scenario planning and detailed assumptions. 3) Transition Plan created in conjunction with SFC to address future financial challenges. Initial version of Plan submitted to SFC in August 2018 with further update provided to SFC in November 2018 following on from Board of Management consideration in October 2018.. 4) Robust financial forecasting including production and review of monthly management accounts. 5) Estates Strategy including objective to improve / rationalise the College estate utilising estate maintenance funding. 6) Commercial Development Group reporting to Corporate Development Committee with focus on maintaining and growing income including ESF activity. 7) Robust monitoring of current and future curriculum delivery plans (CMAP) including staffing requirements. 8) Significant work undertaken to embed Workforce Planning into College operations / planning. 9) Active College representation and involvement in external SFC review groups - funding methodology, Director of Finance network; credit review; access and inclusion; rural and remoteness premium; and student funding.	6	4	24	VP Operations / VP Educational Leadership
2	WCS 2	1,2,3,11	Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.	5	4	20	1) College Estate Strategy submitted to SFC, reviewed by internal audit and subject to annual review on implementation and progress by Board of Management Estates Committee. 2) 2018-19 final funding for estates now split into lifecycle maintenance and high priority maintenance. Reduction in lifecycle maintenance will present College with operational challenges as financial modelling assumed flat cash settlement in future years. There is also a need to understand the basis of estates maintenance funding allocation beyond 2018-19. 3) WCS participation in SFC/sector Capital Working Group. 4) Outline Business Case (Greenock) updated following SFC feedback approved by Board of Management in October 2018. Implications of recently published Inverclyde local development plan now being considered and College is engaging with local councillors.. 5) Outline Business Case (Paisley) submitted to the SFC and feedback received. OBC amended and discussion with partner organisations on-going. Intention is to re-submit OBC (Paisley) in 2019. 6) SFC have issued the outcome of a national College estate condition survey. College has discussed and obtained agreement with SFC as to how the 2018-19 high priority maintenance funding will be applied.	4	4	16	VP Operations

Risk No.	Risk Reference	Strategic Priority	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
				Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
3	WCS 3	1,2,3,11	Business cases for development of estate are delayed, impacting upon ability of College to recruit students / retain staff.	5	4	20	1) The College continues to actively engage with SFC, SFT and other key stakeholders. 2) College Estate Strategy highlights required estate investment for consideration by SFC and Scottish Government. 3) Outline Business Case for College estate in Greenock and Paisley submitted to the SFC. Response received from SFC in regard to Paisley OBC and College has updated both OBS documents. Implications of recently published Inverclyde Local Development Plan now being considered. Updated OBC documents are expected to be submitted to the SFC during 2018-19. 4) Ongoing prioritisation of College estates funding in a way which links to priority projects, with update reports being provided to each meeting of the Board of Management Estates Committee. 5) Ongoing involvement in sector/SFC capital working group enables WCS input to ongoing discussions in relation to SFC estates maintenance allocation methodology and capital allocations. 6) Ongoing engagement with SFC in relation to implementation of national estate condition survey review and future direction of travel.	4	4	16	VP Operations
4	WCS 4	1, 3, 5, 6	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.	5	4	20	1) Improving working relationships with local authorities and school head teachers in order to access attainment funding in support of College activities in this area. 2) Continued engagement with SFC over likely impacts of "intensification of ROA objective monitoring" for current and future year delivery and funding. 3) Robust internal monitoring, tracking and reporting procedures in place, including through College operational planning process and ongoing monitoring through the Board of Management and sub-committees. 4) Detailed curriculum development planning and review process which has been subject to review by internal audit. 5) Blended approach to delivery of teaching and learning including distance and online learning allowing College to address changes in recruitment and delivery. 6) Curriculum offering is reviewed to ensure employer and student needs are met and appropriate courses delivered.	4	3	12	VP Educational Leadership

Risk No.	Risk Reference	Strategic Priority	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
				Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
5	WCS 5	3, 11	Impact and outcome of National Pay Bargaining for both teaching and support staff.	6	3	18	1) WCS representation and involvement in national college Employers Association and national joint negotiating committee (NJNC). 2) Financial impact assessment / planning scenarios with the financial impacts of National Bargaining subject to ongoing discussion with the SFC. 3) 2018-19 final SFC funding included an allocation in order to meet the cost of national bargaining. Further information and understanding of how this will be funded beyond 2018-19 is required. 4) Business Continuity Planning considers impact of industrial action, with specific plans in place. 5) Local trade union consultation and negotiating committees for support and teaching staff continuing to meet on an ongoing basis in order to maintain positive College industrial relations. 6) Robust college sector and WCS communications plan. 7) Local workforce planning arrangements subject to positive internal audit review (June 2018). 8) Support staff pay award for 2018/19 has now been settled.	6	2	12	Principal
6	WCS 6	2, 3	Failure to maintain or acquire and use IT systems and infrastructure to support the digital ambitions of the College.	4	4	16	1) IT Strategy, Policies / Procedures and system access processes in place. The Finance and General Purposes Committee have reviewed progress achieved in delivering the IT Strategy as at Year 2 and are satisfied with progress given the level of resource available to the College - although recognise that the College digital ambitions are being constrained by the level of SFC funding. Strategic dialogue with the SFC is therefore ongoing in an effort to secure the required level of funding in order to deliver College digital ambitions. 2) Staff and student feedback and evaluation procedures in place. 3) IT Contingency Plan in place with regular review. 4) Embedded IT incident review process. 5) Review of College cyber resilience undertaken and significant work carried out to ensure college gains Cyber Essentials Plus accreditation by required deadline in accordance with Scottish Government guidelines. 6) Development of College Digital Strategy. 7) Funding bid developed based on above work for submission to SFC to ensure IT systems are fit for purpose.	4	3	12	VP Operations
7	WCS 15	1,2,3,11	Failure to deliver the financial and/or non-financial objectives outlined in the College transition plan "Future Proofing Our College".	4	4	16	1) Transition plan has been developed by the College and discussed in detail with the SFC. 2) Board of Management have approved the Transition Plan and financial objectives are monitored through the F&GP Committee. Board of Management monitor overall plan achievement. 3) Projects have been initiated in line with the plan and are directed by a specific member of SMT. 4) Detailed delivery plan has been created to allow milestones to be set and monitoring to take place.	3	4	12	Principal

Risk No.	Risk Reference	Strategic Priority	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
				Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
8	WCS 16	1, 3, 5, 6, 11	Failure to prepare for the anticipated impact upon the College of Brexit including loss of European funding, loss of students / staff and access to exchange programme funding (Erasmus / Leonardo).	5	3	15	1) Board of Management has established a working group to review the available data on the impact of Brexit and to make recommendations to the Board. 2) College is a member of a Colleges Working Group on Brexit allowing access to latest intelligence specific to the College sector. 3) Close liaison with SFC on future funding arrangements post 2021 when current funding due to end. 4) SMT briefing paper discussed and checklist of likely impacts being completed to identify potential risk areas.	5	3	15	Principal
9	WCS 8	2, 9, 11	Unable to develop and commence implementation of an Estate Strategy that achieves the agreed criteria for size, quality, flexibility and carbon emissions	3	4	12	1) Estate Strategy 2016-2026 approved by Board of Management and submitted to SFC and now being implemented. 2) Improvements to infrastructure and equipment are actioned and updated annually based on funding available. 3) Minimise possibility of unplanned closures through regular maintenance of physical assets. 4) On going discussions with funders and other stakeholders to identify potential funding / development opportunities. 5) College wide condition survey work undertaken to assist with identification of areas of investment . 6) Internal audit review (May 2017) of Asset Management included positive review of work undertaken to develop and implement the College Estate Strategy 2016-26. 7) 2018-19 final funding for estates now split into lifecycle maintenance and high priority maintenance. Reduction in lifecycle maintenance will present College with operational challenges as financial modelling assumed flat cash settlement in future years. Discussions with the SFC on nature of spend under high priority maintenance and agreement reached on areas of priority spend. There is also a need to understand the basis of estates maintenance funding allocation beyond 2018-19.	3	3	9	VP Operations
10	WCS 9	3, 4, 11	Inability to maintain positive staff relations	4	3	12	1) Internal audit report (June 2018) on Workforce Planning confirmed substantial progress made in addressing Audit Scotland recommendations. 2) Clear procedures for communication in place in order to engage with Trade Unions and all staff across the College. 3) Developed procedures for staff engagement and negotiations. 4) Staff engagement session and staff surveys undertaken on regular basis allowing issues to be addressed early. 5) Local trade union consultation and negotiation committees in place for teaching and support staff and meet on an ongoing basis	3	3	9	Principal

Risk No.	Risk Reference	Strategic Priority	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
				Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
11	WCS 11	5, 6, 8, 11	Inability to specify, deliver and effectively implement an approach to generation of alternative income	3	4	12	1) Development of strong partnerships with local employers and stakeholders. 2) Operation planning process used to identify potential opportunities for income growth. 3) Adaption of course portfolio to meet student / employer needs. 4) Financial strategy and planning in place to address resource needs and redirect as required. 5) Review of resources required within Curriculum Development Planning procedure. 6) Annual financial target is agreed and monitored by the Corporate Development Committee. 7) Commercial Development Group reporting to Corporate Development Committee.	3	3	9	Principal
12	WCS 7	2, 11	Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery.	3	4	12	1) Internal audit report on Business Continuity Planning highlighted areas for development. Action has been taken to address the audit recommendations with update provided to Audit Committee. 2) Internal audit have carried out IT security health check with aim of preparing the College to answer requirements of Governments Cyber resilience Strategy. Action plan in place to address recommendations made. 3) Incident response plan has been updated and communicated to all relevant staff. 4) Effective estate response procedures to incidents. 5) Adequate insurance cover to assist in recovery after an incident. 6) Risk assessment process well embedded at strategic level now being further embedded at operational level. Review of risk appetite undertaken by Board and SMT. 7) Planned preventative maintenance regime in place including fire and intruder alarms. 8) Engagement of external consultancy support to assist with addressing requirements of cyber resilience action planning and implementation.	3	3	9	VP Operations
13	WCS 10	3, 4,	Failure to implement a systematic approach to workforce planning resulting in lack of appropriate resources and skills to achieve strategic priorities	4	3	12	1) Internal working groups have been set up to develop College workforce Plan and associated reporting requirements. 2) Detailed teaching resource planning through use of curriculum mapping tool (CMAP). 3) Resourcing of support staff structures reviewed on an ongoing basis by Executive Management Team to ensure alignment with operational and strategic priorities. 4) Itrent HR and Payroll software developed to provide staff data and reports. 5) Professional Development Policies are aligned to strategic priorities. 6) Roll out of College CPD review process is ongoing and supports succession planning, leadership development and assists in mitigating the impact of the loss of key staff. 7) Internal audit reviewed workforce planning as part of 2017-18 audit plan.	3	2	6	VP Educational Leadership VP Operations

Risk No.	Risk Reference	Strategic Priority	Risk	Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
				Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
14	WCS 13	11	Inability to ensure a holistic response to data and information governance, including compliance with the General Data Protection Regulations (GDPR).	3	3	9	1) External briefings provided to SMT on principles and practicalities of implementing GDPR. 2) Establishment of College working group on implementation of GDPR requirements. This group has oversight of the information risk assessment process. 3) Update reports to SMT and OD&HR Committee on progress made. 4) Active engagement across the College to ensure collaborative approach to addressing issues raised. 5) Data Protection concepts and principles already embedded within the operations of the College. 6) Working with other Colleges to pool resources and minimise duplication of effort. 7) Data protection Officer appointed to the College.	3	2	6	Principal
15	WCS 12	1,2,3,11	Failure to invest sufficient resource (financial / staff) into delivery of College Carbon Management Plan (CMP) resulting in negative publicity and failure to achieve ROA outcomes.	3	3	9	1) Approval of CMP by Board of Management in October 2016 with this subsequently being submitted to the SFC. 2) Specific resource - staff and funding - allocated to allow CMP to be implemented. 3) Development of Sustainability Group involving board, staff and student representatives. 4) Annual Scottish Government report on carbon management and wider sustainability issues now reported on for second year. 5) College on target to achieve objectives of CMP including 10% reduction in emissions.	2	3	6	VP Operations
16	WCS 14	1, 3, 5, 6	Normal business activities are unduly affected due to the complexity of sequencing estates investment works	4	2	8	1) Detailed resource planning involving all relevant parties at an early stage for project work undertaken. 2) Level of investment at a stage where no material impact on activities. 3) Knowledge base within current staff to be able to identify issues.	3	2	6	VP Operations

STRATEGIC PRIORITIES

1. We will provide education and training in inspirational and innovative ways to engage and meet the diverse needs of our students.

2. Education and training will be delivered to students in high quality College facilities, in their place of work or through the development and use of digital technologies.

3. We will provide the highest quality of teaching and tailored support to maximise our students' opportunities to achieve success and progress to employment and further study.

4. We will support the development of our staff and teams to achieve successful outcomes for themselves, our students and the College.

5. We will develop our curriculum and services to ensure they align with and support Scotland's key economic sectors. We will ensure that our students are equipped with the relevant training, qualifications and essential skills they need for employment and life.

6. We will develop meaningful partnerships; connections and alliances with business and industry to ensure employers are directly involved and invest in educational and skills development across the west.

7. We will become a strategic resource and valued partner with our stakeholders, building relationships, leveraging resources and capabilities to design, develop and deliver our products and services.

8. We will proactively look for new partners and new areas of activity, which will allow us to grow and develop our income to reinvest in our core business for the benefits of our students, our staff and our communities.

9. We will grow our reputation both nationally and internationally. Our reputation will be based on the quality of our teaching, outcomes four our students and our willingness to strive for and set the highest standards across all areas of our work.

10. We are committed to taking a leadership role in the West Region and together with our partners and stakeholders, tackle the significant social and economic deprivation, which still characterise many of our communities.

11. We will deliver a sustainable, effective and efficient service to our communities, through the implementation of sound governance, leadership, planning and management.

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

Risks - Probability x Impact Score Grid

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

TITLE: **REGISTER OF INTERESTS FOR BOARD AND COMMITTEE MEMBERS**

Action: The Register of Interests for Board and Committee members has been updated and a summary is attached for information and noting. This is also available on the College website at the following link
https://www.westcollegescotland.ac.uk/about-us/board-of-management/

Lead: Gwen McArthur, Secretary to the Committee

Status: Open

West College Scotland

Register of Members Interests 2018/19
Board of Management and Co-opted Committee Members

Board Member	Remunerated employment	Other remunerated positions	Non-remunerated positions	Related undertakings	Contracts	House, land & buildings	Shares & securities	Gifts & hospitality	Other relevant information
Keith McKellar Chair	Chief Executive Officer, Hannah Dairy Research Foundation	Director of the Journal of Dairy Research (owned by Hannah Dairy Research Foundation); Regional Chair, West College Scotland (Board Member); Partner, Ashwood Management (currently inactive); Acting Treasurer, Presbytery of Ayr (Board Member)	Trustee & Chairman, Ardgowan University Teaching Hospice; Trustee, Ardgowan Deed of Trust; Non-executive Director of Colleges Scotland; (Member of Good Governance Steering Group & Remuneration Committee); Trustee, Portland Parish Church of Scotland; Non-executive Director & Trustee, Belmont House School, Glasgow.	None	None	None	Blackford Analysis Limited - ordinary class shares, minority holding.	None	None
Liz Connolly	Principal & Chief Executive, West College Scotland		Board Member, Developing the	None	None	None	None	None	None

Board Member	Remunerated employment	Other remunerated positions	Non-remunerated positions	Related undertakings	Contracts	House, land & buildings	Shares & securities	Gifts & hospitality	Other relevant information
			Young Workforce Board; Board Member, Interface Strategic Board; Board Member, Targeting Innovation Board						
Nick Allan	Self employed Nick Allan and Associates Ltd Property Consultancy Strategic Asset Management	Director, Community Empowerment Scotland Ltd; Surveyor Member, First-tier Tribunal for Scotland, Scottish Tribunals Service.	Non-Executive Director, Royal Institution of Chartered Surveyors Scotland Board; Non-Executive Director of Dunbartonshire Chamber of Commerce; Trustee, Built Environment Forum Scotland; Board Member, Shire Housing Association;	None	None	None	None	None	None
Mike Haggerty	Self employed Public Relations Consultant	None	None	None	None	None	None	None	None
Jim Hannigan	NMIS Programme Manager, Skills Development Scotland	None	None	None	None	None	None	None	None

Board Member	Remunerated employment	Other remunerated positions	Non-remunerated positions	Related undertakings	Contracts	House, land & buildings	Shares & securities	Gifts & hospitality	Other relevant information
Jacqueline Henry Vice Chair of the Board of Management	Part-time Researcher,	None	None	None	None	None	None	None	Member of Labour Party; Member of Co-operative Party;
Andrew Hetherington	Retired	None	None	None	None	None	None	None	None
Jenifer Johnston	External Affairs Manager, Citizens Advice Scotland	None	None	None	None	None	None	None	Member, National Union of Journalists; Member, Chartered Institute of Public Relations.
Linda Johnston	Business Transformation Manager, North Lanarkshire Council	None	None	None	None	None	None	None	None
Lyndsay Lauder	Head of People and Change – Organisational Effectiveness, NHS Greater Glasgow and Clyde	None	Chair, Board of Trustees, Eddie Miller Eastbank Foundation; Member, Board of Developing the Young Workforce, West Region; Member, Glasgow Employer Board for Glasgow	None	None	None	None	None	None

Board Member	Remunerated employment	Other remunerated positions	Non-remunerated positions	Related undertakings	Contracts	House, land & buildings	Shares & securities	Gifts & hospitality	Other relevant information
			Chamber of Commerce						
John Leburn	Principal Consultant and Founder of Exponentiate.uk.		Chairman of the Corporate Reporting Committee, and member of The Technical Policy Board at ICAS; Associate of the University of Edinburgh; Group Mentor with the Renfrewshire Chamber of Commerce.	None	None	None	None	None	None
John McMillan	Retired	None	Trustee, West College Scotland Foundation	None	None	None	None	None	None
Danny Walls	Support Staff, West College Scotland	None	None	None	None	None	None	None	None
Mark Newlands	Head of Partnerships, Scottish Enterprise	None	Renfrewshire CPP Board and Executive Group, Texas Instruments Task Force, Inverclyde Alliance	None	None	None	None	None	None
David Watson	Teaching Staff, West College Scotland	None	None	None	None	None	None	None	Member of EIS
Angela Wilson	Strategic Director	None	None	None	None	None	None	None	None

Board Member	Remunerated employment	Other remunerated positions	Non-remunerated positions	Related undertakings	Contracts	House, land & buildings	Shares & securities	Gifts & hospitality	Other relevant information
	West Dunbartonshire Council								
Mac Murray	Students Association President	None	None	None	None	None	None	None	None
Nicole Percival	Students Association Vice President	None	None	None	None	None	None	None	None
Co-opted Committee Members									
Stephen Vere Audit Committee	Scottish Futures Trust	None	Director, C3 Investments in Ayrshire College Education Ltd	None	None	None	None	None	None
Graeme Bold Audit Committee	Operations Director, M&G Prudential	None	None	None	None	None	None	None	None
Peter MacLeod LTQ Committee	Director of Children's Services, Renfrewshire Council	None	Chairperson & Director, Institute for Research and Innovation in Social Services. (IRISS – Regulated Charity); Widening Access Delivery Group; DYW West Board	None	None	None	None	None	Social Work Scotland; Association of Directors of Education; Entrepreneurial Scotland
David Mark	None	None	Director, Straps of Gourock Retail	None	None	None	None	None	None

TITLE: **SCHEDULE OF BUSINESS 2018-19**

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

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

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

REMIT	DELIVERABLES				
	6/9/18	21/11/18 (Joint Meeting with FGP)	7/12/18	8/3/19	24/5/19
1) General					
To provide advice to the Board on the strategic processes for risk, control and governance					
• Risk	Y	Y	Y	Y	Y
• Annual statement in Financial Statements – Corporate Governance	Y				
• Internal audit reports (see section 2)					
• External audit report (see section 3)					
• Remit of Committee reviewed against best practice and governance requirements	Y		Y		
• Review of College Articles of Governance / Scheme of Delegation and Standing Orders (Scheduled for Nov 2020)					
To review and advise the Board of the Internal Auditor's and External Auditor's assessment of the effectiveness of the College's financial and other internal control systems, including controls specifically designed to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness (value for money)					
• Internal Audit Annual Report 2017-18	Y	Y			
• External Audit Management Letter as at 31 July 2018		Y			
• Internal and external audit reports as received	Y	Y	Y	Y	Y
• Update / Report on National Fraud Initiative	Y				Y
• Report on Value for Money	Y				
• Procurement and Commercial Improvement Programme				Y	

REMIT	DELIVERABLES				
	6/9/18	21/11/18 (Joint Meeting with FGP)	7/12/18	8/3/19	24/5/19
To advise the Board on the adequacy of the whistle blowing process and to receive an annual report on any matters raised through this process					
• 2016-17 Annual Report on Whistleblowing • Committee to be made aware of any issues arising during the year	Y				
To consider and advise the Board accordingly on any arrangements for special investigations and the outcomes of such investigations					
• Reports to be received as requested			Y		
To advise the Board on its compliance with corporate governance requirements and good practice guidance, and in particular its compliance with the Financial Memorandum with SFC, the SPFM and the Code of Good Governance for Scotland's Colleges					
• Review of Audit Committee effectiveness • Internal Audit Annual Report 2017-18 • External Audit management letter as at 31 July 2018 • Report on compliance with SFC FM and SPFM • Monitoring of Regional Outcome Agreement • Register of Interest for Board and Committee members	Y Y Y	Y Y	Y	Y	Y Y Y
To consider the College's Annual Financial Statements at a joint meeting with the Finance and General Purposes Committee, and to recommend to the Board for approval					
2017-18 • External Audit Management Letter / Letter of representation • Audit report on student activity • Audit report on student funding activity • Audit report on Educational Maintenance Allowances		Y Y Y Y			

Commented [AR1]: Included on basis of potential further work on fraud

REMIT	DELIVERABLES				
	6/9/18	21/11/18 (Joint Meeting with FGP)	7/12/18	8/3/19	24/5/19
• Governance Statement • Financial Statements July 2018 2018-19 • External audit fee proposal 2018-19 • External Audit Engagement Strategy 2018-19 • Contract approval for other audit work	Y	Y Y	Y	Y	Y Y
To provide an annual report to the Board, timed to support the finalisation of the accounts and the Statement on Internal Control, and summarising its conclusions from the work it has done during the year					
• 2017-18 Annual report to Board of Management from the Audit Committee	Y	Y			
To report to the Board after each meeting					
• Minutes and verbal update to each Board Meeting	Y	Y	Y	Y	Y
To review its own effectiveness at least annually and to report the results of that review to the Board					
• Review of remit of Committee • 2017-18 Annual report to Board of Management from the Audit Committee • Annual review of effectiveness of the Committee 2018-19	Y	Y	Y		Y

REMIT	DELIVERABLES				
	6/9/18	21/11/18 (Joint Meeting with FGP)	7/12/18	8/3/19	24/5/19
2) Internal Audit					
To advise the Board on the selection, appointment or re-appointment and remuneration, or removal of the Internal Auditors. The responsibility for selection of the Internal Auditor may be delegated to a Selection Committee as agreed by the Audit Committee					
• Review of effectiveness of internal audit function					Y
• Internal audit contract tender process					
To advise the Board on the terms of reference for the Internal Auditors					
• Annual Internal Audit Plan 2018-19	Y				
• Review of Internal Audit Plan 2018-19			Y	Y	Y
To review the scope, efficiency and effectiveness of the work of the Internal Auditors and to advise the Board on these matters					
• 2017-18 Annual Report to Board of Management from the Audit Committee	Y	Y			
• Review of effectiveness of internal audit function for 2018-19					Y
To agree the Internal Audit Plan and review the Internal Audit Annual Report					
• Internal Audit Annual Report 2017-18	Y	Y			
• Draft Internal Audit Plan 2019-20					Y
• Internal Audit Progress Report	Y		Y	Y	Y
To review the Internal Audit reports, the management response to them and to review implementation of the actions required					
2017-18					
• Procurement and tendering (F&GP)	Y				
• Workforce Planning (OD&HR)	Y				
2018-19					
• Internal communication (CD)			Y		
• Financial planning and monitoring (F&GP)			Y		

REMIT	DELIVERABLES				
	6/9/18	21/11/18 (Joint Meeting with FGP)	7/12/18	8/3/19	24/5/19
• Freedom of Information (OD&HR) • Fraud Prevention • Safeguarding (L&T) • Student Experience (L&T) (To other Committees for information in brackets)				Y Y	 Y Y
To review the Rolling Audit Action Plan at each meeting					
• Report on Rolling Audit Action Plan	Y		Y	Y	Y
To encourage appropriate liaison and co-ordination between internal and external audit					
• Invite / attendance at all Committee meeting by both internal and external auditors	Y	Y	Y	Y	Y
To establish appropriate performance measures and indicators to monitor the effectiveness of the Internal Auditors					
• Annual review of internal audit function 2018-19 • Annual meeting with internal auditor excluding College staff					Y Y
3) External Audit					
To receive information on the general terms and conditions of appointment of the External Auditors who are engaged by Audit Scotland to provide audit services to the College					
• Annual year end audit update by external auditors • Annual external audit appointment terms and conditions • Approval of External Auditors Audit Planning Memorandum 2018-19	Y	Y			 Y Y

REMIT	DELIVERABLES				
	6/9/18	21/11/18 (Joint Meeting with FGP)	7/12/18	8/3/19	24/5/19
To consider the External Auditors report on the Financial Statements and the management letter prior to submission to the Board, and to review the implementation of the recommendations					
• External Auditors report on the Financial Statements 2017-18		Y			
To review the Statement of Corporate Governance					
• Review the statement of Corporate Governance	Y	Y			
To review the External Audit strategy and plan					
• 2017-18 Accounts Direction for Scotland's colleges and universities	Y				
• External Audit 2019-20 Engagement Strategy					Y
• Process of appointment and approval of auditor to undertake other audit work			Y	Y	
To establish appropriate performance measures and indicators to monitor the effectiveness of the External Auditors;					
• Annual review of effectiveness of external audit function					Y
• Annual meeting with external auditor excluding College staff – Mazars		Y			
To consider the objectives and scope of any non-statutory audit work to be undertaken by the External Auditors firm and advising the Board of any potential conflict of interests.					
• As required					
4) Risk					
To review the Risk Management Strategy and recommend to the Board for approval					
• Review of College Risk Management Strategy			Y		

REMIT	DELIVERABLES				
	6/9/18	21/11/18 (Joint Meeting with FGP)	7/12/18	8/3/19	24/5/19
To consider the Strategic Risk Register and to advise the Board accordingly					
• Report on College Strategic Risk Register	Y	Y	Y	Y	Y
To consider matters of risk at each meeting and to satisfy itself that risks are being managed, including seeking assurances from internal and external audit on the adequacy of their management, and to report to the Board.					
• Report on Strategic Risk Register	Y	Y	Y	Y	Y
5) Other					
To receive annual reports on Freedom of Information and Data Protection Acts requests; Register of Interests; and Hospitality/Gifts Registers					
a. Freedom of Information and Data Protection Acts requests	Y				
b. Register of Interests	Y				
c. Hospitality / Gift Registers	Y				
To request any member of the College staff to attend and/or to provide a written report on any matter that falls within the remit of the committee					
• As required					
To procure ad-hoc specialist advice at the expense of the College as appropriate and when necessary, subject to budgets being agreed by the Board					
• As required					