

**West College Scotland
AUDIT COMMITTEE**

**Thursday 23 May 2019 at 3.45 p.m. in
Abercorn 1, Paisley Campus**

AGENDA

**Audit Committee to meet with College staff only
Agenda items 1 and 2 are restricted business**

- | | | |
|-------------------------------------------------|---------|----|
| 1. Annual Evaluation of Internal Auditors | Paper 1 | GM |
| 2. Appointment of Contract for Other Audit Work | Paper 2 | AR |

Audit Committee to meet with Internal Auditors only

- | | | |
|-------------------------------------------------|--------|--|
| 3. Closed session review with internal auditors | Verbal | |
|-------------------------------------------------|--------|--|

General Business

- | | | |
|--------------------------------------------------------------------------|----------|----|
| 4. Apologies | | |
| 5. Declaration of Interests | | |
| 6. Minutes of the meeting held on 14 March 2019 | Enclosed | JM |
| Actions from the Minutes | Enclosed | JM |
| 7. Matters arising from the minutes
(and not otherwise on the agenda) | | |
| .1 AM401 SFC Indicative/Final Funding 2019-20 | Verbal | DA |

Main Items for Discussion and/or Approval

- | | | |
|-----------------------------------------|---------|-------|
| 8. Audit and Assurance Framework Update | Verbal | AR/GM |
| 9. Report on Payroll Fraud | Paper 9 | DA |

External Audit

- | | | |
|--------------------------------------------------------|----------|----|
| 10. 2018-19 Audit Strategy Memorandum and Fee Proposal | Paper 10 | LN |
|--------------------------------------------------------|----------|----|

Internal Audit

- | | | |
|------------------------------------------------|----------|----|
| 11. Internal Audit Report – Student Experience | Paper 11 | EY |
|------------------------------------------------|----------|----|

12. Internal Audit Report – Safeguarding	Paper 12	EY
13. Internal Audit Report – Freedom of Information	Paper 13	EY
14. Internal Audit Annual Plan 2018-19 Update	Paper 14	EY
15. Rolling Audit Action Plan	Paper 15	AR
16. Draft Internal Audit Plan 2019-20	Paper 16 To follow	EY

Other

17. Annual Effectiveness Review of Audit Committee	Paper 17	GM
18. Governance Compliance and ROA Outcomes	Paper 18	AR
19. Risk Management - Strategic Risk Register & Risk Appetite Update	Paper 19	AR
20. National Fraud Initiative 2018 Update Report	Paper 20	AR

Items for Information (to note only)

21. Schedule of Business 2018-19	Paper 21	AR
22. Draft dates of Board/Committee meetings 2019-20	Paper 22	GM
23. Any other business		

Next meeting: Thursday 5 September 2019 at 4.00 p.m. Paisley Camus.

Gwen McArthur
Secretary to the Committee

AUDIT COMMITTEE

MINUTES: 14 March 2019

Present: John McMillan (in the Chair)
Graeme Bold, Andrew Hetherington, Wai Wong.

Attending: Liz Connolly (Principal), 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.

Apologies: Claire Beattie, Lucy Nutley, Joanne Buchanan.

AM395 WELCOME

The Chair welcomed the new member, Wai Wong, to his first meeting of the Committee.

AM396 DECLARATION OF INTERESTS

John McMillan declared an interest as a Trustee 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.

AM397 MINUTES

The minutes of the meeting held on 13 December 2018 were approved.

AM398 ACTIONS FROM THE MINUTES

The Committee noted a report on the actions taken since the last meeting.

AM399 OTHER AUDIT WORK (AM381)

Further consideration had been given to this matter and it was now proposed that quotes for the other audit work (student activity and support funding) be sought for one more year at this time. This would allow the tender for the other audit work to be combined with the tender for the appointment of the internal audit services contract. It was noted that most other colleges tendered for their internal audit services and other audit work at the same time. It was the hope that taking this approach might secure improved value for money. The Committee **agreed** with this approach and noted that it was the intention to place the notice seeking quotes for the other audit services on the procurement

portal the following week. A report on progress with this matter would be brought to the next meeting. **[Action: AR]**

AM400 COMMITTEE REMIT (AM384)

It was noted that the Board had approved the proposed changes to the remit of the Audit Committee at its meeting on 4 February 2019. The Committee noted a copy of the revised remit.

AM401 SFC INDICATIVE FUNDING FOR 2019-20

The Vice Principal Operations informed the Committee that the SFC had announced the indicative funding allocations for 2019-20 to the sector at the end of February. These figures were still being analysed but overall the College would receive a flat cash core grant settlement. Some ring-fenced funding had been provided to support agreements reached through National Bargaining. The Committee noted that the teaching unions were seeking a 3% increase in staff salaries and there would be an increase in employer's contribution to teaching staff pensions. Both of these increases meant that the financial position for 2019-20 continued to be challenging. There was a significant reduction in the level of funding in support of estates life cycle maintenance and also for high priority maintenance. The funding allocation overall would be challenging for the College, as indeed it would be for most of the sector.

AM402 AUDIT ASSURANCE FRAMEWORK UPDATE (AM383)

The Committee noted progress with the development of an assurance framework for the College. A training session, led by Scott-Moncrieff, had been held with members of the Senior Management Team (SMT) on 31 January 2019. At this meeting it was agreed that the assurance framework should be at a high level so that it would be manageable. Six main assurance areas had been identified for inclusion in the framework. Consideration had then been given to the prioritisation of these areas and which area would be developed first. In reaching a view in determining prioritisation of the areas, account was taken of the extent of review and audit that was already in place for each area, so that those areas that were already subject to significant audit and review would be viewed as a lower priority at this stage in the development of the framework. In light of this it was decided that the Student Experience area should be the first area to proceed. A draft assurance map had been prepared and it was agreed that the Student Experience team would populate this with the information being sought. The feedback obtained on following this process and the suitability of the assurance map prepared would then be used to inform the roll-out of this process to the other areas.

The Committee noted the progress made to date. It was also noted that the prioritisation of the areas was not directly linked to risk, but rather

was linked to the areas where most value might be obtained in developing this process. The Committee was aware that the assurance framework had to be viewed in the wider context of all other activity being undertaken - e.g. the Internal Audit Plan, the Strategic Risk Register, etc. Once the assurance framework was developed the Committee would have a clearer view on how all these different elements fitted together to provide the assurance that the Board and the Committees needed.

The Committee **agreed** that it was comfortable with the direction of travel and the steps taken so far. Scott-Moncrieff would continue to work with the College to develop the assurance framework. It was noted that there would be a development session on the 'Assurance Framework' at the start of the next Board meeting on 25 March, so that the Board would be made aware of the requirements for this area and the progress to date. A further report on progress would be provided to the next meeting.

[Action: AR; GM; EY]

AM403 INTERNAL AUDIT REPORT: FRAUD PREVENTION (AM394)

The Internal Auditor presented their findings and recommendations from the Fraud Prevention Report. This was a very positive report and confirmed that the College *'has robust processes in place for preventing and responding to suspected fraud'*. The College has a Fraud and Corruption Policy in place which sets out the responsibilities of staff and the process for reporting and investigating suspected cases. The Internal Auditors confirmed that *'these processes were applied effectively through a review of the College's response to the purchase ledger fraud identified during October 2018'*. The Internal Auditor confirmed that this audit had been planned and was not in response to the specific case that arose.

The Committee welcomed the findings of this report and was pleased to note that the Internal Auditors were satisfied with the robustness of the policy and processes and that these had been followed when an incident had arisen. Two minor recommendations for improvement had been proposed and these had been accepted by the Management and would be included in the Rolling Audit Action Plan for follow-up. In discussion it was noted that the Fraud and Corruption Policy was one of a suite of policies that the College had in place to deal with instances of suspected fraud, the other main policy being the Public Interest Disclosure (Whistleblowing) Policy. It was **agreed** that both these policies would be brought to the next meeting for consideration.

[Action: DA; AR]

AM404 ROLLING AUDIT ACTION PLAN (AM386)

The Director of Finance and Estates presented the updated Rolling Audit Action Plan. The Committee noted that 12 recommendations had been reviewed during this period and Internal Audit recommended that 6 of

these be removed as they were now complete. In discussion the Committee noted that the Internal Auditors were satisfied with the progress made regarding the health and safety refresher training for staff. Priority had been given to ensuring that staff in the higher risk areas were trained first, with those in the lower risk areas following on.

The Committee **approved** the Rolling Audit Action Plan, including the removal of 6 completed recommendations.

AM405 INTERNAL AUDIT ANNUAL PLAN 2018-19 UPDATE (AM387)

The Committee received an update on progress with the implementation of the Internal Audit Annual Plan 2018-19. It was noted that the Internal Auditors were on track to complete the 2018-19 audit assignments as originally planned. The Committee noted this information and the progress made to date.

AM406 DRAFT INTERNAL AUDIT PLAN 2019-20

The Internal Auditor presented the draft Internal Audit Annual Plan 2019-20 and noted the proposed areas to be reviewed and the number of days for each, with a total of 55 annual days which was the same as for session 2018-19. The Committee had seen an earlier version of this when it had considered the annual plan for 2018-19. It was noted that the areas identified for audit during session 2019-20 were all areas that had not been audited for some time and were areas that were consistent with the Audit Universe. The Strategic Risk Register was also used to assist in identifying the areas to be audited during the year. All Committees had the opportunity to input to the risk register, as did the Board and the SMT, so that any areas within the College could be highlighted for audit as appropriate.

In discussion the following points were raised:

- Further explanation as to why these areas had been included in the Audit Plan for 2019-20 would be helpful. While the Committee was satisfied with the areas to be included it was considered that these were quite generic and some further information should be included to clarify why these areas were important for the College.
- GDPR (General Data Protection Regulations) had been in place for 1 year now and it was queried if this area should be included to provide assurance that this had been effectively implemented.
- Both the VLE (Virtual Learning Environment) and the Digital Strategy had been included in the Plan. These were quite separate areas and would be audited differently.
- The SMT had still to consider this proposed plan and might identify areas that they wished to be included.

The Committee **agreed** that the areas currently included in the draft Internal Audit Annual Plan 2019-20 should be brought to the attention of the Board so that the Board was aware of these and could provide input as appropriate. These areas are:

- Financial System Health Check (6 days)
- Regional Outcome Agreement (7 days)
- Equality and Diversity (6 days)
- Continuing Professional Development (8 days)
- Virtual Learning Resource (8 days)
- Digital Strategy (8 days)
- With the remaining days being used to attend Committee meetings and for follow-up actions. **[Action: JM]**

The Senior Management Team would consider the draft Internal Audit Plan 2019-20 and input as appropriate. All feedback obtained would be taken into account and the final edition of the Plan would be brought to the next meeting for consideration and approval. **[Action: DA; AR; EY]**

AM407 ANNUAL REVIEW OF EFFECTIVENESS OF AUDIT COMMITTEE (AM329)

The Committee noted that it was now time to conduct the annual review of the effectiveness of the Committee and of the External and Internal Auditors. The questionnaires used previously for this exercise had been reviewed in light of the revised Audit and Assurance Committee Handbook. However, only one minor amendment was proposed to the wording of the questionnaire on the effectiveness of the Committee. The Committee **agreed** that the annual effectiveness reviews be conducted using the questionnaires considered at the meeting with responses being sought by 15 April 2019. A report on the outcomes would be brought to the next meeting. **[Action: GMcA]**

AM408 STRATEGIC RISK REGISTER REVIEW (AM388)

The Committee noted the College Strategic Risk Register. There had been no movement in the risk ratings since the last meeting with the top five risks remaining the same, although some mitigating actions had been revised. The College had only just received notification from the SFC on the indicative funding allocation for session 2019-20, which was currently being analysed and might affect the strategic risks faced by the College.

In discussion the Committee was concerned that there was a risk that the highest risks on the register might become even higher, in light of the recent funding allocation announcement, and the College would have limited ability to mitigate the impact. It was acknowledged that funding was a major concern across the sector and the lack of movement in the risk rating of these items needed to be addressed. It was known that the

College was already in the process of transformational change to its business and delivery mechanisms and was discussing this with the SFC. It was also known that the lack of funding to invest in the College estate and ICT infrastructure was affecting the student learning experience and this had been raised with the SFC. This would be considered further when the SMT considered the risk register and how best this could be captured in the risk register.

The Committee **approved** the revised Strategic Risk Register and had no changes or additions to make to it.

AM409 MODERN SLAVERY STATEMENT (BM516.v)

In order to comply with the Modern Slavery Act 2015 a statement setting out the steps that the College was taking to ensure that there was no modern slavery in the College or its supply chain had been prepared and had been considered by the Board at its last meeting. The Board had approved this statement and had asked each of the Committees to consider this in relation to the areas that fell within their remit. It was noted that not all of the Committees had had the opportunity to consider this statement yet but all would have reviewed it in order to report back to the Board meeting in June. The Committee welcomed this approach.

AM410 COLLEGE GOVERNANCE: MINISTERIAL STATEMENT

The Committee noted a statement issued by the Minister for Further Education, Higher Education and Science regarding proposed changes to college governance. Further discussions were currently taking place at sector level regarding these changes, as clarification of how some of them were to be implemented was required. Some of the changes would require a change in the legislation, so there would be a delay before these could be implemented. The Committee would be kept informed of progress with these changes.

[Action: GMcA]

AM411 SCHEDULE OF BUSINESS 2018-19

The Committee noted its Schedule of Business 2018-19.

AM412 NEXT MEETING

Thursday 23 May 2019 at 4.00 p.m. at the Paisley campus.

Audit Committee: Meeting of 14 March 2019

Actions from the Minutes

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
14 March 2019	AM399 381	Other Audit Work – progress report to be brought to next meeting	A Ritchie		May meeting
	AM402 383	Audit Assurance Framework Update – progress report to be brought to next meeting	A Ritchie E Young G McArthur	Development session on the Assurance Framework was provided to the Board at its meeting on 25 March	May meeting
	AM403	Internal Audit Report: Fraud Prevention – Fraud and Corruption Policy and Public Interest Disclosure (Whistleblowing) Policy to be brought to next meeting	D Alexander A Ritchie		May meeting
	AM406	Draft Internal Audit Plan 2019-20 – areas currently included in draft plan to be drawn to attention of Board; - SMT to consider draft plan and Final edition of Audit Plan to be brought to next meeting	J McMillan D Alexander A Ritchie E Young	Board was informed of areas in the Draft Internal Audit Plan at its meeting on 25 March 2019	May meeting
	AM407 346.1	Annual Effectiveness Review of Audit Committee – questionnaires to be issued and report on feedback to be provided to next meeting	G McArthur	Questionnaires issued and feedback sought by 15 April	May meeting
	AM410	College Governance: Ministerial Statement – Committee to be kept informed of progress with changes	G McArthur		Future meeting
		Actions from previous minutes			
13 Dec 2018	AM384 359	Committee Remit – revised remit agreed and forwarded to Board for consideration and approval at its meeting on 4 February 2019	G McArthur	Board decision to be reported to March meeting	Complete

	AM385.1	Internal Audit Report: Internal Communications – i.Consideration to be given to scope and timing of an all staff internal communication survey. ii. Report to be forwarded to Corporate Development Committee	i. L Connolly ii. G McArthur	i.Consideration to be given to scope and timing of survey with report back to Audit Committee ii. Report considered at February meeting of Corporate Development Committee	i.Future meeting ii. Complete
	AM388.2 374	Development of Risk Management Framework – Board to consider the introduction of a formal risk management appetite statement	D Alexander A Ritchie G McArthur	Board will consider this matter further, possibly as part of the strategic session with SMT	Future meeting
6 Sep 2018	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 was discussed and approved by the Board at its December 2018 meeting.	May 2019

TITLE: 2018-19 AUDIT STRATEGY MEMORANDUM AND FEE PROPOSAL

Background: The purpose of this report is to present to the Audit Committee the external auditor's Audit Strategy Memorandum and fee proposal for the audit of the 2018-19 financial statements. The Audit Strategy Memorandum 2018-19 will also be presented to the Finance and General Purposes Committee on 27 May 2019 given there is joint responsibility along with the Audit Committee for approving the College Annual Financial Statements.

The Audit Strategy Memorandum document provides the Committee with an overview of the external auditor's (Mazars LLP) preliminary audit planning procedures and approach in relation to the financial statements of the College for the year ended 31 July 2019. The memorandum sets out their intended approach to the audit of the College and provides an overview of significant risks and key judgement areas in section 4.

In section 5 the memorandum notes the four wider scope areas upon which the auditors require to make a judgement:

- financial sustainability;
- financial management;
- governance and transparency; and
- value for money.

Mazars have set their fee for the audit at [REDACTED] This fee is within the fee range set by Audit Scotland.

Lucy Nutley, Director – Public Services Audit, from Mazars will present the contents of the Memorandum to the Committee for their consideration and approval.

Action: The Audit Committee is requested to approve the content of the 2018-19 Audit Strategy Memorandum and the audit proposed fee.

Lead: Lucy Nutley, Director – Public Services Audit, Mazars

Status: Open

TITLE: INTERNAL AUDIT REPORT – STUDENT EXPERIENCE

Background: As part of the internal audit programme for 2018-19 Scott Moncrieff conducted a student experience review relating to part time and evening students (excluding commercial, employer led and school classes). The review focused on the arrangements that apply to this cohort of students in relation to enrolment, on course support and the collation of student feedback.

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
Alan Ritchie, Director of Finance and Estates

Status: Open

TITLE: **INTERNAL AUDIT REPORT – SAFEGUARDING**

Background: As part of the internal audit programme for 2018-19 Scott Moncrieff conducted a review of the College's safeguarding arrangements. The work included a review of the College's Safeguarding Policy and procedures, staff training and performance reporting.

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
Alan Ritchie, Director of Finance and Estates

Status: Open

TITLE: INTERNAL AUDIT REPORT – FREEDOM OF INFORMATION

Background: As part of the internal audit programme for 2018-19 Scott Moncrieff conducted a review of the process and policies in place to prevent and respond to fraud and corruption. 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
Alan Ritchie, Director of Finance and Estates

Status: Open

TITLE: INTERNAL AUDIT ANNUAL PLAN 2018-19 UPDATE

Background: The Audit Committee approved the 2018-19 internal audit plan in September 2018.

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 three further reviews in the period since the previous Committee meeting:

- Student Experience;
- Safeguarding; and
- Freedom of Information

The finalisation of the above assignments completes the planned internal audit work for 2018-19.

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

Lead: Elizabeth Young, Director – Scott Moncrieff

Status: Open

TITLE **ROLLING AUDIT ACTION PLAN**

Background

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

- a) internal audit reports received and approved by the Committee; and
- b) external auditor management letter recommendations 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 approve the Rolling Audit Action Plan.

Lead

Alan Ritchie, Director of Finance and Estates

Status

Open

TITLE **DRAFT INTERNAL AUDIT PLAN 2019-20**

Background Following approval by the Audit Committee in 2018 to extend the contract with Scott Moncrieff for a final two-year period, the attached draft internal audit plan covers the final year of their contract to 31 July 2020.

This report provides an update on the work undertaken to review the 2019-20 internal audit plan following discussion at the Audit Committee meeting in March 2019.

Action The Audit Committee is requested to:

- Consider and approve the Internal Audit Plan for 2019-20; and
- Note the next steps in relation updating the internal audit plan relating to the strategic risk register and Corporate Plan 2019-25.

Lead Elizabeth Young, Director
Alan Ritchie, Director of Finance and Estates

Status Open

TITLE: GOVERNANCE COMPLIANCE AND ROA OUTCOMES 2018-19

Background: The Audit Committee remit includes the requirement:

“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.”

The objective of this report is to provide assurance to the Audit Committee that in fulfilment of this remit the College is operating in compliance with:

- The Financial Memorandum with SFC;
- The Scottish Public Finance Manual; and
- The Code of Good Governance.

There is also a need for the Committee to demonstrate that it has met its requirements in relation to the relevant areas of the 2018-19 Regional Outcome Agreement and confirm this to the Board of Management.

Action: The Audit Committee is requested to consider the:

- assurance provided in relation to governance compliance; and
- progress that has been made in relation to those Regional Outcome Agreement areas for which the Audit Committee has responsibility to provide an update to the Board of Management.

Lead: David Alexander, Vice Principal Operations
Alan Ritchie, Director of Finance and Estates

Status: Open

TITLE: **RISK MANAGEMENT - STRATEGIC RISK REGISTER AND RISK APPETITE UPDATE**

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 proposed changes to 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



Strategic Risk Register

2018/19

Strategic Risk Register Dashboard Report

Risk register reference date: May-19
Board / Committee review date: May-19

Top 5 Risks Post Mitigating Action				
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 3	Business cases for development of estate are continually delayed, impacts the ability of the College to recruit students, retain staff and address legislative requirements .	5	4	20
WCS 2	Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.	4	4	16
WCS 16	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.	5	3	15
WCS 4	Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource results in future credit and/or funding adjustments.	4	3	12

Movement in Risk Scores

Risk Score	Feb-19	May-19
24	1	1
20	0	1
16	2	1
15	1	1
12	4	4
9	4	4
6	4	3

The most significant risk faced by the College continues to be the volatility of SFC funding.

Continued delays to the business cases for the development of the College estate has moved up the register based on the latest developments in Renfrewshire and Inverclyde. This risk is closely linked to the next highest risk which is the failure to secure adequate maintenance funding.

The impact of the UK exit from Europe contiues to be a signifiacnt risk faced by the College as the level of uncertainty continues.

WEST COLLEGE SCOTLAND STRATEGIC RISK REGISTER 2018-19

				Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
Risk No.	Risk Reference	Strategic Priority	Risk	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 2019-20 indicative SFC funding received 28 February 2019 . This shows a level of core funding which is not greater than in 2018-19; 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) Transformation Plan submitted to SFC in order 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) Financial modelling of next 5 years being undertaken based upon SFC FFR assumptions. Allows the College to identify funding gap and to continue to take necessary steps to address the gap. 7) Commercial Development Group reporting to Corporate Development Committee with focus on maintaining and growing income including ESF activity. 8) Robust monitoring of current and future curriculum delivery plans (CMAF) including staffing requirements. 9) Active College representation and involvement in external SFC review groups - funding methodology, CDN Finance network; credit review; access and inclusion; rural and remoteness premium and student funding.	6	4	24	VP Operations / VP Educational Leadership
2	WCS 3	1,2,3,11	Business cases for development of estate are continually delayed, impacts the ability of the College to recruit students, retain staff and address legislative requirements .	6	4	24	1) The College continues to actively engage with SFC, SFT and other key stakeholders re investment and in relation to implementation of national estate condition survey review and future direction of travel. 2) Approved Estate Strategy highlights required estate investment for consideration by SFC and Scottish Government. 3) Draft Outline Business Case for Paisley estate submitted to the SFC. Response received from SFC in regard to Paisley OBC and the College is currently engaging with partners in relation to the collaborative aspects of any proposals. 4) Outline Business Case for Greenock updated and submitted to the SFC in December 2018 following Board of Management approval. SFC have confirmed receipt and willingness to work with College to take forward OBC 5) Inverclyde local development plan now finalised leading to restrictions on future College developments on preferred site. College continues to engage with partners to find suitable way forward. 6) 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. 7) 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. 7) Ongoing engagement with SFC	5	4	20	VP Operations

				Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
Risk No.	Risk Reference	Strategic Priority	Risk	Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
3	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) 2019-20 indicative funding for estates has seen a reduction in lifecycle maintenance and priority maintenance funding. The continued reduction in lifecycle maintenance does present an operational challenge 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 2019-20. 3) WCS participation in SFC/sector Capital Working Group. 4) Outline Business Case for Greenock updated and submitted to the SFC in December 2018 following Board of Management approval. SFC have confirmed receipt and willingness to work with College to take forward OBC. Implications of recently published Inverclyde local development plan now being considered and College is engaging with 5) Outline Business Case for Paisley submitted to the SFC and feedback received from the SFC. Discussion with partner organisations remains ongoing.in relation to the collaborative aspects of the proposals, and an updated OBC for Paisley will require to be submitted to SFC. 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
4	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.	5	3	15	1) College undertaken review of possible impacts of Brexit on operations. Output has been discussed at senior management level and with relevant Board Committees. To note potential impact on EU funded programmes (Modern and Foundation Apprentices). 2) The College is a member of a sector 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 ESF funding is due to end.	5	3	15	Principal
5	WCS 4	1, 3, 5, 6	Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource results in future credit and/or funding adjustments.	5	4	20	1) Positive engagement with SFC in relation to ROA development and monitoring for current and future years. 2) Effective internal monitoring and reporting procedures in place, including operational planning process, and monitoring through the Board of Management and all Committees. 3) Good working relationships with local authorities and school head teachers in order to access attainment funding in support of College activities in this area. 4) Detailed curriculum development planning and review process which has been subject to positive review by internal audit. 5) Blended approach to delivery of teaching and learning including 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. 7) The Board of Management considered the updated College ROA during the meeting in January 2019, and considered the outcomes that will be delivered at that time. The ROA will be further considered once the 2019-20 SFC final funding is confirmed, with a final version agreed with SFC prior to summer 2019.	4	3	12	VP Educational Leadership

				Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
Risk No.	Risk Reference	Strategic Priority	Risk	Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
6	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. National Bargaining funding distribution for 2019-20 amended in year and agreed with Colleges Scotland and the Scottish Funding Council. 3) 2018-19 final SFC funding included an allocation in order to meet the cost of national bargaining. 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 including liaison with Student Association on impact on students. 7) Local workforce planning arrangements subject to positive internal audit review (June 2018). 8) Support staff pay award until September 2019 been settled.	6	2	12	Principal
7	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 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) College has achieved required Cyber Essentials Plus accreditation in accordance with Scottish Government guidelines. 5) College Digital Strategy has been reviewed by SMT and sets out digital ambitions for the College. To be presented to the Board for approval in coming period. 6) Funding bid developed based for submission to SFC to ensure IT systems are fit for purpose. Initial discussions have been held with SFC on IT condition survey and College offered to be model for such a survey.	4	3	12	VP Operations
8	WCS 15	1,2,3,11	Failure to deliver the financial and/or non-financial objectives outlined in the College Transformation Plan "Future Proofing Our College".	4	4	16	1) Transformation Plan has been developed by the College and discussed in detail with the SFC. 2) Board of Management have approved the 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. 5) College on track to meet financial objectives outlined in the plan during 2018-19. However future years remain challenging and the plan will require to be further reviewed/updated. SFC indicative funding figures have been published and have crystallised the financial challenges faced by the College. No guidance on future years.	3	4	12	Principal

				Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
Risk No.	Risk Reference	Strategic Priority	Risk	Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
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. 8) Board of Management Estates Committee consider progress in implementing the Estate Strategy on an ongoing basis, with an annual review undertaken to demonstrate progress achieved.	3	3	9	VP Operations
10	WCS 9	3, 4, 11	Inability to maintain positive staff relations	4	3	12	1) Approved Workforce Plan in place to address Audit Scotland recommendations. 2) Internal audit on internal communications reported that that the College had effective internal communication channels to staff and students 3) Clear procedures for communication and engagement with Trade Unions and College staff. 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. 6) College is supportive of staff involvement in national job evaluation scheme and has open dialogue with Unions as to how staff can be supported.	3	3	9	Principal
11	WCS 11	5, 6, 8, 11	Failure to implement strategic objectives in relation to delivery of non-SFC income	4	3	12	1) Alternative Income Strategy currently under development in response to requirements of Transformation Plan objectives. Strategy will be subject to review by Corporate Development Committee. 2) Annual financial budget agreed and monitored by the Corporate Development Committee. 3) Strong partnerships with local employers and stakeholders. 4) Operation planning process used to identify potential opportunities for income growth. 5) Adaption of course portfolio to meet student / employer needs. 6) Financial strategy and planning in place to address resource needs and redirect as required. 6) Review of resources required within Curriculum Development Planning procedure. 7) Commercial Development Group meets bi-monthly to review and address challenges of delivering alternative income.	3	3	9	VP Educational Leadership

				Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
Risk No.	Risk Reference	Strategic Priority	Risk	Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
12	WCS 7	2, 11	Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery.	3	4	12	1) Business Continuity webpage created to inform all staff and stakeholders of College approach to business continuity planning. 2) Business Continuity Plan available to relevant staff on OneDrive along with associated documents to assist during any incident (including creation of "battle boxes"). 3) College has achieved Cyber Essentials Plus accreditation and has in place IT recovery plans as part of overall business continuity planning process. 4) Training and scenario planning sessions undertaken on a quarterly basis with involvement from both teaching and support staff. Externally facilitates and lessons learned shared with staff. 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.	3	3	9	VP Operations
13	WCS 10	3, 4,	Failure to embed Workforce Plan resulting in lack of appropriate resources and skills being developed to achieve College strategic objectives and outcomes	4	3	12	1) College Workforce Plan and associated reporting requirements approved by the Board of Management. 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 including an establishment report. 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 2018-19 audit plan. Internal audit recommendations are subject to final report from OD&HR Committee to the Audit Committee in May 2019 to allow the closure of the issues raised. 8) Staff skills survey being developed to allow the College to identify and address future skills gaps.	3	2	6	Principal
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) Data Protection Officer (DPO) appointed in compliance with legislative requirement. DPO is part of shared services agreement allowing the College to work collaboratively with other institutions. 2) DPO is undertaking review of departmental compliance with data legislation and addressing issues as required. Reports provided to working group on progress and issues identified / rectified. 3) College has a working group covering GDPR and data management issues with involvement from senior staff. The Group has oversight of the information risk assessment process. 4) Data Protection concepts and principles embedded within the operations of 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. The Board of Management Estates Committee also consider progress made in implementing the CMP on an ongoing basis, with a formal annual review undertaken. 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

				Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation			Executive Responsible
Risk No.	Risk Reference	Strategic Priority	Risk	Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	
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 stage to address any issues in advance of project start date. 2) Staff resource increased during 2018-19 to address the significant increase in level of expenditure and complexity of projects being undertaken. 3) Well embedded project / estate team with knowledge base that allows issues to be identified and addressed. 4) use of external professional advisors to provide oversight and critical review of proposed activities / plans.	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 for our students and our willingness to strive for and set the highest standards across all areas of our work.
10. We are committed to taking a leadership role in the West Region and together with our partners and stakeholders, tackle the significant social and economic deprivation, which still characterise many of our communities.
11. We will deliver a sustainable, effective and efficient service to our communities, through the implementation of sound governance, leadership, planning and management.

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

Risks - Probability x Impact Score Grid

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

TITLE: **NATIONAL FRAUD INITIATIVE – 2019 OUTCOMES**

Background: This paper provides the Audit Committee with a report on College engagement with the 2018-19 National Fraud Initiative review (NFI).

Action: The Audit Committee is requested to note:

- The outcome of the 2018-19 NFI exercise;
- The approach adopted by the College in relation to the submission of data, investigation and response to the queries raised during the NFI review; and
- The lessons learned from the 2018-19 NFI exercise; and
- The College external auditors will review this area as part of the 2018-19 year end audit.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

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.

The schedule has been expended to include an indication of the potential business to be undertaken in 2019-20 for consideration by the Committee. Where the deliverable has been annotated with a 'Y' it is intended that the Committee will receive a report at each meeting. If a report is to be brought to a specific meeting an indicative date has been included.

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

TITLE: PROPOSED COMMITTEE DATES OF MEETINGS IN 2019/20

Background: Consideration has been given to the meeting dates for next session, 2019/20. It is proposed that the Committee follow a similar pattern to this year and meet 5 times during the session, 4 meetings plus 1 joint meeting with the Finance and General Purposes Committee. The suggested dates for next year are:

- Thursday 5 September 2019
- Tuesday 19 November 2019 – Joint meeting with Finance and General Purposes Committee
- Thursday 12 December 2019
- Thursday 12 March 2020
- Thursday 21 May 2020

The meetings will continue to be held at 4.00 p.m. on the Paisley Campus.

The proposed schedule for Board and Committee meeting dates in 2019/20 is attached for information.

Action: The Committee is asked to consider and agree the proposed meeting dates for next session.

Lead: Gwen McArthur, Secretary to the Committee

Status: Open

Dates of Meetings in 2019/20

Committee	Aug	September	October	November	December	January	February	March	April	May	June
BOARD Mondays at 4.00 p.m.			7 G		9 P		3 P	23 C			15 P
Audit Thursdays at 4.00 p.m.		5			12			12		21	
Joint Audit & Finance				19 4.00 p.m.							
Finance and GP Tuesdays at 4.00 p.m.		3(?) 24		19 2.00 p.m.				10			2
Corporate Development Tuesdays at 4.00 p.m.			22				18			5	
Estates Tuesdays at 4.00 p.m.		10			10			3		26	
OD&HR Wednesdays at 4.00 p.m.		18		6			12			13	
LTQ Wednesdays at 4.00 p.m.				13 C			26 P			20 G	

NOTE: the venue for the Board and some Committee meetings will alternate between different Campuses as indicated above.

C = Clydebank; G = Greenock; P = Paisley.

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