

**West College Scotland
AUDIT COMMITTEE**

**3 September 2020 at 4.00 p.m.
by Skype**

AGENDA

General Business

- | | | |
|--|----------|----|
| 1. Welcome and Apologies | | |
| 2. Declaration of Interests | | |
| 3. Minutes of the meeting held on 21 May 2020 | Enclosed | JM |
| Actions from the Minutes | Enclosed | JM |
| 4. Matters arising from the minutes
(and not otherwise on the agenda) | | |
| .1 Audit and Assurance Update | | |

Items for Discussion/Approval

- | | | |
|--|---------|----|
| 5. Committee Membership, Remit and Meeting Dates | Paper 5 | SG |
| 6. Monitoring of Regional Outcome Agreement | Paper 6 | DA |
| 7. Draft 2019-20 Annual Report from the Committee to the Board | Paper 7 | JM |
| 8. Fraud Update Report (Restricted) | Paper 8 | DA |

Internal Audit

- | | | |
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| 9. Internal Audit Annual Plan 2020-21 Update | Paper 9 | SP |
| 10. Rolling Audit Action Plan | Paper 10 | AR |

External Audit

- | | | |
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| 11. External Audit Progress Update | Paper 11 | JB |
| 12. 2019-20 Accounts Direction for Scotland's Colleges | Paper 12 | AR |
| 13. Draft Accountability Report - Corporate Governance | Paper 13 | AR |

Other

- | | | |
|--|----------|----|
| 14. Risk Management Strategy and Strategic Risk Register | Paper 14 | AR |
| 15. Annual Report on Public Interest Disclosure Freedom of
Information and Data Protection Act Requests; Register of
Interests; and Hospitality/Gifts Register | Paper 15 | AR |

Items for Information (to note only)

16. Schedule of Business 2020-21

Paper 16 AR

17. Any other business

Next meetings: Thursday 3 December 2020 (Location: TBC)

Shirley Gordon
Secretary to the Committee

AUDIT COMMITTEE

MINUTES: Thursday 21 May 2020.

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

ATTENDING: Liz Connolly (Principal), David Alexander (Vice Principal Operations), Alan Ritchie (Director of Finance and Estates), Shirley Gordon (Secretary to the Committee).

ATTENDING BY INVITATION: Elizabeth Young (Scott Moncrieff), Joanne Buchanan (Mazars), Lucy Nutley (Mazars), Stephen Pringle (Wylie & Bisset), Graham Gillespie (Wylie & Bisset).

APOLOGIES: None received.

AM488 ANNUAL EVALUATION OF INTERNAL AUDITORS

[REDACTED]

AM489 CLOSED SESSION REVIEW WITH INTERNAL AUDITORS

[REDACTED]

AM490 WELCOME AND APOLOGIES

The Chair formally thanked Scott Moncrieff for their work with the College over the last 5 years and welcomed Wylie & Bissett as the College's new Internal Auditors from 1 August 2020. Attending from Wylie & Bissett would be Graham Gillespie and Stephen Pringle and both were welcomed to their first meeting.

No apologies were intimated.

AM491 DECLARATIONS OF INTERESTS

- John McMillan and Liz Connolly - Trustees of West College Scotland Foundation.
- David Alexander - Board member of the Scottish Funding Council and Chair of the Scottish Funding Council Audit and Compliance Committee.

AM492 MINUTES

The minutes of the meeting held on Thursday 12 March 2020 **were approved.**

AM493 ACTIONS FROM THE MINUTES

The Committee **noted** the actions taken and outstanding since the last meeting.

AM494 MATTERS ARISING FROM THE MINUTES (AND NOT OTHERWISE ON THE AGENDA)

The following matters arising were raised:

- Internal and other audit services contract – [REDACTED]
- Audit and Assurance Framework Update – work would take place with the internal auditors over the coming months to progress this with a view to a draft plan being ready for the end of the year.

The Committee noted both matters arising.

AM495 2019-20 AUDIT STRATEGY MEMORANDUM AND FEE PROPOSAL

The Director - Public Services Audit, Mazars LLP (external auditor) presented their Audit Strategy Memorandum and fee proposal for the review of the 2019-20 financial statements. Ms Nutley explained that the Audit Strategy Memorandum 2019-20 would also be presented to the Finance and General Purposes Committee on 2 June 2020 given there was joint responsibility along with the Audit Committee for approving the College Annual Financial Statements.

Ms Nutley reported that the Audit Strategy Memorandum provided the Audit Committee with an overview of the external auditor's preliminary audit planning procedures and approach in relation to the financial statements of the College for the year ended 31 July 2020. The memorandum also provided an overview of significant risks and key judgement areas. It noted the four wider scope areas upon which the auditors required to make a judgement:

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

Ms Nutley added that Mazars had set its fee for the audit within the fee range set by Audit Scotland.

The Committee discussed the many uncertainties ahead in light of the Covid 19 pandemic and Ms Nutley recognised that the strategy may be amended if/as required to reflect any changing landscape which emerges not only for College itself but also for the wider sector. The Vice Principal Operations clarified that the SFC had agreed to make full payment of core grant-in-aid funding for 2019/20 to all colleges but confirmation was awaited in respect of the funding position in relation to European funding/activity.

The Audit Committee approved the content of the 2019-20 Audit Strategy Memorandum and the proposed audit fee.

AM496 INTERNAL AUDIT REPORT – CONTINUING PROFESSIONAL DEVELOPMENT

The Internal Auditor reported that, as part of the internal audit programme for 2019-20, Scott Moncrieff conducted a review of the processes in place for staff continuing professional development, including annual objective setting and assessment, development planning and reporting of CPD implementation.

Ms Young led the Committee through the report which concluded that *“West College Scotland has continuing professional development (CPD) and staff induction processes in place that comply with national guidance, reflect best practice in many areas and are recognised by the General Teaching Council for Scotland”*.

Ms Young summarised several areas of good practice identified as well as areas for improvement. The College had accepted the recommendations and initiated the management actions noted in the report to address the issues identified. The recommendations would be added to the Rolling Audit Action Plan for monitoring purposes.

The Audit Committee approved the report and agreed it should be presented to the next HR and Corporate Development Committee for review.

{ACTION – SG}

AM497 INTERNAL AUDIT REPORT– ONLINE RESOURCES

The Internal Auditor reported that, as part of the internal audit programme for 2019-20, Scott Moncrieff conducted a review of the College’s use of online resources for engaging with students, including Moodle and ‘MyDay’. The audit reviewed planning, usage policies, monitoring and student feedback mechanisms.

Ms Young led the Committee through the report which concluded that *“West College Scotland has generally robust and effective arrangements in place over online resources. We confirmed that the use of online resources is actively considered as part of the curriculum planning process and that the College obtains and acts upon student feedback to support continuous improvement in this area.”*

Ms Young summarised several areas of good practice identified as well as minor areas for improvement. The College had accepted the recommendations and initiated the management actions noted in the report to address the issues identified. The recommendations would be added to the Rolling Audit Action Plan for monitoring purposes.

The Committee approved the report and agreed that it should be considered at the next LTQC meeting.

{ACTION – SG}

AM498 INTERNAL AUDIT REPORT– REGIONAL OUTCOME AGREEMENT (STAGE 2)

The Internal Auditor reported that, as part of the internal audit programme for 2019-20, Scott Moncrieff conducted a review of the processes in place for agreeing the College Regional Outcome Agreement (ROA) with the SFC. Scott Moncrieff progressed the review in two separate stages with stage one assessing the College’s ROA planning processes and stage two assessing the finalisation of the ROA and target setting. The Audit Committee received and approved the stage one Report at the December 2019 meeting. The report now concluded the stage two element of this assignment.

Ms Young led the Committee through the report which concluded that *‘West College Scotland’s processes for developing its Regional Outcome Agreement (ROA) are robust and compliant with SFC guidelines. We confirmed the College’s ROA*

process was fully complied with during development of the ROA, ensuing a quality ROA was drafted and submitted to SFC on a timely basis. The Board of Management was able to review and approve the ROA during the midst of COVID-19, ensuring the College continued to meet SFC submission deadlines.'

Ms Young summarised several areas of good practice identified and highlighted that the report did not identify any areas for improvement.

The Committee approved the report and agreed that it should be considered at the next LTQC meeting. **{ACTION – SG}**

AM499 INTERNAL AUDIT ANNUAL PLAN 2019-20 UPDATE

Elizabeth Young reported that the Audit Committee approved the 2019-20 College internal audit plan in May 2019. She provided the Audit Committee with an update on 2019-20 internal audit activity to date, reporting that the internal auditors had, in line with the agreed programme of work, completed three reviews in the period since the previous Committee meeting:

- Continuing Professional development;
- Online Resources; and
- Regional Outcome Agreement (Stage 2).

These three reports completed the 2019-20 internal audit plan.

The Committee noted the report.

AM500 ROLLING AUDIT ACTION PLAN

The Director of Finance and Estates explained that the purpose of the Rolling Audit Action Plan (RAAP) was to update the Audit Committee on the status of the recommendations made by both the internal and external auditors arising from:

- a) Internal audit reports received and approved by the Committee.
- b) External auditor management letter recommendations received as part of the year end reports made to the Joint Audit / Finance and General Purposes Committee.

The Director of Finance and Estates led the Committee through the report, summarising the movement in relation to audit recommendations made since the last meeting and confirmed that the RAAP was reviewed by relevant staff on a continual basis and the College considered good progress was being made addressing the recommendations made by both the internal and external auditors.

The Committee approved:

- a) An extension of time for 1 recommendation.
- b) The removal of 2 completed recommendations.
- c) The Rolling Audit Action Plan.

AM501 DRAFT ANNUAL INTERNAL AUDIT PLAN 2019-20 UPDATE

Elizabeth Young presented the draft Annual Internal Audit Report for 2019-20 which formed part of the suite of year-end reports and was designed to assist the Board of Management inform its governance statement.

She documented the scope and responsibilities of both management and the Internal Auditors and reported the internal audit opinion on the College framework of controls as '*In our opinion 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'.

She highlighted, however, that all the internal audit fieldwork was undertaken pre Covid 19 and that was the basis on which the internal auditors formed their opinion. She noted that the nature and timing of amendments to governance, risk and internal control arrangements as a result of Covid 19 should be carefully considered by the Audit Committee for any impact on the governance statement and related commentary.

The Audit Committee approved the Draft Annual Internal Audit Report 2019-20.

AM502 DRAFT INTERNAL AUDIT PLAN 2020-21

Graham Gillespie explained that, in March 2020, the Audit Committee approved the appointment of Wylie & Bisset to provide internal and other audit services to the College for three years to 31 July 2023, with the option to extend the contract for a further two years until 31 July 2025. Mr Gillespie presented the draft internal audit plan for 2020-21 which had been compiled following discussion with the College Senior Management Team alongside a detailed review of the strategic risk register and other key College documents by the audit team.

Mr Gillespie led the Committee through the report highlighting the following nine areas of work which the internal auditors proposed undertaking during the initial three-year appointment:

- Overall Financial Controls.
- Fraud Awareness.
- Review on the effects of Covid-19.
- Complaints Handling.
- External Communications.
- HR: Sickness Absence Reporting.
- Assurance Mapping.
- Follow Up Reviews.
- Student Support Funds / Educational Maintenance Allowance (EMA) / Credit audits.

The Committee supported these areas of review for internal audit purposes going forward and recognised their importance in terms of linkages to the College Strategic Plan 2019-2025 and College Strategic Risk Register. In terms of Audit Universe, it was reported that would continue to be looked at as part of the assurance mapping exercise. **{ACTION – AR}**

For ease of reference, the Committee asked that the grading structure being used by the incoming auditors be made comparable to that of the outgoing auditors for consistency. **{ACTION – AR}**

The Audit Committee approved the 2020-21 Internal Audit Plan.

AM503 WCS FRAUD UPDATE - *Restricted Business*





AM504 RISK MANAGEMENT STRATEGY AND STRATEGIC RISK REGISTER

The Director of Finance and Estates reported that, in accordance with the Corporate Governance Code, the College Board of Management was tasked with ensuring a framework of risk management and control was in place. He provided:

- An update on the actions taken by the College to develop the College Risk Management Strategy;
- The next steps in the development of the College Risk Management Strategy.
- The current College Strategic Risk Register for the consideration of the Audit Committee.

The Director of Finance and Estates explained that the Board of Management approved the current version of the risk register at its meeting in March 2020. Since that meeting, the Senior Management Team (SMT) had continued to carry out a review of the College Strategic Risk Register. The mitigating controls had been updated to take account of items such as the ongoing interactions with the SFC, the outcomes of internal/external audit reports and any Scottish Government/Scottish Funding Council (SFC) announcements.

The Committee recognised that the Covid 19 pandemic was the most significant challenge the College had faced to date, and this had resulted in a level of uncertainty the organisation had not experienced before. In addressing the challenges, the Director of Finance and Estates explained that the College implemented its Business Continuity Planning arrangements and had formed a Covid 19 Response Team comprising members of the Executive, SMT and other operational staff as required. This allowed the College to understand the main scenarios that could most impact it and to put in place appropriate control and response measures that reflected the exposure. Furthermore, the College Senior Management Team considered the impacts of the Covid 19 pandemic be recorded within the Strategic Risk Register as a significant part of the Business Continuity Risk which was already represented within the register. The risk probability and impact had been scored at the highest level.

In response to a question, the Vice Principal Operations noted that the financial and cashflow implications arising from Covid 19 were expected to be significant for both 2019-20 and 2020-21, and these matters would be required to be considered by the Finance and General Purposes Committee and Board of Management. The College was currently awaiting clarification and guidance from the SFC in relation to several

significant financial, cashflow and governance matters in order to enable an informed financial strategy to be developed and implemented.

It was agreed that the Vice Principal Operations would continue to review the Risk Management Strategy in order to reflect the recent work that had been undertaken with the Board of Management in developing the College risk assurance framework, and would consider the sections relating to roles, responsibilities and controls. Further development of a new risk register reporting format would also require some changes to be made to the Risk Management Strategy. **{ACTION – DA}**

The Committee:

- **Noted the update on the actions taken to embed risk across the College.**
- **Approved the next steps in the development of the College Risk Management Strategy.**
- **Reviewed and approved the College Strategic Risk Register and in doing so considered:**
 - ❖ **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.**

AM505 GOVERNANCE COMPLIANCE AND ROA OUTCOMES

The Vice Principal Operations provided assurance that the College was operating in compliance with the:

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

He explained that there was a need for the Committee to demonstrate that it had met its requirements in relation to the relevant areas of the 2019-20 Regional Outcome Agreement and confirm this to the Board of Management.

The Audit Committee noted the assurance provided in relation to governance compliance as well as progress that had been made in relation to those Regional Outcome Agreement areas for which the Audit Committee had responsibility and agreed to provide an update to the Board of Management.

AM506 ANNUAL REVIEW OF EFFECTIVENESS OF THE AUDIT COMMITTEE

The Secretary to the Committee led members through the report on the outcomes of its annual effectiveness review. The Committee was pleased to note that this feedback was positive, and members were satisfied with the operation of the Committee and the level of information and assurances it received from a range of sources. Both the Internal and External Auditors confirmed that they were satisfied with the operation and effectiveness of the Committee.

The Committee approved the report and would report to the Board on this matter.

AM507 SFC FUNDING ANNOUNCEMENT 2020-21

The Vice Principal Operations explained that, the SFC issued Circular SFC/AN/06/2020 - College outcome agreement funding allocations for Academic Year 2020-21 on 7 April 2020. He provided a summary of the funding decisions set out in the announcement for the college sector within this 2020-21 academic year. He noted, however, that the Circular did not confirm all SFC funding for 2020-21 and

that further funding information from SFC would be essential in the coming weeks to enable the College to approve a 2020-21 budget and five-year financial strategy prior to August 2020.

The Committee recognised that the wider financial, cash and governance impacts on the College operating environment as arising from Covid 19 meant that wider financial sustainability would be extremely challenging in 2019-20 and 2020-21 and appreciated that the College would continue to engage with the SFC regarding financial sustainability and the actions required to achieve a balanced budget on an ongoing basis.

The Committee noted the report.

AM508 SCHEDULE OF BUSINESS 2019-20

The Director of Finance and Estates outlined the remit of the Audit Committee and how the schedule of business assisted in fulfilling this. The schedule of business was also used to inform the Annual Report of the Chair of the Audit Committee to the Board of Management.

The Committee noted the 2019-20 Schedule of Business.

AM509 DRAFT DATES OF BOARD/COMMITTEE MEETINGS 2020-21

The Secretary asked the Committee to consider and approve the Audit Committee remit, current membership and 2020/21 meeting dates.

The Committee:

- **Approved its remit, membership and 2020/21 meeting dates.**
- **Noted that the tenure of co-opted member, Graeme Bold, expired on 30 June 2020. As such, the Chair of the Committee would request that Graeme Bold be reappointed for a further one year (1 July 2020 to 30 June 2021) and the Chair would ask the Chair of the Board to present this for approval to the Board meeting scheduled for Monday 15 June 2020.**

AM510 ANY OTHER BUSINESS

- No other business items were raised.
- Date of Next meeting - Thursday 3 September 2020.

Audit Committee: Actions from the Minutes

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
21 May 2020	AM488	Annual Evaluation of Internal Auditors - The Committee approved the annual evaluation and agreed that the Secretary forward this to the Internal Auditors for their information.	S Gordon	Emailed to Elizabeth Young 25 May 2020.	Complete.
"	AM496	Internal Audit Report – Continuing Professional Development - The Audit Committee approved the report and agreed it should be presented to the next HR and Corporate Development Committee for review.	S Gordon	On the HRCDC agenda for its 15 September 2020 meeting.	September 2020 HRCDC meeting.
"	AM497	Internal Audit Report– Online Resources - The Committee approved the report and agreed that it should be considered at the next LTQC meeting.	S Gordon	On the LTQC agenda for it 11 November 2020 meeting	November LTQ 2020 meeting
"	AM498	Internal Audit Report– Regional Outcome Agreement (Stage 2) - The Committee approved the report and agreed that it should be considered at the next LTQC meeting.	S Gordon	On the LTQC agenda for it 11 November 2020 meeting	November LTQ 2020 meeting
"	AM502	Draft Internal Audit Plan 2020-21 – 1 - Audit Universe, it was reported that would be looked at as part of the assurance mapping exercise. 2 - The grading structure being used by the incoming auditors be made comparable to that of the outgoing auditors for consistency.	1 – A Ritchie 2 – A Ritchie		1 – Ongoing 2 – Ongoing

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
“	AM504	Risk Management Strategy and Strategic Risk Register – Update the Strategy in relation to roles, responsibilities and controls and to reflect further developments to the Risk Register reporting format.	D Alexander		3 September 2020 meeting
		Actions from previous minutes			
12 Mar 2020	AM475	Audit and Assurance Committee Handbook Update Committee would continue to be updated on developments.	A Ritchie		Future Meeting
“	AM481	Risk Management Strategy Report The Vice Principal Operations proposed to share, with the Committee Chair, a draft of a new format of the report could be adopted going forward (to ensure it was presented in a way that was as accessible and easy to follow as possible). The Committee agreed to this approach.	D Alexander		Complete
4 Sep 2019	AM438	Value for Money Policy Report Consideration on how the College compared with Audit Scotland's framework should be conducted and outcomes provided in next year's annual report.	A Ritchie		3 September 2020 meeting
	AM410	College Governance: Ministerial Statement Committee to be kept informed of progress with changes	S Gordon		Future meeting

Title: **Committee Remit, Membership and Dates of Meetings in 2020/21**

Background: The Committee is asked to consider and approve the following attachments:

- Audit Committee Remit (appendix A)
- Current membership list (appendix B)
- 2020/21 meeting dates (appendix C)

These were last approved by the Audit Committee at its meeting held on Thursday 21 May 2020 (Minute Reference AM509).

Action: The Audit Committee is asked to consider and approve:

- Audit Committee Remit (appendix A)
- Membership list (appendix B)
- 2020-21 meeting dates (appendix C)

Lead: Shirley Gordon, Secretary to the Committee

Status: Open

Appendix A

West College Scotland

Board of Management

Audit Committee

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 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 a process of constructive challenge.

1. Remit

.1 General

- To provide advice to the Board on the strategic processes for risk, control and governance;
- To develop and review the assurance framework and receive reports relating to it in order to provide the necessary assurances to the Board or determine any further action or assurances required;
- 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 anti-fraud policy and processes, and on the whistle blowing process, and to receive an annual report on any matters raised through these processes;
- 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.

Appendix B

Audit Composition (Para 2 of the Remit)

Category	Name
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.	John McMillan (Chair) Andrew Hetherington
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.	Graeme Bold Wai Wong

In Attendance	Name
Principal	Liz Connolly
Vice Principal Operations	David Alexander
Director of Finance and Estates	Alan Ritchie
Secretary	Shirley Gordon
Internal Auditor	Graham Gillespie Stephen Pringle (Wylie and Bisset)
External Auditor	Lucy Nutley Joanne Buchanan (Mazars)

Quorum	Two Members of the Committee, one of whom must be a member of the Board
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Appendix C

2020/21 Audit Meeting Dates:

- Thursday 3 September 2020
- Joint Audit and FGPC – Tuesday 24 November 2020
- Thursday 3 December 2020
- Thursday 11 March 2021
- Thursday 20 May 2021

TITLE: **MONITORING OF REGIONAL OUTCOME AGREEMENT OBJECTIVES**

Background: The Board of Management have agreed that each Committee should monitor progress on areas of the Regional Outcome Agreement (ROA) for which they have responsibility and provide a report to the Board of Management.

Action: The Audit Committee is asked to:

- note the background information provided in relation to the ROA process;
- note the key objectives of the West College Scotland Regional Outcome Agreement; which covers the period to 31 July 2020;
- note that further information in relation to the 2020-21 ROA process and refocused sector commitments and activity requires to be provided by the SFC, and that further updates on this matter will be provided to the Committee and Board of Management on these matters; and
- consider and agree the processes in place to enable Audit Committee monitoring of required 2020-21 ROA outcomes and to support provision of the required report to the Board of Management. Should the further information to follow from the SFC regarding the 2020-21 ROA process require a revision of these processes then this would be able to be considered by the Committee at a future meeting.

Lead: David Alexander, Vice Principal Operations

Status: Open

Monitoring of Regional Outcome Agreement Objectives

1.0 Background

1.1 Regional Outcome Agreements (ROAs) were introduced in 2012-13. They are intended to enable the Scottish Funding Council (SFC) to demonstrate the impact of the sector and its contribution in meeting:

- Scottish Government priorities as set out in the Scottish Economic Strategy; and
- The Scottish Government programme as detailed within the document 'A Nation with Ambition: The Government's Programme for Scotland'.

ROAs are also required by the Financial Memorandum as a term of SFC grant and are intended to build better relationships between the SFC, colleges and key stakeholders to support:

- Increased accountability and confidence in the distribution of resources, ensuring that resources are targeted where there is greater need; and
- Continuous improvement, to maximise the impact on the learner, the employer and the economy.

1.2 The Outcome Agreement process is intended to enable:

- Engagement, to ensure SFC decisions account for the context within which colleges operate, so that SFC can differentiate its approach where appropriate.
- Curriculum and investment planning based on economic, industry, labour market and demographic evidence.
- Consistent methods of operating, to ensure that a fair interpretation of college impact is made, and to enable the SFC to interpret impact consistently at a regional and national level.
- A means by which college regions can discuss with SFC their broader aspirations.

1.3 Ultimately the Regional Outcome Agreement is seen by the SFC to be a joint funding commitment, in which each college sets out:

- The regional context within which the college operates; and
- Outcomes and outputs a college region will deliver in response to Scottish Government priorities. In most instances these outcomes/outputs correspond to national performance measures, and include reference to a baseline position, current progress and a future ambition or target.

- 1.4 The College ROA to cover the period 2020-21 was finalised following the SFC 2020-21 final funding announcement on 9 June 2020. The annual process that has operated to date would then see formal agreement of the ROA reached with SFC by 31 July 2020. However, the College received correspondence from the SFC on 29 May 2020 (appendix provided with this paper) which stated:

SFC confirms the following

1. SFC will not ask governing bodies (College Boards and University Courts) to sign off the AY2020-21 Outcome Agreements in the usual way.

We recognise that most institutions produced their near final AY2020-21 OAs prior to the COVID-19 crisis. Therefore, institutions will not be in a position to sign off commitments and targets that they already know they can no longer deliver. To do so would lead to a reputational risk for the sector and for SFC. This move acknowledges the reality of the current emergency situation and the anticipated scale of the disruption to business. However, the current OAs do contain ongoing high level commitments that may still be relevant moving forward and SFC would want to recognise this.

2. SFC will not publish the AY2020-21 Outcome Agreements on our SFC website.

We will not move to publish the OAs on our website as usual, acknowledging that there will be no formal sign off of the accepted AY2020-21 OAs.

3. SFC will attach the allocation of core funding in AY2020-21 to refocused sector commitments and activity which will provide us with reassurance on use of designated funding.

Although we do not yet know exactly what those commitments will be, we are working closely with the sectors to establish a more high level set of outcomes for AY2020-21 that realign priorities with what will be needed to support economic recovery, to support those already in the education system (schools, colleges and universities) during the crisis period, and those who may be looking to re-enter employment. At the same time we expect colleges and universities to continue to widen access, deliver high quality research and ensure a high quality learning experience for all students that may be different in shape, structure and mode to previous years.

- 1.5 At this time the College awaits SFC confirmation of the refocused sector commitments and activity that are outlined under point (3). For now, the College is therefore proceeding on the basis that the key outcomes previously detailed within the final draft 2020-21 will remain and require to be delivered. It is not expected that any changes in funding will arise as a result of the SFC correspondence of 29 May 2020. Further updates on this matter will be provided to the Committee and Board of Management at future meetings.

2.0 Monitoring of Regional Outcome Agreement Objectives

2.1 As outlined above, the monitoring arrangements for the 2020-21 ROA require to be confirmed by the SFC. However, the overarching outcomes that are required to be achieved by the College through the ROA process are not expected to change, are these can be summarised as follows:

- **Outcome 1 - The Learner**

Scottish Government strategic priority: To provide the best student experience, seamlessly connected for learners of all backgrounds.

- **Outcome 2 - The System**

Scottish Government strategic priority: To provide high quality learning in a system where institutions work in partnership and demonstrate the highest standards of governance and financial accountability

- **Outcome 3 – Innovation**

Scottish Government strategic priority: To support Scotland's global reputation as a Science and Research Nation synonymous with high quality teaching, research, knowledge exchange and innovation.

2.2 Under the outcomes associated with *The System*, colleges are required to comply with the terms of the Financial Memorandum with SFC, and to meet the principles of good governance as set out in the Code of Good Governance.

2.3 The remit of the Audit Committee includes a requirement to '*ensure compliance with corporate governance requirements.*' The Board of Management has agreed that each Board sub-Committee should monitor progress on areas of the Regional Outcome Agreement it is responsible for and provide a final report to the Board.

2.4 The Audit Committee is therefore invited to consider the processes in place to monitor progress against these outcomes to support provision of the agreed report to the Board of Management. In considering this matter the Committee may wish to note the following matters are included within the Schedule of Business (*Agenda Item 16*) for 2020-21:

- Annual report from the external auditors, Mazars;
- Annual report from the internal auditors, Wylie and Bisset;
- A report on the effectiveness of the external auditors, Mazars;
- A report on the effectiveness of the internal auditors, Wylie and Bisset;
- A report on the annual Corporate Governance Statement;
- A report on Value for Money Policy;
- Review of Anti-Fraud and Corruption Procedures;
- Review of staff register of interests;
- Review of Public Interest Disclosure Policy/Procedures;
- Review at each meeting of the College Strategic Risk Register; and

- Annual review on compliance with the Code of Good Governance, SFC Financial Memorandum, Scottish Public Finance Manual and ROA outcomes.

3.0 Conclusion

3.1 The Audit Committee is asked to:

- note the background information provided in relation to the ROA process;
- note the key objectives of the West College Scotland Regional Outcome Agreement; which covers the period to 31 July 2020;
- note that further information in relation to the 2020-21 ROA process and refocused sector commitments and activity requires to be provided by the SFC, and that further updates on this matter will be provided to the Committee and Board of Management on these matters; and
- consider and agree the processes in place to enable Audit Committee monitoring of required 2020-21 ROA outcomes and to support provision of the required report to the Board of Management. Should the further information to follow from the SFC regarding the 2020-21 ROA process require a revision of these processes then this would be able to be considered by the Committee at a future meeting.

29 May 2020

Dear Principal and COVID-19 Co-ordinator,

Guidance on steps to complete the Outcome Agreement cycle for AY2020-21

I am writing to provide you with further reassurance and guidance on the steps we will take to complete the Outcome Agreement (OA) cycle for AY2020-21.

We have been working closely with colleges and universities to understand the full impact of the COVID-19 crisis on the future of our institutions and how and what they deliver. We already know that rapid reprioritisation and urgent reshaping and rethinking is underway. Alongside this we are working to design a process for a comprehensive review of OAs which will impact from AY2021-22 going forward and we will provide you with an update on that soon.

Our immediate priority is to provide you with further reassurance and guidance on how we will complete the OA cycle for AY2020-21. We are now in a position to provide some clarity on the status of the OAs you submitted to SFC by 30 April 2020 and in particular to address the following:

1. Arrangements for signing off OAs (institutions and SFC) and the timing of this
2. Publication of OAs
3. Reprioritisation and establishing new commitments linked to core funding for AY2020-21
4. Next steps

SFC confirms the following

1. SFC will **not** ask governing bodies (College Boards and University Courts) to sign off the AY2020-21 Outcome Agreements in the usual way.

We recognise that most institutions produced their near final AY2020-21 OAs prior to the COVID-19 crisis. Therefore institutions will not be in a position to sign off commitments and targets that they already know they can no longer deliver. To do so would lead to a reputational risk for the sector and for SFC. This move acknowledges the reality of the current emergency situation and the anticipated scale of the disruption to business. However, the current OAs do contain ongoing high level commitments that may still be relevant moving forward and SFC would want to recognise this.

2. SFC will **not** publish the AY2020-21 Outcome Agreements on our SFC website.

We will not move to publish the OAs on our website as usual, acknowledging that there will be no formal sign off of the accepted AY2020-21 OAs.

3. SFC **will** attach the allocation of core funding in AY2020-21 to refocused sector commitments and activity which will provide us with reassurance on use of designated funding.

Although we do not yet know exactly what those commitments will be, we are working closely with the sectors to establish a more high level set of outcomes for AY2020-21 that realign priorities with what will be needed to support economic recovery, to support those already in the education system (schools, colleges and universities) during the crisis period, and those who may be looking to re-enter employment. At the same time we expect colleges and universities to continue to widen access, deliver high quality research and ensure a high quality learning experience for all students that may be different in shape, structure and mode to previous years.

We are particularly aware of the need to maintain volume of provision over the coming year when the economy will be in a recovery period, to allow students to continue to access the learning and employability skills that will ensure a pathway to employment when jobs become available. Research Excellence Grant and University Innovation Fund impacts and outcomes will also remain a priority in AY2020-21 as they contribute directly to the knowledge economy vital for economic recovery.

4. Timelines for further information

SFC will continue to engage closely with the sector over the coming weeks to reach agreement on a more general set of outcomes and provide reassurance on the shape of the commitments for future delivery. We will then seek agreement from our Board and move to confirm in more detail what the refocused sector commitments and priorities will be for AY2020-21. We will communicate with you again in July to progress this.

We already know from the soundings taking place at senior level across the sector that the immediate policy priorities for institutions are going to be in the areas of:

- Transitions and pathways for students, (from school to college or university; college to university; and into work) are supported and clearly signposted.
- A high quality learning experience for all students, no longer predicated on always being physically in a classroom/lecture space. We are already seeing a move to online learning and repurposed blended delivery.
- Delivering for economic recovery including building on the work already underway on Upskilling.

I trust that this information provides the reassurance that you need for now on AY2020-21 Outcome Agreements. During this period and beyond I would ask that you continue to communicate regularly and clearly with current and prospective students to ensure they are fully aware of plans for the 2020-21 academic year.

Once again I am grateful for your engagement on emerging priority issues, the response to requests for non-routine intelligence and information, and the on-going dialogue at all levels with key leads across both our organisations. Our Outcome Agreement Managers remain important contact points for institution-specific matters, particularly over the coming weeks, and our COVID-19 mailbox (covid19@sfc.ac.uk) helps us capture all COVID-related issues and get information to the right people.

Thank you, again, for everything you are doing for students, staff and the communities around us in these challenging times.

Kind regards



Dr Donna MacKinnon

Director of Access, Learning and Outcomes

TITLE: DRAFT ANNUAL REPORT FROM AUDIT COMMITTEE TO BOARD 2019-20

Background: The Annual Report to the Board of Management details the work carried out by the Audit Committee during the period 1 August 2019 to 31 July 2020.

The Annual Report is a requirement of both the Scottish Funding Council (SFC) Financial Memorandum and the Scottish Public Finance Manual. This report complies with the requirements of these documents.

Action: The Audit Committee is requested to consider the content of the draft Annual Report from the Audit Committee to the Board of Management.

Lead: John McMillan, Chair of the Audit Committee

Status: Open

2019-20 Annual Report from the Audit Committee to the Board of Management

This report covers the activities of the Audit Committee of West College Scotland for the year 1 August 2019 to 31 July 2020. The Committee notes that despite the governance and operational challenges faced by the College, the 2019-20 schedule of Committee business was completed within the year.

Terms of Reference

The Terms of Reference were reviewed by the Audit Committee in September 2019 in accordance with the requirements of the Scottish Government Audit and Assurance Committee Handbook. No changes were made to the Audit Committee Terms of Reference and the October 2019 Board of Management noted this. The members were content with the Committee Terms of Reference. In doing so they noted that the responsibility for providing advice to the Board on the College's accounting policies lay with the Finance and General Purposes Committee and requested that this Committee's remit be specifically adjusted to reflect this. This amendment was made to the Finance and General Purposes Committee remit and was subsequently presented to the Board at its 9 December 2019 meeting.

Membership and Attendance

The Audit Committee membership and attendance for 2019-20 was as follows:

Name	Status	Date of Appointment	Appointment End Date	Attendance	
				Possible	Actual
J McMillan	Chair Audit Committee Non-Executive Member	1 Feb 2015	31 Jan 2021	5	5
A Hetherington	Non-Executive Member	1 Feb 2015	31 Jan 2021	4	5
G Bold	Co-opted member of Audit Committee	1 July 2017	30 Jun 2021	5	4
W Wong	Co-opted member of Audit Committee	1 Mar 2019	29 Feb 2021	5	5

The following were in regular attendance at Committee meetings:

- Liz Connolly (Principal and Chief Executive)
- David Alexander (Vice Principal Operations)
- Alan Ritchie (Director of Finance and Estates)
- Shirley Gordon (Secretary to the Committee)

The College's internal auditors, Scott Moncrieff LLP, attended all Committee meetings during the year and 2019-20 represented the fifth and final year of their appointment. Following a tender process, Wylie & Bisset LLP were appointed as the internal auditors for the College from 1 August 2020. The appointment is for an initial three-year period to 31 July 2023, with an option to extend the contract for a further two years. As part of the appointment Wylie & Bisset LLP were also appointed to undertake the annual audit review of SFC student activity, student support funds, educational maintenance allowances and SAAS discretionary funds.

The College external auditors, Mazars LLP, were appointed by Audit Scotland to undertake the review of the Annual Report and Accounts for five years, concluding with the completion of the 2020-21 audit. Mazars have attended two Audit Committee meetings during the year. Due to the significant disruption for public bodies as a result of Covid-19, Audit Scotland announced in June 2020 that it intends to extend the current audit appointments by one year in the first instance. Audit Scotland will confirm this intended extension and time period in Autumn 2020.

Meetings

Audit Committee meetings were held on the following dates:

- 4 September 2019
- 12 December 2019
- 12 March 2020
- 21 May 2020

Additionally, a joint meeting of the Audit Committee and Finance and General Purposes Committee was held on 19 November 2019 to approve the Annual Report and Accounts for Board of Management consideration for the year ended 31 July 2019.

GENERAL EFFECTIVENESS REPORT

Assessment of the effectiveness of the College's financial and other internal control systems

Audit Committee members have received assurance on the College's control systems through the work undertaken by internal and external auditors. The following reports have been considered by the Committee during the 2019-20 year:

- The 2019-20 Internal Audit Plan was approved and update reports on progress received by the Committee at each meeting.
- Internal Audit Reports have been reviewed by the Committee as outlined later within this report and detailed within Appendix B.
- Update reports relating to the delivery of the College Regional Outcome Agreement with the Scottish Funding Council as it pertained to the remit of the Committee were considered during the year.

- A report on the actions required and undertaken by the College / Committee to address the revised Scottish Government Audit and Assurance Committee Handbook. Progress reports have been provided to the Committee throughout the year.
- The Committee schedule of business was reviewed at each meeting to ensure adherence to and delivery of the Committee remit.
- Year-end Reports were received and considered by the Committee:
 - The Annual Internal Audit Report: the auditors were satisfied with the control framework in place;
 - EMA Audit (Education Maintenance Allowance): **Outcome TBC;**
 - SFC Aggregated Student Funding Audit: **Outcome TBC;**
 - Student Credit Audit: **Outcome TBC;**
 - The Financial Statements Management Letter for 2019-20: **Outcome TBC; and**
 - The review of the 2019-20 Report and Financial Statements: **Outcome TBC.**
- Report on how the College has delivered Value for Money during 2018-19 was received along with the action plan for 2020-21. The Committee will receive a further update on how the College has delivered Value for Money during 2019-20 at its December 2020 meeting.
- Report on actions taken following a fraud perpetrated upon the College.

Members of the Audit Committee had the opportunity to meet in closed session with the internal and external auditors during 2019-20. This enabled a discussion to take place in relation to audit and governance matters without the College management present. No matters of concern were raised, and the internal and external auditors confirmed their satisfaction with the engagement provided by College management in relation to the audit process.

The Audit Committee also met in closed session with members of the College Executive and identified no issues with either the internal / external auditors or audit arrangements.

Fraud and Corruption Policy and Processes

The Committee remit includes a requirement *‘To advise the Board on the adequacy of the anti-fraud policy and processes’*. The College Fraud and Corruption Policy was reviewed by the Committee at its September 2019 meeting. The Committee considered the changes suggested by the 2018-19 internal audit as being appropriate and confirmed that the Director of Finance and Estates should be the primary reporting point for any suspect fraudulent activity.

Public Interest Disclosure (Whistleblowing) Policy

As part of the schedule of business the Committee also reviewed and approved the College Public Interest Disclosure (Whistleblowing) Policy and Procedure in September 2019. A report was also provided on the number and type of items reported under the College Public Interest Disclosure (Whistleblowing) Policy. The report did not highlight any reportable instances.

Compliance with Corporate Governance requirements

The Committee considered the annual report on governance compliance at the May 2020 meeting. This confirmed that the College had complied with corporate governance requirements and good practice guidance and had operated in accordance with the SFC Financial Memorandum, the Scottish Public Finance Manual and the Code of Good Governance for Scotland’s Colleges. The Committee welcomed this report and the assurance that it brought and advised the Board accordingly.

As a precursor to the external review of the Board effectiveness, an internal effectiveness review of the Board of Management was undertaken in May 2019 following review session held with Board members in April 2019. A report summarising the responses received from Board members and highlighting areas of good practice and areas where further consideration and improvement could be made, was considered by the Board meeting held on 17 June 2019. The Board approved this Annual Effectiveness Review Report for submission to the SFC and publication on the College website.

At its meeting on 7 October 2019, the Board of Management noted it was 3 years since it last conducted an external review of its effectiveness. Under the terms of the current Code of Good Governance, Colleges should conduct an externally facilitated effectiveness review at least every 3 years. In order to meet this requirement, a tender exercise was conducted and it was agreed that CM Associates be invited to conduct the External Effectiveness Review during the period October to December 2019 with a final report to be provided to the Board of Management in February 2020.

At its meeting held on 3 February 2020, the Board of Management approved the final version of the Board Effectiveness Review which concluded that:

- West College Scotland has an effective board which clearly puts the student experience and the provision of relevant and high-quality learning at the centre of their discussions.
- Leadership of the Board is strong, and the Chair has an inclusive approach which actively encourages effective contributions from all board members.

- There is an appropriate balance of challenge and support from the Board to the senior executive team.
- The Board makes good use of the committees and places great trust in the committee chairs. The committees also make effective use of co-opted members who make a positive contribution.

However, the number of Board Committees does present a challenge in relation to the demands on both Board member and staff time. This must be balanced with the significant contribution the committees make to the effective working of the Board.

- The Board demonstrates innovation and creativity and is ambitious for the student experience and the economic wellbeing of the region. This is supported by an informed approach to risk management.

The following are the areas that have been identified by the Board for further consideration and development. Each area presents challenge and requires balance, unfortunately there are no easy answers. The Board believes that it has the maturity and skills to take an informed and balanced approach to their consideration:

- Standing Orders - consideration should be given to increasing quorum for board and committee meetings to 50%.
- Board agendas and papers:
 - keep under review the balance of agenda items, the volume of papers and what business could be effectively delegated to Committees, without over burdening the Committees
 - on the agenda clearly mark each item as for decision / discussion / information
 - when developing the risk appetite statement consideration should be given to how often strategic risks are reviewed, currently these risks reviewed at each Committee and Board meeting.
- Key Performance Indicators –the Board are aware of the need for a single set of integrated KPIs which ensure that all areas of strategic importance to the College are being effectively monitored.
- Student engagement - identify more opportunities for the Board to interact with students
- Relationships and collaboration - consider a session with the executive team to map out and understand College engagement with external partners across the region such as Community Planning Partnerships and economic forums. This will enhance the Board's understanding of how the College contributes to the economic and social wellbeing of the region and engages with key stakeholders.

Review of Audit Committee effectiveness

The key findings of the Audit Committee Effectiveness review were considered at the May 2020 meeting, which confirmed that the members were satisfied with:

- the operation and effectiveness of the Committee; and
- the level and quality of information and assurances it received from a range of sources.

INTERNAL AUDIT SERVICE

Provider

During 2019-20 the internal audit service was provided by Scott Moncrieff LLP who were contracted by the College to provide an internal audit service until 31 July 2020.

Internal Audit Report 2019-20

Appendix B contains a table of the internal audit reports presented by Scott Moncrieff during the year to 31 July 2020. The Audit Committee has reviewed the key findings of the internal audit reports and considered the recommendations and findings contained therein.

The Internal Auditor Annual Report for 2019-20 was considered at the May 2020 meeting of the Audit Committee, where it was noted the programme of internal audit activity for 2019-20 had been completed as planned.

Unplanned Audit Assignment – Payroll Fraud

An additional report was received in September 2019 by the Committee in relation to a payroll systems review. As reported to the Committee in May 2019 the College was subjected to a payroll fraud. The report contained several actions one of which was to request that internal audit ‘... *undertake a further review of payroll procedures and to consider any further changes that might be required because of this incident.*’ The audit work was undertaken in June 2019 and reported to the Committee in September 2019. The report made three recommendations to improve the internal control systems, all of which the College accepted and implemented. The Audit Committee were satisfied with the work undertaken by the College to address the recommendations.

Further Fraudulent Activity

The College was subjected to a creditor fraud during March 2020 and updates and reports were provided to the Committee regarding this matter. An internal review of the events surrounding the fraud was undertaken and the Committee continues to be kept updated on the follow up actions undertaken, with the internal auditors scheduled to undertake a review of this area again during 2020-21.

The College provided awareness of these frauds to the Scottish Funding Council as required by the Financial Memorandum.

Monitoring

The Audit Committee, through the Rolling Audit Action Plan, reviews the progress made by the College in addressing the recommendations made by both internal and external auditors. This systematic approach, which sees audit actions monitored at each Committee meeting, ensures progress is maintained in addressing audit recommendations, which is key in maintaining internal control of identified risks. The Audit Committee also reviews and monitors the College identification, management and mitigation of risk throughout the year and sees this as an essential requirement in providing assurance on audit activity to the Board of Management.

The College maintains an electronic register of internal audit recommendations as part of the continuous rolling review process, and this enables the relevant College Director with lead responsibility for each action to update the status of the audit recommendations on a real time basis. This allows the internal auditors to monitor progress continuously and report on the status of all audit recommendations on an ongoing basis, rather than a follow up review being undertaken on an annual basis.

The external auditors also review any recommendations made in the prior year external audit reports and confirm progress made in addressing these on an annual basis.

Internal Audit Effectiveness and Performance Review

Following a review in May 2020 the Audit Committee confirmed it was satisfied as to the effectiveness of the work carried out by the College internal auditors, Scott Moncrieff, and with their general performance during the period. This conclusion was based upon several factors including delivery of the internal audit plan, number of days utilised in delivering the plan, interaction with the Committee and College staff, provision of seminars/workshops for non-executive members and receipt of comprehensive and evaluative reports.

Closed Meeting

The Committee met in closed session with Scott Moncrieff at the May 2020 Audit Committee meeting. There were no issues arising and thus no matters to be reported to the Board following this meeting.

Internal Audit Plan

At the May 2020 Audit Committee meeting, Wylie & Bisset (providers of internal audit service from 1 August 2020) presented the Draft 2020-21 Internal Audit Plan. The internal audit plan was based upon a process and risk analysis exercise carried out by Wylie & Bisset in conjunction with the College Senior Management Team. The aim of the internal audit plan is to provide the Board of Management with assurance on the effective management of the College's key risks. This means that the internal audit plan considers the full range of systems and risks within the College, not just the financial systems.

The 2020-21 Internal Audit Plan was approved by the May 2020 Audit Committee subject to any implications that might arise from the ongoing review/updating of the College Strategic Risk Register.

EXTERNAL AUDITORS

Mazars LLP were appointed by Audit Scotland as the external auditors of West College Scotland with effect from 1 August 2016 until 31 July 2021. Due to the significant disruption for public bodies as a result of Covid-19, Audit Scotland announced in June 2020 that it intends to extend the current audit appointments by one year in the first instance. Audit Scotland will confirm this intended extension and time period in Autumn 2020.

The Audit Committee received and accepted Mazars Audit Strategy Memorandum for the year ending 31 July 2020 at the May 2020 meeting.

The External Auditors presented their Annual Report to the Board of Management and the Auditor General for Scotland on the External Audit for the year ending 31 July 2020 to the joint Audit / Finance and General Purposes Committee meeting held on 24 November 2020. **The external audit annual report had {TBC opinion} regarding the financial statements for the year to 31 July 2020.**

Cost

The cost of providing the external audit service to the Board of Management for the year to 31 July 2020 was £31,000 (2018-19: £31,000). The agreed external audit fee is within the parameters stipulated by Audit Scotland.

External Audit Effectiveness and Performance Review

At the November 2019 Joint Committee meeting with the Finance and General Purposes Committee, there was a closed session with the external auditors after which the Audit Committee confirmed they were satisfied with the performance of the external auditors, Mazars. This conclusion was based upon several factors including delivery of the external audit assignment, number of audit days utilised in delivering their opinions, interaction with the Committee and College staff and receipt of comprehensive and evaluative reports.

Closed Meeting

The Audit Committee met in closed session with Mazars and Wylie & Bisset at the November 2019 Joint meeting with the Finance and General Purposes Committee. This is good practice. Both sets of auditors confirmed that the information provided to them by the College had allowed them to reach their opinions with confidence. Both audit firms were of the opinion the Senior Management Team at West College Scotland worked together well and were diligent and professional.

Other Audit Coverage

Additional audit work is undertaken to validate several mandatory returns required each year by the Student Awards Agency for Scotland (SAAS) and the SFC. For 2019-20 this work was undertaken by Wylie & Bisset LLP. The College is required to submit audit certificates to the SFC / SAAS relating to:

1. HE Student Support Funds Return

Outcome TBC.

2. SFC Aggregate Student Support Return

Outcome TBC.

3. EMA Return

Outcome TBC.

4. SFC Credit Return

Outcome TBC.

RISK MANAGEMENT

The College Risk Management Strategy was approved by the Board of Management in February 2018 and was reviewed again by the Audit Committee during 2019-20, with updates approved by the Audit Committee in March 2020 and subsequently by the June 2020 meeting of the Board of Management. The College continues to develop the process of risk management within the College, with several actions undertaken during 2019-20, including:

- Consideration by the Board of Management in February 2020 of the outcome of two Scott Moncrieff facilitated workshops with the Senior Management Team on 19 November 2019 and the Board of Management on 12 December 2019. The workshops were designed to capture the Board and SMT views on the level of risk appetite the College was willing to consider.
- The Risk Management Strategy was subsequently updated to:
 - Reflect changes to both risk categories and their definitions to better reflect the operations of the College;
 - Incorporate five risk appetite levels ranging from averse to hungry;
 - Reflect the application of the risk appetite levels to the risk categories; and
 - Incorporate a College Risk Appetite Statement based upon the above work.

- The March 2020 Audit Committee approved a course of action for the further development of the Risk Management Strategy. This included an update to the College Risk Management Strategy to recognise the developments in relation to risk appetite and a revised risk register incorporating risk appetite. The updated Risk Management Strategy was approved by the Board of Management for dissemination to the wider College at its meeting in June 2020. The September 2020 Audit Committee will receive the updated Strategic Risk Register for consideration.
- The consideration of risk by the College Senior Management Team continues to be ongoing throughout the year.
- The College Strategic Risk Register is considered at all Board and Committee meetings, with the reporting format reviewed and updated as required.
- The College operational planning process has been further developed to include consideration of risk and mitigations.

OTHER REPORTING

During the year the Audit Committee also received an Annual Report in relation to:

- Register of interests for Board and Committee members;
- Freedom of Information and Data Protection Acts requests received by the College;
- Register of Interests for all College staff members; and
- Hospitality/Gifts Registers for all College staff members.

The Audit Committee was satisfied with the content of the reports and had no issues to report to the Board of Management.

2020-21 Forward Look

The Committee maintains a Schedule of Business which is reviewed at the end of each meeting. This enables the members to assess that all areas of the Committee remit are being addressed through the work being undertaken. As part of the schedule of business, the Committee also look ahead to establish what work is planned and when it reasonably can anticipate receipt of the relevant reports. This ensures the work of the Committee is met throughout the year, ensuring material items are given due consideration at the appropriate time. The work of the Committee in 2020-21 will include:

- Review of College Articles of Governance / Scheme of Delegation and Standing Orders
- Receipt of internal audit report in line with the agreed 2020-21 Internal Audit Plan;
- Review of Fraud and Whistleblowing policies;
- Review of governance compliance and Regional Outcome Agreement objectives;
- Review of implementation of recommendations from Audit Assurance handbook; and
- Review of revised Risk Management Strategy and updated risk register.

COMMITTEE OPINION

The role of the Audit Committee 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 a process of constructive challenge.

Based on the assessments and reports provided by the internal / external auditors and the College management the Audit Committee is satisfied that its responsibilities to the Board of Management have been satisfactorily discharged.

Signed:

Chair of Audit Committee

Date:

Appendix A – Audit Committee Terms of Reference

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 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 a process of constructive challenge.

1. Remit

.1 General

- To provide advice to the Board on the strategic processes for risk, control and governance;
- To develop and review the assurance framework and receive reports relating to it in order to provide the necessary assurances to the Board or determine any further action or assurances required;
- 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 anti-fraud policy and processes, and on the whistle blowing process, and to receive an annual report on any matters raised through these processes;
- 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.

Appendix B - Internal Audit Reports Received by the Audit Committee during 2019-20

Report	Audit Plan Year	Planned Audit Committee	Actual Audit Committee
Regional Outcome Agreement (Stage 1)	2019-20	December 2019	December 2019
Financial Systems Health Check	2019-20	March 2020	December 2019
Equality and Diversity	2019-20	December 2019	March 2020
Digital Strategy	2019-20	March 2020	March 2020
Continuing Professional Development	2019-20	May 2020	May 2020
Online Resources	2019-20	May 2020	May 2020
Regional Outcome Agreement (Stage 2)	2019-20	March 2020	May 2020
Additional Audit Assignment			
Payroll Systems Review	2018-19		September 2019

Additional Audit Assignment

As reported to the Committee in May 2019 the College was subject to a payroll fraud. The internal auditors were requested to ‘... *undertake a further review of payroll procedures and to consider any further changes that might be required because of this incident*’. The September 2019 Audit Committee considered the findings of the internal audit review along with the three recommendations. The internal audit review concluded that the:

- College payroll fraud rectification actions included within the College’s internal investigation report have been fully implemented, except for the delivery of fraud training to payroll staff; and
- Bank amendment processes introduced by the College are sufficiently robust and proportionate to address the issues found.

The internal auditors identified three areas for improvement that would enhance the audit trail of bank amendment requests: (1) Revised Change of Bank Details Procedure; (2) Online Portal; and (3) Staff Training. As reported to the September 2019 Audit Committee, the College had accepted and implemented all the recommendations.

TITLE: FRAUD UPDATE REPORT

[REDACTED]

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Status: RESTRICTED

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TITLE: INTERNAL AUDIT ANNUAL PLAN 2020-21 UPDATE

Background: The Audit Committee approved the 2020-21 College internal audit plan in May 2020. The attached report provides the Audit Committee with an update on 2020-21 planned internal audit activity for the year including:

- Agreed timings of the approved internal audit assignments;
- Dates that the Committee can expect to receive the internal audit reports;
and
- Agreed timings for the other audit work to be undertaken.

Stephen Pringle Senior Manager at Wylie & Bisset will update the Committee on the agreed audit plan.

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

Lead: Stephen Pringle, Senior Manager, Wylie & Bisset

Status: Open



West College Scotland

Audit Needs Assessment

2020 - 2023

August 2020

Internal Audit Plan 2020/21

Assignment Plans

A detailed assignment plan will be prepared for each audit undertaken, setting out the scope and objectives of the work, allocating resources and establishing target dates for the completion of the work. Each assignment plan will be agreed and signed off by an appropriate sponsor from the College.

Key Dates

Phase	Audit Areas	Key College Personnel	Date for Visit	Date of Issue of Draft Report	Date to the Audit Committee
Phase 1	Assurance Mapping	Alan Ritchie	31 August 2020	18 September 2020	3 December 2020
	SSF	Vivienne Mulholland	14 September 2020	2 October 2020	
	EMA	Ian Foster Smith	14 September 2020	2 October 2020	
	Credits	Vivienne Mulholland	21 September 2020	2 October 2020	
	Fraud Awareness	Alan Ritchie	5 October 2020	23 October 2020	
Phase 2	Overall Financial Controls HR: Sickness and Absence Reporting	Alan Ritchie David Gunn	11 January 2021 11 January 2021	29 January 2021 29 January 2021	11 March 2021
	Study of effects of Covid-19	TBC	1 February 2021	19 February 2021	
Phase 3	External Communication – Website Complaints Handling	TBC Cathy McNab	22 March 2021 22 March 2021	9 April 2021 9 April 2021	20 May 2021
	Study of effects of Covid-19	TBC	19 April 2021	7 May 2021	

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 considered 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:

- a) an extension of time for 1 recommendation;
- b) the removal of 2 completed recommendations; and
- c) the Rolling Audit Action Plan.

Lead

Alan Ritchie, Director of Finance and Estates

Status

Open

1. Introduction

- 1.1 Appendix A provides an update on the progress made by the College in addressing the recommendations arising from the work of both the internal and external auditors.

2. Summary of Recommendations

- 2.1 The tables below summarise the movement in relation to the audit recommendations since the last Audit Committee meeting in March 2020:

Total Number of Recommendations	Internal Audit	External Audit	Total
Total brought forward recommendations	4	6	10
Proposed for removal following audit follow up work			
Added to the RAAP – audit reports approved at prior Committee meeting:			
Continuing Professional Development	7	0	7
Online Resources	3	0	3
Regional Outcome Agreement (2)	0	0	0
Total recommendations as per RAAP	14	6	20

Status of Recommendations	Internal Audit	External Audit	Total
Total recommendations as per RAAP	14	6	20
Recommend for removal following Committee review	0	0	0
Number of recommendations remaining	14	6	20
Status of remaining recommendations			
Partially complete (Not yet due)	7	0	7
Partially implemented (Due for completion – extension requested)	1	0	1
Complete pending external auditor review	6	6	12
Total recommendations remaining	14	6	20

3. Commentary on Audit Recommendations

External Audit

- 3.1 The finalisation of the external audit work for the year ended 31 July 2019 resulted in six low category recommendations from the audit of SFC Credits audit.
- 3.2 The College has implemented all the recommendations, and these will be reviewed by the external auditor as part of their year ended 31 July 2020 audit work.

Internal Audit

- 3.3 The College has continued to progress addressing the 2019-20 internal audit recommendations. It considers that 6 of the 14 internal audit recommendations are fully complete. The status of these recommendations will be reviewed by the internal auditors as part of the 2020-21 audit programme.
- 3.4 The College is requesting an extension of time in relation to 1 recommendation:
- Recommendation (2) – Equality and Diversity from 31/7/20 to 31/1/21
 - This recommendation is in relation to the completion of mandatory Equality and Diversity training and the approval of a revised procedure. The completion of mandatory training has been delayed due to the impact of Covid-19 on the operations of the College combined with the summer break period. With the attention of staff now focused on the return of students an extension to the completion of this work is being requested from 31 July to the 31 January 2021. This will allow staff to return to 'normal' operations in September and October and then to undertake the required training. The EDI procedure has been updated and is awaiting SMT approval.

4. Conclusion

- 4.1 The RAAP is reviewed by staff with responsibility for actions on an ongoing basis and the College considers that despite the challenges of Covid-19, good progress has been made in addressing the recommendations made by both the internal and external auditors.
- 4.2 The Audit Committee is requested to approve:
- a) an extension of time for 1 recommendation; and
 - b) the Rolling Audit Action Plan.

West College Scotland

Rolling Audit Action Plan 2020-21

Internal Audit Recommendations

Number	Audit Period	Audit	Action	Finding Description	Finding Risk	Recommendation	Grade	Original Due Date	Revised Due Date	Client Action Owner	Client Update at August 2020	Previous Report Progress Status	Status update August 2020
1	2018-19	Safeguarding	3.2 - Completion of mandatory Safeguarding training for all staff	<p>West College Scotland is currently using an online Safeguarding Essentials course which staff can access in Staff Room Moodle site. Discussions with client that all new staff members are required to complete this course as part of the Induction process.</p> <p>Prior to Cylx eLearning programme WCS staff members were required to complete the College Development Network Safeguarding Students and Staff online course. On completion of the course staff submitted their certificate to the HR Team for recording on the HR system. Around 9 months ago purchased new modules from the training provider Cylx as the College felt it was a better way of understanding safeguarding and how to deal with it rather than just solely the legislative element.</p> <p>We confirmed that all of the safeguarding team have undertaken the training.</p> <p>We identified during our testing that not all staff had completed the</p>	Safeguarding concerns are not handled appropriately, as staff have not received adequate training, leading to cases going unreported impacting the well-being of young and vulnerable people.	<p>West College Scotland should monitor who have not completed the safeguarding training in a timely basis and decide the action to take when following up on this, this could also be reviewed at the annual CPD Reviews to ensure all staff are completing the training.</p> <p>A risk based approach should be applied to ensure all relevant staff receive the appropriate training in a timely manner. Staff with a high level of student contact should be prioritised with training.</p>	3	31/12/2019	30/04/2020 agreed to extend to 31/7/2020	Iain Forster-Smith	<p>The College Safeguarding Team have all undertaken the required training and follow up reviews have been held with team members to assess any other training needs.</p> <p>The April 2020 Internal Audit Report on Continuing Professional Development (CPD) references the requirement for all staff to undertake mandatory training across several areas including Safeguarding Essentials.</p> <p>The requirement for staff to undertake mandatory training was highlighted in the 2019-20 CPD internal audit. A recommendation was initiated following that audit regarding mandatory training and this recommendation is now consolidated into the work required to complete RAAP (9) below. For that reason the College considers this action complete.</p>	Partially Complete	Fully Implemented subject to audit confirmation
2	2019-20	Equality and Diversity	2.1 EDI training for temporary staff	<p>The College's Equal Opportunities Policy and Procedure requires all staff to undertake equality, diversity and inclusion (EDI) training. Management advised that the EDI training is difficult to deliver to temporary staff due to their hours of work, the part time nature of their work and sometimes short tenure of their role.</p> <p>The Policy does not specify a minimum length of service for individuals to have with the College before completing the EDI training but during our testing, management explained that due to the difficulties of delivering face to face training to temporary staff, this was not routinely scheduled in the same way as permanent members of staff. The College has attempted to address this difficulty through the use of an on-line EDI training package.</p>	There is a risk that temporary employees, who may have been working for the College for a period of time, are not being provided with EDI training, increasing the risk of temporary staff not being aware of their rights and responsibilities under the Equality Act 2010. This may result in non-compliance with the Equality Act leading to the reputational damage of the College.	The College has a responsibility to ensure all staff, permanent and temporary, are aware of their roles and responsibilities and to seek compliance with College policies. As a result, the College should ensure that all staff complete EDI mandatory training within a specified time period.	3	31/07/2020	To revise to 30/11/2020	David Gunn	<p>The College's expectation is that EDI training will be completed within 3 months of starting. The College has developed a computer programme to assist the HR Department to identify all staff members who have not completed any mandatory training, including EDI. The intended date for the distribution of information was 1 June 2020 however Covid-19 and summer holiday period meant the list of those who had not undertaken the EDI training was not distributed.</p> <p>The revised timetable for completion of mandatory training is by the end of October 2020 with a report being distributed to Managers in early November 2020 which will identify the staff who have as yet not undertaken the required training.</p> <p>The Equal Opportunities Policy and Procedure has been updated to reflect this change in practice including escalation routes should the training not be undertaken. The updated Policy and Procedure will be presented to SMT at the earliest opportunity in 2020-21 for approval.</p>	Partially Complete	Partially Complete
3	2019-20	Equality and Diversity	2.2 Completion of Equality, Diversity and Inclusion Training	<p>College staff are required to complete online EDI training during their induction. We tested a sample of seven new starts to verify their completion of the EDI training, but could only obtain evidence of completion by three of these employees.</p> <p>We also noted that there are no guidelines in place setting out the timescale staff are required to complete the training by, nor could we find any evidence of line managers actively encouraging staff members to complete outstanding EDI training. Management has informed us that the OD Manager has in the past sent out general reminder emails to all staff to remind them to undertake the required training.</p>	The non-completion of EDI training for new starts, increases the risk of staff not being aware of their rights and responsibilities under the Equality Act 2010. This may result in non-compliance with the Act leading to the reputational damage of the College.	The College must ensure all new members of staff complete mandatory EDI training within an agreed timeframe. Also, line managers should be actively encouraged to monitor the completion of mandatory training by new starts and, where required, follow up uncompleted training areas with the new employee and explain the importance of completing such training.	2	31/07/2020	N/a	David Gunn	<p>The College induction checklist for new staff has been updated to include the necessity for all new staff to undertake the required mandatory training. The form is now a three part form allowing new staff, their manager and HR to complete it independently.</p> <p>The HR new starter procedure has also been amended to ensure that the induction checklist is reviewed by the responsible HR Manager. Where there is mandatory training outstanding the OD Manager will discuss this with the new starters Line Manager to ensure that all relevant training is undertaken within 6 months of the employees start date. These revisions to the induction procedure will be combined with the actions identified above whereby staff who have not completed the required training are identified on a quarterly basis.</p>	Partially Complete	Fully Implemented subject to audit confirmation

Number	Audit Period	Audit	Action	Finding Description	Finding Risk	Recommendation	Grade	Original Due Date	Revised Due Date	Client Action Owner	Client Update at August 2020	Previous Report Progress Status	Status update August 2020
4	2019-20	Digital Strategy	4.1 Governance Arrangements and Operational Plans	<p>At the time of our audit work, whilst the Digital Strategy had been approved by the College Board of Management, a formal delivery plan had not yet been developed. Management stated that it is intended to develop this within the first half of 2020 and that oversight for the Strategy will sit with the Board of Management Learning, Teaching and Quality Committee.</p> <p>We recognise that there has been some progress in implementing the principles outline within the Strategy. This includes piloting new technologies and taking a 'Digital First' approach. This has resulted in the digitisation of several processes such as a fully digitised student funding application process, the use of Skype for Business to broadcast lectures live across all three campuses and the planned use to build on this with the piloting and introduction of Microsoft Teams to improve interact and engagement for staff and students.</p>	There is a risk that, without delivery plans which set out planned activities/initiatives and supporting governance arrangements, the College will not be able to deliver the Digital Strategy in a coherent and cost-effective manner.	We recommend that the College develops an overarching delivery plan for the Digital Strategy. This should set out the planned activities to be undertaken that will achieve the objectives set out within the digital and corporate strategies. In developing the delivery plan, management should also ensure this is integrated with the College Financial Strategy which identifies the estimated capital and revenue costs of all planned activities. In developing the delivery plan and the Financial Strategy which supports it, there will need to be appropriate prioritisation of activities to recognise financial constraints not only to deliver agreed strategic imperatives but also to maintain business as usual technologies/services.	2	31/05/2020	31/05/2020 agreed to extend to 31/10/2020	Angela Pignatelli	<p>The College established a Core Digital Oversight Group consisting of both senior and operational managers to address the objectives of the Digital Strategy in March. The Oversight Group, hereafter referred to as the WCS Core Digital Strategy Group agreed a remit which included the matters noted within the audit report including the creation of a delivery action plan including SMART targets aimed at delivering the Digital Strategy objectives.</p> <p>The impact of Covid-19 on College operations has resulted in staff becoming involved in addressing these immediate challenges including digital CPD for staff; digital platform recommendations, digital infrastructure decisions, advice and digital resources toolkit recommendations and support for learners. The Core Digital Strategy Group have created and implemented 8 Business Critical Digital Workstreams and a Covid-19 Arrangements Action plan. The work of these two threads will be transferred across to the College Pentana system which will enable live monitoring of these actions.</p>	Partially Complete	Fully Implemented subject to audit confirmation
5	2019-20	Continuing Professional Development	Mandatory induction training	During our review we were advised that the College issued a staff announcement in February 2020 to advise that a new mandatory training module had been introduced, Information Security Essentials. The introduction of the new mandatory learning module has not been reflected within the Staff Induction Procedure (last updated in August 2019). We confirmed however that new starts are being instructed to complete this training.	Failure to incorporate all required mandatory training courses within the College's Staff Induction Procedure, may result in staff not completing the required mandatory training, leading to staff not being aware their assigned roles and responsibilities. This could ultimately lead to non-compliance with College policies and potentially non-compliance with legislation and regulations, which may negatively impact the reputation of the College.	The College should revise the Staff Induction Procedure to incorporate all required mandatory training courses, including the newly released Information Security Essentials module. Once revised, the latest version of the Staff Induction Procedure should be issued to all College staff.	1	31/07/2020	N/a	Gary McIntyre	<p>The Staff Induction Procedure has been updated to reflect the required mandatory training courses and has been published on the staff intranet.</p> <p>The Procedure will be reviewed after any material amendments are made and will be updated annually as a minimum. After any update the revised document will be published on the staff intranet.</p>		Fully Implemented subject to audit confirmation
6	2019-20	Continuing Professional Development	Alignment of staff training with the College's strategic objectives	<p>The College's annual training planning process includes:</p> <ul style="list-style-type: none"> As part of the College Operational Planning process the development of an annual operational Organisational Development and HR (ODHR) Plan. We reviewed the plan and noted that the plan sets out training targets and outcomes for the period from February 2019 to January 2020, and each training area identified is linked to the appropriate College strategy such as the Workforce Plan, People Strategy, Efficiency Savings, etc. The development of an annual Staff Development Programme. We reviewed this programme and noted that the plan lists the training sessions that have been agreed for the period from August 2019 to June 2020, however the proposed training areas are not linked to the College's Corporate Strategy 2019-2025 or other supporting strategies such as the People Strategy, Workforce Strategy, etc. 	There is a risk that the College's Corporate Strategy will not be achieved due to the College failing to assess and identify appropriate training and development areas that staff are required to undertake to provide them with the skills needed to support the achievement of the College's strategic objectives, ultimately impact the reputation of the College. In addition, failure to cross reference the College's two training programmes may result in duplicate training being provided to staff members, resulting in unnecessary resource and expenditure costs, which may impact the reputation of the College.	The College should review the Annual Staff Development Programme planning process to ensure a comprehensive training plan is developed that is fully aligned with, and supports the achievement of, the College's strategic objectives. In addition, it would be good practice to align the ODHR Operational Plan and Annual Staff Development Training Programme timetables to ensure the plans are covering the same time periods, as doing so will allow the College to compare both plans before they are agreed to ensure there is no duplication and efficiencies are achieved where possible.	2	31/03/2021	N/a	Joe Rafferty	<p>As part of the 2020-21 Staff Development Training Plan, the College has published the dates of all the courses that it intends running during the year. The full 2020-21 Staff Development Training Plan is not yet finalised and will be published in due course. The Staff Development Training Plan requires to be reconfigured to incorporate revised approaches to the delivery of future training through primarily digital means.</p> <p>The next suitable point to align both the operational and annual training planning cycles will be during the third quarter of 2020-21 ending April 2021 when both documents will be due to be refreshed and updated.</p>		Partially Complete

Number	Audit Period	Audit	Action	Finding Description	Finding Risk	Recommendation	Grade	Original Due Date	Revised Due Date	Client Action Owner	Client Update at August 2020	Previous Report Progress Status	Status update August 2020
7	2019-20	Continuing Professional Development	Completion of CPD Review	From our review of the College's CPDR records and our discussion with management, we noted that there is no quality review process undertaken for completed CPDR forms to ensure they are being appropriately completed and are fully compliant with the CPDR Procedure. A robust quality assurance process would better enable the College to ensure forms are completed consistently, and that interim reviews are completed on a timely basis.	The absence of completing CPDR reviews, there is a risk that the College may not identify staff training needs, which may result in staff not having the required skills and knowledge needed to effectively deliver their roles. This could lead to poor staff performance which will ultimately impact the performance of the College	The College should consider relaunching the CPDR process with staff being reminded that the completion of the process is a mandatory requirement, this will ensure the College has a clear understanding of individual staff skill gaps and training needs. In addition, the College must ensure the CPDR process is being fully applied when a staff member participate in the process, thus all annual and interim reviews must be scheduled and completed. Management should also implement a quality assurance regime to ensure that all reviews take place in line with the CPDR procedure.	3	31/03/2021	N/a	David Gunn	The College plans to relaunch the CPDR process and implement a quality assurance regime to ensure all reviews are carried out in accordance with the CPDR process. Due to the operational challenges created by Covid-19 there has not been a sufficiently clear window of opportunity to ensure that all staff are fully capable of engaging with the CPDR process. The College still intends to establish a suitable point to relaunch the CPDR process during the 2020-21 year and to implement the required quality assurance process relating to completion and quality of the forms.		Partially Complete
8	2019-20	Continuing Professional Development	Alignment of CPDR development plans with corporate objectives and operational priorities	The College CPDR Procedure requires staff to complete the standard CPDR electronic template which is accessible to all managers and staff. The Procedure requires staff and line managers to link individual CPD objectives to job description, Department/Sector Operational Plan and College Strategic Objectives. We reviewed a sample of 15 completed CPD forms and noted 8 instances where the forms failed to demonstrate an appropriate connection between an individual's objectives and the College's strategic objectives and/or Sector operational plans. All objectives were linked with the staff members job description and self-evaluation only.	Failure to align CPDR plans with the College's strategic and operational priorities, increases the risk of the College agreeing and delivering training to staff that will not provide them with the skills and knowledge needed to support the College achieving its strategic objectives, ultimately resulting in the College's stagey failing and the reputation of the College being damaged.	The College must ensure line managers are reminded of the importance of linking staff personal objectives with those of the wider College. Quality assurance checks should be completed by the College to ensure the process is being properly applied by staff and line managers.	2	31/03/2021	N/a	Gary McIntyre	The relaunch of the CPDR process will make explicit the requirement to link staff personal objectives to the College Strategic Objectives. Quality assurance checks will be completed to ensure that the staff member CPDR forms are being completed as required.		Partially Complete
9	2019-20	Continuing Professional Development	Mandatory induction training	All new members of College staff have direct access to online mandatory training courses via the Staff Room area in Moodle. The Staff Induction Procedure requires all new members of staff to complete all mandatory training modules within 3 months from their start of employment. We obtained the most up to date mandatory training statistics and noted that completion of mandatory training by new starts was low in all areas: <ul style="list-style-type: none"> • Safeguarding Essentials - 31% • Equality & Diversity Essentials - 42% • Data Protection - 54% • Information Security Essentials - 31% • Fire Safety - 31%, and • Understanding Health & Safety - 29%. We tested a sample of 8 new starts and noted that only 2 of these had completed all mandatory induction training within the required 3 months' timescale.	If completion of mandatory induction training not appropriately monitored, there is a risk that staff will be unaware of the College's legal, regulatory and operational requirements. This could result in staff not complying with College policies and potentially laws and regulations, resulting in potential financial sanctions and reputational damage to the College.	We support the College's approach to migrate Moodle data to the HR iTrent database to support the effective monitoring of mandatory training. The College must ensure they regularly monitor the completion of all mandatory training and send reminder emails to staff who fail to complete the training within the required timeframe. In addition, line managers should also be informed of staff who haven't completed mandatory training and they should actively encourage staff to complete the training as soon as possible.	2	30/11/2020	N/a	Gary McIntyre	A technological process for tracking the completion of staff mandatory training has been piloted and several amendments to the programme are currently being finalised. An initialm date for the completion of all mandatory tarining was set for 30 June 2020. However the College has recognised the operational challenges being faced by staff at this time and the deadline has been amended to the end of Ocrober 2020. It is intended that at the start of November, managers will be informed of the staff who have not as yet completed the required training. These staff will be required to finalise their training by the end of November 2020. The updated quality assurance process will involve quarterly monitoring of staff completion rates with staff who have not completed the required training being notified by email.		Partially Complete
10	2019-20	Continuing Professional Development	New start mandatory training email notifications	The College issues email notifications to all new members of staff that set out the mandatory training courses that new starts must complete along with the due dates for completion. We undertook detailed testing to confirm training emails had been issued to new starts on a timely basis. From our sample of 8 new starts, who joined the College after 1 April 2019, we noted that: <ul style="list-style-type: none"> • In 4 instances, the email notification was issued within 10 days of the employee start date; and • For all other sampled employees, the email notification was issued more than 30 days after the employee start date, with one email notification exceeding 70 days. 	Failure to notify new starts of the requirement to complete introductory mandatory training on a timely basis could result in staff members not being aware of their roles and responsibilities, leading to non-compliance with College requirements and potentially legislation. This could ultimately result in financial sanctions and reputational damage to the College.	The College should ensure new employees are consistently advised of the College's mandatory training requirements on their start date. This will ensure staff are aware of the training completion deadlines as early as possible allowing them to schedule time to complete the required training within the assigned due dates.	3	31/07/2020	N/a	David Gunn	A process is in place which ensures that all new starts are advised not only of the requirements to complete the mandatory training but of the dates this training must be undertaken by. The new start member of staff is requested to confirm receipt of the notification. The College wide training log is updated to record this information and is reviewed each month by the Organisational Development Manager to ensure the notifications have been issued and responded to in a timely manner		Fully Implemented subject to audit confirmation

Number	Audit Period	Audit	Action	Finding Description	Finding Risk	Recommendation	Grade	Original Due Date	Revised Due Date	Client Action Owner	Client Update at August 2020	Previous Report Progress Status	Status update August 2020
11	2019-20	Continuing Professional Development	CPD and Induction training reports	A HR Report is provided annually to the Board of Management. The HR Report includes a CPDR section, providing information on the courses offered to staff and levels of attendance that were achieved at these courses. However, we noted that the CPDR reporting section within the annual HR report does not contain information on the uptake and completion of the CPD review process by staff members, nor does it provide any data on the completion of mandatory training by staff. We were advised that operational updates on CPDR and mandatory training are provided on an ad-hoc basis to Senior Management Team (SMT), the ODHR Committee and to the Staff Development Group. We obtained copies of these updates and noted these were sufficient and provided management with appropriate information on CPD development plans, processes updates, technical solutions etc. Staff are informed on CPD and mandatory training updates through the Staff Announcements that are published on the College's intranet.	The failure to include CPD Review and Staff Induction progress data within the Board of Management reports, increases the risk that the Board of Management are unaware of underperformance in these areas, resulting in the issues not being discussed and improvement actions being identified and agreed, leading to ineffective high level governance and the continuance of poor staff learning and development processes, ultimately leading to reputational damage.	The College should incorporate CPD Review and mandatory training completion data within the annual HR report. This will ensure transparency of the CPD and mandatory training processes with Board members and will provide an audit trail to demonstrate the progress the College has made towards improving these processes.	2	30/04/2021	N/a	Joe Rafferty	CPD review and mandatory training data, including completion data, will be incorporated into the annual HR Report along with a commentary on any applicable trends and actions to be taken in the coming year.		Partially Complete
12	2019-20	Online Resources	Version control on user guides	The College has developed user guides for both Moodle and MyDay. These are reviewed annually by the Learning Technology Team Leader and the Systems Development Team Leader at the rollover of the platforms in advance of the start of the next academic year.. Process documents are also published that provide step-by-step guidance on how to complete key tasks on the Moodle system, for example: • Adding a page • Creating and adding files to a folder • Enabling pop-ups Each of the process documents have month and year included to demonstrate the last date of review. We noted however, that there is no documentation of the next scheduled review, or a summary of the changes that have been made. We also found that there was no central list of all the process documents, to ensure that each one has been updated prior to the start of the new academic year.	There is a risk that the review and update of process documents are not consistently completed, where there is no central review schedule in place. Documents may not be effective of the most up to date practices as a result.	We recommend the College prepares a schedule that details each of the Moodle / MyDay process documents, their last date of review, and the next planned review. Staff can then use this schedule as a checklist to ensure that each document is reviewed and updated on a timely basis.	1	31/08/2020	N/a	Sara Rae	The College has amended the tracked change section of the process documents to include date of last review, a summary of the changes made and the date of the next planned review		Fully implemented subject to audit confirmation
13	2019-20	Online Resources	Utilisation of course Moodle pages	The Learning and Technology Team run a housekeeping report annually that highlights how many people are accessing various Moodle courses. The team do not investigate which specific sections of Moodle course pages are being accessed and utilised. We understand that this functionality does exist within the system but is not currently being used due to resource limitations. Without a clear understanding of how Moodle pages are being utilised, Curriculum Quality Leaders (CQLs) are unable to understand which areas of Moodle course pages are being most used and those which require more attention.	There is a risk that CQLs and other teaching staff are not able to support continuous improvement of their Moodle course pages, caused by a failure to ensure detailed monitoring of utilisation on a regular basis.	We recommend that as part of the annual housekeeping review process, CQLs should analyse in more detail the utilisation of individual Moodle course pages, including a review of which functions are most utilised by students. This analysis will allow the College to undertake a root cause analysis to better understand the effectiveness of the College's current approach, as a means of supporting continuous improvement in the provision of online resources.	2	31/10/2020	N/a	Sara Rae	As part of the annual housekeeping exercise a report will be provided to the relevant Head and CQL on the usage of sector Moodle course pages. Where required further detail will be provided to allow the Head / CQL to further investigate the usage of Moodle courses. The College stills intends undertaking this exercise during October 2020		Partially Complete
14	2019-20	Online Resources	Utilisation targets for staff and students	The College makes use of analytics to identify how often students are using MyDay and Moodle. We found however, that the College does not have any utilisation targets in place for staff or student usage of their online resources to put current utilisation into context. Management advised that this is because delivery methods vary across subject groups and individual lecturer styles, and as such there is no standard approach to inform expected utilisation. In addition, whilst utilisation is monitored from a student perspective, we found that this is not the case for College staff. There is no guidance as to the minimum content that lecturers are expected to upload to Moodle, however staff are asked to review and refresh the content of their Moodle course pages during the last few weeks of each term. Staff receive a system generated notification to remind them to do so.	If staff fail to update and maintain online resources on a regular basis, there is a risk that content becomes out of date or includes irrelevant information. Further, without utilisation targets, there is a risk that the College is unable to identify and act upon poor utilisation of online resources.	We recommend that the College develops utilisation benchmarks, targets or other means of assessing performance for both Moodle and MyDay to help identify areas of poor utilisation. This will allow poor utilisation to be identified and also support sharing of good practice where areas of higher utilisation are identified. We also recommend that staff usage of Moodle is monitored to ensure that content is being reviewed and updated on a regular basis.	2	31/01/2021	N/a	Sara Rae	The College has produced and initial high level utilisation benchmark report which allows the performance to be monitored and action taken where necessary for both Moodle and MyDay. The results have as yet to be disseminated to the Heads/CQLs to allow good practice to be shared. The College is also scheduled to undertake a review in January 2021 and June 2021 of the staff usage of Moodle to ensure that content is being reviewed and updated.		Partially Complete

External Audit Recommendations

Number	Audit Period	Audit	Action	Finding Description	Finding Risk	Recommendation	Grade	Original Due Date	Revised Due Date	Client Action Owner	Client Update at August 2020	Previous Report Progress Status	Status update August 2020
1	2018-19	SFC Credits Audit	Infill Courses	Infill courses should have the prefix 'I' in the course code and the word 'infill' in the course title.	There is a risk that the College's statistical information is not correct in terms of the classification of its infill courses and credits.	We recommend that care be taken when deciding whether a course should be treated as an infill course. The College should only use the prefix 'I' in the course code and the word 'infill' in the course title when the course is an infill course. All other non full time courses should have a different prefix to the course code and should not have the work 'infill' in the title.	Low	31/01/2020	N/a	Head of Student Services	The College has issued updated guidance to curriculum teams highlighting when particular modes of attendance should be used especially in relation to the use of infill versus part time. The use of the infill category continues to be monitored during 2019-20 to ensure it is appropriately use.		Fully Implemented subject to audit confirmation
2	2018-19	SFC Credits Audit	Price Group 5	Price Group 5 credits should be calculated by using the planned learning hours divided by 40.	There is a risk that the College over/under states its credit count for those courses classified as Price Group 5.	We recommend that care be taken when calculating the credits for the Price Group 5 courses. The calculation should be based on the planned learning hours divided by 40.	Low	31/01/2020	N/a	Head of Student Services	The College has issued updated guidance to Heads of Sector to ensure that Credit calculations for Price Group 5 courses is carried out using 40 hours. The implementation of this guidance continues to be monitored during 2019-20 through the issuing of regular reports to Heads of Sector to validate the Credits claimed.		Fully Implemented subject to audit confirmation
3	2018-19	SFC Credits Audit	Student Attendance	Credits should only be allocated to students if they have attended beyond the required date and are actively participating in the course.	There is a risk that credits may be claimed for students who do not meet the attendance criteria and thus credits are overstated.	We recommend that care be taken when including students in the credits count. Student should only be included if the College can demonstrate that the student has actively participated in the course.	Low	31/01/2020	N/a	Head of Student Services	The College has issued updated guidance to CQLs to ensure that there is improved clarity concerning student attendance, engagement and withdrawals processes is understood. Course participation is being monitored on a regular basis through the generation of regular reports which are being issued to CQLs for validation and early intervention where necessary.		Fully Implemented subject to audit confirmation
4	2018-19	SFC Credits Audit	Work Based Learning	Credits should only be claimed for those students on work based learning courses if there is sufficient evidence available to provide evidence of course progression and staff support.	There is a risk that the College could overstated its credits count.	We recommend that the College ensures that all work based learning students have evidence of course progression and staff support on file.	Low	31/01/2020	N/a	Head of Enterprise & Employability	The College has revised the process for the enrolment of work based learning students to ensure that they are only enrolled on a subject after there is sufficient evidence of participation and staff support.		Fully Implemented subject to audit confirmation
5	2018-19	SFC Credits Audit	Fee Waiver	Evidence in support of the student's fee waiver claim should be noted on the fee waiver form (enrolment form) by the Enrolling Officer. For the outreach centres the fee waiver form is part of the enrolment form. In these circumstances the fee waiver is approved by the lecturer. The lecturer is supposed to have sight of the supporting documentation prior to agreeing the fee can be waived.	There is a risk that fee waivers are given without the proper evidence being seen by the Enrolling Officer.	We recommend that the outreach enrolment form is amended to include a box for the enrolling officer to indicate what evidence they have seen in support of the student's claim for their fees to be waived. We also recommend that staff are reminded that they should sign the enrolment form.	Low	31/01/2020	N/a	Head of Learning Communities	The College has amended the outreach enrolment form to enable the enrolling staff member to specify what evidence was presented to justify the fee waiver being claimed. the revised procedure continues to monitor for unsigned outreach enrolment forms which are being returned to the relevant staff member for completion.		Fully Implemented subject to audit confirmation
6	2018-19	SFC Credits Audit	Open/Distance Learning	Credits should only be claimed for students on open/distance learning provision if there is evidence of progression by the student.	There is a risk that credits are overstated.	We recommend that the College ensures that all open/distance learning students have evidence of work completed and progression on their course before claiming Credits.	Low	31/01/2020	N/a	Head of Business Development and Innovation	The College has updated its process for the enrolment of open/distance learning students to ensure that students are only enrolled on a subject after there is sufficient evidence of participation. This revised process continues to be monitored to ensure the correct level of Credits are being claimed.		Fully Implemented subject to audit confirmation

TITLE: **EXTERNAL AUDIT PROGRESS UPDATE**

Background: The purpose of this paper is to provide the Audit Committee with a report on the progress made by Mazars in delivering their responsibilities as the College's external auditors. The report also seeks to highlight key emerging national issues and developments which may be of interest to members of the Committee.

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

Lead: Joanne Buchanan, Audit Senior Manager, Mazars

Status: Open



Audit progress report

West College Scotland

September 2020





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This document is to be regarded as confidential to West College Scotland. It has been prepared for the sole use of the Audit Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

1. SUMMARY

Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditors.

Extension of audit appointment

The COVID-19 pandemic has resulted in significant disruption for public bodies and their capacity for financial reporting, and to auditors of the public sector. Due to this, the Auditor General for Scotland and the Accounts Commission for Scotland intend to extend the current audit appointments by one year in the first instance. This is in line with provisions in the current contracts that allow for extensions of up to two years.

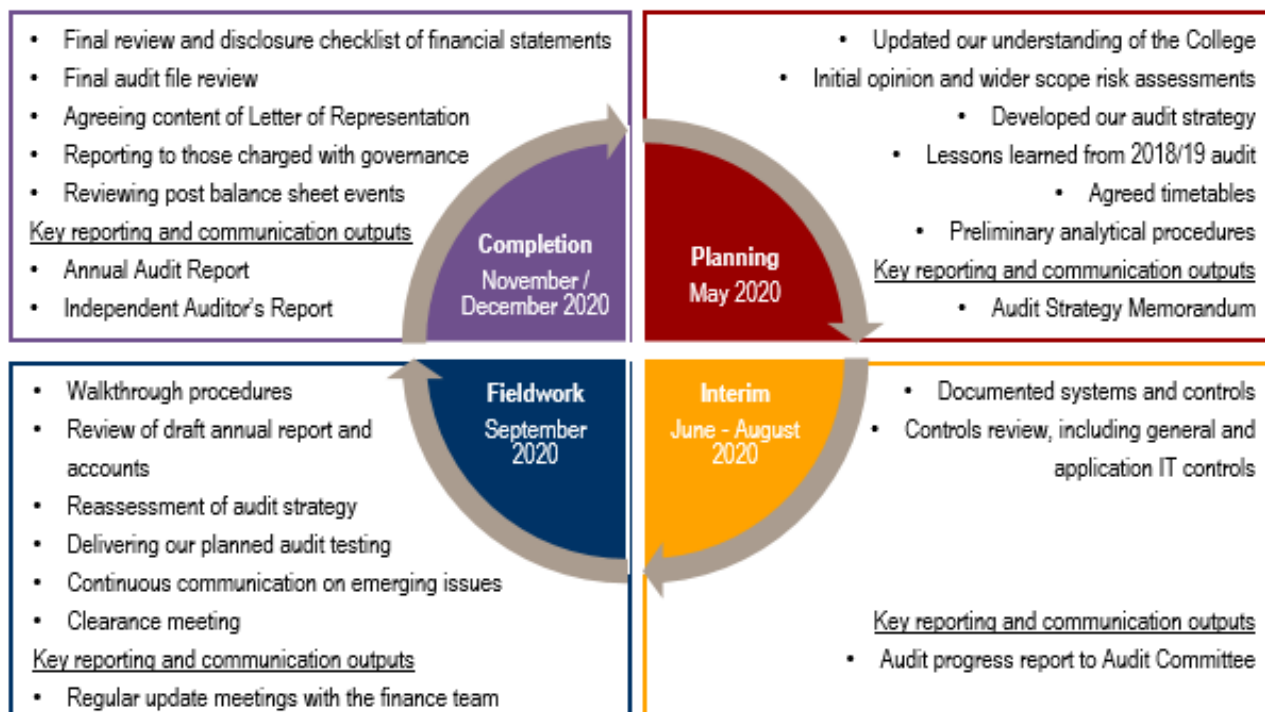
These appointments were for the audit of public bodies for the financial years of 2016/17 to 2020/21 inclusive. The intended extension would be through to the audit of the 2021/22 year. The Auditor General will confirm both the extension and the time period in Autumn 2020.

National publications and other updates

This section of the report sets out summaries from national publications and other updates which may be of interest to Members of the Audit Committee.

Audit timetable

Our key audit stages are summarised in the diagram shown below. Overall, work is on track and there are no significant issues arising. We remain cognisant of the potential impact of the COVID-19 pandemic and will flex the timetable with the College, as appropriate, if required.



2. AUDIT PROGRESS

Audit progress

Since the issue of our Audit Strategy Memorandum in May 2020 we have:

- documented key controls and processes on material transaction streams in the accounts with no issues to report;
- attended a College sector update virtual meeting with Audit Scotland;
- developed a draft Accounts final visit project plan setting out the key dates when we plan to undertake our work and the likely documents, working papers and information we will need to review. We will agree this with management in the coming weeks; and
- continued to update our risk assessment for our Wider Scope work conclusion, including review of agendas and minutes for relevant meetings and consideration of reports by external regulators.

Our audit work is on track, and we have no matters to raise with the Committee at this stage of our audit. There are no changes to the risks previously reported in our Audit Strategy Memorandum, however, we have and will continue to consider whether additional audit procedures are required as a result of the impact of the Covid-19 pandemic.

Remote working

The final audit fieldwork is due to begin on 14 September 2020. We will work in line with Government guidelines in force at the time of the audit fieldwork, and this may mean that our onsite working is limited. At the time of writing, any on-site visits will require a robust risk assessment to be completed by Mazars, to ensure staff and client safety.

Where our fieldwork is primarily undertaken remotely, we will facilitate this by setting up secure online portals for sharing information – this ensures easier tracking of information provided and is accessible to all members of the audit and finance team. Detailed arrangements will be discussed and made with the finance team in the coming weeks to ensure the audit is as efficient as possible.

We will report to the Joint Audit and Finance & General Purposes Committee on 24 November 2020 with our Annual Audit Report and draft opinion on the financial statements. The accounts are due to be approved by the West College Scotland Board of Management on 14 December 2020.

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3. NATIONAL PUBLICATIONS AND OTHER UPDATES

	Publication
1.	Accounts direction for Scotland's colleges 2019-20, Scottish Funding Council, July 2020
2.	Technical Bulletin 2020/2, Audit Scotland June 2020
3.	Covid-19 Further and Higher Education Financial Impacts, Scottish Funding Council Briefing Note, July 2020
4.	National Fraud Initiative 2018/19, Audit Scotland, July 2020

1. Accounts direction for Scotland's colleges 2019-20, Scottish Funding Council, July 2020

On 17 July 2020, the Scottish Funding Council issued its accounts direction for Scotland's colleges for the 2019-20 year, along with supporting guidance.

Changes include:

- Government funding for workers furloughed under the Coronavirus Job Retention Scheme (CJRS) should be recorded as government grant income and not netted off against staff costs;
- Colleges should not include any adjustments for the impact of Covid-19 in the Adjusted Operating Position (AOP) calculation;
- An addendum to the FReM permits entities to omit the performance analysis to minimise the reporting burden during the Covid-19 crisis. This gives the option to produce only the summary information in the performance review (although this is a minimum requirement and colleges may decide to include the performance analysis to enable consistency of reporting);
- Where relevant non-audited performance information has already been published and reported elsewhere, entities are encouraged to refer to the relevant publication rather than producing the information in the Performance Report;
- Performance Overview should include:
 - a statement from the Principal which should include an explanation of the impact of Covid-19 and Brexit on the college's performance;
 - details of mitigating actions taken as a result of Covid-19 impacts should form part of the going concern commentary;
- Governance statement considerations should:
 - outline and explain changes to the governance framework and any other governance implications arising from Covid-19;
 - set out the impact of Covid-19 on operation of the Board of Management;
 - When setting out principal risks and uncertainties, colleges should consider the specific risks arising from COVID-19 and Brexit and the steps being taken to mitigate those risks.

<http://www.sfc.ac.uk/publications-statistics/guidance/2020/SFCGD152020.aspx>

2. Technical Bulletin 2020/2, Audit Scotland, June 2020

- Electronic signatures will be used for signing 2019/20 accounts.
- Audit Scotland have confirmed the use of "DocuSign" - this provides a Qualified electronic signature which is compliant to EU Regulation No 910/2014 for electronic transactions within the internal European market. This is considered as a digital equivalent to handwritten or "wet" signatures, and is GDPR compliant.
- Audit Scotland have confirmed that accounts with electronic signatures are acceptable for laying in Parliament.

https://www.audit-scotland.gov.uk/uploads/docs/um/tb_2020_2.pdf

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3. NATIONAL PUBLICATIONS - CONTINUED

3. Covid-19 Further and Higher Education Financial Impacts, Scottish Funding Council Briefing Note, July 2020

The SFC has prepared a briefing note to explore the impacts of Covid-19 on the further and higher education sector and to outline what is being done to help. Some key points are below:

- For FY 2019-20 Scottish colleges are facing an adjusted operating loss position of a £12m deficit due to Covid-19 (includes ~£8m of Coronavirus Job Retention Scheme (CJRS) income) which has moved from a predicted break-even position;
- All but 3 colleges are forecasting deficits for 2019/20 and the impact for 2020/21 is expected to be even more severe;
- SFC are working with colleges to establish more accurate forecasts – this will be more straightforward when there is clarity over ESF activity targets and income recognition for the Flexible Workforce Development and Skills Development Scotland funding;
- All non-SG income streams for colleges have been impacted, while staff costs are continuing to be met for the most part, with some costs able to be funded by CJRS. Cost savings are being made in areas such as academic materials and property costs, while there are additional costs associated with online learning and remote working;
- Sector cash balances are expected to drop from £41m to £28m by the end of 2019/20, with 4 colleges expecting to move into a negative cash position;
- It is noted however, that cash balances may be inflated by unspent funds, for example, from high priority maintenance funds;
- Several colleges have delayed voluntary severance programmes which were being taken forward in order to secure financial sustainability.

What SFC is doing:

- Continuing to track and assess financial impacts through a fluid and dynamic time;
- Making funding allocations to bring stability and continuity, to enable staff to be paid, research to continue, and students to be supported;
- Offering flexibility in re-profiling grant drawdowns to ease cashflow concerns where possible;
- Providing additional guidance and joining up with other agencies to provide clarity where needed on programmes and funding;
- Reviewing all our non-core funds to assess our ability to repurpose funds;
- Keeping in close contact with the Scottish Government and UK counterparts and networks on potential support packages, and on the implications of interventions in further and higher education in UK that affect Scotland.

<http://www.sfc.ac.uk/COVID-19/COVID-19.aspx>

3. NATIONAL PUBLICATIONS - CONTINUED

4. National Fraud Initiative 2018/19, Audit Scotland, July 2020

All Scotland's colleges took part in the National Fraud Initiative (NFI) in 2018/19, some for the first time. The NFI in Scotland is a counter-fraud exercise led by Audit Scotland, and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error. It means that public bodies can take action if any fraud or error has taken place, and it allows auditors to assess fraud prevention arrangements which those bodies have.

Some key messages:

- Covid-19 raises risk of public sector fraud due to more remote working, increases in cyber-crime and government stimulus packages being provided quickly with lower levels of scrutiny than for previous schemes;
- Audit Scotland is working with the Cabinet Office to identify, develop and promote data matching facilities to help address some of this increased fraud risk – work will continue in this area for the 2020/21 NFI exercise;
- NFI outcomes from the 2018/19 exercise in Scotland of £15.3m – decrease of £2.4m from 2016/17 exercise;
- NFI outcomes for Scottish Colleges totalled £8.6k from 5 Colleges:

FE College	Creditors cases No.	Creditors actual overpayment £
Ayrshire College	1	10
Dundee & Angus College	2	1,998
Edinburgh College	2	2,455
Glasgow Clyde College	1	679
West College Scotland	3	3,465
Total	9	8,607

- Key benefit of a UK-wide data matching exercise is that it enables matches to be made between bodies and across national borders. Data provided by Scottish participants helped other public bodies to identify outcomes worth £1.7m which is an increase of £0.6m from 2016/17. Although the colleges do not identify significant outcomes from their own matches, they do assist other bodies;
- Audit Scotland recommends use of the self-appraisal checklist to assess their involvement in the NFI before and during the 2020/21 NFI exercise – this constitutes Part A & Part B. Part A is designed to assist audit committee members when reviewing, seeking assurance over or challenging the effectiveness of their bodies' participation in the NFI, while Part B is for the officers involved in planning and managing the NFI exercise.

<https://www.audit-scotland.gov.uk/report/the-national-fraud-initiative-in-Scotland-201819>

4. POSITION STATEMENT ON 2019-20 AUDIT

Planned output	Expected completion date	Final report issued to Audit Committee	Comments
2019-20 Audit Strategy Memorandum	By 21 May 2020	21 May 2020	~
Audit Committee Progress Report and Briefing	By 3 September 2020	3 September 2020	~
2019-20 Audit Completion Report, incorporating: <ul style="list-style-type: none"> • Opinion on the financial statements. • Conclusion on Wider Scope work 	By 31 December 2020	TBC	~

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5. CONTACT DETAILS

Please let us know if you would like further information on any items in this report.

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TITLE: ACCOUNTS DIRECTION FOR SCOTLAND'S COLLEGES 2019-20

Background: The SFC issue mandatory guidance for the preparation of the annual report and accounts each year. This paper provides the Audit Committee with an overview of the detailed requirements for the 2019-20 financial year.

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

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1 Accounts Direction

- 1.1 The SFC issue mandatory guidance for the preparation of the annual report and accounts each year. On 17 July 2020 the Scottish Funding Council (SFC) issued specific guidance to colleges for the 2019-20 year-end. Page 4 of the guidance sets out the requirements for the preparation of the annual report and accounts along with the deadline for submission of 31 December 2020. Two copies of the College annual report and accounts also require to be sent to the Auditor General for Scotland by 31 December 2020.

2 Changes to Reporting Requirements

- 2.1 A summary of the Accounts Direction requirements and the full SFC circular which includes all changes in reporting requirements is enclosed with this report (see Appendix A and Appendix B).
- 2.2 The SFC Accounts Direction advises Colleges to use the new Statement of Recommended Practice (SORP 2019) which applies to accounting periods beginning on or after 1 January 2019. The College has in previous financial statements already implemented the requirements of the new SORP in relation to:
- Comparative information - that organisations are required to include comparative information for all amounts presented in the accounts
 - Depreciating assets comprising two or more components – that where an organisation holds an asset that comprises two or more major components, these components must now be depreciated separately over their separate useful lives.
 - Cash flow statement – that an additional note is now required that analyses the movements in net debt during the reporting period.

There are a few other changes which are not applicable to the College in relation to payments from subsidiaries to parent charities; disclosure of mixed used properties and renting investment property to a group entity.

The College is complying with the requirement for the reporting year to 31 July 2020.

- 2.3 The following sections outline the key points arising from the 2019-20 SFC Accounts Direction and Guidance notes.

a) Strategic Report (Accountability Report)

- 2.4 The SFC require the College, within the Strategic Report, to explain the impact of COVID-19 on the financial performance being reported, including which income sources have been affected and the mitigating actions taken by the College to offset this. Also, the College should report the impact of Brexit on the finance position.

b) Performance Report

- 2.5 In line with prior years the College is required to include a Performance Report in the annual report and accounts. This report provides information on the College, its main objectives and strategies and the principal risks that it faces in a fair, balanced and understandable way. The report contains an overview and performance analysis and requires to be signed by the College Principal.
- 2.6 The guidance allows for an option to only produce summary information in the Performance Report to help minimise the reporting burden during COVID-19. However, the College will continue to provide information on the Performance Report in full, as the information required is available in the normal course of business.
- 2.7 The College continues to be required to include a summary of its estate management strategy in this section.
- 2.8 The College will ensure compliance with the above requirements.

c) Adjusted Operating Position

- 2.9 The Adjusted Operating Position (AOP) is intended to reflect the underlying financial operating performance of the College after allowing for material one-off or distorting items required by the SORP or other items out with the control of the College – such as loss on disposal of assets, depreciation, impact of annual pension valuations.
- 2.10 The SFC has stipulated that the impact of COVID-19 should not be shown as a separate adjustment on the AOP. While there may have been a significant impact, this should be sufficiently detailed in the narrative in the Performance Report.
- 2.11 In line with the prior year, the SFC has requested that all colleges submit their AOP note, along with their draft accounts, to the SFC for review prior to the College formally approving the Financial Statements thereby allowing the SFC to ensure consistency of approach and presentation across the sector.
- 2.12 The College will look to liaise with the external auditors and SFC as to the most appropriate time to submit the draft AOP note and financial statements to the SFC for their consideration.
- 2.13 The College remains of the view that any net cost arising from voluntary severance should be excluded in calculating the Adjusted Operating Position. Although this will not impact upon West College Scotland's reported financial position for 2019-20, discussion remains ongoing with the SFC regarding this matter, as it is likely to impact upon the adjusted operating position that will be reported for 2020-21, given the requirement for efficiency savings to be released through the College funding of voluntary severance.

d) Remuneration and Staff Report

- 2.13 The Accounts Direction requires that Colleges continue to account for the full harmonisation cost of national bargaining support and middle management staff job evaluation and the associated SFC grant. The figures used for this are based on Colleges Scotland's February 2019 information. This Colleges Scotland calculated figure is a set percentage of the College payroll at a point in time and there remains a high degree of uncertainty around the timing and quantum of the adjustment.
- 2.14 The SFC guidance allows for the removal of remuneration table included in the Performance Report as the information is already available in the Notes to the Accounts. Within the Performance Report the College has referenced that the remuneration information is available in the Notes to the Accounts.

e) Parliamentary Accountability Report

- 2.15 The College believes that it will not require to provide a Parliamentary Accountability Report as part of the 2019-20 annual accounts as this relates to disclosure of:
- Fees and charges in excess of £1m annually;
 - contingent liabilities; or
 - total losses / special payments exceeding £250,000

The College does not have any disclosures of this nature to make and this will be confirmed with the external auditors as part of their year end work.

f) Corporate Governance

- 2.16 The College includes in the Annual Report and Accounts a statement covering the responsibilities of the Governing Body in relation to corporate governance. The report requires to state that the College has complied with the 2016 Code of Good Governance for Scotland's Colleges (the Scottish Code). This is consistent with the SFC requirements in prior years and the College will continue to comply with this.
- 2.17 The College will also continue to comply with the Audit Scotland guidance issued in May 2019 '*Good practice note on improving the quality of college annual reports and accounts – Governance statements.*'
- 2.18 Colleges are required to prepare their annual report and accounts in accordance with an accounts direction from the Scottish Funding Council (SFC) which requires compliance with the governance statement section of the Scottish public finance manual (the SPFM).

- 2.19 The Secretary to the Board has reviewed the SFC requirement that the Governance Statement should also set out any changes to the governance structures required or other governance implications arising from COVID-19. Changes have been made to the Corporate Governance statement including:

- setting out the impact of COVID-19 on the operation of the Board of Management; and
- the risk management section has been updated to reflect specific risks arising from COVID-19, Brexit and the steps being taken to mitigate these risks.

g) Financial Statements

- 2.20 The Accounts Direction has provided an illustrative form of words for inclusion in the note to the accounts which the College will adopt as follows:

The deficit is attributable to other factors reflected in the adjusted operating table and also the impact of COVID-19 as explained in the Performance Report on pages x to y.

- 2.21 The Government funding for workers furloughed under the Coronavirus Job Retention Scheme is to be recorded as Government Grant income and not netted off against staff costs.

h) Overall Requirement

- 2.22 As in previous years, the College is required to comply with the requirements of the:
- SFC Accounts Direction for Scotland's College 2019-20;
 - Financial Memorandum with the Scottish Funding Council (SFC);
 - 2019 Statement of recommended Practice: Accounting for Further and Higher Education (SORP); and
 - Government Financial Reporting Manual 2019-20.
- in the preparation of the annual report and accounts for the College

3 Conclusion

- 3.1 The Audit Committee is requested to note the content of the report.



Scottish Funding Council
Comhairle Maoinachaidh na h-Alba

Accounts direction for Scotland's colleges 2019-20

SFC Guidance

Issue Date: 17 July 2020

Accounts direction for Scotland's colleges 2019-20

Issue date: 17 July 2020

Reference: SFC/GD/15/2020

Summary: To provide SFC's 2019-20 accounts direction for Scotland's colleges and Glasgow Colleges' Regional Board

FAO: Principals / Executive Director / Finance Directors / Board Secretaries of Scotland's colleges and Glasgow Colleges' Regional Board

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Accounts direction for Scotland's colleges 2019-20

1. It is the Scottish Funding Council's direction that institutions¹ comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts².
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2019-20 (FReM) where applicable.
4. Incorporated colleges and Glasgow Colleges' Regional Board are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2020.
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
17 July 2020

¹ The term "institutions" includes colleges and Glasgow Colleges' Regional Board.

² Glasgow Colleges' Regional Board's accounts are prepared on a consolidated basis, incorporating the results of City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College. New College Lanarkshire's accounts are also prepared on a consolidated basis, incorporating the results of South Lanarkshire College.

Introduction and structure of accounts direction

Mandatory and corporate governance disclosures

1. We draw your attention to the specific mandatory disclosures for non-incorporated colleges in **Appendix 1** and for incorporated colleges and Glasgow Colleges' Regional Board ("GCRB") in **Appendix 2**. The corporate governance disclosures required are listed in **Appendix 3**.

Deadlines

2. Incorporated and non-incorporated colleges³ are required to provide their annual report and accounts, together with the associated audit reports, to us by 31 December 2020. We understand that, due to the exceptional circumstances arising from COVID-19, this deadline may not be achievable for some colleges. If you consider that your college will be unable to meet this deadline, please contact SFC.
3. The annual report and accounts should be prepared with a 31 July year-end.

³ The term non-incorporated college covers Argyll College, Newbattle Abbey College, Sabhal Mòr Ostaig and West Highland College. Orkney College and Shetland College are part of their local authorities and will be included in the annual report and accounts of those authorities.

Mandatory disclosures – Non-incorporated colleges

1. Listed below are disclosures which non-incorporated colleges must include in the financial statements.

Strategic Report⁴

2. A list of members of the governing body and key committees. This should cover all those who served during the period and include any changes up to the date of signing the annual report and accounts. The report should also disclose attendance of individual members at board meetings but this can be disclosed as a percentage attendance for the year.
3. A statement describing the payment practice code or policy adopted on payment of suppliers and performance achieved, together with disclosure of any interest paid under the Late Payment of Commercial Debts (Interest) Act 1998, or a statement that there were no matters to disclose.
4. A statement on the employment of disabled persons where the average number of all persons employed in the year exceeds 250.
5. The report should provide a commentary on the college financial performance in the year. This should include a table setting out the adjusted operating position for the year in accordance with the template included in **Appendix 7**.
6. The commentary should explain the impact of the COVID-19 outbreak on the financial performance for the year, including which income sources have been affected and the mitigating actions taken by the college to offset this. Colleges should also comment on the impact of Brexit on their financial position.
7. In addition, in accordance with the [Trade Union \(Facility Time Publication Requirements\) Regulations 2017](#), the following information must be published:
 - Relevant union officials.
 - Percentage of time spent on facility time.
 - Percentage of pay bill spent on facility time.
 - Paid trade union activities.
8. An example of the disclosure required is given on page 22 of this Direction.

⁴ Further guidance on Strategic reports is given in the 2019 SORP (paragraph 3.23 to 3.26)

Notes to the accounts

9. The audit fees and non-audit fees paid to external and internal auditors.

Corporate governance

10. We require non-incorporated colleges to include in their annual report and accounts a statement covering the responsibilities of their governing body in relation to corporate governance. This statement is required to indicate how the college has complied with good practice in this area.
11. It is a condition of the Financial Memorandum (FM) with SFC or the RSB (for assigned colleges) that governing bodies comply with the principles of good governance set out in the 2016 Code of Good Governance for Scotland's Colleges ("the Scottish Code"). Colleges are required to include a statement in their accounts confirming compliance with the Scottish Code. In line with the principle of comply or explain, an explanation should be provided in the event that the college's practices are not consistent with particular principles. A form of wording for the compliance statement is included at **Appendix 3(a)**.
12. We recognise that each college will have its own system of corporate governance, reflecting its particular objectives and management processes. However, in preparing their governance statement, colleges should give due regard to the guidance contained in **Appendix 3**.
13. Any changes to the corporate governance framework required as a result of COVID-19 should be outlined here.
14. Colleges should also refer to the Audit Scotland '[Good practice note on improving the quality of college annual report and accounts - Governance statements](#)' published in May 2019.
15. Colleges should be aware that their external auditors will be reviewing the corporate governance statement as part of their audit and will be including a reference to this in their audit report.

Remuneration

16. The actual total remuneration of the head of the college, disclosing separately salary, bonus, employer pension contribution and taxable and non-taxable benefits in kind. Where there is a change of head of the college during the year, details should be given separately for each person, noting the dates each was in post. Where the head of the college has been paid salary in lieu of pension contributions, this should be explained in the note.
17. The total number of higher paid staff, including senior post-holders, in bands of £10,000, above a threshold of total emoluments (excluding pension

contributions and compensation for loss of office) of £60,000. The number of senior post-holders within each band should be separately identified.

18. The aggregate amount of any compensation for loss of office payable to the head of the college and any staff member earning in excess of £60,000 per annum, together with the number of people to whom this was payable, or where the costs of all elements of a proposed arrangement amount to more than £75,000.

National Bargaining Support Staff and Middle Management Job Evaluation Costs

19. The full harmonisation costs of National Bargaining support staff and middle management will not be confirmed until the national Job Evaluation exercise is carried out, the outcome of which will be implemented with effect from 1 September 2018. Where relevant, support staff and middle management Job Evaluation costs (and associated grant) should be accounted for, based on Colleges Scotland's February 2019 costings.

Mandatory disclosures – incorporated colleges and Glasgow Colleges’ Regional Board

1. Institutions⁵ are required to comply with the Government Financial Reporting Manual (FReM) for 2019-20 as well as complying with the SORP. The additional disclosures required in institutions’ annual report and accounts in order to comply with the FReM (i.e. those areas not addressed in the SORP) are set out in the various disclosures below. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.
2. The disclosures which institutions must include in the annual report and accounts are outlined below.

The Performance Report

3. Section 5.2 of the FReM requires institutions to include a Performance Report in their annual report and accounts. The report will provide information on the institution, its main objectives and strategies and the principal risks that it faces. The report must provide a fair, balanced and understandable analysis of the institution’s performance. The report, which should be signed and dated by the college principal or Executive Director, should contain an overview of performance in the year.
4. It should be noted that an addendum to the FReM permits entities to omit the performance analysis (paragraphs 5.2.6 and 5.2.9-5.2.10 of the 2019-20 FReM) in order to minimise the reporting burden on public sector entities during the COVID-19 crisis. Further details are given at: [Addendum to Government Financial Reporting Manual 2019-20 \[PDF\]](#)
5. Colleges have the option of only producing the summary information in the performance review as set out in paragraphs 5.2.8 of the FReM but this is a minimum requirement and college may decide to include the performance analysis.
6. The addendum also states that, where relevant non-audited performance information has already been published and reported elsewhere, entities are encouraged to refer to the relevant publication rather than producing the information in the performance report.

⁵ In this section “institutions” refers to all incorporated colleges and Glasgow Colleges’ Regional Board. The disclosures for Glasgow Colleges’ Regional Board and New College Lanarkshire will cover the regional performance of their assigned colleges.

7. Colleges are still required to prepare a Performance Overview. As a minimum, the overview should include:
- A short summary explaining the purpose of the overview section.
 - A statement from the Principal or Executive Director providing their perspective on the performance of the institution over the period. This should include an explanation of the impact of COVID-19 and Brexit on the college's performance.
 - A statement of the purposes and activities of the institution including a brief description of the business model and environment, organisational structure, objectives and strategies, including estates management strategies.
 - The key issues and risks that could affect the institution in delivering its objectives.
 - An explanation of the adoption of the going concern basis where this might be called into doubt, for example where there are significant net liabilities which may require to be funded from public sources. Mitigating actions taken as a result of COVID-19 impacts should form part of the going concern commentary.
 - A performance summary.
 - Confirmation of compliance with Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009. The [Schedule to the 2015 Order](#) sets out the required content for the report to Scottish Government.
8. Further guidance on the preparation of Performance statements is given in the Audit Scotland '[Good practice note on improving the quality of central government annual report and accounts - Performance reports](#)'.

Cash budget for priorities (CBP)

9. Colleges are required to provide in the Performance Report a breakdown of spend of the cash budget for priorities allocation for Academic Year 2019-20. Colleges have a fixed annual CBP and they should disclose how this has been spent in the academic year. This should take the form of a table showing the expenditure under each heading. An illustrative form of wording for the Performance Report disclosure is given in **Appendix 5**. The details of each college's fixed CBP are given in **Appendix 8**. Glasgow Colleges' Regional Board does not itself have a CBP but the consolidated position of the assigned colleges should be reflected in the regional accounts.

Depreciation Budget for Government-funded Assets

10. Colleges are required to include a statement at the foot of the Statement of Comprehensive Income (SOI) and also a note to the accounts explaining the impact of the depreciation budget for government-funded assets. This is

required because the depreciation budget allocation cannot be reflected as income in the SOCI under the FE/HE SORP accounting rules.

11. The adjustment is to add the actual depreciation budget to the SOCI surplus/(deficit) in order to reflect the results on a Government accounting basis for the academic year.
12. The form of wording for the statement at the foot of the SOCI and the note to the accounts is set out in **Appendix 6**.
13. Glasgow Colleges' Regional Board does not itself have a depreciation budget but the consolidated position of the assigned colleges should be reflected in the regional accounts.

Adjusted operating position (AOP)

14. The Performance Report must also provide details of the adjusted operating position (AOP) for Academic Year 2019-20. The SOCI presents the financial performance during the accounting period in accordance with the SORP. The AOP is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items outwith the control of the institution. The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the institution. Institutions should explain what these adjustments are and why they have been made. All adjusting items included in this calculation must be visible (i.e. separately disclosed) in the SOCI or notes as appropriate and should be cross-referenced from the AOP table.
15. Colleges should not reflect the impact of COVID-19 as separate adjustments to the AOP. Whilst the impact is significant, colleges should ensure that the narrative in the performance report adequately explains the impact of COVID-19 on the current year results.
16. The template for the computation of the AOP is shown in **Appendix 7**.
17. It is important that the calculation of the adjusted operating position is consistent with other disclosures within the Performance Report and accounts.
18. **To ensure correct completion of the AOP and consistency across the sector, institutions should submit the AOP calculation, together with draft accounts, to SFC for review prior to the accounts being signed off. Institutions are encouraged to submit the AOP as early as possible to allow time for review.**

Payment practice

19. A statement describing the payment practice code or policy adopted on payment of suppliers and performance achieved, together with disclosure of any interest paid under the Late Payment of Commercial Debts (Interest) Act 1998, or a statement that there were no matters to disclose.

The Accountability report

20. The Accountability Report is required to have three sections:

- Corporate Governance report.
- Remuneration and Staff report.
- Parliamentary Accountability report.

Corporate Governance Report

21. The purpose of the Corporate Governance report is to explain the composition and organisation of the institution's governance structures and how they support the achievement of institutional objectives.
22. As a minimum, the Corporate Governance report must include a Directors' report, a statement of the Board of Management / Board responsibilities and a governance statement. These elements should be clearly identified.

Directors' report

23. The Directors' report should set out the membership of the Board of Management/Board and also those members of the senior management team who influence the decisions of the institution as a whole. Details should be given of any directorships or other interests which the members have or a link provided to the relevant Register of Interests. Any information on personal data-related incidents reported to the Information Commissioner's Office should also be disclosed.

Statement of Board of Management/Board responsibilities

24. The FReM requires government bodies to provide a Statement of Accounting Officer's responsibilities. However, the SFC Chief Executive is the Accountable Officer for the college sector and is required to provide a governance certificate of assurance covering all institutions to the Principal Accountable Officer of the Scottish Government, based upon certificates of assurance provided by institutions⁶. In light of this unique arrangement, institutions are required to continue to provide a Statement of Board's responsibilities within their Corporate Governance report.

Governance Statement

25. We require institutions to include in their annual report and accounts a statement covering the responsibilities of their governing body in relation to

⁶ Regional Strategic Bodies provide the certificate of assurance to SFC based upon certificates of assurance provided by the assigned colleges.

corporate governance. This statement is required to indicate how the institution has complied with good practice in this area.

26. It is a condition of the FM with SFC or the Regional Strategic Body (for assigned colleges) that governing bodies comply with the principles of good governance set out in the 2016 Code of Good Governance for Scotland's Colleges (the Scottish Code). All institutions are required to include a statement confirming compliance with the Scottish Code. In line with the principles of comply or explain, an explanation should be provided in the event that the institution's practices are not consistent with particular principles. A form of wording for the compliance statement is included at **Appendix 3(a)**. The FM also requires compliance with the Scottish Public Finance Manual (SPFM) and, in preparing the governance statement, institutions must comply with the guidance set out in the [Governance Statement section of the SPFM](#).
27. We recognise that each institution will have its own system of corporate governance, reflecting its particular objectives and management processes. However, in preparing their governance statement, institutions should give due regard to the guidance contained in **Appendix 3**.
28. The governance statement should also outline and explain the changes to the governance framework and any other governance implications arising from COVID-19.
29. Institutions should be aware that their external auditors are required to read the information in the Performance Report and the governance statement and express an opinion in the independent auditor's report on whether:
 - The information given in the Performance Report and governance statement is consistent with the financial statements.
 - The Performance Report and governance statement has been prepared in accordance with the accounts direction.
30. Further guidance is available in the Audit Scotland '[Good practice note on improving the quality of college annual report and accounts - Governance statements](#)' published in May 2019.

Remuneration and staff report

31. Institutions are required to include within their annual report and accounts a Remuneration and staff report in accordance with Section 5 (Paras 5.3.15 to 5.3.28) of the FReM. Further information is available from the Government Financial Reporting Manual 2019-20.

32. Institutions should also refer to further guidance contained in Employers Pension Notice: [EPN597 - Resource Accounts: 2019/20 disclosure of salary, pension and compensation information](#)
33. Although EPN 597 deals specifically with the Civil Service Pension Scheme, it does contain a standard format for disclosure and explanations of what should be included in the report in order to comply with the FReM. The Remuneration report should set out the remuneration and accrued pension benefits of senior managers of the institution and this will include those set out in the Directors' report (see paragraph 23 above).
34. An example Remuneration report is attached at **Appendix 4**. It is important to note that individuals should be informed in advance of the intention to disclose their salary information in this report. There is a presumption that information about named individuals will be given unless there is specific justification for not disclosing this (see FReM paragraph 5.3.18 for circumstances where non-disclosure is acceptable). In other cases it would be for the staff member to make a case for non-disclosure which should be considered by the institution on a case by case basis. Where non-disclosure is agreed, the fact that certain disclosure has been omitted should be disclosed.
35. The Staff report must include the following information:
- The number of senior staff by band.
 - Staff numbers and costs distinguishing between permanent contract staff and agency/contract staff.
 - Staff composition – the number of persons of each sex who were directors or employees of the institution.
 - Sickness absence data.
 - Staff policies applied during the year:
 - (a) For giving full and fair consideration to applications for employment to the institution made by disabled persons, having regard to their particular aptitudes and abilities.
 - (b) For continuing the employment of, and arranging appropriate training for, employees of the institution who have become disabled persons during the period they were employed by the institution.
 - (c) Otherwise for the training, career development and promotion of disabled persons employed by the institution.
 - The number and overall value of exit packages (as approved by SFC under Severance Guidance).

- Other employee matters – such as other diversity issues and equal treatment in employment and occupation; employment issues including employee consultation and/or participation; health and safety at work; trade union relationships and human capital management such as career management and employability, pay policy etc.⁷
36. In addition, in accordance with the [Trade Union \(Facility Time Publication Requirements\) Regulations 2017](#), the following information must be published:
- Relevant union officials.
 - Percentage of time spent on facility time.
 - Percentage of pay bill spent on facility time.
 - Paid trade union activities.

Parliamentary Accountability report

37. The FReM requires the inclusion of a Parliamentary Accountability report and, for Scottish government bodies, the requirements are reflected in the SPFM. The disclosures required are:
- Fees and charges for each service where the full annual cost is £1 million or more, or (if lower) where the amount of the income and full cost of the service are material to the financial statements:
 - Financial objective performance against that objective. The standard approach to setting charges for public services is full cost recovery but the SPFM lists some exceptions e.g. subsidised services.
 - Full cost of the service.
 - Income from charging for the service.
 - Surplus or deficit.
 - Disclosure of contingent liabilities, specifically enforceable undertakings given in the form of a guarantee or indemnity which would bind the body into providing the resources in the event of the guarantee or indemnity maturing; or a letter or general statement of comfort which could be considered to impose a moral obligation.
 - Disclosure of total losses exceeding £300,000 and total special payments exceeding £300,000.
38. It is not envisaged that the Parliamentary Accountability disclosures will require to be completed by most institutions unless they are material.

⁷ This FReM requirement strengthens non-financial reporting for the benefit of users of the accounts and aligns with the introduction of EU Regulations and Directives. Further guidance is available at the following link: [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017XC0705\(01\)](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017XC0705(01))

39. The Accountability report should be signed and dated by the Principal or Executive Director.

Notes to the accounts

40. The audit fees and non-audit fees paid to external and internal auditors.
41. The actual total remuneration of the Principal or Executive Director, disclosing separately salary, bonus, employer pension contribution and taxable and non-taxable benefits in kind. Where there is a change of Principal or Executive Director during the year, details should be given separately for each person, noting the dates each was in post. Where the Principal or Executive Director has been paid salary in lieu of pension contributions, this should be explained in the note.
42. The total number of higher paid staff, including senior post-holders, in bands of £10,000 above a threshold of total emoluments (excluding pension contributions and compensation for loss of office) of £60,000. The number of senior post-holders within each band should be separately identified.
43. The tables in the staff cost note required in paragraphs 41 and 42 should be cross-referenced to the remuneration and staff report. Alternatively, if institutions prefer, the tables can be included in the remuneration and staff report and cross-referenced to the staff costs note. This will avoid duplication of the information.

National Bargaining Support Staff and Middle Management Job Evaluation Costs

44. The full harmonisation costs of National Bargaining support staff and middle management will not be confirmed until the national Job Evaluation exercise is carried out, the outcome of which will be implemented with effect from 1 September 2018. Support staff and middle management Job Evaluation costs (and associated grant) should be accounted for, based on Colleges Scotland's February 2019 costings.

Governance Statement Guidance for Institutions

1. Institutions are required to include in their annual report and accounts a statement covering the responsibilities of their governing body in relation to corporate governance. This statement is required to indicate how the institution has complied with good practice in this area.
2. It is a condition of the Financial Memorandum with the SFC or the Regional Strategic Body (for assigned colleges) that governing bodies meet the principles of good governance, set out in the 2016 Code of Good Governance for Scotland's Colleges. All institutions are required to include a statement in their corporate governance statements confirming compliance with the Scottish Code. In line with the principle of comply or explain, an explanation should be provided in the event that the institution's practices are not consistent with particular principles. The template to be used for the compliance statement is at Appendix 3(a).
3. The following should be included in the governance statement:
 - The governance framework of the institution, including information about the committee structure of the Board of Management / Board and the coverage of its work. The statement should set out any changes to governance structures required or other governance implications arising from COVID-19.
 - The operation of the Board of Management / Board, including membership and attendance at meetings, during the period and setting out the impact of COVID-19 on the operation of the Board of Management / Board.
 - An assessment of corporate governance with reference to compliance with the Scottish Code and explanations of any departures from the Code.
 - An assessment of the institution's risk management arrangements and risk profile including, subject to a public interest test, details of significant risk-related matters arising during the period.
 - In setting out principal risks and uncertainties, colleges should consider the specific risks arising from COVID-19 and Brexit and the steps being taken to mitigate those risks.
 - Details of any significant lapses of data security.
 - Confirmation that the institution is a going concern, with supporting assumptions and qualifications as necessary. This disclosure provides

support for the use of the going concern accounting policy and should not be inconsistent with the disclosures regarding going concern either in the annual report and accounts or the auditors' report thereon.

4. Institutions should refer to the Audit Scotland '[Good practice note on improving the quality of college annual report and accounts - Governance statements](#)' which is based on a review of the corporate governance statements in the 2017-18 institution accounts. Audit Scotland identify key characteristics which make for a high quality corporate governance statement, including:
 - There should be a single, coherent narrative running through the whole of the annual report and accounts.
 - The governance statement, wherever possible, should be brief, focused and high level.
 - The governance statement should be open and transparent and should reflect the specific matters that cause concern to the Board of Management / Board.
 - Emphasis should be on assessing the effectiveness of the arrangements rather than simply providing an explanation of the arrangements.
 - Key risks should be identified, the impact analysed and steps taken to mitigate the risk should be reflected in the statement.
 - The statement should provide understandable information and use precise language that explains issues clearly.

Template for statement of compliance with the 2016 Code of Good Governance for Scotland's Colleges

The institution complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2020.

or

The institution complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges with the exception of xxxx. The institution is taking action to address this by xxxx and xxxx and expects to be fully compliant by xxxx.

Template for Remuneration Report (for incorporated colleges and Glasgow Colleges' Regional Board only)

Remuneration Policy

1. Institutions should outline here the details of their remuneration policy for the Principal or Executive Director and senior managers and also outline the operation of the Remuneration Committee.

Remuneration (including salary) and pension entitlements

Remuneration (salary, benefits in kind and pensions)⁸

2. The following table provides detail of the remuneration and pension interests of senior management.

Single total figure of remuneration						
	Year ended 31 July 2020			Year ended 31 July 2019		
Name	Salary £'000	Pension Benefit ⁹ £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Name A						
Name B						

3. Where applicable, performance pay or bonuses payable, salary paid in lieu of pension and non-cash benefits should also be disclosed separately in the above table.

Pay multiples

4. Institutions are required by the FReM to disclose the relationships between the remuneration of the highest paid official and the median remuneration of their workforce.
5. The banded remuneration of the highest paid official in the institution in the financial year 2019-20 was £xxx (2018-19 £xxx). This was x times (2018-19 x times) the median remuneration of the workforce which was £xx (2018-19 £xx).
6. [Explanation for changes in the ratio]

⁸ The details in this table are subject to audit.

⁹ The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Accrued Pension Benefits

7. Institutions should outline here the pension schemes in operation and give a brief explanation of how benefits accrue for the employees.

Senior Officials Pension

8. Pension benefits are provided to senior officials on the same basis as all other staff. The accrued pension benefits for senior managers are set out in the table below, together with the pension contributions made by the institution.

Name	Accrued pension at pension age at 31 July 2020	Accrued lump sum at pension age at 31 July 2020	Real increase in pension 1 August 2019 to 31 July 2020	Real increase in lump sum 1 August 2019 to 31 July 2020	CETV at 31 July 2020	CETV at 31 July 2019	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Name A							
Name B							

Cash equivalent Transfer Value (CETV)

9. A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.
10. The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government Pension Scheme service and not just their current appointment.
11. In considering the accrued pension benefits figures the following contextual information should be taken into account:
- (i) The figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
 - (ii) The accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

Real increase in CETV

12. This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

13. xx employees left under voluntary exit terms on xx/xx/xx. They received a compensation payment of £'xxx.
14. xx employees left under voluntary redundancy terms on xx/xx/xx. They elected to take early retirement. The cost to the institution of buying out the actuarial reduction on their pension was £xx. They did not receive any additional compensation.
15. The table below summarises the exit packages by cost band.

Exit package cost band	Number of voluntary redundancies	Number of other departures agreed (including any compulsory redundancies)	Total number of exit packages by cost band
<£10,000			
£10,000 - £25,000			
£25,000 - £50,000			
£50,000 - £100,000			
£100,000 - £150,000			
£150,000 - £200,000			
Total number of exit packages			
Total cost (£)			

Salaries and Related costs

	2020	2020	2020	2019
	Directly employed staff on permanent UK contracts	Other staff including short-term contract, seconded and agency staff	Total	Total
Wages and salaries				
Social security costs				
Other pension costs				
Total				
Average number of FTE				

Note: Where the number of staff under any one category of “other staff” is significant, that category should be separately disclosed.

16. The institution employed xx females and xx males as at 31 July 2020.

Facility time

17. In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the institution provided the following support through paid facility time for union officials working at the institution during the year ended 31 March 2020.

Relevant union officials

Number of employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:

Percentage of time spent on facility time

Percentage:	Number of employees:
0%	
1%-50%	
51%-99%	
100%	

Percentage of pay bill spent on facility time

Total cost of facility time:	
Total pay bill:	
Percentage of the total pay bill spent on facility time:	

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours:	
---	--

Spend of Cash Budget for Priorities (incorporated colleges and Glasgow Regional Colleges' Board¹⁰ only)

Illustrative form of words for inclusion in Performance Report

1. Following their reclassification as central government bodies from 1 April 2014, colleges are also required to comply with Central Government budgeting rules. In addressing the impact of these budgeting rules, Scottish Government and SFC committed to providing the cash budget previously earmarked for depreciation for use on specified priorities.
2. Colleges have now each been given a fixed cash budget for priorities (see **Appendix 8**) which must be spent on agreed government priorities as outlined in the table below. Spend of the College's cash budget for priorities, and impact on the operating position for the academic year, is detailed below.

Table of cash budget for priorities spend		
Revenue Priorities	2019-20 (£'000)	2018-19 (£'000)
Student support		
2015-16 pay award		
Voluntary severance		
Estates costs		
Other agreed priorities (give detail)		
Total impact on operating position		
Capital Priorities		
Loan repayments (including PFI, NPD repayments)		
Estates costs		
Provisions pre 1 April 2014 (give detail) carried on balance sheet		
Total Capital		
Total cash budget for priorities spend		

¹⁰ Glasgow Colleges' Regional Board and New College Lanarkshire accounts will reflect the consolidated position of the assigned colleges.

Impact of Depreciation Budget on Statement of Comprehensive Income (incorporated colleges and Glasgow Colleges' Regional Board¹¹ only)

Illustrative form of words for inclusion in the statement at the foot of the Statement of Comprehensive Income

1. The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit colleges to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note X provides details of the adjusted operating position on a Central Government accounting basis.

Illustrative form of words for inclusion in the note to the accounts

2. Following reclassification, incorporated colleges received a non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. Colleges may show a deficit equivalent to net depreciation as a result of having to meet Government accounting rules and the requirement to spend the entire cash allocation.
3. Under the FE/HE SORP, the college recorded an operating deficit of £X for the year ended 31 July 2020. After adjusting for the non-cash allocation provided under government rules, the college shows an "adjusted" surplus/deficit of £X on a Central Government accounting basis.
4. This demonstrates that the college is operating sustainably within its funding allocation.

or

The deficit is attributable to other factors reflected in the adjusted operating table and also the impact of COVID-19 as explained in the performance report on pages x to x.

¹¹ Glasgow Colleges' Regional Board does not itself have a depreciation budget but the consolidated position of the assigned colleges should be reflected in the regional accounts.

	2019-20 £'000	2018-19 £'000
Surplus/(deficit) before other gains and losses (FE/HE SORP basis) for academic year		
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year		
Operating surplus/(deficit) on Central Government accounting basis for academic year		

Model adjusted operating position (AOP) note

The SOCI presents the financial performance during the accounting period in accordance with the SORP. The AOP is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items outwith the control of the institution. The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the institution. All adjustments should be cross-referenced to the relevant note in the financial statements.

	2019-20 £'000	2018-19 £'000
Surplus/(deficit) before other gains and losses		
Add back:		
<ul style="list-style-type: none"> - Depreciation (net of deferred capital grant release) on both government funded and privately funded assets including NPD assets* (Note 1) - Exceptional non-restructuring costs - Impairment (Note 2) - Pension adjustment – Net service cost (Note 3) - Pension adjustment - Net interest cost (Note 4) - Pension adjustment - Early retirement provision (Note 5) - Donation to Arms-Length Foundation (ALF)* (Note 6) 		
Deduct:		
<ul style="list-style-type: none"> - Non-Government capital grants (e.g. ALF capital grant) (Note 7) - Exceptional income (if disclosed as exceptional in accounts) - Insurance claim (Note 8) - CBP allocated to loan repayments and other capital items* (Note 9) - NPD income applied to reduce NPD balance sheet debt (Note 10) 		
Adjusted operating surplus/(deficit)		

*Incorporated colleges only

Explanation for adjusting items:

Note 1: Depreciation does not have an immediate cash impact on the institution and, in any case, capital expenditure will largely be funded by government or ALF grants so the charge is taken out.

Note 2: The exceptional non-restructuring adjustment will relate to any material one-off charges in year which may distort the accounts.

Note 3: The adjustments to the pensions charge represent the net service cost (i.e. the present value of projected benefits resulting from employee service in the current year less cash contributions paid).

Note 4: The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets.

Note 5: The early retirement provision adjustment relates to the gain/loss arising from the actuarial valuation during the year. This excludes any adjustments to valuations as a result of adding or deleting employees.

Note 6: The ALF donation is paid out of the commercial surplus for the year so is adjusted to arrive at the pre-donation operating position.

Note 7: Capital grant income is not matched by SOCI expenditure as it has been used to fund capital assets which will be depreciated over the life of the asset.

Note 8: Exceptional income items which distort the results for the year are excluded. This is only relevant where the item is disclosed as exceptional in the accounts.

Note 9: Cash Budget for Priorities is included in income but the loan repayment is not reflected in the costs therefore this amount is adjusted. Loan repayments should only be adjusted where CBP has been used to fund them.

Note 10: NPD grant income is included in the SOCI but the payment is applied to reduce the balance sheet liability and, as this would overstate the surplus, is therefore adjusted.

Fixed Cash Budget for Priorities per college (incorporated colleges only)

Region	College	2019-20 cash budget for priorities £'000
Ayrshire	Ayrshire College	1,324
Borders	Borders College	252
Dumfries & Galloway	Dumfries & Galloway College	390
Edinburgh	Edinburgh College	2,547
Fife	Fife College	2,152
Forth Valley	Forth Valley College	613
Glasgow	City of Glasgow College	1,156
Glasgow	Glasgow Clyde College	612
Glasgow	Glasgow Kelvin College	442
Highlands & Islands	Inverness College	496
Highlands & Islands	Lews Castle College	143
Highlands & Islands	Moray College	424
Highlands & Islands	North Highland College	97
Highlands & Islands	Perth College	529
Lanarkshire	New College Lanarkshire	863
Lanarkshire	South Lanarkshire College	197
North East Scotland	North East Scotland College	1,161
Tayside	Dundee & Angus College	1,055
West	West College Scotland	1,639
West Lothian	West Lothian College	190



Scottish Funding Council
Comhairle Maoinachaidh na h-Alba

Accounts direction for Scotland's colleges 2019-20

SFC Guidance

Issue Date: 17 July 2020

Accounts direction for Scotland's colleges 2019-20: Detailed notes for guidance on completion of 2019-20 financial statements

Introduction

1. These guidance notes are designed to supplement the Scottish Funding Council's Accounts Direction.
2. The guidance has been prepared with a view to improving the quality and consistency of financial reporting throughout the college sector.

General

3. The Statement of Recommended Practice for Further and Higher Education (SORP) was issued in October 2018 and is effective for accounting periods beginning on or after 1 January 2019. The SORP reflects the changes to UK Generally Accepted Accounting Practice following the issue of FRS 100, 101 and 102. A copy of the SORP and supporting materials can be found on the [Universities UK website](#).
4. As noted in the SORP, institutions¹ must apply all requirements under FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', relevant legislation and accounts direction from Funding Bodies applicable to the institution.
5. Incorporated colleges and Glasgow Colleges' Regional Board² are also required to comply with the Financial Reporting Manual (FReM) and the Scottish Public Finance Manual (SPFM).

SFC and Regional Strategic Body funding

6. The note analysing SFC grants or grants funded by Regional Strategic Bodies (RSBs) should provide sufficient information to allow the reader to understand the major types of grant received from each funding body. **Annex A** contains a model note which institutions should adopt as far as possible.
7. Any significant one-off or ring-fenced grants should be identified on a separate line. Whilst smaller grants may be grouped together under the heading "other", this should not represent a significant portion of the total grants received.

¹ The term institution includes colleges and Glasgow Colleges' Regional Board.

² Glasgow Colleges' Regional Board's accounts are prepared on a consolidated basis, incorporating the results of City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College. New College Lanarkshire's accounts are also prepared on a consolidated basis, incorporating the results of South Lanarkshire College.

Tuition fees and education contracts

8. Institutions should analyse tuition fees and contracts in accordance with the model notes given in **Annex B**.

Grants from arms-length foundations

9. Institutions should disclose separately any revenue or capital grants received from arms-length foundations.

Student support funds

10. Paragraph 16.9 of the SORP states that “Where the institution disburses funds it has received as paying agent on behalf of a funding body or other body, and has no beneficial interest or risks related to the receipt and subsequent disbursement of the funds, these funds should be excluded from the Statement of Comprehensive Income of the institution.”
11. What constitutes an agency arrangement will depend upon each individual fund and its own individual characteristics. However, the following can be considered to be agency arrangements:
 - Further education bursary funds.
 - Discretionary funds.
 - Education maintenance allowances.
12. Accordingly, these should be excluded from the Statement of Comprehensive Income and the movements disclosed in a note to the accounts. Where incorporated colleges have used the cash budget for priorities³ to fund student support costs in excess of funding they should record this expenditure in the Statement of Comprehensive Income. To ensure comparability between institutions, we recommend that the standard note shown in **Annex C** is adopted.
13. FE and HE childcare funds received by institutions should be included in the main Statement of Comprehensive Income as institutions have more discretion in the manner in which these funds are disbursed and these funds do not therefore meet the definition of agency funds. The income from childcare funds should be identified as a separate line in the Scottish Funding Council income note. Related expenditure from the fund should be shown as a separate line within the appropriate expenditure heading. A note of the movements on childcare funds should be disclosed in the notes in accordance with the model

³ Glasgow Colleges’ Regional Board does not itself have a cash budget for priorities but the consolidated position of the assigned colleges should be reflected in the regional accounts.

note given in **Annex C**. The guidance section on the SFC website provides further details of childcare guidance for FE and HE students studying at colleges.

14. Any in-year redistributions agreed by SFC should also be reflected in the notes. Amounts to be clawed back should be identified as repayable to SFC or other body in the student support fund note.
15. Institutions should have in place systems which minimise incorrect payments of student support funds. However, where there has been overpayment for any reason and funds are recovered these should be credited to the fund balance at the time of recovery. The administrative costs of recovering these overpayments, in line with other administrative costs relating to student support fund payments, should be met from core funds.
16. A link to extant guidance relevant to non-advanced student support funds from SFC is given in **Annex D**.

Staff Costs

17. For consistency and clarity the headings shown in the staff costs note should be analysed as shown in **Annex E**. As in previous years, agency staff costs should be included as a separate line under 'Other operating expenses'.
18. Government funding for workers furloughed under the Coronavirus Job Retention Scheme should be recorded as government grant income and not netted off against staff costs.
19. The full harmonisation costs of National Bargaining support staff and middle management will not be confirmed until the national Job Evaluation exercise is carried out, the outcome of which will be implemented with effect from 1 September 2018. Support staff and middle management Job Evaluation costs (and associated grant) should be accounted for, based on Colleges Scotland's February 2019 costings.

Non-profit distributing projects

20. In accounting for the unitary charge payment, the split between the running cost and loan repayment elements should be disclosed in the notes to the financial statements.

Donations to arms-length foundations

21. Any donation to an arms-length foundation should be disclosed above the operating surplus line, under the expenditure headings, in the Statement of Comprehensive Income. The donation should be clearly disclosed in order to ensure transparency within the annual report and accounts.

Summary pension note

22. A model summary pension note disclosing SOCI charges and Balance Sheet movements is shown at **Annex F**. The suggested note is included within the guidance notes with a view to generating consistency of reporting between colleges of the key SOCI charges and Balance Sheet movements. The suggested note will form part of the wider disclosures on pensions required in the accounts though this additional information is not reflected in **Annex F**. It is important that the note sets out the non-cash movements charged to the SOCI (service costs and net interest cost) as these will also be disclosed and cross-referenced on the adjusted operating position table.

Adjusted operating position (AOP)

23. The SOCI presents the financial performance during the accounting period in accordance with the SORP. The AOP is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items outwith the control of the institution. The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the institution. Institutions should explain what these adjustments are and why they have been made. All adjusting items included in this calculation must be visible (i.e. separately disclosed) in the SOCI or notes as appropriate and should be cross-referenced from the AOP table.
24. Colleges should not include any adjustments for the impact of COVID-19 in the AOP calculation.
25. **To ensure correct completion of the AOP and consistency across the sector, institutions should submit the AOP calculation, together with draft accounts, to SFC for review prior to the accounts being signed off. Institutions are encouraged to submit the AOP calculation as early as possible to allow time for review.**

Model note: SFC and Regional Strategic Body income

	2019-20 £'000	2018-19 £'000
SFC / RSB FE recurrent grant (including fee waiver)		
UHI recurrent grant – HE provision		
FE childcare funds		
Capital grants received		
Release of deferred capital grants		
Other SFC / RSB grants – FE provision		
Other UHI grants – HE provision		
Total		

Model note: Tuition fees and education contracts

	2019-20 £'000	2018-19 £'000
FE fees – UK		
FE fees – EU		
FE fees – non EU		
HE fees		
SDS contracts		
Education contracts		
Other contracts		
Total		

Model note: FE Bursaries and other student support funds

	2019-20	2019-20	2019-20	2019-20	2018-19
	FE Bursary £'000	EMAs £'000	Other £'000	Total £'000	Total £'000
Balance b/fwd					
Allocation received in year					
Expenditure					
Repaid to SFC as clawback					
College contribution to funds					
Intra-region allocations					
Virements					
Balance c/fwd					
Represented by:					
Repayable to SFC as clawback					
Repayable to region					
Retained by college for students					

Note:

- The SAAS Discretionary fund should be included in the “other” column; and
- The expenditure included above should be net of recoveries made in the year.

Model note: FE and HE childcare funds (college sector)

	2019-20 £'000	2018-19 £'000
Balance b/fwd		
Allocation received in year		
Expenditure		
Repaid to SFC as clawback		
College contribution to funds		
Intra-region allocations		
Virements		
Balance c/fwd		
Represented by:		
Repayable to SFC as clawback		
Repayable to region		
Retained by college for students		

Extant SFC guidance for student support funds

1. Student support guidance for academic year 2019-20 can be found on the guidance section of the [SFC website](#).
2. Guidance notes on the audit requirements for EMAs for 2019-20 and the audit requirements for student support funds for 2019-20 will be made available on the [SFC website](#) in late July 2020.

Model note: Staff numbers and staff costs**Staff numbers**

	Year ended 31 July 2020 Number	Year ended 31 July 2019 Number
Academic / Teaching departments		
Academic / Teaching services		
Research grants and contracts		
Administration and central services		
Premises		
Other expenditure		
Catering and residences		
Total		

Staff costs

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Academic / Teaching departments		
Academic / Teaching services		
Research grants and contracts		
Administration and central services		
Premises		
Other expenditure		
Catering and residences		
Sub-total		
Exceptional restructuring costs		
Total		

Model summary pension note

The analysis of amounts charged to the Statement of Comprehensive Income (SOCl) is as follows:

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Charged to staff costs:		
Current service costs	x	(2,400)
Past service costs	x	(100)
Total charged to staff costs	xx	(2,500)
Credit/charge for net return on pension scheme:		
Interest income	x	1,200
Interest cost	x	(1,500)
Net interest charged	xx	(300)
Credit/charge to other comprehensive income:		
Return on assets	x	6,000
Other experience	x	0
Gains and losses arising on changes in financial assumptions	x	(4,500)
Actuarial Gain/(Loss)	xx	1,500
Total charge to the SOCI	xxx	(1,300)

Analysis of the movement in deficit during the year:		
Deficit in scheme at start of year	(10,100)	(10,000)
Service costs	x	(2,500)
Employer contributions	x	1,200
Net interest costs	x	(300)
Actuarial gain/(loss)	x	1,500
Deficit in scheme at end of year	xx	(10,100)

TITLE: DRAFT ACCOUNTABILITY REPORT - CORPORATE GOVERNANCE

Background: This report presents the draft Accountability Report section for review by the Audit Committee in advance of the finalisation of the annual report and accounts. The format of the report is based upon Accounts Direction issued by the Scottish Funding Council (SFC) which was discussed at Agenda Item 12.

Action: The Audit Committee is requested to review and consider the draft report in advance of the final annual report and accounts being presented to the Joint Audit and Finance & General Purposes Committee in November 2020.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1 The Accountability Report

- 1.1 A copy of the Draft Accountability report is attached at Appendix A. The Report is required to have two sections:
- Corporate Governance Report; and
 - Remuneration and Staff Report (section 4).
- 1.2 The requirement to include a third section 'Parliamentary Accountability' has been reviewed by the College management team, who have concluded that the section is not required. This is in line with the SFC Accounts Direction which states that *'It is not envisaged that the Parliamentary accountability discourses will require to be completed by most institutions unless they are material'*. The College will confirm with the external auditors that there is not a requirement to include this section as part of the year end work.
- 1.3 The College has also referenced the May 2019 Audit Scotland *'Good practice note on improving the quality of college annual report and accounts - Governance statements'* in completing the governance statements.

2 Corporate Governance Report

- 2.1 The purpose of the Corporate Governance report is to explain the composition and organisation of the College's governance structures and how they support the achievement of College objectives.
- 2.2 The Corporate Governance Report includes the following sections:
- Introduction;
 - Board of Management Report;
 - Statement of the Board of Management Responsibilities; and
 - Governance Statement.

Board of Management Report

- 2.3 The Board of Management Report sets out the membership of the Board of Management and those members of the Senior Management Team who influence the decisions of the College as a whole.
- 2.4 Details are given of any directorships or other interests which these members have, and a reference is made to relevant Register of Interests. A development from the Audit Scotland report is the inclusion of hyperlinks directing users to the current register of interest on the College website.
- 2.5 Information on personal data-related incidents reported to the Information Commissioners Office are also be disclosed, which in the case of 2019-20 is a nil return.

Statement of Board of Management's Responsibilities

- 2.6 The Financial reporting Manual (FReM) requires government bodies to provide a Statement of Accounting Officer's responsibilities. However, the SFC Chief Executive is the Accountable Officer for the college sector and is required to provide a governance certificate of assurance covering all colleges to the Principal Accountable Officer of the Scottish Government, based upon certificates of assurance provided by colleges. Considering this unique arrangement, colleges are required to continue to provide a Statement of Board's Responsibilities within their Corporate Governance Report.
- 2.7 The Statement of Board's Responsibilities within the annual report and accounts has been compiled in line with best practice and will be subject to review by the external auditors.

Governance Statement

- 2.8 The SFC requires colleges to include in the annual report and accounts a statement covering the responsibilities of their governing body in relation to corporate governance. This statement is required to indicate how the college has complied with good practice in this area and states that:

"The College has complied with the requirements set out in the UK Corporate Governance Code in so far as they apply to the College sector and has complied with the Code of Good Governance for Scotland's Colleges".

Compliance with the Code of Good Governance for Scotland's College is a condition of grant set out in the Financial Memorandum with the SFC.

- 2.10 As required the College has also included details of its Estates Strategy within the overview section of the Corporate Governance Report.
- 2.11 The College has two outstanding bank loans relating to legacy college property developments. These loans have specific bank covenants attached to them. Regarding the loan from the Clydesdale Bank, the College is in discussion with the bank as to the implications of Covid-19 on the operation of the loan covenant. The Audit Committee will be updated at the committee meeting on the outcome of these discussions.

Remuneration and Staff Report

- 2.11 Incorporated colleges are required to include within their annual report and accounts a Remuneration and Staff Report in accordance with the FReM. The College has followed the example remuneration report as per the SFC Accounts Directions.

2.12 In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the following information must now be published within the remuneration report:

- Relevant union officials.
- Percentage of time spent on facility time.
- Percentage of pay bill spent on facility time.
- Paid trade union activities.

2.13 The College has adopted the SFC example disclosure requirements in order to meet its reporting obligation.

3 Conclusion

3.1 The Audit Committee is requested to review and consider the draft report in advance of the final annual report and accounts being presented to the Joint Audit and Finance & General Purposes Committee in November.

ACCOUNTABILITY REPORT



Corporate Governance Report

Board of Management Report

In these difficult times, the need for clear leadership, strong governance and effective decision making based on reliable information is stronger than ever. Due to the impacts arising from the Covid-19 pandemic, West College Scotland, like many organisations, is facing unprecedented uncertainty in an environment which has proven to be challenging and disruptive to operational activities. However, throughout this period the College has sought to maintain strong corporate governance processes. While there has been some easing of the impacts arising from the initial Covid-19 lockdown period, it remains the case that only essential activity is able to take place on site at College campuses, and so changes and challenges in the operating environment are likely to remain for some time.

The focus for the Board of Management during the global Covid-10 pandemic has been to maintain strong corporate governance through:

- Identification and management of risk, with mitigating actions and processes developed and implemented to ensure the College continued to operate an effective control environment.
- The maintenance of governance reporting structures, processes and reporting, to enable the Board to place reliance on the ongoing activities of the College.
- Ensuring the ongoing provision of financial information, to enable the College operating position to be kept under continual review, and that sufficient cash reserves were maintained to support College activities,

The unpredictable operating environment currently being experienced makes for a challenging financial position however, the College continues to ensure robust financial management is in place through continuous financial modelling and reporting. The following key areas of this report enable an understanding of the current and future financial position of the College:

- The Performance Report provides an overview of the impacts arising from Covid-19 on the financial position of the College during 2019-20. This Report also outlines the future financial forecasts and provides an insight into the Board's assessment of financial viability and the assumptions underlying that assessment.
- The statement of Going Concern within the Accountability Report highlights any material uncertainties, the basis of any significant judgements and the matters considered by the Board in arriving at the judgement that the financial statements should be prepared on a going concern basis.
- Both the Performance and Accountability Reports provide information on significant judgements and assumptions applied in the preparation of the financial statements.

The membership of the Board of Management during the year to 31 July 2020 is outlined at page 31 and includes all members who served for part or the whole of the reporting period. The register of Interests for these Board members is available on the College website at:

<https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>

No significant company directorships or other interests were held which may have conflicted with their duties as Board Members and no member of the Board had any other related party interest during the reporting period.

The Board complies with the 2016 Code of Good Governance for Scotland's Colleges ('the Code') and it has complied throughout the year ended 31 July 2020. Further to this the Board has adopted and operates under the model Code of Conduct developed by the Standards Commission. With regards to the General Data Protection Regulation there has been no requirement during the year to report any personal data-related incidents to the Information Commissioners Office.

The Board's authority, reserved matters and the delegation of authority are set out in the Scheme of Delegation. Delegation of authority in relation to financial decision-making is further detailed in the College's Financial Regulations. Both documents are published on the College's website and can be found at: <https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>

All agendas, minutes and relevant reports from Board and Committee meetings are published online in the interests of ensuring transparent decision-making, and in accordance with the model Publication Scheme for public authorities provided by the Scottish Information Commissioner.

The College Executive Team comprises:

- Elizabeth Connolly – Principal and Chief Executive
- Stephanie Graham – Vice Principal Educational Leadership
- David Alexander – Vice Principal Operations

These Executive staff members also influence the decisions of the College as a whole.

Statement of the Board of Management's Responsibilities

The Board of Management defines its overall responsibilities in accordance with the Code, with these being as follows:

- to lead the College and set its strategic direction and values;
- to ensure effective management and financial controls which support the student experience within a framework of public accountability and transparency;
- to deliver high quality learning and outcomes.

In addition, the Board of Management is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year. The Board of Management confirms that the annual report and accounts are fair, balanced and understandable. The Board of Management also confirms that as far as it is aware there is no relevant information of which the auditors are unaware, and that it has taken all reasonable steps to make relevant audit information available and to establish that the auditors are aware of this information.

The Board of Management governance framework sets out the roles, accountabilities and expectations for board members and board committees. The Board of Management Articles of Governance are publicly available via the College website <https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>.

Corporate Governance Statement

Introduction

The Governance Statement is provided to summarise the operation, responsibilities, structure and functions of the College Board of Management, with approaches to ensure effectiveness and improvements. Due recognition has been given to the guidance set out in the 2016 Code of Good Governance for Scotland's Colleges and the Governance Statement section of the Scottish Public Finance Manual (SPFM).

The College Board of Management has agreed a Business Transformation Plan with the SFC during 2019-20 which has the primary objective of ensuring a sustainable financial operating model is maintained. This will support delivery of the College Strategic Plan 2019-2025

The College Board comprises 18 members encompassing:

- a Chair appointed by Scottish Ministers;
- the Principal;
- 12 Non-Executive Members whose appointments are made in accordance with Scottish Government Ministerial guidance issued in 2014, and approved by both the Chair and Scottish Ministers;
- two Staff Members elected by the teaching and support staff of the College; and
- two Student Members nominated by the Students' Association of the College. Details of membership during the year to 31 July 2020 are provided at page 31.

Governance Structure

It is the Board of Management's responsibility to provide independent judgement on issues of strategy, performance, resources and standards of conduct. The Board of Management is provided with regular and timely information on the overall financial performance of the College as well as a variety of wider information including audit reports, human resources and organisational development matters, curriculum developments, quality matters and estates and information technology projects and expenditure.

The College's Board of Management met six times during 2019-20 and conducted business through seven supporting committees. The Committees which operated during 2019-20 were:

- Finance and General Purposes
- Audit
- HR & Corporate Development (previously Corporate Development),
- Asset and Infrastructure (previously Estates),
- Organisational Development and Human Resources (merged with the Corporate Development Committee during the 2019-20 financial year)
- Learning, Teaching and Quality
- Remuneration and Nominations.

Each Committee has formally constituted remits and terms of reference.

All Board Committees operate under the authority of, and with terms of reference approved by, the Board of Management. Meetings of the Board of Management and its Committees are conducted in accordance with Standing Orders which are approved by the Board, and minutes of these meetings are published on the College's website.

The Board is supported by a Secretary to the Board. The Secretary maintains a register of financial and personal interests of Board Members. The Secretary is also responsible for ensuring full minutes of all Board and Board Committee meetings are available and that all applicable procedures and regulations are complied with. Formal agendas, papers and reports are supplied to Board members in a timely manner, in advance of meetings. All of the above information is available on the College website at the following link: <https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>

Amendment to Committee Structure effected during the year

The decision was taken to merge the Organisational Development and Human Resources and Corporate Development Committee to form the HR and Corporate Development Committee under the Chair of the Corporate Development Committee. The Board received and approved the remit of the newly formed Committee in February 2020.

In May 2020 the College appointed a new Director of Infrastructure with a remit to provide strategic direction in relation to College estate and IT infrastructure. With this appointment the remits of both the Estates and the Finance and General Purposes Committee were reviewed to ensure they aligned to the operations of the College. The June 2020 Board of Management received and approved revised remits for both Committees along with the change of name of the Estates Committee to Asset and Infrastructure Committee. The most significant change approved by the Board was the transfer of the oversight responsibility regarding IT infrastructure from the Finance and General Purposes Committee to the newly formed Asset and Infrastructure Committee.

Finance and General Purposes Committee

The Finance and General Purposes Committee advises the Board on key issues of College financial and resource management. It ensures all areas of College financial performance and procurement are subject to best practice controls and review, ensuring solvency, sustainability, efficiency and innovation. It also considers matters of a general nature that do not fall to other standing Committees. This Committee meets a minimum of three times a year and, in addition, also meets once a year with the Audit Committee to consider the annual audit report of the external auditors and review the integrity of the Annual Report and Financial Statements.

Audit Committee

The Audit Committee ensures compliance with corporate governance requirements, monitors adherence to regulatory requirements, provides oversight on systems of internal control and provides the principal mechanism through which the audit process works with particular emphasis on compliance, management of risk, and internal and external audit activities as well as ensuring systems are in place to provide efficiency, effectiveness and economy. This Committee provides a forum for reporting by the College external and internal auditors and advises on the appointment of the internal auditors and their remuneration. The Audit Committee meets at least four times a year and, in addition, meets once a year with the Finance and General Purposes Committee to consider the annual audit report of the external auditors, review the integrity of the Annual Report and Financial Statements and to recommend their approval to the Board of Management. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members, and once a year the Committee members meet both the internal and external auditors independently.

The College internal auditors undertake reviews which test and monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed audit plan and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and the internal audit providers undertake periodic follow-up reviews to ensure that such recommendations have been implemented.

The Audit Committee considers detailed reports together with recommendations for the improvement of College systems of internal control and management responses and implementation plans. It also receives and considers reports from the Scottish Funding Council and monitors adherence to regulatory requirements.

HR and Corporate Development Committee

The HR & Corporate Development Committee's main purposes are to support

- a) the implementation of the College Organisational Development and HR Strategy and to ensure the College complies with all aspects of employment and health and safety legislation. It also ensures that the College operates effective policies, procedures and systems in all matters relating to recruitment, reward, retention, and development of the College's employees, taking account of relevant legislation and accepted good practice; and
- b) the development of the College vision, direction and objectives for corporate and sustainable development and growth, aligned with the needs of industry.

The Committee normally meets four times a year.

Learning, Teaching and Quality Committee

The Learning, Teaching and Quality Committee oversees the effective governance and strategic development of learning and teaching within the College and has general oversight of all matters relating to the student experience. The Committee provides guidance to staff and student presidents as well as overseeing all matters relating to key performance indicators including student progress, retention and achievement and normally meets three times a year.

Asset and Infrastructure Committee (Previously Estates Committee)

The Asset and Infrastructure Committee is responsible for ensuring that the College manages and develops its infrastructure (both physical resources and IT) in line with strategic priorities in an efficient and effective manner, taking account of any guidance relating to estate /IT management, option and investment appraisal and private finance. The Committee is also responsible for ensuring that the College maintains the overall infrastructure in accordance with a planned maintenance programme, consistent with the College Estate Strategy and associated financial projections. The Committee will normally meet four times a year and will operate from 2020-21

Remuneration Committee

The Remuneration Committee makes recommendations to the Board of Management on the remuneration of the most senior staff, including the Principal and the requirements of any severance scheme. Details of the remuneration of senior post-holders for the period ended 31 July 2020 are set out in note 8 to the financial statements. The Committee normally meets at least once a year.

Nominations Committee

The Nominations Committee manages the process for identifying individuals for nomination to membership of the Board, taking account of guidance issued by the Scottish Government and the composition and balance of the membership in relation to equality of representation and skills sets. The Committee also develops and keeps under review succession planning arrangements, as well as procedures for induction, training, development and evaluation of Board members and meets at least once a year.

Operation of the Board of Management

Membership

In alignment with the Post-16 Education Act (2013), West College Scotland continued to formally review its Board membership during the year to 31 July 2020. The Board consists of 18 members. The Board is satisfied that the election of a Support Staff Board Member, in September 2019, was conducted in line with good practice guidance for the election of staff board members.

Induction and Development

All new Board members receive a formal induction provided by the College and through training organised by the College Development Network (CDN). Additional Board development sessions held within the College during the year 2019/20 focused on a Cyber and Privacy Seminar and development of the College Risk Appetite Statement.

Evaluation

An annual effectiveness review of the Board was conducted in May 2019. The outcomes of this review were used to inform and update the Board Development Action Plan. Both the report and subsequent action plan were forwarded to the SFC and are published on the College website at the following link:

<https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>

At its meeting on 7 October 2019, the Board noted that it was 3 years since it last conducted an external review of its effectiveness. Under the terms of the current Code of Good Governance, Colleges should conduct an externally facilitated effectiveness review at least every 3 years. In order to meet this requirement, a tender exercise was undertaken, and it was agreed that CM Associates be invited to conduct the External Effectiveness Review during the period October to December 2019, with a final report to be provided to the Board in February 2020.

At its meeting held on 3 February 2020, the Board approved the final version of the Board Effectiveness Review and associated action plan.

Each Board member has an individual review meeting with the Chair of the Board during the year. This allows members to discuss any training or development needs and helps identify the training and development programme for the following session. The Chair has an annual review meeting conducted by the Vice Chair of the Board and the Senior Independent Member.

Statement of Compliance

In the opinion of the Board of Management the College complies with all the provisions of the 2010 Corporate Governance Code in so far as they apply to the College sector, and it has complied throughout the year ended 31 July 2020. The Board has also complied with the 2016 Code of Good Governance for Scotland's Colleges.

Board of Management Membership

The membership of the Board of Management during the year was:

Name	Status	Job Title	Date Appointed	Date Resigned
K McKellar	Chair, Board of Management and Nominations Committee	Chief Executive Officer of the Hannah Research Foundation	4 March 2014 Re-appointed 3 March 2018	2 March 2020
W Hatton	Chair, Board of Management and Nominations Committee	Business Consultant	3 March 2020	
E Connolly	Chief Executive	Principal, West College Scotland	1 September 2018	
J Hannigan	Non-Executive Member, Chair F&GPC, Vice Chair HR&CDC	NMIS Programme Manager, Skills Development Scotland	Re-appointed 1 February 2018	
J Henry	Non-Executive Member, Board Vice Chair from 1 January 2017, Chair, LTQC	Part-time Researcher, Scottish Parliament	Re-appointed 1 February 2018	
A Hetherington	Non-Executive Member, Vice Chair A&IC	Retired	Re-appointed 1 February 2017	
J McMillan	Non-Executive Member, Chair, Audit Committee Senior Independent Member on the Board	Retired	Re-appointed 1 February 2017	
N Allan	Non-Executive Member	Self-employed Property Consultant	Re-appointed 1 February 2019	

Name	Status	Job Title	Date Appointed	Date Resigned
	Chair, A&I Committee			
J Johnston	Non-Executive Member	External Affairs Manager, Citizens Advice Scotland	Re-appointed 1 February 2019	
M Newlands	Non-Executive Member, Chair HR&CDC and Remuneration Committee	Head of Partnerships, Scottish Enterprise	Re-appointed 1 February 2019	
L Johnston	Non-Executive Member	Business Strategy Manager, North Lanarkshire Council	1 January 2017	
J Leburn	Non-Executive Member	Principal Consultant of Exponentiate.uk	1 January 2017	
A Wilson	Non-Executive Member	Strategic Director West Dunbartonshire Council	1 September 2017	
D Watson	Teaching Staff Member	Teaching Staff Member, West College Scotland	13 September 2017	
Vanessa Thompson	Student Member	Student Association – WCS	1 August 2019 – re-elected 1 August 2020	
Priya Kaur	Student Member	Student Association – WCS	1 August 2019	31 July 2020
Fiona McKerrell	Non-Executive member	Lawyer	1 December 2019	
Sabira Akram	Non-Executive member	Project Manager and Consultant	1 December 2019	
Steven Cairney	Support Staff Member	Support Staff Member, West College Scotland	18 September 2019	
G Bold (Co-opted)	Co-opted member of Audit Committee	Workplace Pensions Director Scottish Widows	Re-appointed for one year from 1 July 2020	

Name	Status	Job Title	Date Appointed	Date Resigned
D Mark (Co-opted)	Co-opted member of Organisational Development & HR Committee	Retired	1 March 2020	
R Binks (Co-opted)	Co-opted member of Learning, Teaching and Quality Committee	Corporate Director of Education, Communities and Organisational Development, Inverclyde Council	1 March 2020	
W Wong (Co-opted)	Co-opted member of Audit Committee	Director of, and Secretary to the Trustee of the Elementis Group Pension Scheme	1 March 2020	
Mark Hamilton	Co-opted member of Learning, Teaching and Quality Committee	Employment Facilitator	1 November 2019	

Noted below are members of the College Executive who attend meetings of the Board and its Committees.

Stephanie Graham	Member of College Executive	Vice Principal Educational Leadership	
Liz Connolly Appointed Principal and Chief Executive from 1.09.18	Member of College Executive	Vice Principal Corporate Development	
David Alexander	Member of College Executive	Vice Principal Operations	

Board of Management Attendance for the year ended 31 July 2020

Name	Possible Attendance	Actual Attendance
W Hatton (Chair) (2)	3	3
K McKellar (Previous Chair)	3	3
E Connolly	6	6
J Hannigan	6	6
J Henry (Vice Chair)	6	5
A Hetherington	6	3
J McMillan	6	6

Name	Possible Attendance	Actual Attendance
N Allan	6	5
J Johnston	6	5
M Newlands	6	5
L Johnston	6	6
J Leburn	6	6
A Wilson	6	2
D Watson	6	6
F McKerrell	5	5
S Akram	5	5
S Cairney	6	6
V Thompson	6	5
P Kaur	6	5
Co-opted Members (1)		
S Vere		
G Bold		
P Macleod		
D Mark		
R Binks		
W Wong		

- (1) Co-opted members do not attend Board meetings.
(2) The Chair is ex officio member of all Board committees except the Audit Committee.

Committee Attendance

	2019-20	2018-19
Board of Management	88%	83%
Audit Committee	90%	80%
HR & Corporate Development Committee	85%	96%
Estates Committee	83%	88%
Finance and General Purposes Committee	80%	90%
Learning, Teaching & Quality Committee	69%	81%
Nominations	75%	60%
Remuneration	86%	75%

Individual attendance at Board Committee meetings is monitored by the Nominations Committee.

Corporate Strategy

In respect of its strategic and development responsibilities, the Board of Management receives recommendations and advice from Board committees, the Principal and Chief Executive and the College Executive Team. The Board of Management has approved the 2019-2025 Corporate Strategy, which sets out the College's strategic aims over the next five years. The Strategy outlines the approach of the College to delivering an expansive and progressive curriculum to meet the needs of industry and equip students to meet the demands of the modern workplace. The Strategy has the College's values at its centre, and at the heart of the Strategy are four key priority areas:

- **PERSONALISATION** – the College will deliver the skills solutions that employers are looking for and the learning outcomes that students want, in a way that suits individual students.
- **COLLABORATION** – The College will build the immersive relationships and make the connections that enhance value for customers and stakeholders by creating learning pathways, developing new delivery partnerships and integrating learning into wider local strategies.
- **AGILE AND ADAPTIVE** – The College will develop the capability to respond to shifts in demand and seize new opportunities quickly' putting in place specialist delivery capabilities.
- **DIGITAL** – the College will ensure that it has the digital capacity and capabilities to deliver in a modern economy.

Risk Management

Risk Management Arrangements

The College Risk Management Strategy details and communicates the College's approach to risk management and assurance and is part of the College's internal control and corporate governance arrangements.

The Audit Committee receives regular reports on the College risk management process during the year. The Senior Management Team reviews operational risk and proposes updates to the Risk Register. Any proposed changes to the Risk Register are highlighted and discussed by the Board Committees, prior to the Risk Register being presented to the Board of Management.

The Covid-19 pandemic has had a significant impact on the risks identified within the College Strategic Risk Register for the financial year to 31 July 2020. The top five risks faced by the College are:

- 1) Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery primarily resulting from Coronavirus epidemic.
- 2) 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.

- 3) Failure to deliver Estate Strategy objectives due to business cases for development of estate being delayed, with this having a resultant negative impact on the ability of the College to recruit students, retain staff and address legislative requirements.
- 4) Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.
- 5) 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.

Capacity to Handle Risk

The Board of Management has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Management is of the view a comprehensive formal on-going risk management process for identifying, evaluating and managing the College's significant risks has been in place for the period ending 31 July 2020, up to the date of approval of the annual report and financial statements which accords with good practice as outlined in the UK Corporate Governance Code 2016. As outlined above, the risk management process is regularly reviewed by the Board of Management.

Statement on Internal Control

Scope of Responsibility

The Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Management has delegated the day-to-day responsibility to the Principal, as Chief Executive, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding public funds and assets. The Principal and Chief Executive is also responsible for reporting to the Board of Management any material weaknesses or break-down in internal control.

Under the College's Scheme of Delegation, several financial matters are delegated to the authority of the Principal and Chief Executive, subject to approved budget cover having been made available by the Board where necessary. A copy of the Articles of Governance and the Scheme of Delegation can be found at: <https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>

The Purpose of the System of Internal Control

The purpose of the system of internal control is to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. The system of internal control can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process to identify and prioritise the risks to the achievement of the College's policies, aims and objectives, to evaluate the likelihood of these risks being realised and how to manage them efficiently, effectively and economically, should they be realised. West College Scotland has had a system of internal control in place during the reporting period and up to the date of approval of the annual report and accounts.

The Risk and Control Framework

The system of internal control is based on a framework of regular management information, administrative procedures and a system of delegation and accountability. This includes:

- An annual budget and 3-year financial projection which are reviewed and approved by the Board of Management;
- Regular reviews by the Finance and General Purposes Committee of management accounting reports and wider financial information, which provides an update on the College financial position, and which the Committee reports to the Board;
- Setting targets to measure financial and other performance; and
- Clearly defined delegated authority and budgetary control guidelines.

The College appoints an internal audit service and the Board ensures there is objectivity and independence in the selection of auditors through a competitive tendering framework. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are approved by the Board of Management on the recommendation of the Audit Committee.

The Chair of the Audit Committee provides the Board of Management with a report on internal audit activity in the College annually. The report includes the Chair of the Audit Committee's independent opinion on the adequacy and effectiveness of the College's system of risk management, internal controls and governance processes.

Review of Effectiveness

As Chief Executive, the Principal has responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditor. The conclusion in the internal audit annual report was that the College 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 work of the Executive and Senior Management Team within the College who have responsibility for the development and maintenance of the internal control framework and annual assurance statements;
- reports and recommendations made by the College's external auditor; and

- the College's risk management processes.

The Principal and Chief Executive has been advised on the result of the review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor, and a plan to ensure continuous improvement of the system is in place. Based on these assurances, the Principal and Chief Executive can confirm that sound systems of governance, risk management and internal control, consistent with the requirements of the SPFM/accounts direction, have operated for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts. Additionally, external auditors tested a range of key controls within the main financial processes during the year and did not identify any significant control weaknesses.

The Senior Management Team considers possible control issues brought to their attention by reporting mechanisms and robust risk management processes. The Senior Management Team and Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Management's agenda includes a standing item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Board met on 14 December 2020 and approved the 2019-20 year-end financial statements and the external auditors report, taking account of a joint Audit and Finance and General Purposes Committee recommendation.

Going Concern

The College meets its day to day and medium to long term funding requirements through a combination of cash draw-down from the SFC and income from other sources. The College currently has in place two term loan facilities provided by two differing lending institutions. Under the terms of the loan agreements the College must meet certain financial covenants. For one of these loans the financial covenants were met and there is a reasonable expectation that the College will continue to meet these covenants in the 12-month period from the date of these financial statements. For the other smaller loan (balance outstanding at 31 July 2020: £191,113) the financial covenant {TBC}

As outlined in the Performance Report section, the College continues to face several financial challenges. The Board of Management has approved a 2020-21 budget which details the sources of income and expenditure of the College and considered a 3-year financial projection. The financial forecasts for this period - based upon a set of SFC assumptions - indicate that the ability to deliver an underlying break-even position will be challenging for the College in current and future years.

The Board of Management recognises that there is an overall financial sustainability risk to the College and its ability to manage activities and deliver planned outcomes within the current funding environment. The uncertainties relating to the effects of withdrawal from the EU on the college sector will also require to be managed when known.

Having made appropriate enquiries, the Board of Management has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

Conclusion

Based on the above information, it is the opinion of the Board of Management and Principal and Chief Executive that the College has made good progress in seeking to maintain a sustainable financial operating base over the year to 31 July 2020. This is evidenced through implementation of the College Business Transformation Plan with the SFC and the continuation of robust financial management and reporting. Further to this, the Principal and Chief Executive and the Board of Management are content that effective arrangements are in place for the identification, evaluation and management of organisational risk, and the monitoring of internal controls. The Board will ensure the effective implementation of the College Strategic Plan going forward and will continue to evaluate and enhance its own practice through the Board Development Plan and other such mechanisms.

Remuneration and Staff Report

The following table provides an overview of staffing within the College:

		2019-20	2018-19
People			821FTE
Sickness absence			5.2%
Staff turnover			10.99%
<i>Gender:</i>			
All staff	Male		49%
	Female		51%
Board	Male		61%
	Female		39%
Senior Management Team	Male		58%
	Female		42%

Remuneration Policy

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 purpose of the Remuneration Committee is to determine the remuneration and terms and conditions of the Principal, other members of the College Executive (which comprises the three Vice Principals), and the Secretary to the Board, and to ensure due process is followed in considering these matters.

Remuneration including salary and pension entitlements

Board Member Remuneration

The Regional Chair received remuneration in accordance with instruction from the Scottish Government. There is no remuneration paid to any other non-executive director posts on the Board of Management. Expenses incurred are paid to Board of Management members as a result of carrying out the duties of the appointment, including reasonable travel and subsistence.

Salary Entitlements

The following table provides detail of the remuneration and pension interests of senior staff.

Name	12 months ended 31 July 2020			12 months ended 31 July 2019		
	Salary £'000	Pension Cont's £'000	Total £'000	Salary £'000	Pension Cont's £'000	Total £'000
Keith McKellar				25-30	0	25-30
Elizabeth Connolly				120-125	20-30	145-150
Stephanie Graham				90-95	15-20	105-115
David Alexander				90-95	15-20	105-115

Salary multiples

The highest paid member of the management team was the Principal. The Principal's remuneration before pension benefits was in the range £125,00-£130,000 (2018-19: £125,000-£130,000). This was 3.0 times (2018-19: 3.0 times) the median remuneration paid to West College Scotland staff which was £#,### (2018-19: £41,526).

Accrued Pension Benefits

Pension benefits for employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which is notionally funded and contracted out of State Earnings-Related Pension Scheme and the Local Government Pension Scheme (LGPS).

Both STSS and LGPS are final salary pension schemes. This means that pension benefits are based on the final year's pay and the number of years that the person has been a member of the scheme.

The scheme's normal retirement age is 65. Contribution rates are set annually for all employees and can be found in Note 23. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable salary and years of pensionable service.

Senior Staff Pension

Pension benefits are provided to senior staff on the same basis as all other staff.

The accrued pension benefits for senior staff are set out in the table below, together with the pension contributions made by the College. It should be noted accrued benefits are attributable to contributions made over the period of the individual's working life, and from their various employers during that time.

Name	Accrued pension at pension age at 31 July 2020 £'000	Accrued lump sum at pension age at 31 July 2020 £'000	Real increase in pension 1 August 2019 to 31 July 2020 £'000	Real increase in lump sum 1 August 2019 to 31 July 2020 £'000	CETV at 31 July 2020 £'000	CETV at 31 July 2019 £'000	Real increase in CETV £'000
Elizabeth Connolly						195	
Stephanie Graham						756	
David Alexander						556	

Cash equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a point in time.

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its' payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued because of total Local Government service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be considered:

- i. The figures for pension and lump sum are illustrative only considering the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement; and
- ii. The accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for Loss of Office

As at 31 July 2020, 1 employee left or was committed to leaving the College under voluntary severance arrangements. They received compensation payments totalling £###,### with this figure including pension fund strain costs of £###,###. The leavers did not receive any additional compensation. There were 36 staff departures under voluntary severance in 2018-19. There have been no compulsory redundancies.

The table below summarises the total number of agreements by cost band:

	2019-20		2018-19	
	Number of other departures agreed	Number of exit packages by cost band	Number of other departures agreed	Number of exit packages by cost band
£10,000 - £25,000			14	14
£25,001 - £50,000			22	22
£50,000 - £100,000			0	0
Total number of agreements			36	36
Total Cost (£)			£1,014,487	£1,014,487

Salaries and Related Costs

Details of the number of staff and their related costs including senior post-holders and the Principal, who received annual emoluments can be found at Notes 7 and 8 of the Financial Statements.

Facility time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the year ended 31 March 2020.

	Year ended 31 March 2020
	FTE
Number of employees who were relevant union officials during the relevant period	
Full-time equivalent employee numbers	

Percentage of time spent on facility time

	Year ended 31 March 2020
	%
1% to 50%	

Percentage of staff costs spent on facility time

	Year ended 31 March 2020
	£'000
Total cost of facility time	
Total staff costs	
Percentage of total staff costs spent on facility time	

Paid trade union activities

	Year ended 31 March 2020
	%
Time spent on trade union activities as a percentage of total paid facility time hours	

Pension Arrangements

The College participates in two separate defined benefit pension schemes, which are the Strathclyde Pension Fund (SPF) for support staff, the Scottish Teachers Superannuation Scheme (STSS) for teaching staff.

The College accounts for the SPF in accordance with the requirements of Financial Reporting Standard (FRS) 102. The College's share of the scheme deficit as at 31 July 2020 was £##.##m (2019: £22.7m) and is included within reserves.

The College is required by FRS 102 to disclose the STSS Scheme as a defined contribution scheme, as the scheme is not able to calculate individual employers' share of the overall deficit.

Further details regarding the pension arrangements for the College can be found in Note 23 to the Financial Statements including contribution rates payable.

West College Scotland – Our People

West College Scotland wants to have an engaged, flexible and modern workforce which is proud to work for the College. The College is proud of the achievements of teaching and support staff and is committed to their professional development so that they can continue to achieve successful outcomes for themselves, students and the College itself.

full-time equivalent staff (### headcount) work at the College, ### FTE (### headcount) of whom are teaching professionals. Alongside them, the College employs ### FTE (headcount ###) across a range of support functions which encompass other professionals, including accountants, marketing executives, business specialists, caterers and outreach workers.

West College Scotland is committed to ensuring that all current and future staff are treated fairly and equitably in all aspects of employment. This is supported by activities such as recruitment and selection training for managers which takes account of College obligations to ensure that appointments, promotion, access to training and the application of other policies are made fairly and without discrimination based on the following protected characteristics - age, gender, pregnancy and maternity; gender re-assignment; marriage and civil partnership, race, religion, sexual orientation and/or disability.

There are several established methods of communication with employees across all campuses within West College Scotland including:

- Regular open sessions hosted by the Principal and involving the Senior Management Team to update staff on key issues and to allow staff to ask any questions or raise issues;
- Line Managers schedule regular meetings with teams to plan and arrange work tasks and in support of achieving corporate goals;
- Westworld, a staff newspaper issued on a regular basis which updates staff on College news and events;
- A staff intranet page; and
- All staff communications providing details of discussions and key messages following the fortnightly Senior Management Team meeting.
- A wide range of communications were also used to engaged with all staff throughout the lockdown period arising from the Covid-19 pandemic.

Anti-Fraud and Bribery Policy Statement

It is important that West College Scotland maintains high standards of probity. Having a strong anti-fraud and bribery framework is therefore essential to ensure resources are used for their intended purpose and to demonstrate that sound systems of public accountability and transparency are in place. The College is committed to protecting the public funds entrusted to it and ensuring these are applied for the benefit of our communities.

West College Scotland believes that the maintenance of a culture of honesty and openness, based on values including fairness, trust and integrity is a key element in tackling fraud and bribery. In this respect, each Board Member and employee of the College is under a duty to report any reasonable suspicions and is encouraged to raise any concerns about fraud and bribery, in the knowledge that such concerns will be properly investigated. To this end, the College has a Public Interest Disclosure Policy (Whistleblowing) to protect anyone who wishes to raise concerns in good faith about behaviours / practice. The highest standards are also expected from all organisations that have dealings with the College. Suppliers, contractors, consultants, partners and other organisations are therefore expected to adopt or abide by the College's policies, procedures, protocols and codes of practice. The College will seek to review its involvement with any organisation that fails to abide by the expected standards.

Building our Collective Culture

In support of the College 2019-2025 Corporate Strategy, vision and values the College developed and continues to implement the '*Building our Collective Culture*' framework. This sets out the College culture, how the College will implement its objectives, the behaviours the College aspire to and how it will treat others / expect to be treated. This will also support the College ambition of continuous improvement.

Provision of information to employees

The College has adopted the principles of openness and participation and places a high level of importance in both informing and consulting staff. The College management meets on a regular basis with both the teaching and support staff unions with the minutes of the meetings being made available to the wide College community through the staff intranet. In addition to this the College provides access to relevant documents through the staff intranet and social media outlets, through oral and written briefings, staff newsletters, staff meetings and events. Information is only withheld where this can be shown to be justified or where there is a duty of confidence to a third party.

Equal Opportunities

The College has an Equal Opportunities Policy. The purpose of this policy is to ensure that staff, students, customers and visitors are treated equally regardless of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex, sexual orientation or gender.

The College completes an equality impact assessment on all policies and procedures in order to ensure that no group suffers a disproportionate impact.

Social Matters

Our curriculum fosters social processes and we encourage social engagement by facilitating partnerships with our students and community stakeholders. We recognise the wider benefits of learning, and that the

student experience is influenced by social and economic factors beyond the classroom. Our ambition to improve employability aims to increase social inclusion.

Respect for Human Rights

West College Scotland believes that respect for human rights is an important component of promoting sustainability. The College will respect human rights; will not engage in discrimination on the basis of age, gender, ethnicity, religion, disability, sexual orientation or any other grounds; will not tolerate harassment; will foster a proper understanding and awareness of the issue of human rights; will respect the cultures, customs, and language of other countries and regions; and will promote and maintain harmony with the local and international communities who it engages with.

Employment of staff with a protected characteristic

West College Scotland is aware of the specific duties placed on it as a public body and demonstrates support for diversity in being a signatory to the nationally recognised Disability Confident Scheme.

The College is committed to equality and strives to have a diverse workforce. One way in which this can be evidenced is in the support for new and existing employees who live with a disability.

The College is committed to providing reasonable adjustments in the form of physical adaptations, modifications to job roles and auxiliary aids or services to support employees to thrive.

The Accountability Report is approved by order of the members of the Board of Management on 14 December 2020 and signed on its behalf by:

Waiyin Hatton
Chair of Board of Management

Elizabeth Connolly
Principal and Chief Executive

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF MANAGEMENT OF WEST COLLEGE SCOTLAND, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of West College Scotland for the year ended 31 July 2019 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the affairs of the college as at 31 July 2019 and of the deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is five years. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the college has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

We have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

Responsibilities of the Board of Management for the financial statements

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual report and accounts

The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and our independent auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Board of Management is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Lucy Nutley

For and on behalf of Mazars LLP

100 Queen Street
Glasgow
G1 3DN

December 2020

Lucy Nutley is eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000.

TITLE: RISK MANAGEMENT STRATEGY AND STRATEGIC RISK REGISTER

Background: Under the Corporate Governance Code, the College Board of Management is tasked with ensuring a framework of risk management and control is in place. This paper provides:

- an update on the actions taken by the College to develop the College Risk Management Strategy;
- the next steps in the development of the College Risk Management Strategy; and
- presents the current College Strategic Risk Register for the consideration of the Audit Committee.

Action: The Audit Committee is requested to:

- note the update on the actions taken to embed risk across the College;
- consider and approve a revised format for the Risk Register report
- approve the next steps in the development of the College Risk Management Strategy; and
- review the current 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; and
 - Whether any new risks should be considered for inclusion.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1. Risk Management Strategy

- 1.1 The West College Scotland Risk Management Strategy is approved by the Board of Management. The College Strategic Risk Register is subject to ongoing review by the Board of Management and all Board of Management Committees, with oversight being provided by the Audit Committee.

2. Development of the College Risk Management Framework

- 2.1 The May 2020 Audit Committee approved revisions to the College Risk Management Strategy which recognised the agreed College risk appetite categories, the College risk appetite statement and associated amendments to the ten risk categories. These revisions were the result of a significant piece of work with the Board of Management to review the overall risk categories and the risk appetite that the College was willing to tolerate.
- 2.2 The proposed next steps in the development of the Strategic Risk Framework are as noted below:
- Consideration by the September 2020 Audit Committee of a revised format of the Strategic Risk Register – further details on the proposed changes are noted below.
 - Based on feedback from the Audit Committee a revised format for the Strategic Risk Register will be updated and presented to the Board of Management for consideration in October.
 - If the revised risk register reporting format is approved by the Board of Management in October, the College Risk Management Strategy will be updated and presented to the December 2020 Audit Committee meeting for review before being presented to the December Board of Management for approval.
 - The revised risk register will be uploaded onto the College's Pentana Risk system which will then allow College users to input and update the risk controls and mitigating actions in real time.
- 2.3 The College is currently reviewing and updating how it intends to develop the 2021-22 operational planning regime. As part of this review process the further integration of risk management into the operational planning cycle is a key component of the development of the overall College approach to risk management. The Audit Committee will be updated on this work during 2020-21.

3. College Strategic Risk Register Update and Considerations

- 3.1 The current version of the College Strategic Risk Register is provided at Appendix A for consideration.
- 3.2 The Board of Management approved the risk register ratings at its meeting in June 2020. Due to the summer recess the only Committee business since the June Board meeting was a specially convened Finance and General Purposes Committee and Board of Management meeting to consider the 2020-21 Budget and financial forecast; and a Nominations Committee.
- 3.3 Based on the considerations of these Committees there are no changes proposed to the risk ratings at this time as a result of Board meetings since June 2020. The Nominations Committee meeting of 23 June did however consider some areas for possible review in relation to the risk register – these are outlined below and have been proposed for discussion at the Board of Management meeting on 5 October 2020.
- 3.4 The Senior Management Team (SMT) has continued to review the Strategic Risk Register. The mitigating controls have been updated to take account of the outcomes of internal audit reports and any relevant Scottish Government/Scottish Funding Council announcements.

Details of Risk for Consideration by the Board of Management

- 3.5 Noted below is a summary of potential changes to the risk register for consideration by the Board of Management. These have been noted here to allow the Audit Committee to be aware of the considerations of the other Board of Management Committees.

a) Covid-19 Risk

- 3.3.1 The Covid-19 health crisis continues to be the most significant challenge the College has faced to date, and this has resulted in a level of uncertainty the organisation has not experienced before. The College implemented its Business Continuity Planning arrangements and has formed a Covid-19 Incident Response Team comprising of members of the Executive, SMT and other operational staff as required. The work of the Incident Response Team has been supplemented by a Mobilisation Group being formed to address the issues relating to the commencement of on-site activities at all campuses. This Group is led by the Director of Organisational Development & HR and meets weekly. It is composed of operational staff and both student association and union representatives, and reports to the Covid-19 Incident Response Team.
- 3.3.2 Despite there being several mitigating controls in place the Senior Management Team believes that the level of uncertainty remains high around the actions that the College can take to influence the impact of the risk.

- 3.3.3 The Board of Management has been kept update by the Principal as to the continued actions that the College has taken to address the health crisis. The risk will continue to be reviewed as further information and clarity of direction become available and should any further amendments to the risk register be required to reflect ongoing considerations then these will be presented at the Board of Management meeting on 5 October 2020.

b) Nominations Committee

- 3.3.4 The Nominations Committee meeting of 23 June 2020 considered risk in relation to the activities within its remit. The Committee agreed to raise the following points at the October 2020 Board meeting:
- The risk register includes risks associated with staff and students throughout. The Committee wishes consideration to be given to whether a risk/risks relating to the Board of Management / Board members / Committee / governance associated risks should be included, with reference to business continuity succession planning in support of Board activity.
 - Contingency plans for the Board Secretary role.

Audit Committee Considerations

- 3.4 A copy of the current College Strategic Risk Register is enclosed with this report (Appendix A) and the Audit 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.

4. Proposed Amendments to the Format of the Strategic Risk Register

- 4.1 It is proposed to amend the format of the current College Strategic Risk Register report so that a revised layout captures and presents the content in a user-friendly way. Appendix B provides an exemplar of the proposed revised format of the College Strategic Risk Register report. The primary changes to the Register report which are proposed include the following:
- Definition pages are now at the front of the Register to allow readers to fully understand the contents. These definitions include:
 - Proximity – as to when the risk might occur
 - Impact – the estimated effect of the risk on the College strategic priorities
 - Probability – the estimated chance of the risk occurring
 - Risk Score – a RAG analysis of overall risk scoring
 - Trend – indication of how the risk has moved since last reviewed
 - Risk Appetite – pictorial representation of the Board approved risk appetite per category of risk

- College Strategy 2019-25 – a summary of the College priorities and objectives
 - Summary of top 5 risks
- The format of the register has changed to present each risk with the associated information on a separate page.
- Apart from proximity - which is an addition to the risk information - the above information was included within the previous register

5 Conclusion

5.1 The Audit Committee is requested to:

- note the update on the actions taken to embed risk across the College;
- consider and approve a revised format for the Risk Register report;
- approve the next steps in the development of the College Risk Management Strategy; and
- review the current 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; and
 - Whether any new risks should be considered for inclusion.



Strategic Risk Register

Strategic Risk Register Dashboard Report

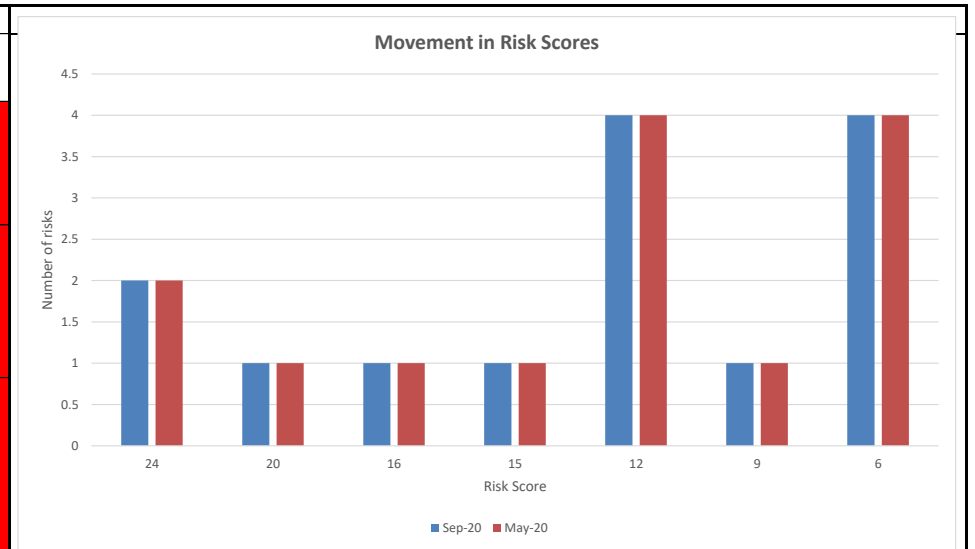
Risk register review period:

Sep-20

Board / Committee review period:

Oct-20

Top 5 Risks Post Mitigation						
Ref	Risk	Movement since previous register	Probability	Impact	Score Sept 20	Score May 20
WCS 7 Reputational / External	Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery primarily resulting from Coronavirus epidemic.	↔	6	4	24	24
WCS 1 Finance	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	24
WCS 3 Infrastructure	Failure to deliver Estate Strategy objectives due to business cases for development of estate being delayed, with this having a resultant negative impact on the ability of the College to recruit students, retain staff and address legislative requirements	↔	5	4	20	20
WCS 2 Infrastructure	Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.	↔	4	4	16	16
WCS 16 Governance	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	15



The most significant risk faced by the College continues to be the business continuity challenges caused by the corona virus outbreak. The College successfully closed down the physical campuses and transferred most activity to online learning. The College is now in the process of implementing a staged reopening of all campuses in advance of the start of term on 21 September 2020. This will present a number of operational and teaching challenges due to the changing guidance from the Scottish Government.

The next most significant risk continues to be the financial volatility faced by the College. This was previously the most significant risk faced by the College and continues to have the same post mitigation score as Business Continuity Planning. The ongoing impact of Covid-19 has only heightened this risk as the future College financial position is further challenged due to the potential loss of commercial income as the economy recovers from the impact of the outbreak.

WEST COLLEGE SCOTLAND STRATEGIC RISK REGISTER

				Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation				Movement since last review	Executive Responsible
Risk No.	Risk Reference / Category	Strategic Objective	Risk	Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	Previous Score		
1	WCS 7 Reputational / External	1.2 3.4	Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery primarily resulting from Coronavirus epidemic.	6	4	24	1) Business Continuity Plans available to relevant staff along with associated documents to assist during any incident. 2) 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. 3) Closure of College campus undertaken successfully in March and planning has commenced to enable remobilisation. 4) Good interaction with staff, unions and Student Associations with information being supplied to all parties on a timely basis. 5) Continued engagement with Scottish Funding Council, Skills Development Scotland and other funding bodies to gain clarity on future funding which is resulting in an inability to take effective decisions. 6) Staff planning for return to the 'new normal' way of working include: - the development of online materials; - estate adaptations including mobilisation for home working; - increased reliance on technology which will require funding; - monitoring of supply chains; - a need for all operations to understand and operate within the new health and safety requirements; - governance updates regarding implications of deficit budgets; and - consideration given to starting the 2020-21 academic year later to assist with the planning process. Students for 2019-20 will continue to receive teaching through use of on-line delivery methods 7) Financial and staffing implications not fully understood at the moment due to lack of clarity of information from central government and in a number of cases receipt of conflicting information.	6	4	24	24	↔	Principal
2	WCS 1 Finance	1.1 1.3 3.1 3.4	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 2020-21 indicative SFC funding confirmed and shows a level of core funding which is not greater than in 2019-20; additional funding will be received for inflationary pressures, pension costs and estate maintenance. The College will continue to face a number of financial challenges arising from this settlement during 2020-21 and beyond. 2) 2020-21 budget currently being compiled for approval by College Board in conjunction with 5 year future financial scenario planning and detailed 3) Transformation Plan submitted to SFC in order to address future financial challenges. The College continues to engage with the SFC on the final agreement and implementation of the plan including review of curriculum delivery in Renfrewshire. 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 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 and Credits 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 (CMAP) 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	24	↔	VP Operations / VP Educational Leadership

				Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation				Movement since last review	Executive Responsible
Risk No.	Risk Reference / Category	Strategic Objective	Risk	Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	Previous Score		
3	WCS 3 Infrastructure	1.2 3.1 3.3 3.4	Failure to deliver Estate Strategy objectives due to business cases for development of estate being delayed, with this having a resultant negative impact on the ability of the College to recruit students, retain staff and address legislative requirements	6	4	24	1) The College continues to engage with SFC, SFT, local councils 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 and annual implementation updates highlight 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 potential 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. 8) Ongoing engagement with SFC	5	4	20	20	↔	VP Operations
4	WCS 2 Infrastructure	1.1 1.2 2.3 4.1	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 SFC 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. 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 and wider consultation exercises where possible. 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. College currently undertaking curriculum horizon scanning exercise in responding to SFC information request in relation to Greenock OBC. Implications of published Inverclyde local development plan being actioned and College is engaging with partners in relation to this. 5) Outline Business Case for Paisley submitted to the SFC in October 2017 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 once these have been concluded. 6) The College has updated the estate condition work undertaken in 2015. This provides robust data showing the level of investment required as at 2019 in order to get the College estate up to Condition B and maintain this..	4	4	16	16	↔	VP Operations
5	WCS 16 Governance	1.3 2.2 3.1 3.4	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 has considered possible impacts of Brexit on operations and continues to keep this under review. Output has been discussed at senior management level and with relevant Board Committees. It is anticipated there may be an impact on EU funded programmes (such as 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	15	↔	Principal

				Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation				Movement since last review	Executive Responsible
Risk No.	Risk Reference / Category	Strategic Objective	Risk	Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	Previous Score		
6	WCS 4 Learning and Teaching	1.2 2.1 3.2 3.4	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. Internal audit of ROA process indicated robust planning arrangements in place regarding development of ROA. 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 schools 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 to consider the College ROA during February 2020 meeting. The draft ROA will then be submitted to the SFC for initial consideration.	4	3	12	12	↔	Principal
7	WCS 5 Staffing and HR	1.1 1.2 1.3 3.4	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 on the impacts of National Bargaining ongoing. National Bargaining funding distribution for 2019-20 agreed with Colleges Scotland and the Scottish Funding Council. 3) Business Continuity Planning considers impact of industrial action, with specific plans in place. 4) 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. 5) Robust college sector and WCS communications plan including liaison with Student Association on impact on students. 6) Local workforce planning arrangements subject to positive internal audit review (June 2018). Workforce planning being carried out at departmental level based on agreed template 7) Support and teaching staff pay award until September 2020 in place.	6	2	12	12	↔	Principal
8	WCS 6 Digital	1.1 2.1 3.3 4.2	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 review progress achieved in delivering the IT Strategy on an annual basis 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 Colleges Scotland and 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 renewed its Cyber Essentials Plus accreditation as required. Work commencing on updating the Scottish Government Cyber Resilience Framework. 5) College Digital Strategy which sets out digital ambitions for the College, presented and approved by the Board of Management. 6) Discussions remain ongoing with the SFC on IT condition survey and College offered to be model for future sector wide survey. 7) College HR department providing support to staff undertaking national support staff job evaluation.	4	3	12	12	↔	VP Operations

				Assessment pre mitigation			Mitigating Controls and Actions	Assessment post mitigation				Movement since last review	Executive Responsible
Risk No.	Risk Reference / Category	Strategic Objective	Risk	Risk Probability	Risk Impact	Risk Score		Risk Probability	Risk Impact	Risk Score	Previous Score		
9	WCS 15 Governance	1.1 2.1 3.4 4.3	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 has a plan in place to meet financial objectives during 2019-20. 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	12	↔	Principal
10	WCS 9 Staffing and HR	1.2 1.3 3.4	Inability to maintain positive staff relations	4	3	12	1) Approved Workforce Plan in place to address Audit Scotland recommendations and implementation reviewed by the Board CDC and HR Committee. 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 sessions and staff surveys undertaken on regular basis allowing matters to be raised and 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	9	↔	Principal
11	WCS 11 Competitive Environment	1.1 2.3 3.1 3.2	Ability to generate consistent levels of alternative income or to grow alternative income streams.	4	3	12	1) Alternative Income Strategy currently under development in response to requirements of College 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	9	↔	VP Educational Leadership
12	WCS 10 Staffing and HR	1.3 2.3	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. All recommendations made by internal auditors fulfilled and OD&HR Committee updated on progress. 8) Initial results from staff skills survey being used to allow the College to identify and address future skills gaps.	3	2	6	6	↔	Principal

[illegible]

Corporate Strategy 2019-2025

Priorities		Objectives	
(1) Personalisation	We will deliver the skills solutions that employers are looking for and the learning outcomes that students want,	1.1	Developing Bespoke solutions, Fast
		1.2	Raising Aspirations and Enabling Students to achieve outcomes
		1.3	Recruiting and Retaining Talented People
(2) Collaboration	We will build the immersive relationships and make the connections that enhance value for	2.1	Creating Learning Pathways
		2.2	Immersive Partnerships
		2.3	Delivering Inclusive Growth
(3) Agile and Adaptive	We will develop the capability to respond to shifts in demand and seize new opportunities quickly' putting in place specialist delivery capabilities.	3.1	Developing new income opportunities
		3.2	Developing the Market
		3.3	Utilising Specialist Capabilities
		3.4	Managing for Resilience
(4) Digital	We will ensure that the College has the digital capacity and capabilities to deliver in a modern economy.	4.1	Using Data
		4.2	Inspirational Learning
		4.3	Developing the skills base

Tolerance Matrix and Scoring Grid

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

Risk Score - Direction of Travel

- ↔

Post mitigation risk score after review has remained static compared to the last time the register was reviewed.
- ↑

Post mitigation risk score after review has increased compared to the last time the register was reviewed.
- ↓

Post mitigation risk score after review has reduced compared to the last time the register was reviewed.

Strategic Risk Register

Proximity: when might the risk occur.

Description	Timing
Immediate	Now
Medium-term	Within the next three months
Longer-term	Within three to six months

Impact: this is the estimated effect of the risk on the Strategic Priorities.

Impact	Criteria	
Catastrophic	4	Significant and unacceptable impact on objectives that would require a material change to approach, procedure or process.
Critical	3	Moderate impact on Priorities that may require minor changes in approach, procedure or process.
Marginal	2	Minor impact on Priorities, which requires little overall change in approach.
Negligible	1	No real impact on achieving Priorities.

Probability: this is the estimated chance of the risk occurring.

Likelihood	Criteria	
Almost certain	6	Extremely likely to occur
Very likely	5	Almost certain to occur
Likely	4	Most likely to occur than not
Possible	3	May occur
Very unlikely	2	Unlikely to occur
Remote chance	1	Extremely unlikely to occur

Risk Score: Impact x Probability

Impact		Result			
Almost certain	6	6	12	18	24
Very likely	5	5	10	15	20
Likely	4	4	8	12	16
Possible	3	3	6	9	12
Very unlikely	2	2	4	6	8
Remote Chance	1	1	2	3	4
		1	2	3	4
Probability		Negligible	Marginal	Critical	Catastrophic

Risk Score: the overall risk level.

Risk level	Score	Description
Very high	20-24	Unacceptable level of risk exposure that requires a review of controls and immediate mitigating action
High	10-19	Unacceptable level of risk which requires a review of controls and mitigating actions
Medium	4-9	Acceptable level of risk exposure subject to regular monitoring
Low	1-3	Acceptable level of risk exposure subject to periodic monitoring

Net Risk Score: the overall risk level after controls and mitigating actions are put in place

Trend: after controls and mitigating actions are considered

↑	New or increasing risk
↔	No change to risk
↓	Declining risk

Risk Appetite

	Averse	Minimalist	Cautious	Open	Hungry
Finance					
Political					
Governance					
Competitive Environment					
Staffing and HR					
Student					
Reputational / External					
Infrastructure					
Learning and Teaching					
Digital					

Classification	Description
AVERSE	Avoidance of risk and uncertainty is a key organisational objective.
MINIMALIST	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
CAUTIOUS	Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward.
OPEN	Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.).
HUNGRY	Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.

College Strategy 2019-2025

Priorities		Objectives	
(1) Personalisation	We will deliver the skills solutions that employers are looking for and the learning outcomes that students want, in a way that suits individual students.	1.1	Developing Bespoke solutions, Fast
		1.2	Raising Aspirations and Enabling Students to achieve outcomes
		1.3	Recruiting and Retaining Talented People
(2) Collaboration	We will build the immersive relationships and make the connections that enhance value for customers and stakeholders by creating learning pathways, developing new delivery partnerships and integrating learning into wider local strategies.	2.1	Creating Learning Pathways
		2.2	Immersive Partnerships
		2.3	Delivering Inclusive Growth
(3) Agile and Adaptive	We will develop the capability to respond to shifts in demand and seize new opportunities quickly' putting in place specialist delivery capabilities.	3.1	Developing new income opportunities
		3.2	Developing the Market
		3.3	Utilising Specialist Capabilities
		3.4	Managing for Resilience
(4) Digital	We will ensure that the College has the digital capacity and capabilities to deliver in a modern economy.	4.1	Using Data
		4.2	Inspirational Learning
		4.3	Developing the skills base

Risk Register: Summary of Top 5 Risks

Risk No.	Risk Description	Gross	Net	Prior	Trend
1	<u>Business / Cyber Resilience Planning</u> Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery primarily resulting from Coronavirus epidemic.	24	24	24	↔
2	<u>SFC Funding and Funding Methodology</u> 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.	24	24	24	↔
3	<u>Estate Strategy</u> Failure to deliver Estate Strategy objectives due to business cases for development of estate being delayed, with this having a resultant negative impact on the ability of the College to recruit students, retain staff and address legislative requirements.	24	20	20	↔
4	<u>Estates maintenance / capital funding</u> Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.	20	16	16	↔
5	<u>Brexit</u> 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.	15	15	15	↔

Risk number	1	WCS 7
Risk description	<u>Business / Cyber Resilience Planning</u> Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery primarily resulting from Coronavirus epidemic.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.2 3.4	
Risk category / appetite	Reputational/External	Open
Proximity	Medium-term	
Impact/Likelihood	6 x 4	
Gross Risk Score	24	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) Business Continuity Plans available to relevant staff along with associated documents to assist during any incident.	
	2) 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.	
	3) Closure of College campus undertaken successfully in March and planning has commenced to enable remobilisation.	
	4) Good interaction with staff, unions and Student Associations with information being supplied to all parties on a timely basis.	
	5) Continued engagement with Scottish Funding Council, Skills Development Scotland and other funding bodies to gain clarity on future funding which is resulting in an inability to take effective decisions.	
	6) Staff planning for return to the 'new normal' way of working include: <ul style="list-style-type: none"> - the development of online materials; - estate adaptations including mobilisation for home working; - increased reliance on technology which will require funding; - monitoring of supply chains; - a need for all operations to understand and operate within the new health and safety requirements; - governance updates regarding implications of deficit budgets; and - consideration given to starting the 2020-21 academic year later to assist with the planning process. Students for 2019-20 will continue to receive teaching through use of on-line delivery methods 	

	7) Financial and staffing implications not fully understood at the moment due to lack of clarity of information from central government and in a number of cases receipt of conflicting information.
Probability/Impact	6 x 4
Net Risk Score	24
Trend	↔
Risk Owner	VP Operations

Risk number / Reference	2	WCS1
Risk description	<u>SFC Funding and Funding Methodology</u> 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.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority</i>	1.1 1.3 3.1 3.4	
Risk category / appetite	Finance	Minimalist
Proximity	Immediate	
Probability/Impact	6 x 4	
Gross Risk Score	24	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1. Detail of 2019-20 final SFC funding confirmed and 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 during 2019-20 and beyond.	
	2. 2019-20 budget approved by College Board 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. The College continues to engage with the SFC on the final agreement and implementation of the plan including review of curriculum delivery in Renfrewshire.	
	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 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 and Credits 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 (CMAP) 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.
Probability/Impact	6 x 4
Net Risk Score	24
Trend	↔
Risk Owner	VP Operations / VP Educational Leadership

Risk number	3	WCS 3
Risk description	<u>Estate Strategy</u> Failure to deliver Estate Strategy objectives due to business cases for development of estate being delayed, with this having a resultant negative impact on the ability of the College to recruit students, retain staff and address legislative requirements.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.2 3.1 3.3 3.4	
Risk category / appetite	Infrastructure	Open
Proximity	Long-term	
Impact/Likelihood	6 x 4	
Gross Risk Score	24	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1. The College continues to engage with SFC, SFT, local councils 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 and annual implementation updates highlight 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 potential 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.	
	8. Ongoing engagement with SFC.	
Probability/Impact	5 x 4	
Net Risk Score	20	
Trend	↔	
Risk Owner	VP Operations	

Risk number	4	WCS 2
Risk description	<u>Estates maintenance / capital funding</u> Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.1 1.2 2.3 4.1	
Risk category / appetite	Infrastructure	Open
Proximity	Medium-term	
Impact/Likelihood	5 x 4	
Gross Risk Score	20	
Controls <i>A control is a framework in place to mitigate the risk.</i>	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 SFC 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. 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 and wider consultation exercises where possible.	
	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. College currently undertaking curriculum horizon scanning exercise in responding to SFC information request in relation to Greenock OBC. Implications of published Inverclyde local development plan being actioned, and College is engaging with partners in relation to this.	
	5. Outline Business Case for Paisley submitted to the SFC in October 2017 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 once these have been concluded.	
	6. The College has updated the estate condition work undertaken in 2015. This provides robust data showing the level of investment required as at 2019 in order to get the College estate up to Condition B and maintain this.	
Probability/Impact	4 x 4	

Net Risk Score	16
Trend	↔
Risk Owner	VP Operations

Risk number	5	WCS 16
Risk description	<u>Brexit</u> 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.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.3 2.2 3.1 3.4	
Risk category / appetite	Governance	Cautious
Proximity	Medium-term	
Impact/Likelihood	5 x 3	
Gross Risk Score	15	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) College has considered possible impacts of Brexit on operations and continues to keep this under review. Output has been discussed at senior management level and with relevant Board Committees. It is anticipated there may be an impact on EU funded programmes (such as 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.	
Probability/Impact	5 x 3	
Net Risk Score	15	
Trend	↔	
Risk Owner	Principal	

Risk number	6	WCS 4
Risk description	<u>SFC Regional Outcome Agreement</u> Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource results in future credit and/or funding adjustments.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.2 2.1 3.2 3.4	
Risk category / appetite	Learning and Teaching	Open
Proximity	Long-term	
Impact/Likelihood	5 x 4	
Gross Risk Score	20	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) Positive engagement with SFC in relation to ROA development and monitoring for current and future years. Internal audit of ROA process indicated robust planning arrangements in place regarding development of ROA.	
	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 schools 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 to consider the College ROA during February 2020 meeting. The draft ROA will then be submitted to the SFC for initial consideration.	
Probability/Impact	4 x 3	
Net Risk Score	12	
Trend	↔	
Risk Owner	Principal	

Risk number	7	WCS 5
Risk description	<u>National Pay Bargaining</u> Impact and outcome of National Pay Bargaining for both teaching and support staff.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.1 1.2 1.3 3.4	
Risk category / appetite	Staffing and HR	Open
Proximity	Medium-term	
Impact/Likelihood	6 x 3	
Gross Risk Score	18	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) WCS representation and involvement in national college Employers Association and national joint negotiating committee (NJNC).	
	2) Financial impact assessment / planning scenarios on the impacts of National Bargaining ongoing. National Bargaining funding distribution for 2019-20 agreed with Colleges Scotland and the Scottish Funding Council.	
	3) Business Continuity Planning considers impact of industrial action, with specific plans in place.	
	4) 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.	
	5) Robust college sector and WCS communications plan including liaison with Student Association on impact on students.	
	6) Local workforce planning arrangements subject to positive internal audit review (June 2018). Workforce planning being carried out at departmental level based on agreed template.	
	7) Support and teaching staff pay award until September 2020 in place.	
Probability/Impact	4 x 3	
Net Risk Score	12	
Trend	↔	
Risk Owner	Principal	

Risk number	8	WCS 6
Risk description	<u>IT Systems and Infrastructure</u> Failure to maintain or acquire and use IT systems and infrastructure to support the digital ambitions of the College.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	11 2.1 3.3 4.2	
Risk category / appetite	Digital	Hungry
Proximity	Medium-term	
Impact/Likelihood	4 x 4	
Gross Risk Score	16	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) IT Strategy, Policies / Procedures and system access processes in place. The Finance and General Purposes Committee review progress achieved in delivering the IT Strategy on an annual basis 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 Colleges Scotland and 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 renewed its Cyber Essentials Plus accreditation as required. Work commencing on updating the Scottish Government Cyber Resilience Framework.	
	5) College Digital Strategy which sets out digital ambitions for the College, presented and approved by the Board of Management.	
	6) Discussions remain ongoing with the SFC on IT condition survey and College offered to be model for future sector wide survey.	
	7) College HR department providing support to staff undertaking national support staff job evaluation.	
Probability/Impact	4 x 3	
Net Risk Score	12	
Trend	↔	
Risk Owner	VP Operations	

Risk number	9	WCS 15
Risk description	<u>College Transformation Plan</u> Failure to deliver the financial and/or non-financial objectives outlined in the College Transformation Plan "Future Proofing Our College".	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.1 2.1 3.4 4.3	
Risk category / appetite	Governance	Cautious
Proximity	Long-term	
Impact/Likelihood	4 x 4	
Gross Risk Score	16	
Controls <i>A control is a framework in place to mitigate the risk.</i>	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 has a plan in place to meet financial objectives during 2019-20. 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.	
Probability/Impact	3 x 4	
Net Risk Score	12	
Trend	↔	
Risk Owner	Principal	

Risk number	10	WCS 9
Risk description	<u>Staff Relations</u> Inability to maintain positive staff relations	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.2 1.3 3.4	
Risk category / appetite	Staffing and HR	Open
Proximity	Long-term	
Impact/Likelihood	4 x 3	
Gross Risk Score	12	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) Approved Workforce Plan in place to address Audit Scotland recommendations and implementation reviewed by the Board CDC and HR Committee.	
	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 sessions and staff surveys undertaken on regular basis allowing matters to be raised and 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.	
Probability/Impact	3 x 3	
Net Risk Score	9	
Trend	↔	
Risk Owner	Principal	

Risk number	11	WCS 11
Risk description	<u>Alternative Income Growth</u> Ability to generate consistent levels of alternative income or to grow alternative income streams.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.1 2.3 3.1 3.2	
Risk category / appetite	Competitive Environment	Open
Proximity	Long-term	
Impact/Likelihood	4 x 3	
Gross Risk Score	12	
Controls <i>A control is a framework in place to mitigate the risk.</i>	1) Alternative Income Strategy currently under development in response to requirements of College 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.	
	7) Review of resources required within Curriculum Development Planning procedure.	
	8) Commercial Development Group meets bi-monthly to review and address challenges of delivering alternative income.	
Probability/Impact	3 x 3	
Net Risk Score	9	
Trend	↔	
Risk Owner	VP Educational Leadership	

Risk number	12	WCS 10
Risk description	Workforce Planning Failure to embed Workforce Plan resulting in lack of appropriate resources and skills being developed to achieve College strategic objectives and outcomes	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.3 2.3	
Risk category / appetite	Staffing and HR	Open
Proximity	Long-term	
Impact/Likelihood	4 x 3	
Gross Risk Score	12	
Controls <i>A control is a framework in place to mitigate the risk.</i>	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. All recommendations made by internal auditors fulfilled and OD&HR Committee updated on progress.	
	8) Initial results from staff skills survey being used to allow the College to identify and address future skills gaps.	
Probability/Impact	3 x 2	
Net Risk Score	6	
Trend	↔	
Risk Owner	Principal	

Risk number	13	WCS 13
Risk description	<u>General Data Protection Regulations</u> Inability to ensure a holistic response to data and information governance, including compliance with the General Data Protection Regulations (GDPR).	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	3.4 4.1	
Risk category / appetite	Governance	Cautious
Proximity	Long-term	
Impact/Likelihood	3 x 3	
Gross Risk Score	9	
Controls <i>A control is a framework in place to mitigate the risk.</i>	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.	
Probability/Impact	3 x 2	
Net Risk Score	6	
Trend	↔	
Risk Owner	Principal	

Risk number	14	WCS 14
Risk description	<u>Estate Investment Works</u> Normal business activities are unduly affected due to the complexity of sequencing estates investment works.	
Link to the Strategic Priority <i>Refers to the relevant Strategic Priority.</i>	1.2 3.4	
Risk category / appetite	Learning and Teaching	Open
Proximity	Long-term	
Impact/Likelihood	4 x 2	
Gross Risk Score	8	
Controls <i>A control is a framework in place to mitigate the risk.</i>	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.	
Probability/Impact	3 x 2	
Net Risk Score	6	
Trend	↔	
Risk Owner	VP Operations	

TITLE: ANNUAL REPORT ON PUBLIC INTEREST DISCLOSURE; FREEDOM OF INFORMATION AND DATA PROTECTION ACT REQUESTS; REGISTER OF INTERESTS; AND HOSPITALITY/GIFTS REGISTER

Background: The remit of the Committee requires it to receive an annual report on:

- a) Public Interest Disclosure;
- b) Freedom of Information and Data Protection Acts requests;
- c) Register of Interests; and
- d) Gifts and Hospitality registers

The report details an update regarding each of the above matters.

Action: The Audit Committee is requested to consider the 2019-20 report.

Lead: Alan Ritchie, Director of Finance and Estates

Status: Open

1. Public Interest Disclosure

- 1.1 The Public Interest Disclosure Act enables and encourages individuals to raise matters of concern that are in the public interest (often referred to as whistleblowing), such as malpractice, impropriety or wrongdoing within the College, without fear of reprisal, so that they may be investigated and where appropriate acted upon.
- 1.2 The College has not had any Public Interest Disclosure cases during the period 1 August 2019 to 31 July 2020.

2. Freedom of Information and Data Protection Acts requests

- 2.1 Appendix 1 provides a summary report on the Freedom of information and Data Protection Act requests compared to the previous year. It can be seen from Appendix 1 that the total number of freedom of information requests received during 2019-20 totalled 18 (2018-19 – 35 requests), with data protection requests totalling 24 (2018-19 – 28 requests).

3. Register of Interests

- 3.1 The Senior Management Team and those members of the College management team with either budget holding and/or procurement responsibilities were requested to provide a register of interest form. A total of 112 forms were issued and all forms were returned. Following a review of the returns by the Director of Finance and Estates there are no issues recorded which require to be brought to the attention of the Audit Committee.

4. Gifts and Hospitality

- 4.1 The Committee is required to be provided with an annual review of the Gifts and Hospitality Registers, and to highlight that systems are in place to ensure staff members are aware of the need to inform the Director of Finance and Estates and complete the forms where gifts or hospitality are received or given to the value of £25 or over.
- 4.2 Under the College Policy of receipt of Gifts and Hospitality, all staff are required to register any gifts, hospitality or other benefits received where the value of the item or benefit exceeds an amount of £25.
- 4.3 Details of gifts and hospitality received by staff over the last year are recorded by the Director of Finance and Estates. Staff are reminded quarterly via the College intranet about the requirement to register gifts and hospitality.
- 4.4 There have been 4 declarations of gifts and hospitality (7 in the previous year) in total. These related to gifts given to staff by students. SMT member declarations were for attendance at events in capacity as employee of the College. The staff entries relate primarily to the provision of hospitality whilst on College related business or attendance at a dinner as a guest of a company / partner organisation.

5. Conclusion

5.1 The Audit Committee is requested to consider the 2019-20 report.

Appendix 1

Summary of Freedom of Information Requests

Categories of Request	2019-20 No. of requests	2018-19 No. of requests	2019-20 type of information requested	Responses out with statutory timescales	Reason for late response
Student Data	8	8	Student numbers by campus; student counsellor queries; rent guarantor scheme; student policies; sanitary provision; course notes; trigger warnings	0	
HR Data	3	16	GDPR use queries; salary information; stress related absences	0	
Finance Data	3	5	Arm's length foundations; tender documents; cost of sanitary products	0	
Other	4	5	IT contracts; sale of property; staff facilities time; number of staff on campus during lock down	0	
Reviews requested	0	1		0	
Total Number of Requests	18	35			

Summary of Data Protection Act Requests

Categories of Request	2019-20 No. of requests	2018-19 No. of requests	2019-20 type of information requested	Responses out with statutory timescales	Reason for late response
Student Data	15	23	Attendance, course details, funding details; complaints data; contact details related to online police investigation; fraud investigations (SAAS),	0	
Staff Data	7	5	All communications for 45 named individuals; sickness absence data, payroll data, employment dates; National Fraud Initiative (financial) data; guarantor details (financial)	1	Onerous staff subject access request, 15,000 + items for review and redaction.
Other	2	0	CCTV footage; IP address and location	0	
Total	24	28			

TITLE: SCHEDULE OF BUSINESS 2020-21

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				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
1) General					
To provide advice to the Board on the strategic processes for risk, control and governance					
<ul style="list-style-type: none"> • Strategic Risk Register Update and Review • Corporate Governance Statement - Financial Statements • Internal audit reports (see section 2) • External audit report (see section 3) • Remit of Committee reviewed against best practice and governance requirements • Review of College Articles of Governance / Scheme of Delegation and Standing Orders • Audit and Assurance Committee Handbook Update 	Y Y Y Y	Y Y	Y Y	Y Y	Y Y
To review and advise the Board of the Internal Auditor's and External Auditor's assessment of the effectiveness of the College's financial and other internal control systems, including controls specifically designed to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness (value for money)					
<ul style="list-style-type: none"> • Internal Audit Annual Report 2019-20 • Review of Fraud / Whistleblowing Policies • External Audit Management Letter as at 31 July 2020 • Internal and external audit reports as received • Update / Report on National Fraud Initiative • Report on Value for Money • Procurement and Commercial Improvement Programme – every 2 years next due 2021 	Y	Y Y	Y Y Y	Y Y	Y

REMIT	DELIVERABLES				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
To advise the Board on the adequacy of the whistle blowing process and to receive an annual report on any matters raised through this process					
<ul style="list-style-type: none"> Annual Report on Whistleblowing Committee to be made aware of any issues arising during the year (ongoing as required) 	Y				
To consider and advise the Board accordingly on any arrangements for special investigations and the outcomes of such investigations					
<ul style="list-style-type: none"> Reports to be received as requested (ongoing as required) Fraud investigation report 	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					
<ul style="list-style-type: none"> Review of Audit Committee effectiveness Internal Audit Annual Report 2019-20 External Audit management letter as at 31 July 2020 Report on compliance with SFC FM and SPFM Monitoring of Regional Outcome Agreement Register of Interest for Board and Committee members Assurance Framework Update 	Y Y Y	Y Y		Y	Y Y Y
To consider the College's Annual Financial Statements at a joint meeting with the Finance and General Purposes Committee, and to recommend to the Board for approval					
<u>2019-20</u>					
<ul style="list-style-type: none"> External Audit Management Letter / Letter of representation Audit report on student activity 		Y Y			

REMIT	DELIVERABLES				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
<ul style="list-style-type: none"> Audit report on student funding activity Audit report on Educational Maintenance Allowances Governance Statement Financial Statements July 2020 	Y	Y			
<ul style="list-style-type: none"> 2020-21 External audit fee proposal 2020-21 External Audit Engagement Strategy 2020-21 		Y			Y
To provide an annual report to the Board, timed to support the finalisation of the accounts and the Statement on Internal Control, and summarising its conclusions from the work it has done during the year					
<ul style="list-style-type: none"> 2019-20 Annual report to Board of Management from the Audit Committee 	Y	Y			
To report to the Board after each meeting					
<ul style="list-style-type: none"> Minutes and verbal update to each Board Meeting Draft Committee Dates 2021-22 	Y	Y	Y	Y	Y
To review its own effectiveness at least annually and to report the results of that review to the Board					
<ul style="list-style-type: none"> Review of Committee remit Annual report to Board of Management from the Audit Committee Annual review of effectiveness of the Committee 	Y	Y			Y
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					

REMIT	DELIVERABLES				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
the Internal Auditor may be delegated to a Selection Committee as agreed by the Audit Committee					
<ul style="list-style-type: none"> Review of effectiveness of internal audit function 				Y	Y
To advise the Board on the terms of reference for the Internal Auditors					
<ul style="list-style-type: none"> Internal Audit Plan Update 2020-21 Annual Internal Audit Plan 2021-22 	Y		Y	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					
<ul style="list-style-type: none"> Annual Report to Board of Management from the Audit Committee Review of effectiveness of internal audit function 	Y	Y			Y
To agree the Internal Audit Plan and review the Internal Audit Annual Report					
<ul style="list-style-type: none"> Internal Audit Annual Report 2019-20 Internal Audit Update Report 2020-21 Internal Audit Plan 2021-22 	Y	Y	Y	Y	Y Y
To review the Internal Audit reports, the management response to them and to review implementation of the actions required					
<u>2020-21]</u> <ul style="list-style-type: none"> Audit Assurance Mapping Fraud Awareness Overall Financial Controls Study of effects of Covid-19 (1) Study of effects of Covid-19 (2) HR: Sickness and Absence External Communications 		Y	Y Y	Y Y	Y Y Y

REMIT	DELIVERABLES				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
• Complaint Handline					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				Y	Y
• Annual meeting with internal auditor excluding College staff					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	Y	Y			Y
• Annual external audit appointment terms and conditions					Y
• Approval of External Auditors Audit Planning Memorandum					
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 2019-20		Y			

REMIT	DELIVERABLES				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
To review the Statement of Corporate Governance					
<ul style="list-style-type: none"> Review the statement of Corporate Governance 	Y	Y			
To review the External Audit strategy and plan					
<ul style="list-style-type: none"> SFC Accounts Direction for Scotland's colleges External Audit 2020-21 Engagement Strategy 	Y				Y
To establish appropriate performance measures and indicators to monitor the effectiveness of the External Auditors;					
<ul style="list-style-type: none"> Annual review of effectiveness of external audit function Annual meeting with external auditor excluding College staff – Mazars 		Y Y			
To consider the objectives and scope of any non-statutory audit work to be undertaken by the External Auditors firm and advising the Board of any potential conflict of interests.					
<ul style="list-style-type: none"> As required 					
4) Risk					
To review the Risk Management Strategy and recommend to the Board for approval					
<ul style="list-style-type: none"> Review of College Risk Management Strategy 	Y				
To consider the Strategic Risk Register and to advise the Board accordingly					
<ul style="list-style-type: none"> Report on College Strategic Risk Register 	Y	Y	Y	Y	Y

REMIT	DELIVERABLES				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
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					