

**West College Scotland  
AUDIT COMMITTEE**

**11 March 2021 at 4.00 p.m.  
By TEAMS**

**AGENDA**

**General Business**

1. Apologies
2. Declaration of Interests
3. Minutes of the meeting held on 3 December 2020  
Actions from the Minutes Enclosed  
Enclosed Chair  
Chair
4. Matters arising from the minutes (and not otherwise on the agenda)  
  
    .1 Minutes of Joint Audit and Finance & General  
    Purposes Committee Meeting held on 24 Nov 2020 Enclosed Chair

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

5. Committee Remit and Membership Paper 5 SG
6. [REDACTED] Paper 6 DA  
(restricted item)

**Internal Audit**

7. Internal Audit Report – Overall Financial Controls Paper 7 SP
8. Internal Audit Report – HR: Sickness and Absence Reporting Paper 8 SP
9. Internal Audit Annual Plan 2020-21 Update Paper 9 SP
10. Rolling Audit Action Plan Paper 10 AR
11. Annual Review of Effectiveness of the Committee Paper 11 SG

**Other**

12. Assurance Mapping Update Paper 12 AR
13. Risk Management Strategy Update Paper 13 AR
14. Review of Strategic Risk Register Paper 14 AR

**Items for Information (to note only)**

15. Schedule of Business 2020-21

Paper 15      AR

16. Any other business

Next meetings: Thursday 20 May 2021 at 4.00 p.m. by TEAMS

**Shirley Gordon**  
**Secretary to the Committee**

## **AUDIT COMMITTEE**

**MINUTES:** Thursday 3 December 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), Shirley Gordon (Secretary to the Committee), Vivienne Mulholland (Head of Finance and Student Funding).

**ATTENDING  
BY**

**INVITATION:** Stephen Pringle (Wylie & Bisset)

**APOLOGIES:** None received.

### **AM529 WELCOME AND APOLOGIES**

The Chair welcomed everyone to the meeting. No apologies were intimated.

### **AM530 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.

### **AM531 MINUTES**

The minutes of the meeting held on Thursday 3 September 2020 **were approved**.

### **AM532 ACTIONS FROM THE MINUTES**

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

With regard to the Regional Outcome Agreement 2020-21, Mr Alexander reported that, on 1 December 2020, the Scottish Funding Council published guidance for an Interim Regional Outcome Agreement for 2020-21 and a 2019-20 Self Evaluation Report. The guidance set out a new framework for the Interim 2020-21 document with a submission date of the end of January and this would be discussed in further detail at the Board meeting scheduled for 14 December 2020.

### **AM533 MATTERS ARISING FROM THE MINUTES (AND NOT OTHERWISE ON THE AGENDA)**

No matters arising were raised that were not already covered by agenda items.

### **AM534 INTERNAL AUDIT REPORT – ASSURANCE MAPPING**

Stephen Pringle explained that, as part of the 2020-21 Internal Audit Plan, Wylie & Bisset conducted a review of the College assurance mapping arrangements which considered:

- The College assurance mapping arrangements in place; and
- The methods of assurance in place and whether these were appropriate.

As part of the review, the Audit Committee was provided with a draft assurance map which built upon the internal auditors' assurance needs assessment (audit universe) and Mr Pringle presented the outcome of the Assurance Mapping internal audit review and the recommendations arising from this.

The internal audit review concluded that Wylie & Bisset “... *can provide a substantial level of assurance over the process which the College is adopting for its risk and assurance framework. Over the last few years, the College has been working on its risk management framework. The College is planning on using its risk management process to provide an assurance map to the Board of Management and Audit Committee that they are receiving the appropriate level of assurance*”.

The report identified three areas of good practice which Mr Pringle summarised and six recommendations (four medium and two low) for improvement that, if addressed, would strengthen the College’s control framework. Mr Pringle reported that College management had accepted the recommendations and initiated the management actions noted in the report. The recommendations would be added to the Rolling Audit Action Plan for monitoring purposes going forward.

Mr Pringle led the Committee through a draft assurance map prepared by Wylie & Bisset which started with the Corporate Plan 2019-2025 strategic objectives and noted the risks which were associated with the delivery of those objectives. The map then noted the various sources of assurance that the Board of Management and Audit Committee could rely upon in addressing these risks. This was discussed in detail with members concluding the format was helpful, recognising that it would evolve and be refined as risks / controls / mitigations (via the 3 lines of defence approach) were updated to reflect operational activity.

**The Audit Committee:**

- **Approved the contents of this report.**
- **Noted the six recommendations made in the report and that these would be recorded on the College Rolling Audit Action Plan for future monitoring.**
- **Considered the content and format of the Draft Assurance Map (Appendix A of the report) and approved this for further development.**

**AM535 INTERNAL AUDIT REPORT – FRAUD AWARENESS**

Stephen Pringle explained that, as part of the 2020-21 Internal Audit Plan, Wylie & Bisset conducted an internal audit of Fraud Awareness which reviewed and considered:

- Recommendations arising from the College March 2020 purchase ledger fraud investigation, in order to ensure these had been implemented and staff were adhering to these as required;
- The College's Fraud and Corruption Policy and any associated procedures to ensure that these were robust, up to date and fit for purpose;
- The College's Fraud Response Plan to ensure this was robust and fit for purpose; and
- Fraud training which was in place and had been provided to College staff.

He presented the outcome of the Fraud Awareness internal audit review along with recommendations arising from the audit work carried out.

The review concluded that Wylie & Bisset “... *can provide a strong level of assurance over the College's fraud awareness policies and Fraud Response Plan. We can also confirm that the recommendations raised in respect of the purchase ledger fraud investigation have been implemented. Fraud awareness training has been provided to the Finance Team, and training on the new procedure for changes to supplier's bank details has been provided specifically to the Purchase Ledger team*”.

The report identified four areas of good practice which Mr Pringle summarised and two low level recommendations for improvement that, if addressed, would strengthen the College's control framework. Mr Pringle reported that College management had accepted the recommendations and initiated the management actions noted in the report. The recommendations would be added to the Rolling Audit Action Plan for monitoring purposes going forward.

**The Audit Committee:**

- **Approved the contents of this report.**
- **Noted that the two low level recommendations made in the report would be recorded on the College Rolling Audit Action Plan.**

**AM536 INTERNAL AUDIT ANNUAL PLAN 2020-21 UPDATE**

Stephen Pringle explained that the Audit Committee approved the 2020-21 College internal audit plan in May 2020, and he led the Committee through 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.

The Committee discussed the audit area due to commence on 1 February 2021 "Study of Effects of Covid – 19" and Mr Pringle described its scope. In response to a question, the Principal reassured the Committee that the impact of two of the College campuses being currently in Tier 4 areas was minimised. To date, the retention of students was good with all staff putting students at the heart of remote curriculum delivery to avoid disruption as much as possible. The Committee commended to agility and flexibility of all staff.

**The Audit Committee noted the contents of this report.**

**AM537 ROLLING AUDIT ACTION PLAN**

The Director of Finance 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 the:

- 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 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. The College considered good progress was being made addressing the recommendations made by both internal and external auditors.

In recognising the progress made, the Committee extended its thanks to Mr Ritchie and his team for their endeavours under difficult and unprecedented circumstances.

**The Audit Committee approved:**

- **The removal of six internal audit recommendations.**
- **The removal of two 2018-19 external audit recommendations.**
- **An extension of time for two internal audit recommendations.**

- **The Rolling Audit Action Plan.**

**AM538 EXTERNAL AUDIT ANNUAL EFFECTIVENESS REVIEW**

The Secretary to the Committee summarised the findings of the external audit annual effectiveness review recently completed by members and attending officers of the Audit Committee. She confirmed that questionnaires returned indicated that members of the Committee were satisfied that the external auditors communicated issues freely with the Audit Committee and members were satisfied with their relationship with the external auditors. Committee members agreed that the external auditors provided constructive observations, implications, and recommendations in areas needing improvement and that they demonstrated an ongoing understanding of the uniqueness of the college sector. Attending officers of the Committee indicated that they were satisfied with the scope, nature, extent, and timing of testing performed by the external auditors as well as the knowledge, skills, and abilities of the staff assigned to do the audit work). Furthermore, they were satisfied with the engagement leadership assigned including the partner(s), manager(s) and fieldwork leaders.

The Secretary advised that there were no areas of concern raised in any of the questionnaires returned.

**The Committee agreed with the conclusions and noted the report. The Committee asked that the Secretary to the Board convey the outcome of the report to the external auditor.** {ACTION – SG}

**AM539 RISK MANAGEMENT STRATEGY AND STRATEGIC RISK REGISTER**

The Director of Finance 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 updated College Risk Management Strategy for consideration adding that the Strategy was reviewed on an annual basis and had been updated to reflect developments in the College's risk management approach;
- The next steps in the development of the College Risk Management Strategy; and
- The current College Strategic Risk Register for the consideration.

The Committee considered the updated College Risk Management Strategy noting that several changes had been made to the overall Strategy including updating Committee names and staff roles, several definitions had been updated to reflect current good practice, the inclusion of the College risk appetite statement and now included a revised risk register format. The Committee was content with the changes and, although the length of the document was increasing, it represented the required College risk management practices.

Mr Ritchie presented the College Strategic Risk Register explaining that the Senior Management Team continued to review it. In carrying out that review process, Mr Ritchie summarised the considerations / adjustments that had been made recently and highlighted the mitigating controls across all risks that had been updated to take account of the outcomes of internal / external audit reports and any relevant Scottish Government/Scottish Funding Council announcements. The Chair recorded his thanks to the Senior Management Team and noted that, based on knowledge of the current operating environment, it did not consider there was a requirement to amend the top five risks or the associated risk pre and post

mitigation scoring, therefore, there had been no changes to the remaining strategic risk scores.

Mr Ritchie confirmed that future iterations of the Risk Register would include links to the Assurance Map discussed earlier. The Committee agreed that the Strategy and Register provided reassurance that good robust plans / controls / mitigations were in place especially in such exceptional circumstances when the College's ability to influence some of these areas was limited.

**The Audit Committee:**

- **Considered and approved the updated Risk Management Strategy.**
- **Noted the next steps in the development of the College Risk Management Strategy.**
- **Reviewed the current Strategic Risk Register and made no changes to it.**

**AM540 REGISTER OF INTEREST FOR BOARD AND COMMITTEE MEMBERS**

The Register of Interests for the Board of Management and Committee members had been updated and was attached for information.

**The Audit Committee noted the contents of the Register.**

**AM541 COMMITTEE MEMBERSHIP EXTENSION TO CO-OPT MEMBER TENURE**

The Committee was asked to note that the tenure of co-opted member Wai Wong expired on 1 February 2021 and recommend the extension of his co-opt term of office for approval at the February 2021 Board meeting. As such, the Chair of the Committee would request that Wai be reappointed for a further one year (1 March 2021 to 28 February 2022) and would ask the Chair of the Board to present this for approval to the Board.

**The Committee recommended approval to the Board of Wai Wong's reappointment or a further one year (1 March 2021 to 29 February 2022).**

**AM542 SCHEDULE OF BUSINESS 2020-21**

The Director of Finance 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 2020-21 Schedule of Business.**

**AM543 ANY OTHER BUSINESS**

- Date of Next meeting - Thursday 11 March 2021.
- Last Meeting for John McMillan and Andrew Hetherington – Mr Alexander reported that John and Andrew's terms of office as Board members expired on 31 January 2021 so this would be their last Audit Committee meeting. On behalf of the Committee members and the College, he thanked them for their constructive challenge and input throughout their memberships. Mr Hetherington and Mr McMillan thanked the Committee for the kind words and wished it every success in the future.

## Audit Committee: Actions from the Minutes

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
3 Dec 2020	AM538	<b>External Audit Annual Effectiveness Review</b> - The Committee asked that the Secretary to the Board convey the outcome of the report to the external auditor.	S Gordon	Duly emailed to Mazars on 8 Dec 2020.	Complete.
"	AM541	<b>Committee Membership Extension to Co-Opt Member Tenure</b> - The Committee recommended approval to the Board of Wai Wong's reappointment or a further one year (1 March 2021 to 29 February 2022).	S Gordon	Approved at Dec 2020 Board meeting.	Complete.



Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
3 Sept 2020	AM524	<p><b>Draft Accountability Report - Corporate Governance</b></p> <p>1 - the Committee recalled that the responsibility for providing advice to the Board on the College's accounting policies now lay with the Finance and General Purposes Committee and that its remit had been adjusted to reflect that. It was agreed that this amendment be noted on Page 30 of the report which summarised the role of the Finance and General Purposes Committee.</p> <p>2 - agreed to add further detail to the "going concern" section of the Report since issue of the paper from Colleges Scotland. Similarly, he would update the text relating to financial covenants prior to the report being finalised by the Committee at its November meeting.</p>	<p>1 - A Ritchie</p> <p>2 - A Ritchie</p>		<p>Complete - Presented to the joint 24 November 2020 meeting of the Financial and General Purposes Committee and Audit Committee</p> <p>Complete - Presented to the joint 24 November 2020 meeting of the Financial and General Purposes Committee and Audit Committee</p>
"	AM525	<p><b>Risk Management Strategy and Strategic Risk Register</b> - agreed to reflect the Committee's suggested inclusions in the next iteration of the Register with the addition of timings added to the risks (immediate, medium / long term etc), risk trends (preferably quarterly to provide some visibility around any movements) and some textual detail / commentary</p>	A Ritchie		Complete – Updated Risk Management Strategy presented and approved by 3 December 2020 Audit Committee

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
		around work that had been undertaken locally by the College as well as sector / UK-wide to address the ramifications of Covid-19.			
"	AM497	<b>Internal Audit Report– Online Resources</b> - The Committee approved the report and agreed that it should be considered at the next LTQC meeting.	S Gordon	On the LTQC agenda for its 11 November 2020 meeting	Complete – Presented to November LTQ 2020 meeting
"	AM498	<b>Internal Audit Report– Regional Outcome Agreement (Stage 2)</b> - The Committee approved the report and agreed that it should be considered at the next LTQC meeting.	S Gordon	On the LTQC agenda for its 11 November 2020 meeting	Complete – Presented to November LTQ 2020 meeting
"	AM502	<p><b>Draft Internal Audit Plan 2020-21 – 1</b> - Audit Universe, it was reported that would be looked at as part of the assurance mapping exercise.</p> <p><b>2</b> - The grading structure being used by the incoming auditors be made comparable to that of the outgoing auditors for consistency.</p>	<p>1 – A Ritchie</p> <p>2 – A Ritchie</p>		<p>Complete – Report on Audit Assurance approved by 3 December Committee meeting included comments on audit assurance and linkage to audit universe.</p> <p>Complete – Grading structure used is comparable to outgoing auditors and is referenced in audit report covering papers.</p>
"	AM504	<b>Risk Management Strategy and Strategic Risk Register</b> – Update the Strategy in relation to roles, responsibilities and controls and to reflect further developments to the Risk Register reporting format.	D Alexander		Complete – Updated Risk Management Strategy approved by 3 December 2020 Audit Committee

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
12 Mar 2020	AM475	<b>Audit and Assurance Committee Handbook Update</b> Committee would continue to be updated on developments.	A Ritchie		Complete – Audit Report on Assurance Mapping approved by 3 December 2020 Committee meeting. Schedule of business updated to include future reports Committee will receive in regard to assurance mapping.
4 Sep 2019	AM438	<b>Value for Money Policy Report</b> 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		Complete - Presented to the joint 24 November 2020 meeting of the Financial and General Purposes Committee and Audit Committee
	AM410	<b>College Governance: Ministerial Statement</b> Committee to be kept informed of progress with changes	S Gordon		Future meeting

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

**MINUTES:** Tuesday 24 November 2020

**Present:** John McMillan (in the Chair)

**Audit:** Andrew Hetherington, Graeme Bold and Wai Wong.

**FGP:** John Leburn, Angela Wilson and Liz Connolly.

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

**Attending by invitation:**

Lucy Nutley, Susie Graham (Mazars – External Auditors).

Stephen Pringle (Wylie & Bisset – Internal Auditors).

**Apologies:** Jim Hannigan.

### **AFM28 CLOSED SESSION WITH EXTERNAL AUDITORS - Restricted Item**



### **AFM29 WELCOME**

The Chair welcomed members, attending officers and auditors (internal and external) to the joint meeting of the Audit Committee and Finance and General Purposes Committee.

### **AFM30 DECLARATIONS OF INTERESTS**

- John McMillan and Liz Connolly: Trustees of the West College Scotland Foundation.
- Jim Hannigan: Skills Development Scotland.
- David Alexander: Scottish Funding Council Board member and Chair of the SFC Audit and Compliance Committee.
- Angela Wilson: West Dunbartonshire Council.

### **AFM31 MINUTES**

The minutes of the joint meeting of the Audit Committee and Finance and General Purposes Committee held on 19 November 2019 **were noted (having already been approved at each of the Committees)**.

### **AFM32 ACTIONS FROM THE MINUTES**

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

### **AFM33 EXTERNAL AUDIT REPORT AND LETTER OF REPRESENTATION 2019-20**

The external auditors, Mazars, presented their report on the audit of the financial statements for the year ending 31 July 2020 and their letter of representation 2019-20 was considered.

Ms Nutley summarised the audit conclusions. She explained that the scope of their year-end work (including identified significant audit risks and other areas of management judgement) was as outlined in their Audit Strategy Memorandum which she had presented to the Audit Committee on 21 May 2020. Since Mazars issued that Audit Strategy Memorandum, the UK had been subject to the continued challenges and restrictions of COVID-19 and they had reviewed their Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remained appropriate. She acknowledged the difficulties encountered by the College team during accounts preparation and audit and expressed her thanks for the assistance of the finance team during the audit.

She led the Committee through the report and highlighted that the auditors had delivered an unqualified opinion concerning the:

- Financial statements for the year ending 31 July 2020;
- Regularity of income and expenditure (in all material respects the expenditure and income recognised in the financial statements had been applied for the purposes intended); and
- Remuneration and staff report, performance report and governance statement.

The external auditors also concluded that the College had:

- Effective arrangements, including budgetary control, that helped the Board members scrutinise finances;
- Adequate financial planning arrangements in place, although there remained a challenging funding environment going forward, with further efficiencies required in order to achieve an adjusted breakeven financial position;
- A need for significant capital investment to maintain building standards and therefore ensure continued revenue income based on student numbers. Funding had not yet been secured from the SFC to support significant College estates developments during the year and thus the risk of reduced performance as a result of a deteriorating estate remained;
- Governance arrangements in place that provided appropriate scrutiny of decisions made by the Board; and
- An effective framework in place that supported progress towards the achievement of value for money.

and this led to the Audit Report being unqualified.

In response to a question, Ms Nutley explained that the report contained a matter of emphasis section in relation to the valuation of the property portfolio of the Strathclyde Pension Fund. This matter was not unique to the College and would apply to all colleges who participated in the Fund. It did not impact the operations of the College. The Committee noted that the valuation issue may have an impact upon future employer contributions levels.

In response to a question about Going Concern, Ms Nutley noted that the auditors had considered this risk due to uncertainties over the College's ability to deliver its credit target following the closure of campuses at the outset of the COVID-19 pandemic and the continuation of European Social Funding (ESF). Whilst uncertainty still existed with the termination of ESF funding anticipated in July 2023, no reduction in funding was made in the current year as a result of COVID-19 and the College was able to successfully deliver its credit target. Mazars had considered the longer-term financial sustainability of the College in their Wider Scope work. She added that satisfactory assurance had been obtained that the College had enough resources to enable it to continue operations for a period of twelve months from the date of signing of the financial statements.

The Chair congratulated the College for being as adaptive, agile and flexible as possible given the financial and operational challenges of 2020. The dedication to students and their continued learning via digital / blended methods had, out of necessity, been developed on an ad hoc basis and demonstrated tremendous effort and commitment.

Ms Nutley thanked attending officers and their teams for the quality of the information provided and the constructive working relationship they enjoyed throughout the audit process.

The Committee recognised and welcomed that the external auditors were proposing an unqualified opinion concerning the financial statements, the regularity of income and expenditure, remuneration and staff report, performance report and governance statement.

**The Committee approved for presentation to the Board of Management the:**

- **Audit report to the Board of Management and the Auditor General for Scotland for the year ended 31 July 2020.**
- **The letter of representation.** [Action: AR]

#### **AFM34 PERFORMANCE AND ACCOUNTABILITY REPORT/FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020**

The College Financial Statements for the year to 31 July 2020 were presented by the Vice Principal Operations for review and approval for presentation to the Board of Management. The report provided an overview of the 2019-20 Financial Statements and encompassed:

- Financial reporting requirements;

- An overview of the final year end position, reconciling the College April Management Accounts forecast as presented to the Finance and General Purposes Committee, to the audited position as at 31 July 2020;
- The College's underlying adjusted operating position as at 31 July 2020; and
- Consideration of balance sheet movements.

Mr Alexander confirmed that the Financial Statements for the year ended 31 July 2020 had been audited by Mazars LLP and referred to the associated 2019-20 Annual Audit Report along with the associated Letter of Representation that had been considered earlier.

The acting Chair of the Finance and General Purposes Committee reported that FGPC members discussed the wealth of detail contained in the Performance and Accountability Reports earlier and he commended the open and transparent way in which the reports had been written. Some drafting and contextual suggestions which may add to the consistency and understanding of the information presented had been suggested and Mr Ritchie agreed to incorporate these where appropriate.

The Chair recorded his thanks on behalf of the Committee to the finance team for this excellent work in what had been a difficult year.

**The Joint Audit / Finance and General Purposes Committee reviewed and approved the 2019-20 Performance and Accountability Report and Financial Statements for presentation to the Board of Management.**  
**[Action: DA]**

#### **AFM35 VALUE FOR MONEY REPORT 2019-20**

The Director of Finance explained that the Audit Committee remit included the requirement *"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)"*.

In fulfilling this remit, the College had an approved Value for Money Policy and this annual Value for Money report had been prepared to assist the Joint Audit and Finance and General Purposes Committee in formulating its conclusions in respect of the College's arrangements for securing value for money during 2019-20. This was in accordance with the College Value for Money Policy and was required as part of the 2019-20 Financial Statements approval process.

Mr Ritchie led the Committee through the College's Value for Money (VFM) Policy objectives to ensure Best Value was achieved and that continuous improvement could be demonstrated in the efficiency and effectiveness of all activities. He summarised the College Best Value Indicators which included:

- Teaching - Student Survey
- West College Scotland Business Transformation Plan - Future Proofing our College
- Business Process Improvement
- Business Continuity
- Risk Management

- Estate Management
- IT Infrastructure and Service Delivery
- Internal Audit

In response to a question, the Director of Finance explained that the College had an approved Workforce Development Plan in place which was designed to assist with transforming the current workforce into what was required to deliver both the future curriculum and support services. During 2019-20 individual departmental workforce plans had been discussed and agreed with the relevant managers allowing the overall workforce plan to be developed into an operational tool. The implementation of the College Workforce Plan was monitored by the HRCD Committee.

Regarding the National Student Survey, Mr Ritchie explained that was an important indicator of students' perceptions of the value for money offered by the College. Due to the impact of Covid-19 and the resultant national lockdown the College was unable to participate in the 2019-20 national student survey but intended on participating fully in the 2020-21 national survey. He added, however, that through Student Experience Advisors, the College had been gathering feedback on student related issues over 2019-20. Across a broad range of areas, students provided positive feedback with respondents agreeing or strongly agreeing.

**The Joint Audit and Finance and General Purposes Committee considered and approved the report based on the steps taken by the College to secure value for money during 2019-20.**

#### **AFM36 SFC CREDIT ACTIVITY 2019-20: AUDIT REPORT AND CERTIFICATE**

Stephen Pringle (Wylie & Bisset) presented the results of the SFC Credit (student activity) Audit for 2019-20 which included the audit certificate.

Mr Pringle reported that Wylie & Bisset were appointed to carry out the 2019-20 audit of student activity (Credits) and he led the Committee through the results of that audit work against each of the 12 key risk areas highlighted by the SFC in their guidance.

Mr Pringle added that Wylie & Bisset had concluded:

- The student data returns had been compiled in accordance with all relevant guidance;
- Adequate procedures were in place to ensure the accurate collection and recording of the data; and
- On the basis of their testing they could provide reasonable assurance that the FES return contained no material mis-statement.

Mr Pringle confirmed that the audit certificate was unqualified and was in the format set out in the audit guidance. The audit certificate was submitted to the SFC on 2 October 2020 in line with the required reporting deadline.

The Committee thanked the auditor for a thorough audit and report.



**The Committee:**

- **Noted the four low level audit recommendations and management responses.**
- **Approved the 2019-20 Credit Audit Report and Certificates.**

**AFM37 STUDENT SUPPORT FUNDS 2019-20 – AUDIT REPORTS AND CERTIFICATES**

Stephen Pringle (Wylie & Bisset) presented the outcomes from the 2019-20 Student Support Fund audits. The College operated several student support funds which were subject to independent audit and Mr Pringle reported that Wylie & Bisset were appointed to carry out the 2019-20 audits of the College student funding expenditure against the relevant SFC or SAAS guidance and to report on their work. This assignment covered the audits of:

- Student Support Funds – which encompassed the following:
  - ❖ Scottish Funding Council (SFC) Student Support Fund which includes bursary,
  - ❖ childcare and discretionary funds; and
  - ❖ Student Awards Agency for Scotland (SAAS) Discretionary Fund.
- Educational Maintenance Allowances (EMA).

Mr Pringle added that the auditors had concluded that:

*'We have examined the books and records of West College Scotland and have obtained such explanations and carried out such tests as we considered necessary. On the basis of our examination and of the explanations given to us, we report that the information set out in these forms is in agreement with the underlying records. We also report that, in our opinion, the College used these funds in accordance with the guidance issued by the SFC. We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate.'*

He confirmed that the audit did not make any recommendations as to the operation of either fund and Wylie & Bisset had issued unqualified audit opinions for all funds.

**The Committee approved the:**

- a) Audit Report on Student Support Fund 2019-20; and**
- b) Audit Report on Educational Maintenance Allowance 2019-20.**

**AFM38 INTERNAL AUDITORS ANNUAL REPORT 2019-20**

The Director of Finance presented the Internal Auditor's Annual Report and provided further background information in considering approval of the Financial Statements. He explained that the report would also be submitted to the Scottish Funding Council (SFC).

Mr Ritchie explained that Scott Moncrieff were the College internal auditors until 31 July 2020 and had provided a report covering the year to 31 July 2020. The report was considered and approved by the Audit Committee at its 21 May 2020 meeting by which point the internal auditors had completed their 2019-20 audit plan. The College received confirmation from Scott Moncrieff in October 2020 that they were not aware of any factors since the report was

presented to the May 2020 Audit Committee that required them to change the content and conclusion contained within their annual report.

The key extract from the report was in relation to the overall internal audit opinion based on the work undertaken during the year which was as follows:

*"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".*

Scott Moncrieff had included a note that their audit fieldwork was undertaken prior to the Covid-19 pandemic and that work was the basis on which they formed the above opinion. The nature and timing of the 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 Joint Committee noted the content of the Internal Auditor's Annual Report 2019-20.**

**AFM39 2019-20 ANNUAL REPORT FROM AUDIT COMMITTEE TO BOARD OF MANAGEMENT**

The Chair presented the Annual Report to the Board of Management which detailed the work carried out by the Audit Committee during the period 1 August 2019 to 31 July 2020. The Annual Report was a requirement of both the Scottish Funding Council (SFC) Financial Memorandum and the Scottish Public Finance Manual and complied with the requirements of those documents.

Mr McMillan led the Committee through the report noting that despite the governance and operational challenges faced by the College, the 2019-20 schedule of Committee business was completed within the year.

**The Committee considered and approved the content of the Annual Report from the Audit Committee to the Board of Management.**

**[Action: AR]**

**AFM40 STRATEGIC RISK REGISTER REVIEW**

The Director of Finance explained that under the Corporate Governance Code, the Board of Management was tasked with ensuring a framework of risk management and control was in place and he presented the College Strategic Risk Register for consideration.

The Director of Finance presented the College Strategic Risk Register explaining that the Senior Management Team continued to review it. In carrying out that review process, Mr Ritchie summarised the considerations / adjustments that had been made recently and highlighted the mitigating controls across all risks that had been updated to take account of the outcomes of internal / external audit reports and any relevant Scottish Government/Scottish Funding Council announcements.

Members recorded their thanks to the Senior Management Team and noted that, based on knowledge of the current operating environment, it did not consider there was a requirement to amend the top five risks or the associated risk pre and post mitigation scoring, therefore, there had been no changes to the remaining strategic risk scores.

The Chair agreed that the comprehensive format and content of the Register gave members confidence that actions were being taken to mitigate identified risks.

**The Joint Audit / Finance and General Purposes Committee 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; and**
- **The progress made in further developing the College Risk Management framework.**

**AFM41 ANNUAL REVIEW OF EXTERNAL AUDITORS - Audit Committee Members Only**

[REDACTED]

[REDACTED]

[REDACTED]

**AFM42 ANY OTHER BUSINESS**

The Chair thanked members of the Committee, attending officers and auditors for their attendance. No other business items were raised.

**Title:** **Committee Remit and Membership**

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

- Audit Committee Remit
- Audit Committee Membership List

Following approval of a Committee restructure at the Board meeting held on 1 February 2021, the Committee is asked to approve its revised remit and membership. Changes have been made to the Audit Committee membership and quorum in accordance with the principles approved by the Board.

**Action:** The Committee is asked to:

- consider and approve its revised remit and membership.

**Lead:** Shirley Gordon, Secretary to the Committee

**Status:** Open

## **West College Scotland**

### **Board of Management**

#### **Audit Committee**

#### **Statement of Purpose**

The Board of Management provides the principal governance mechanism through which all activities are managed in accordance with relevant legislation and regulations, as well as ensuring that systems are in place to provide efficiency, effectiveness, and economy. The Board of Management 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**

### **Category**

A minimum of three Members of the Board of Management, one of whom will Chair. 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.

## **In Attendance**

Principal  
Vice Principal Operations  
Director of Finance  
Secretary  
Internal Auditor (Wylie Bisset)  
External Auditor (Mazars)

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

Committee members may sit privately without any non-members present for all or part of a meeting if appropriate.

Audit Committee members will annually meet with the Internal and External Auditors without the Executive Management Team present.

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

The Chair and Vice Chair of the Committee will be members of the Board of Management.

Chair, Vice Chair, and members appointments to the Committee will be between 3 to a maximum of 5 years, providing systematic opportunities for Committee members to serve on another Committee.

Members of the Audit, Corporate Development and Learning and Teaching Quality Committees can request to attend other Committees' meetings as observers, providing opportunities to gain more understanding of the respective Committees' issues.

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 an annual review and may be re-appointed annually for up to a maximum of 8 years.

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

### **3. Frequency of Meetings**

The Committee will meet at least four times per year.

The Committee will also hold an annual joint meeting with the Corporate Development Committee to consider the Financial Statements and audit reports. Additional meetings will be convened as necessary.

#### **4. Quorum**

A quorum will be no less than 50% of Board members on the Committee.

#### **5. Secretariat**

The Secretary to the Board of Management.

Papers for meetings will be sent out electronically 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.



**Audit Composition (Para 2 of the Remit)**  
**Meetings – 4 per annum plus 1 Joint Audit / CDC (Remaining Meetings for 2020 / 21 – Thursday 11 March and Thursday 20 May)**

Category	Name
A minimum of three Members of the Board of Management, one of whom will Chair.	Sabira Akram (Vice Chair) Graeme Bold (Chair) Grant Lyall
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.	Wai Wong

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

Quorum	A quorum will be no less than 50% of Board members on the Committee
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TITLE: [REDACTED] (RESTRICTED)

[REDACTED] [REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED] [REDACTED]  
[REDACTED] [REDACTED]  
[REDACTED] [REDACTED]  
[REDACTED] [REDACTED]  
[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]























**TITLE: INTERNAL AUDIT REPORT – OVERALL FINANCIAL CONTROLS**

**Background:** As part of the 2020-21 Internal Audit Plan, Wylie & Bisset conduct an internal audit of the Colleges Overall Financial Controls which reviewed and considered:

- Efficient and effective procedures and controls are in place for key finance processes.
- Adequate segregation of duties were in place.
- There is adequate management oversight of finance processes.

This report presents to the Audit Committee the outcome of the Overall Financial Controls internal audit review.

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

**Lead:** Stephen Pringle, Wylie & Bisset

**Status:** Open

## 1. Introduction

- 1.1 As part of the internal audit programme for 2020-21 Wylie & Bisset conducted a review of the overall financial controls in place at the College to ensure these were adequate, performing as expected and were being adhered to by staff. They also considered whether there were any gaps in these financial controls which could give rise to instances of potential fraud or theft.

## 2. Conclusion

- 2.1 The review concluded that Wylie & Bisset:

*'...can provide a strong level of assurance over the financial controls in place within the College. We can conclude that these are adequate and performing as expected with no gaps which could give rise to instances of potential fraud or theft.'*

- 2.2 The level of assurance assigned by the auditors is 'Strong' which is defined as noted below:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

- 2.3 The report identified several areas where the College is operating effectively and following good practice including:

- Preparation of detailed monthly management accounts.
- Strong segregation of duties.
- A robust set of Financial Regulations based on the CIPFA model regulations which are reviewed and updated annually.
- No inherent issues in the overall financial process.
- Integration of systems is adequate and transactions are processed efficiently.
- Supporting policies and procedures were as to be expected by the auditors.
- Finance Operations Manual provides guidance and support to finance staff.

- 2.4 The report made no recommendations for improvement.
- 2.5 The report will be presented to the next Corporate Development Committee for their information.

### **3. Recommendation**

- 3.1 The Audit Committee is requested to approve the contents of the report

# West College Scotland

**Internal Audit 2020-21**

Overall Financial Controls  
January 2021

**Overall Conclusion**

Strong



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*The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.*

*This report has been prepared solely for West College Scotland's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.*

*We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.*

## Overview

### Purpose of review

This review considered the overall financial controls in place at the College to ensure these were adequate, performing as expected and were being adhered to by staff. We also considered whether there were any gaps in these financial controls which could give rise to instances of potential fraud or theft. We also ensured that the required financial processes are being followed consistently.

This assignment is part of the 2020/21 Annual Internal Audit Plan.

### Scope of review

Our objectives for this review were to ensure:

- Efficient and effective procedures and controls are in place for key finance processes.
- Adequate segregation of duties were in place.
- There is adequate management oversight of finance processes.

### Limitation of scope

There were no limitations of scope.

### Background Information

The College has a set of Financial Regulations which are very closely aligned to CIPFA's Model Set of Financial Regulations. These were last reviewed, updated as necessary and approved by the Board of Management during September 2020. The Financial Regulations include a history of amendments which details review dates and any amendments made to the information contained in the Financial Regulations.

The College operates to a set of Financial Regulations which are reviewed at least annually and approved by the Board of Management. From principles of the Financial Regulations, a Finance Operations Manual has been created which sets out the operating procedures for the Finance Team. Any changes made to the Financial Regulations and/or other policies and procedures of the College are notified to staff via the College intranet.

The main systems the College uses for processing financial transactions are:

- BluQube4 (BQ4) - the main finance system.
- UNIT-e - student database. Details of student enrolments is extracted from UNIT-e to BQ4, where sales invoicing, credit control and debt management is undertaken.
- BACs payment system.
- Bankline for payments.
- Purchase ordering system – BQ4 and Pecos. A workflow is in place for purchase orders. This has embedded authorisation limits and procurement routes to help ensure that the correct staff members oversee and approve the orders.

The College uses workflows for transaction processing, which enables authorisation limits and escalation processes to be embedded. The College use online forms, as part of the remote working arrangements, for cash advances, cash reimbursements and petty cash requests.

The Vice Principal Operations is responsible for the strategic financial management and direction of the College with the Director of Finance managing and controlling the day-to-day financial administration. The Director of Finance is assisted in his role by the Head of Finance and Student Funding.

The Head of Finance and Student Funding manages four distinct areas of activity within the finance function:

- Management Accounts – Managed by a Principal Accountant supported by 3 management accountants.
- Finance Operations – Managed by a Finance Manager who is supported by a Finance Officer, 6 Finance Assistants, 2 Credit Controllers and 2 Treasury Assistants.
- Procurement – Managed by a Procurement Manager who is supported by 2 Procurement Assistants.
- Student Funding – Managed by a Student Funding Manager who is supported by 2 Team Leaders and 5 Student Funding Assistants.

## ***Management Accountants Team***

Are responsible for:

- Month end management accounts preparation and monitoring. Quarterly sets of Management Accounts are submitted to the Board of Management for approval.
- Budget preparation and monitoring including the forecasting of current year activity and expenditure levels.
- Year-end statutory accounts preparation.
- Processing journals.
- Processing any adjustments to the budgets and monthly accounts.
- Cash flow budget and forecast monitoring including preparation of monthly returns to the SFC.
- Monthly meeting with budget holders.
- Preparation of Committee reports.
- Preparation of ad hoc financial reports and submissions to SFC.

## ***Finance Operations including treasury function***

This team ensures accurate day-to-day transactional processing in line with Board of Management approved Financial Regulations including the operation of:

- Purchase ledger
- Sales ledger
- Credit control
- BACs and Bankline payments
- Banking and petty cash
- Credit cards - processing of transactions for the College Credit card and reconciliation of all credit card transactions
- Fixed asset register
- Month and year end reconciliations of bank accounts, sales and purchase ledger control accounts, petty cash, bursary creditor and other trade debtors.

Within this team the purchase ledger, sales ledger, credit control and treasury (bank and cash) staff have tasks specific to their role. They only have the required access level to the finance system required by their role i.e., only Purchase Ledger staff set up new suppliers, set up or update

the associated bank details, process purchase orders, process purchase invoices and pay the relevant supplier. The same applies to the other functions.

## ***Processing and Segregation of Duties***

### **Purchase Ledger**

- Budget holders are responsible for the purchases for their area. Nominated staff within their function create purchase orders (PO) within the finance system which starts a workflow for authorisation. These authorisation levels are in place in line with Finance Regulations to ensure that only those authorised to approve the required expenditure are capable of doing so.
- Budgetary control is in place, whereby agreed budget holder expenditure limits are allocated against only those lines of expenditure approved by the Board of Management and to the limits agreed.
- The College has authorisation limits in place within the finance system which require additional authorisation if the value is outwith the budget holders' authorisation limit; these limits are set out in the Financial Regulations.
- Once an invoice is received by the purchase ledger team, the invoice is matched to the corresponding PO and posted to the finance system and this triggers an email message to the budget holder informing them that they require to confirm receipt of the goods/services on the finance system. If the goods/services have not been received, then the budget holder should inform the finance staff of this.
- Once the goods/services have been confirmed as received, the invoice is now ready for payment.
- A suppliers' payment run is generated twice a month; the purchase ledger team run the report on the finance system that creates this based on all approved invoices from the last payment run to date, and which are due for payment based on the College payment terms.
- The authorisation workflow for the suppliers' payment run requires review firstly by the Finance Officer and then approval by the Finance Manager.
- Once fully authorised, a formatted supplier payment report is submitted to the treasury team for processing to the bank by way of BACS.
- A remittance advice is sent to the supplier via email notifying them of the payment due to them.
- International supplier payments follow the same process.
- The College operates a two-stage authorisation process for suppliers BACs payments. That is the person processing the payment cannot be the person approving the payment; this segregation of duties is established as part of the BACs facility software.

Within the finance system the authorisation of core process transactions is done digitally, prior to the document being able to be moved onto the next stage.

# 1 EXECUTIVE SUMMARY

The purchase order approval limits are as follows. These are embedded within the finance system:

Expenditure Value	Authoriser
£0 to £250	Budget Holder/delegated Budget Holder
£251 to £10,000	Principal Accountant
£10,001 to £50,000	Director of Finance/Head of Finance and Student Funding
£50,001 to £250,000	Vice Principal Operations/Principal
£250,001 to £500,000	Corporate Development Committee
Over £500,000	Board of Management

## Sales Ledger - Students' Tuition Fees

- At enrolment the student is set up on the UNIT-e system (College student records system) with the appropriate fee code.
- Student invoice information is derived from the UNIT-e.
- The sales ledger team will download a class report from the UNIT-e system to check all students and fee information is correct.
- Once the required checks have been completed, the sales ledger team will export a .csv file of the fees due from the UNIT-e system to the Symmetry system which enables invoices to be generated in BQ4.
- Invoices due are sent to students/employers via email.
- The receipt of tuition fee income is paid directly into the College's bank account.
- The treasury team daily provide the sales ledger team with extracts of the bank statement showing the debtor receipts.
- The sales ledger staff will review these and allocate the payments to the appropriate debtor account to match it against the invoices that has been raised.
- If no invoice has been raised for the amount received, the treasury team will post this to a holding account until the invoice is processed within the finance system. This holding account is reviewed and reconciled on a monthly basis to ensure that all receipts are processed in a timely manner.

## Sales Ledger – Non-Tuition Fees

- A sales invoice request is completed by the relevant department.
- Once authorised this is passed to the sales ledger team who will raise an invoice on the finance system.
- The invoice is emailed to the customer.
- The reconciliation of payments follows the same process as noted above for student invoices.

Within the Sales Ledger function, sits the credit control staff who are responsible for chasing debtors for payment of sales invoices. The credit control staff do not generate sales invoices, their role is to chase the outstanding debt. A credit control cycle of reminders and follow ups, which are generated by the finance system, will be carried out by the credit control staff. If a debt remains unpaid it will be passed on to College appointed debt collection agency for escalation.

## Banking and Cash

- All payments are processed by the treasury team.
- This involves a two-stage processing and authorisation process to provide the required segregation of duties.
- The treasury team are responsible for processing bursary, supplier, and non-purchase ledger payments, allocating non-sales ledger receipts, credit card payments, cash advances and petty cash reimbursements.
- All BACS and payment requests are validated by the Finance Manager before processing.
- A bank statement is downloaded daily, and extracts shared within the finance team for appropriate allocation of receipts. Any anomalies are highlighted to Finance Manager.
- All bank accounts are reconciled monthly and approved by the Finance Manager.

As part of the management accounts preparation, the Finance Manager will review the bank reconciliations to ensure that these are being undertaken in a timely manner and that reconciling items are being dealt with. The monthly reconciliations are then reviewed by the Principal Accountant for accuracy. This acts as another level of checking and segregation.

## **Credit Cards**

The College operates seven credit cards allowing for purchases where the normal purchase order process is not possible:

# 1 EXECUTIVE SUMMARY

- Principal and Chief Executive - £2,500 credit limit
- Vice Principal Operations - £2,500 credit limit
- Vice Principal Educational Leadership - £2,500 credit limit
- Director of Finance - £2,500 credit limit
- Assistant Principal Enterprise and Skills - £2,500 credit limit
- College held by finance team - £10,000 credit limit
- Human Resources - £2,000 credit limit

Holders of credit cards require to use the cards for College purchases only and within the authorised purchase limits. Proof of purchases/receipts are provided to finance who undertake a monthly reconciliation exercise of all credit cards.

The College virtual card acts as a corporate card with the details held by treasury staff. A purchase order must be raised before the corporate card is used to ensure that there is sufficient budget cover for the proposed expenditure. Once the purchase order is approved, the Finance Officer notifies the treasury team who will process the payment. All credit card receipts must be passed to the treasury team once the transaction has been completed. The credit card statements are reconciled monthly by the Purchase Ledger team and reviewed monthly by the Finance Manager and quarterly by the Head of Finance and Student Funding.

Since Covid-19, the College's credit cards have not been used as much due to travel and face to face meeting restrictions.

There is a separate documented procedure document for the use of the College credit cards. This is available to all staff via the College intranet.

## ***Fixed Assets***

The College has not received capital expenditure (CAPEX) funding from the Scottish Funding Council (SFC) in a number of years, as such it has not carried out any capital works in recent years. To date there have been no additions made to the College fixed asset register during 2020/21.



The security arrangements which are in place within the College are CCTV coverage and room doors being locked when not in use. The high values items of fixed assets tend to be buildings, heavy equipment or items which are fixed to the fabric of the building, as such these are not easy to remove.

## Work Undertaken

The work undertaken during this review included:

- Obtaining and reviewing the Financial Regulations and associated procedures in place within the College to confirm that these are complete, appropriately reviewed, and comply with good practice and any regulatory requirements.
- Discussions with relevant finance staff to ascertain the current financial control arrangements. We assessed whether these were adequate and fit for purpose.
- We conducted walkthrough testing of key financial areas - cash and bank; purchasing and payments; receipt of income; payment of payroll; use of College credit cards; recognition and depreciation of fixed assets.
- We sample tested key controls in place for the above financial areas to verify the effectiveness of each control. These were:
  - Bank reconciliations (August 2020- November 2020).
  - Petty Cash (10 sampled).
  - Purchases (10 sampled).
  - Payroll payment (August 2020 - November 2020).
  - Receipt of Income (10 sampled).
  - Credit Cards (10 sampled).
- Reviewing and evaluating segregation of duties in place and confirming that these cover all finance processes.
- Reviewing the level of financial reporting in place and considering whether the reporting arrangements were robust and fit for purpose.

# 1 EXECUTIVE SUMMARY

- Reviewing month end processes to confirm that there was a clear process in place which is being adhered to.
- We sample tested month end reconciliations and procedures to ensure completeness and that these were appropriately reviewed.
- We reviewed security arrangements around fixed assets.

## Conclusion

### Overall conclusion

**Overall Conclusion: Strong**

We can provide a strong level of assurance over the financial controls in place within the College. We can conclude that these are adequate and performing as expected with no gaps which could give rise to instances of potential fraud or theft.

### Summary of recommendations

#### Grading of recommendations

	High	Medium	Low	Total
Overall Financial Controls	0	0	0	0

As can be seen from the above table we have raised no recommendations from our review.

## Areas of good practice

The following is a list of areas where the College is operating effectively and following good practice.

1.	<p>The College prepare a monthly Financial Information Pack that includes:</p> <ul style="list-style-type: none"><li>• Executive Summary;</li><li>• Statement of Comprehensive Income and Expenditure;</li><li>• Detailed Variance Analysis;</li><li>• College Balance Sheet;</li><li>• Cash Flow;</li><li>• Student Support Funds Budget and Forecast;</li><li>• Financial Graphs and Performance Indicators; and</li><li>• Aged Debt Analysis.</li></ul> <p>The Financial Information Pack provide a detailed synopsis of the financial performance of the College.</p>
2.	<p>From our review we can confirm that the College has strong segregation of duties between the functions within its Finance Team.</p>
3.	<p>The College has a robust set of Financial Regulations which provides guidance on the overarching principles of the financial processes in place within the College. These Financial Regulations follow CIPFA's Model Set of Financial Regulations and contain all sections we would expect to find in Financial Regulations.</p> <p>The Financial Regulations are reviewed every year with the last review having taken place in September 2020 and the next one due in September 2021. If there are any significant changes to the College's processes or changes in legislation within the year, the Financial Regulations will be reviewed and updated as appropriate. Once reviewed these are presented to the Board of Management for consideration and approval.</p>

# 1 EXECUTIVE SUMMARY

The following is a list of areas where the College is operating effectively and following good practice.

- |    |   |
|----|---|
| 4. | <p>We discussed and documented each process with the Principal Accountant and the Finance Manager to establish the processes and controls in place for:</p> <ul style="list-style-type: none"><li>• Bank Reconciliation;</li><li>• Purchases;</li><li>• Fixed Assets;</li><li>• Payroll;</li><li>• Income; and</li><li>• Credit Cards.</li></ul> <p>From this we found no inherent issues surrounding the College's processes and found that key personnel were complying with internal procedures.</p>                             |
| 5. | <p>From our review we can confirm that the level of integration of the key systems is adequate to enable the financial information to be processed in an efficient manner.</p>  |
| 6. | <p>We completed Transaction Testing for the following aspects of the College's finance functions:</p> <ul style="list-style-type: none"><li>• Bank reconciliations (August 2020- November 2020);</li><li>• Petty Cash (10 sampled);</li><li>• Purchases (10 sampled);</li><li>• Payroll payment (August 2020 - November 2020);</li><li>• Receipt of Income (10 sampled); and</li><li>• Credit Cards (10 sampled).</li></ul> <p>We found no inherent issues where all items sampled were appropriately processed and authorised.</p> |

The following is a list of areas where the College is operating effectively and following good practice.

- |    |   |
|----|---|
| 7. | <p>The College's Financial Regulations are supported by the following policies:</p> <ul style="list-style-type: none"><li>• Fraud &amp; Corruption Policy.</li><li>• Anti-Bribery &amp; Corruption Policy.</li><li>• Acceptance of Gifts &amp; Hospitality Policy.</li><li>• Register of Interest - SMT &amp; Staff Policy.</li><li>• Fee Policy.</li><li>• Fee Waiver Policy.</li></ul> <p>The Finance Manager has also produced the following process guides:</p> <ul style="list-style-type: none"><li>• College credit card orders.</li><li>• Cash advances and reimbursements.</li><li>• Finance Operations Manual</li></ul> <p>From our review of these we are satisfied that these are robust and contain the sections/elements we would expect to find in such documents.</p> |
| 8. | <p>The Finance Team have a Finance Operations Manual which provides guidance on the process to be followed by the Finance Team in respect of purchase ledger, sales ledger, credit cards and treasury management (banking and cash). These are for the Finance Teams use only and is prepared by the Finance Manager and reviewed and approved by the Head of Finance, and Student Funding. A full review and update of the Finance Operations Manual is undertaken on an annual basis, with periodic updates taking place as and when any changes are made to the financial processes.</p>   |

## 2 BENCHMARKING

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

### Overall Financial Controls

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	1	1	2
Number of recommendations at West College Scotland	0	0	0	0

From the table above it can be seen that the College has a lower number of recommendations compared to those colleges it has been benchmarked against.

### 3 AUDIT ARRANGEMENTS

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit Committee meeting.

Audit stage	Date
Fieldwork start	11 January 2021
Closing meeting	15 January 2021
Draft report issued	26 January 2021
Receipt of management responses	12 February 2021
Final report issued	15 February 2021
Audit Committee	11 March 2021
Number of audit days	6 days



## 4 KEY PERSONNEL

We detail below our staff who will undertake the review together with the Organisation staff we spoke to during our review.

### Wylie & Bisset LLP

Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Senior Manager	Stephen Pringle	Senior Internal Audit Manager	stephen.pringle@wyliebisset.com
Supervisor	Audrey Cowan	Internal Audit Supervisor	audrey.cowan@wyliebisset.com
Auditor	Neil Hamilton	Internal Auditor	neil.hamilton@wyliebisset.com

### West College Scotland

Key Contact	Alan Ritchie	Director of Finance	Alan.Ritchie@wcs.ac.uk
Key Contact	Vivienne Mulholland	Head of Finance, Procurement and Student Funding	Vivienne.Mulholland@wcs.ac.uk
Key Contact	Jigna Bhatt	Finance Manager	Jigna.Bhatt@wcs.ac.uk
Key Contact	Kirsty Hill	Principal Accountant	Kirsty.Hill@wcs.ac.uk

Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.

## APPENDICES

# A GRADING STRUCTURE

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

# A GRADING STRUCTURE

For each recommendation we assign a grading either as High, Medium, or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by senior management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

### **Purpose of review**

This review will consider the overall financial controls in place at the College to ensure these are adequate, performing as expected and are being adhered to by staff. We will also consider whether there are any gaps in these financial controls which could give rise to instances of potential fraud or theft. We will also ensure that the required financial processes are being followed consistently.

This work will inform the basis for any future financial controls review deemed to be required.

The Assignment is part of Annual Audit Plan 2020/21.

### **Scope of review**

Our objectives for this review are to ensure:

- Efficient and effective procedures and controls are in place for key finance processes.
- Adequate segregation of duties is in place.
- There is adequate management oversight of finance processes.

### **Limitation of scope**

There is no limitation of scope.

### **Audit approach**

Our approach to the review will be:

- Obtain and review the Financial Regulations and Procedures in place within the College to confirm that these are complete, appropriately reviewed, and comply with good practice and any regulatory requirements.
- Discussions with relevant finance staff to ascertain the current financial control arrangements. We shall assess whether these are adequate and fit for purpose.
- Conduct walkthrough testing of key financial areas - cash and bank; purchasing and payments; receipt of income; payment of payroll; use of College credit cards; recognition and depreciation of fixed assets.
- Sample testing key controls in place for the above financial areas to verify the effectiveness of each control.
- Review and evaluate segregation of duties in place and confirm that these cover all finance processes.
- Review the level of financial reporting in place and consider whether the reporting arrangements are robust and fit for purpose.
- Review month end processes to confirm that there is a clear process in place which is being adhered to.
- Sample test month end reconciliations and procedures to ensure completeness and appropriately reviewed.
- Review security arrangements around fixed assets.

### Potential key risks

The potential key risks associated with the area under review are:

- Ineffective or inefficient procedures and controls may be in place for key finance processes.
- Inadequate segregation of duties may compromise the control environment in relation to key finance processes.
- Inadequate management oversight of financial processes compromises control effectiveness.

**TITLE: INTERNAL AUDIT REPORT – HR: SICKNESS AND ABSENCE REPORTING**

**Background:** As part of the 2020-21 Internal Audit Plan, Wylie & Bisset conduct an internal audit of the Colleges sickness and absence reporting procedures which reviewed and considered:

- The College has policies and procedures in place for sickness and absence monitoring, reporting and management.
- The College appropriately monitors staff sickness and absence.
- Appropriate actions are taken to minimise staff sickness and absence.
- Roles and responsibilities in respect of sickness and absence monitoring, reporting and management are clearly defined and appropriate.
- The College has appropriate reporting in place regarding sickness and absence monitoring and management.
- Absences are processed and monitored consistently and in line with the College's procedure.

This report presents to the Audit Committee the outcome of the HR: Sickness and Absence internal audit review.

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

**Lead:** Stephen Pringle, Wylie & Bisset

**Status:** Open



## 1. Introduction

- 1.1 As part of the internal audit programme for 2020-21 Wylie & Bisset conducted a review of the procedures associated with the College reporting of sickness and absence to ensure these were adequate, performing as expected and were being adhered to by staff.

## 2. Conclusion

- 2.1 The review concluded that Wylie & Bisset:

*‘... can provide a strong level of assurance over the absence management arrangements in place at the College and that these are embedded throughout the whole College..’*

- 2.2 The level of assurance assigned by the auditors is ‘Strong’ which is defined as noted below:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

- 2.3 The report identified several areas where the College is operating effectively and following good practice including:

- Sickness and absence procedures were from the sample testing undertaken being adhered to.
- The provision of external consultant (PAM Assist) to provide an extensive online information portal combined with a 365 days a year 24/7 telephone helpline which provides structured telephone counselling and UK-wide face-to-face counselling and therapy.
- Attendance Management Procedure roles and responsibilities are clearly outlined and understood by staff.

- The College aim to tackle any potentially preventable absences at the earliest point possible.
- Staff absence is closely monitored within the College through the provision of monthly absence reports to College Heads / Managers.
- The College's HR Department carry out trend analysis for staff absences to address any issues before they become a major problem. This trend analysis is used to create the College's Health and Wellbeing Strategy for its staff.
- The College has robust policies and procedures in place for absence monitoring and management. The policies and procedures are available to all staff members on the College intranet for guidance.

2.4 The report made no recommendations for improvement.

2.5 The report will be presented to the next Corporate Development Committee for their information.

### **3. Recommendation**

3.1 The Audit Committee is requested to approve the contents of the report

# West College Scotland

## Internal Audit 2020-21

HR: Sickness and Absence Reporting  
January 2021

**Overall Conclusion**

Strong

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*The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.*

*This report has been prepared solely for West College Scotland's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.*

*We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.*

## Overview

### Purpose of review

The purpose of this assignment was to review the methods in place at the College for sickness and absence reporting. We reviewed the procedures and the monitoring arrangements in place. We also reviewed the monitoring of targets and the actions taken by the College to improve staff sickness absence.

This review forms part of our 2020/21 Annual Internal Audit Plan.

### Scope of review

Our objectives for this review were to ensure:

- The College has policies and procedures in place for sickness and absence monitoring, reporting and management.
- The College appropriately monitors staff sickness and absence.
- Appropriate actions are taken to minimise staff sickness and absence.
- Roles and responsibilities in respect of sickness and absence monitoring, reporting and management are clearly defined and appropriate.
- The College has appropriate reporting in place regarding sickness and absence monitoring and management.
- Sickness absences are processed and monitored consistently and in line with the College's procedure.

### Limitation of scope

There are no limitations of scope.

## Background Information

The College has developed a robust Attendance Management Procedure which provides a framework to manage and minimise sickness absence levels, whilst also providing appropriate support to those who are absent for legitimate reasons.

It is the responsibility of College employees to ensure that they are aware of, understand, and comply with the Attendance Management Procedure. If an employee fails to comply with the Procedure this may result in an unauthorised absence, deduction from salary or possible disciplinary action.

As well as the *'Attendance Management Procedure'*, the College has produced a *'Stress at Work Procedure'* and *'Mental Health and Wellbeing Policy'*. This outlines to staff the support and materials available to them should they be suffering from stress, both work and non-work related, and support for those who are struggling with mental health issues.

The College maintains a Summary of Absence Log that is used to detail the reasons for staff sickness absence, as well as a breakdown of absences by department. This log allows the HR Team to highlight any staff absence trends. It also allows the HR Team to carry out trend analysis to try and reduce staff absence. An example of the trend analysis carried out by the HR Team is that they noted within the HR Report 2018, the significant increase in non-work-related stress which had risen to 13.92% from 10.93%. The College tackled this by encouraging staff to contact Occupational Health for help and introduced an external Employee Assistance Service which provided a 24/7 helpline with counselling support and advice. At the time of our audit, non-work-related stress accounts for 4.7% of absences at the College for the rolling 12-month period to November 2020.

The College have recently purchased an absence reporting suite from its HR/payroll system provider (iTrent). This reporting suite will allow the College to filter and analyse absence data and produce automated reports directly from iTrent that details absence data from different departments and sub departments. The reporting suite will remove the need to manually manipulate sickness absence data thereby improving its accuracy and reducing the time taken to provide it to managers. The reporting suite also provides a platform for the College to create reports which can be easily accessed online by managers thereby improving the delivery of absence data which is currently emailed to managers. A College working group meeting took place on the 18 January 2021 to discuss the build and implementation of the new reporting suite. A project plan has been developed following this meeting which will be monitored by the Director of Organisational Development and HR.

The College provides an Occupational Health service. The role of the Occupational Health Service is:

- To assist the College to keep employees healthy at work;
- Help protect employees from health hazards and to advise the College on an employee's fitness to attend work;
- Provide advice on reasonable adjustments which may assist an employee back to work or to remain in work; and
- Assist the College to rehabilitate injured or sick employees back into the workplace.

The College also has an Employee Counselling service that allows staff to contact a trained professional to discuss, face-to-face or online, the problems they are facing in their personal life and what can be done to help mitigate against this.

## **Overview of College Absence Procedure**

An employee who is unable to go to work must telephone their line manager as soon as possible, ideally at least one hour before the commencement of the working day.

If a sickness absence persists for more than three days, the employee must contact their line manager on the fourth day of absence and indicate whether the absence is likely to continue.

Once the employee returns to work, they will be required to complete a self-certificate to disclose the reasons for their absence. This must then be passed onto their line manager for an authorising signature. The employee must attend a Return to Work Meeting with their line manager upon their return from their absence.

If the employee's sickness absence is longer than seven days, they will be required to submit a "fit note" from either their GP or hospital that covers the period of absence to the HR Department.

Long term sickness absence is an absence amounting to more than 4 weeks. The Head of Sector or Support Staff Manager will maintain regular contact with employees who are absent. This is intended to help the College remain informed about the staff members condition and ascertain whether further cover will be necessary in terms of staffing.

# 1 EXECUTIVE SUMMARY

At the end of each month the HR Managers compile the sickness absence data into a Summary Departmental Report which is emailed to the relevant Heads / Managers for review. The HR Managers will then meet with Heads / Managers to discuss the Absence Report and to decide on appropriate remedial actions to address any concerns contained within the report. These actions will either be specific to an individual member of staff i.e. a referral to the College Occupational Health provider, considerations of actions recommended by Occupational Health, or wider departmental actions i.e. team courses or referrals. The overall rolling College sickness absence rates are reported to the Board of Management on an annual basis, along with any intended actions to address absence rate, through the annual HR Report.

Below is a table detailing sickness absence levels from January 2017 to December 2020 indicating the percentage of available working time lost due to sickness absence:

	Jan %	Feb %	Mar %	Apr %	May %	Jun %	July %	Aug %	Sept %	Oct %	Nov %	Dec %	Average Per Month %
<b>2017</b>	5.2	5.1	5.0	5.0	4.9	5.0	5.1	5.1	5.2	5.3	4.6	5.0	5.0
<b>2018</b>	5.1	5.2	5.3	5.5	5.5	5.6	5.6	5.3	5.3	5.3	5.2	5.2	5.3
<b>2019</b>	5.2	5.2	4.9	4.8	4.8	4.8	4.7	4.8	5.1	5.2	5.1	5.3	5.0
<b>2020</b>	5.2	5.4	5.7	5.0	5.0	4.8	4.8	4.4	4.3	4.0	4.0	3.9%	4.7

As can be seen from the table above, the College has seen a decreasing annual average sickness absence rate since 2018 when the annual average was 5.3% compared to the annual average in 2020 of 4.7%. The College was aware of an increasing level of sickness absence in the latter part of 2019 with the monthly average increasing to over 5% from September 2019 onwards. This increase was being monitored on an ongoing basis and plans, including monitoring of long-term absences, were in place at the start of 2020 to address the increase, at which point the Covid-19 pandemic impacted the operations of the College. The figures in 2020 have been impacted by the Covid-19 pandemic and subsequent national lockdown from March 2020 onwards. The reasons for the reduction in sickness absence rates continues to be monitored by the College and with the introduction of the improved reporting suite it is intended that more targeted action will be taken to address the increasing rate of absence seen prior to the Covid-19 pandemic.

The College uses data from XperthHR (an external independent provider of HR benchmarking data) as an indication of how the organisation is performing with regards to sickness absence management. The average public sector annual sickness absence rate provided by XperthHR for 2019



was 3.8% and this is used as a Key Performance Indicator for the College. Although the College are currently experiencing sickness absence levels of 4.7% for 2020 that are above the 3.8% public sector average, the College have noted there is a downward trend in the annual sickness absence statistics. From the audit work undertaken by Wylie & Bisset in other clients, an average sickness absence rate of 4% was recorded.

## Work Undertaken

Our work for this review included the following:

- Discussions with key staff to review the current sickness and absence reporting arrangements within the College. We assessed these to confirm that they are robust and fit for purpose.
- Obtaining and reviewing the policy and procedure for absence management to ensure appropriateness and robustness. We also considered how staff are made aware of the policy and procedures.
- Discussions with staff to review the monitoring in place of staff sickness and absences. We assessed this to confirm that it is robust, fit for purpose and being adhered to by staff.
- Establishing the actions taken to try to minimise staff sickness and absences. We evaluated any actions taken.
- Obtaining and reviewing any sickness absence reporting undertaken by the College. We assessed the content of the report, how often these are produced and who receives these reports. We also assessed any absence management reports presented to the Senior Management Team, the Board, and the relevant Committees.
- Conducting sample testing of 10 staff sickness absences to ensure the appropriate procedures have been followed.

## Conclusion

### Overall conclusion

**Overall Conclusion: Strong**

We can provide a strong level of assurance over the sickness absence management arrangements in place at the College and that these are embedded throughout the whole College.

### Summary of recommendations

#### Grading of recommendations

	High	Medium	Low	Total
HR: Sickness and Absence Reporting	0	0	0	0

As can be seen from the above table there were no recommendations.

## Areas of good practice

The following is a list of areas where the College is operating effectively and following good practice.

1.	We reviewed the sickness absences of 10 staff members from the College to ensure that the absences had been processed consistently with the Absence Management Procedure. We found that each of our sample had been appropriately recorded on both the College's iTrent system and Absence Summary Log.
2.	The College uses an external consultant (PAM Assist) to provide an extensive online information portal combined with a 365 days a year 24/7 telephone helpline which provides structured telephone counselling and UK-wide face-to-face counselling and therapy. Details of how to access the resources are available to all staff within the College's Mental Health Policy and Stress at Work Procedure, both of which can be found on the College intranet.
3.	The HR Managers of West College Scotland maintain monthly summaries of sickness absences for teaching and support staff. This is then used to produce the sickness absence section of the annual HR Report that is presented to the Board of Management.
4.	Roles and responsibilities for sickness absence management are clearly outlined within the Attendance Management Procedure. From our discussions with College staff, we found that staff members are fully aware of their roles and responsibilities and the College's procedures relating to absence management.
5.	The College aim to tackle any potentially preventable sickness absences at the earliest point possible. Managers are required to complete Absence Management Training and there is an emphasis on managers being key in reducing absence at the College. Managers are encouraged to monitor any sickness absences within their department and ensure that staff members are aware of the counselling and other support mechanisms that are available to them.

# 1 EXECUTIVE SUMMARY

The following is a list of areas where the College is operating effectively and following good practice.

- |    |  |
|----|--|
| 6. | Staff sickness absence is closely monitored within the College through the provision of monthly sickness absence reports to College Heads / Managers. The College HR Team are responsible for monitoring staff sickness absence and ensuring that absences have been appropriately recorded on the HR system (iTrent) and on the College payroll system. The HR Managers discuss the monthly reports with the relevant Head / Manager and undertake any required action planning to address the recorded absences. |
| 7. | The College's HR Department carry out trend analysis for staff absences to address any issues before they become a major problem. This trend analysis is used to create the College's Health and Wellbeing Strategy for its staff.   |
| 8. | <p>The College has robust policies and procedures in place for absence monitoring and management. These include:</p> <ul style="list-style-type: none"><li>➤ Attendance Management Procedure;</li><li>➤ Mental Health and Wellbeing Procedure; and</li><li>➤ Stress at Work Procedure.</li></ul> <p>The policies and procedures are available to all staff members on the College intranet for guidance.</p>   |

## 2 BENCHMARKING

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

### HR: Sickness and Absence Reporting

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	1	0	1
Number of recommendations at West College Scotland	0	0	0	0

From the table above it can be seen that the College has a lower number of recommendations compared to those colleges it has been benchmarked against.

### 3 AUDIT ARRANGEMENTS

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit Committee meeting.

Audit stage	Date
Fieldwork start	11 January 2021
Closing meeting	14 January 2021
Draft report issued	26 January 2021
Receipt of management responses	22 February 2021
Final report issued	23 February 2021
Audit Committee	11 March 2021
Number of audit days	5 days

## 4 KEY PERSONNEL

We detail below our staff who will undertake the review together with the College staff we spoke to during our review.

### Wylie & Bisset LLP

Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Senior Manager	Stephen Pringle	Senior Internal Audit Manager	stephen.pringle@wyliebisset.com
Senior	Audrey Cowan	Internal Audit Supervisor	audrey.cowan@wyliebisset.com
Auditor	Neil Hamilton	Internal Auditor	neil.hamilton@wyliebisset.com

### West College Scotland

Key Contact	David Gunn	Director of Organisational Development and HR	David Gunn David.Gunn@wcs.ac.uk
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Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.

## APPENDICES



# A GRADING STRUCTURE

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

# A GRADING STRUCTURE

For each recommendation we assign a grading either as High, Medium, or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by Senior Management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

### **Purpose of review**

The purpose of this assignment is to review the methods in place at the College for sickness and absence reporting. We will review the procedures and the monitoring arrangements in place. We will also review the monitoring of targets and the actions taken by the College to improve staff absence.

This review forms part of our 2020/21 Annual Internal Audit Plan.

### **Scope of review**

Our objectives for this review are to ensure:

- The College has policies and procedures in place for sickness and absence monitoring, reporting and management.
- The College appropriately monitors staff sickness and absence.
- Appropriate actions are taken to minimise staff sickness and absence.
- Roles and responsibilities in respect of sickness and absence monitoring, reporting and management are clearly defined and appropriate.
- The College has appropriate reporting in place regarding sickness and absence monitoring and management.
- Sickness absences are processed and monitored consistently and in line with the College's procedure.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

### Limitation of scope

There are no limitations of scope.

### Audit approach

Our approach to the review will be:

- Discussion with key staff to discuss the current sickness and absence reporting arrangements within the College. We shall assess these to confirm that they are robust and fit for purpose.
- Obtaining and reviewing the policy and procedure for sickness absence management to ensure appropriateness and robustness. We shall also consider how staff are made aware of the policy and procedures.
- Discussion with staff to discuss the monitoring in place of staff sickness absences. We shall assess this to confirm that it is robust, fit for purpose and being adhered to by staff.
- Establishing the actions taken to try to minimise staff sickness absences. We shall evaluate any actions taken.
- Obtaining and reviewing any sickness absence reporting undertaken by the College. We shall assess the content of the report, how often these are produced and who receives these reports. We shall assess any absence management reports presented to the Senior Management, Board, and relevant Committees.
- Conducting sample testing of staff sickness absences to ensure the appropriate procedures have been followed.

### Potential key risks

The potential key risks associated with the area under review are:

- The College does not have policies and procedures in place for sickness and absence reporting, monitoring and management which could result in absences within the College not being appropriately monitored and/or reported.
- The College does not appropriately monitor staff sickness and absence which could lead to additional staffing costs.
- The Colleges does not take appropriate action to minimise staff sickness and absence, which could result in higher than budgets staffing costs due to cost associated with absence cover.
- Roles and responsibilities in respect of sickness and absence monitoring, reporting and management are not clearly defined resulting in sickness and absences not being appropriately controlled and reported.
- The Colleges does not have appropriate reporting in place regarding sickness and absence monitoring and management which could lead to poor decisions being made in terms of staffing.
- Absences are not processed or monitored consistently and are not in line with the College's procedure which could lead to inaccuracies in sickness and absence reporting.

**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

March 2021

# 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 EMA Credits	Alan Ritchie/Vivienne Mulholland/ Ian Foster Smith	14 September 2020 & 21 September 2020	2 October 2020 2 October 2020 2 October 2020	3 December 2020 3 December 2020 3 December 2020
	Fraud Awareness	Alan Ritchie	5 October 2020	23 October 2020	3 December 2020
Phase 2	Overall Financial Controls	Alan Ritchie	11 January 2021	26 January 2021	11 March 2021
	HR: Sickness and Absence Reporting	Natalie Smith	11 January 2021	26 January 2021	11 March 2021
Phase 3	Study of effects of Covid-19 (1)	Rob Aitken	1 February 2021	9 February 2021	20 May 2021
	External Communication – Website	Liz Connolly	22 March 2021	9 April 2021	20 May 2021
	Complaints Handling	Cathy McNab	22 March 2021	9 April 2021	20 May 2021
	Study of effects of Covid-19 (2)	Rob Aitken	19 April 2021	7 May 2021	20 May 2021



<b>TITLE</b>	<b>ROLLING AUDIT ACTION PLAN</b>
<b>Background</b>	The purpose of this report is to update the Audit Committee on the status of recommendations made by the College internal and external auditors.
<b>Action</b>	<p>The Audit Committee is requested to:</p> <ul style="list-style-type: none"><li>• Consider the Rolling Audit Action Plan Progress Review Report;</li><li>• Approve the removal of 2 internal audit recommendations;</li><li>• Approve the extension of time for 5 internal audit recommendations; and</li><li>• Approve the Rolling Audit Action Plan.</li></ul>
<b>Lead</b>	Alan Ritchie, Director of Finance
<b>Status</b>	Open

## 1. Introduction

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

## 2. Summary of Recommendations

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

Total Number of Recommendations	Internal Audit	External Audit	Total
<b>Total brought forward recommendations</b>	<b>8</b>	<b>4</b>	<b>12</b>
Proposed for removal following audit follow up work	0	0	0
Added to the RAAP – audit reports approved, December 2020 Audit Committee meeting:			
Assurance Mapping	6	0	6
Fraud Awareness	2	0	2
<b>Total recommendations as per RAAP</b>	<b>16</b>	<b>4</b>	<b>20</b>

Status of remaining recommendations	Internal Audit	External Audit	Total
<u>Partially Implemented</u> Not Yet Due	7	0	7
<u>Partially Implemented</u> Due for completion – extension requested	5	0	5
<u>Complete</u> Pending auditor review	2	4	6
<u>Removal</u> Request for removal following audit review	2	0	2
<b>Total recommendations as per RAAP</b>	<b>16</b>	<b>4</b>	<b>20</b>

## 3. Commentary on Audit Recommendations

### Report Presentation

- 3.1 The format of the Rolling Audit Action Plan has been updated following the transfer of the audit recommendations from Excel to the Pentana management system. The report at *Appendix A* contains a summary of the audit recommendations by due date, with a more detailed report provided on the status of each recommendation.

3.2 Internal audit recommendations are graded by Wylie & Bisset as noted below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by Senior Management of the organisation as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the organisation as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

### External Audit

3.3 The Joint Audit and Finance and General Purposes Committee meeting on 24 November 2020 considered the outcome of the following audits:

- Mazars
  - Annual External Audit Report 2019-20 - no recommendations
- Wylie & Bisset
  - Student Support Funds 2019-20 Report - no recommendations
  - SFC Credit Activity Report 2019-20 - four low level recommendations

3.4 The four recommendations noted by Wylie & Bisset as part of their review of the student credit activity audit are graded as per 3.2 above.

3.5 The College has implemented all four of the 2019-20 external audit recommendations and these will be reviewed by the external auditor as part of their year ended 31 July 2021 audit work.

### Internal Audit

3.6 The College has continued to progress internal audit recommendations.

3.7 The internal auditors, Wylie and Bisset, have, as part of the 2020-21 internal audit plan completed the second of their three planned follow reviews of outstanding recommendations.

3.8 Wylie and Bisset are content to recommend to the Audit Committee the removal of two recommendations based upon the evidence submitted to them by the College:

- IA19-20 (01) - Equality and Diversity - EDI Training for Staff (page 6)
- IA19-20 (13) - Online Resources - Utilisation Targets for Staff and Students (Page 8)

3.9 A further two recommendations have been completed since Wylie and Bisset carried out their second follow up review and will be considered for removal during the April 2021 follow up review:

- IA19-20(12) - Online Resources - Utilisation of Course Moodle pages
- IA20-21(03) - Assurance Mapping - Risk Management Controls (page 19)

3.10 The College is requesting an extension of time in relation to five internal audit recommendations - three of which relate to Continuing Professional Development, with two relating to Fraud Awareness – and the position in relation to these can be summarised as follows:

**3.10.1 Continuing Professional Development:**

The world of work and training that the College will be entering into post Covid-19 is a very different landscape and one that will require a substantive review of all approaches to Continuing Professional Development (CPD) and training. These new approaches will require consideration with trade unions and staff on what any new system will look like. In addition to this the national agreement with the EIS regarding lecturer professional registration with the General Teaching Council for Scotland (GTCS) and the mandatory requirements that come with this will also need to be built into any CPD regime. There is a pilot on GTCS lecturer registration currently taking place within three colleges during 2020-21, which will then see this approach expanded to the whole sector for 2021-22. Both the changing landscape and registration process will take time to adapt to and clarity will be required in several areas.

With these challenges in mind the College would intend to have a revised CPD system ready for a pilot launch during 2021-22. For these reasons the College is requesting an extension to the current 31 March 2021 deadline to 31 March 2022 to allow for the impacts of covid-19, the changing world of work and the new GTCS lecturer registration scheme to be taken account of in the new CPD scheme.

- Recommendation IA19-20(05) - Continuing Professional Development - Alignment of Staff Training with the College's Strategic Objectives (page 13)
  - Due 31 March 2021 – *extension requested to 31 March 2022*
- Recommendation IA19-20(06) - Continuing Professional Development - Completion of CPD Review (page 15)
  - Due 31 March 2021 - *extension requested to 31 March 2022*
- Recommendation IA19-20(07) - Continuing Professional Development - Alignment of CPDR development plans with corporate objectives and operational priorities (page 17)
  - Due 31 March 2021 – *extension requested to 31 March 2022*

### 3.10.2 Fraud Awareness

The College had identified a training solution however the provider is requesting that the College now purchase a wider package rather than the individual module previously agreed. Work is actively ongoing to identify and introduce an alternative supplier to provide this training to our employees. The College is therefore requesting that the due dates on the two related recommendations noted below are extended to 30 June 2021 from 31 March 2021 to allow sufficient time for this to happen.

- Recommendation IA20-21(01) - Fraud Awareness - Fraud Awareness Training (page24)
  - Due date 31 March 2021 – *extension requested to 30 June 2021*

One quarterly sample check of supplier bank account details has been undertaken. The timing of the original due date has only allowed for one quarterly check to be undertaken. The College has requested an extension to the due date to allow a further check to be undertaken in advance of a review by the internal auditors at their next scheduled follow up review in April 2021.

- Recommendation IA20-21(02) - Fraud Awareness - Checking of Process (page 25)
  - Due date 31 March 2021 – *extension requested to 30 June 2021*

## 4. Conclusion

4.1 The Rolling Audit Action Plan is reviewed by the staff with the responsibility for the implementation of the audit recommendations on an ongoing basis and the College considers that despite the continuing challenges of Covid-19, good progress has been and is being made in addressing the recommendations made by internal and external auditors.

4.2 The Audit Committee is requested to:

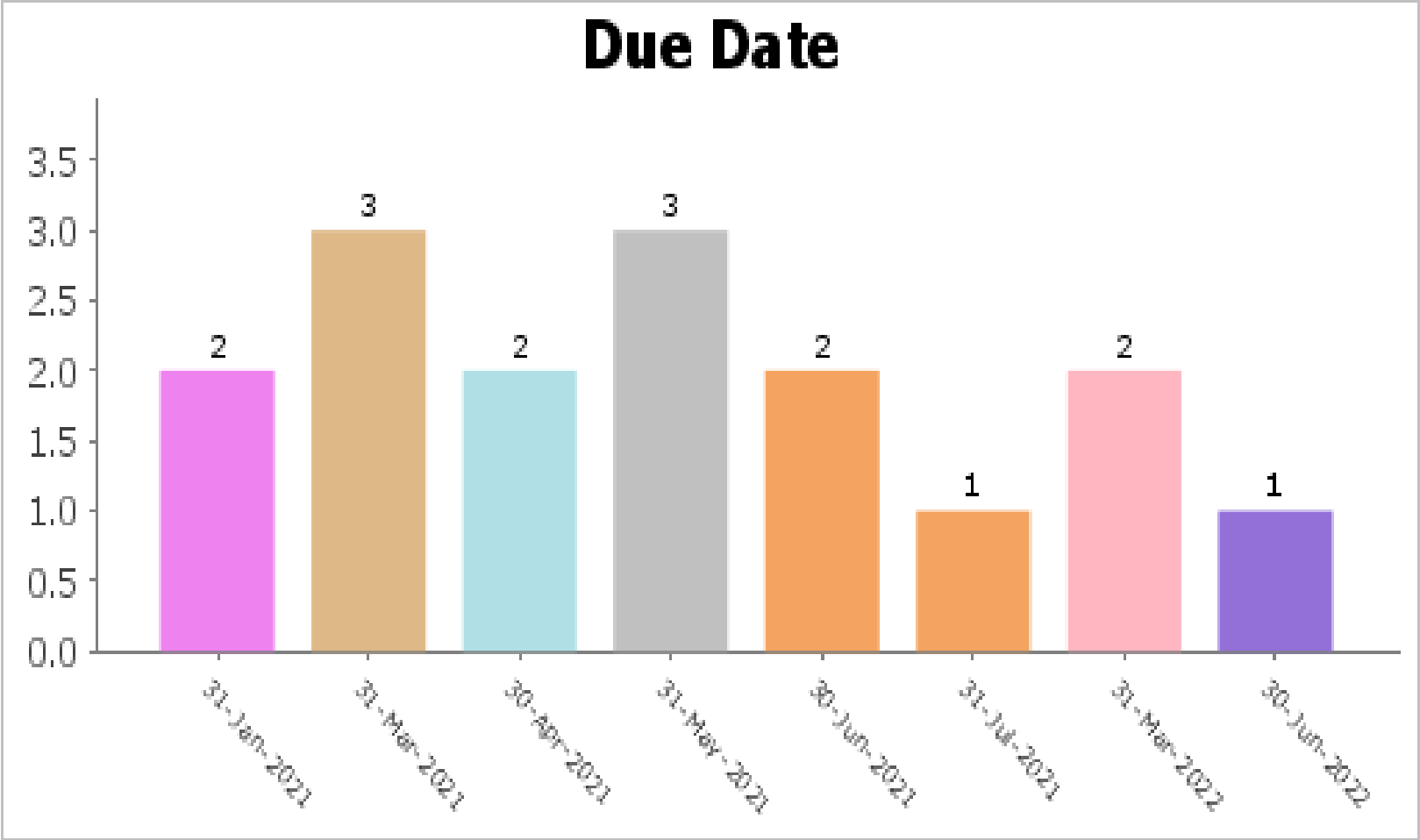
- Consider the Rolling Audit Action Plan Progress Review Report;
- Approve the removal of 2 internal audit recommendations;
- Approve the extension of time for 5 internal audit recommendations; and
- Approve the Rolling Audit Action Plan.





## **Rolling Audit Action Plan**

## **Progress Review Report**


Internal Audit Recommendations Summary by Revised Due Date






### Due Date 31-Jan-2021





Audit Action	Audit Recommendation	Grading	Current Audit Status
IA19-20(01) Equality and Diversity – EDI Training for Staff	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.	2	 Removal – Request for removal following audit review
Audit Action	Audit Recommendation	Grading	Current Audit Status
IA19-20(13) Online Resources – Utilisation Targets for Staff and Students	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	 Removal – Request for removal following audit review

### Due Date 31-Mar-2021



Audit Action	Audit Recommendation	Grading	Current Audit Status
IA19-20(12) Online Resources – Utilisation of Course Moodle pages	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	 Fully Implemented subject to audit confirmation




Audit Action	Audit Recommendation	Grading	Current Audit Status
IA20-21(03) Assurance Mapping – Risk Management Controls	We recommend that the risk management process is developed further to assign the mitigating controls /actions to the most appropriate member of the SMT.	2	 Fully Implemented subject to audit confirmation
Audit Action	Audit Recommendation	Grading	Current Audit Status
IA20-21(04) Assurance Mapping – Validation of Controls	We recommend that the process of checking and validating the mitigating controls / actions in place to mitigate risks is undertaken on a regular basis. Sufficient evidence should be retained to evidence that the controls are being checked to ensure that these are still appropriate and working as expected. We also recommend that the College consider making the controls more in line with SMART controls. This should ensure that the controls continue to be relevant in mitigating the risks.	2	 Partially Implemented – Not Yet Due
<b>Due Date 30-Apr-2021</b>			
Audit Action	Audit Recommendation	Grading	Current Audit Status
IA19-20(08) Continuing Professional Development – Mandatory Induction Training on Moodle	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	 Partially Implemented – Not Yet Due

Audit Action	Audit Recommendation	Grading	Current Audit Status
IA19-20(10) Continuing Professional Development – CPD and Induction training reports	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	 Partially Implemented – Not Yet Due
<b>Due Date 31-May-2021</b>			
Audit Action	Audit Recommendation	Grading	Current Audit Status
IA20-21(07) Assurance Mapping – Assurance Action Plans	We recommend that the College, once it has refined the assurance mapping process, ensures that there is a step for action plans to be produced, reviewed, implemented, and monitored. Potentially any actions being raised should be included on the relevant department's operational plan to ensure that this is being monitored.	1	 Partially Implemented – Not Yet Due
Audit Action	Audit Recommendation	Grading	Current Audit Status
IA20-21(08) Assurance Mapping – Assurance Over Areas not on the Risk Register	We recommend that for each of the objectives set within the departmental operational plans that the College request that the submitting departments include any relevant risks and also any assurances as to how the risk is to be mitigated.	1	 Partially Implemented – Not Yet Due
Audit Action	Audit Recommendation	Grading	Current Audit Status
IA20-21(06) Assurance Mapping – Link to Documents/Reports Providing Assurance	We recommend that the Assurance Map should include links to the documents/reports etc., being used to provide the assurance or give reference to where these could be found.	2	 Partially Implemented – Not Yet Due



### Due Date 30-Jun-2021

Audit Action	Audit Recommendation	Grading	Current Audit Status
IA20-21(01) Fraud Awareness – Fraud Awareness Training	We recommend that the College considers running fraud awareness sessions for staff across the whole College. Refresher sessions should also be offered to the wider staff base on an annual basis, to ensure that all staff have an understanding of fraud, the latest scams and what to look out for in terms of identifying fraud.	1	 Partially Implemented – Due for completion – extension requested
Audit Action	Audit Recommendation	Grading	Current Audit Status
IA20-21(02) Fraud Awareness – Checking of Process	We recommend that on a quarterly basis the Head of Finance & Student Funding undertakes a check on a sample of supplier's bank detail changes to make sure that the process is being followed by staff.	1	 Partially Implemented – Due for completion – extension requested


### Due Date 31-Jul-2021

Audit Action	Audit Recommendation	Grading	Current Audit Status
IA20-21(05) Assurance Mapping – Risk Register	We recommend that the College consider including a section on its risk register relating to actions to improve/mitigate the risk further. We also recommend that the College considers, as a longer-term goal, including a target status for the risk.	2	 Partially Implemented – Not Yet Due

**Due Date 31-Mar-2022**



Audit Action	Audit Recommendation	Grading	Current Audit Status
IA19-20(05) Continuing Professional Development – Alignment of Staff Training with the College's Strategic Objectives	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	 Partially Implemented – Due for completion – extension requested
Audit Action	Audit Recommendation	Grading	Current Audit Status
IA19-20(06) Continuing Professional Development – Completion of CPD Review	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.	2	 Partially Implemented – Due for completion – extension requested

**Due Date 30-Jun-2022**

Audit Action	Audit Recommendation	Grading	Current Audit Status
IA19-20(07) Continuing Professional Development – Alignment of CPDR development plans with corporate objectives and operational priorities	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	 Partially Implemented – Due for completion – extension requested

# Rolling Audit Action Plan - Progress Review Report by Revised Due Date

## Internal Audit Action Plan 2019-20



Audit Action Code		Audit Action			
IA19-20(01)		Equality and Diversity – EDI Training for Staff			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Organisational Development Manager; Head of Organisational Development and HR	2	31-Jul-2020	31-Jan-2021	Partially Implemented – Not Yet Due 	Removal – Request for removal following audit review 
Audit Finding Description					
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.					
Audit Finding Risk					
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.					
Audit Recommendation					
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.					

#### Management Update Note

The percentage of staff who have completed is now up at 72%. Of the 28% of staff who have yet to complete the training 1/3 are cleaning, catering or other ancillary staff. Most of those are currently on furlough. When not on furlough they will require to be allowed time and provided with the necessary computer resource to complete the training as many do not have computer facilities at home.

During w/c 8-2-21 line managers have received a notification listing their staff members who have not completed the training. This has requested that they ensure the named staff are directed to complete the required training. The staff concerned have also received an email requesting that they complete the required training by the end of February.



The College has taken all required steps to ensure that the required training is undertaken, and three quarters of the staff have undertaken the training. It is noted that there will always be an element of staff who either cannot undertake the training due to resource constraints or are new to the organisation meaning that a 100% achievement is not going to be possible. After discussion with the internal auditors it was agreed to complete this action given the steps taken by the College to address this issue.



Audit Action Code		Audit Action			
IA19-20(13)		Online Resources – Utilisation Targets for Staff and Students			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Assistant Principal Enterprise and Skills	2	31-Jan-2021	31-Jan-2021	Partially Implemented – Not Yet Due 	Removal – Request for removal following audit review 
Audit Finding Description					
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.					
Audit Finding Risk					
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					
Audit Recommendation					
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.					
Management Update Note					
MyDay usage statistics are monitored through the Collabco analytics tool including:					
a) Time – (i) month-on-month as a comparison to previous month and previous year at same point in time at session level and unique user level; (ii) average time spend on a particular content					
b) Content – (i) monthly high, low and typical content traffic areas; (ii) content including placement is reviewed monthly for accuracy and relevance to the user.					







c) Platform and Device – (i) year-on-year comparison of platform and device access (e.g. mobile vs desktop; iOS vs Android; Chrome vs Safari vs Edge; (ii) annual engagement with Collabco to ensure compatibility with latest standards, user preferences and cyber security essentials

Actions are taken as appropriate based on user-feedback or emerging patterns in terms of actively levels or behaviours.

Audit Action Code		Audit Action			
IA19-20(12)		Online Resources – Utilisation of Course Moodle pages			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Assistant Principal Enterprise and Skills	2	31-Oct-2020	31-Mar-2021	Partially Implemented – Not Yet Due 	Fully Implemented subject to audit confirmation 
Audit Finding Description					
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.					
Audit Finding Risk					
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.					
Audit Recommendation					
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.					
Management Update Note					
An initial benchmarking report was produced as part of the annual housekeeping review process. That report provided an end of academic year view of Moodle utilisation by Sector. Since then there has been an effort (due to the pandemic and need to do more remote learning) by staff to use Microsoft TEAMS as the main channel to deliver learning and teaching. This has taken a considerable effort by all staff concerned. Due to this refocusing of activity, the intended October 2020 reporting will now not take place until March 2021. This will allow the College to obtain an initial view on how active the teaching sectors have been in utilising Moodle. The College will not see a full actual comparison until the end of the academic year.					

Audit Action Code		Audit Action			
IA19-20(08)		Continuing Professional Development – Mandatory Induction Training on Moodle			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Organisational Development Manager; Head of Organisational Development and HR	2	30-Nov-2020	30-Apr-2021	Partially Implemented – Not Yet Due 	Partially Implemented – Not Yet Due 
Audit Finding Description					
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.					
Audit Finding Risk					
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.					
Audit Recommendation					
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.					
Management Update Note					
An IT solution was developed for tracking the completion of staff mandatory training has been piloted amended following staff feedback. The work to complete the project was completed by the end of January 2021. During February 2021 managers were informed of their staff members who have not yet completed the required training. These staff will be required to finalize their training by the end of March 2021. The follow up ongoing quality assurance process will involve quarterly monitoring of staff completion rates with staff who have not completed the required training being notified by email at the same time as it is brought to their managers attention.					



Audit Action Code		Audit Action			
IA19-20(10)		Continuing Professional Development – CPD and Induction training reports			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Organisational Development Manager; Head of Organisational Development and HR	2	30-Apr-2021	30-Apr-2021	Partially Implemented – Not Yet Due 	Partially Implemented – Not Yet Due 
Audit Finding Description					
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.					
Audit Finding Risk					
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.					
Audit Recommendation					
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.					
Management Update Note					
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. The OD & HR Department has commenced with the compilation of the Annual Report pack including the required training data..					

Audit Action Code		Audit Action			
IA19-20(05)		Continuing Professional Development – Alignment of Staff Training with the College's Strategic Objectives			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Organisational Development Manager; Head of Organisational Development and HR	2	31-Mar-2021	31-Mar-2022	Partially Implemented – Not Yet Due 	Partially Implemented – Due for completion – extension requested 
Audit Finding Description					
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.					
Audit Finding Risk					
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.					
Audit Recommendation					
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.					
Management Update Note					
A degree of progress has been made in this area, for example a Staff Development Training Plan was produced for 2022-2021, however further work is required to ensure that the training plan is fully aligned with the College's strategic objectives.					

The world of work and training that the College will be entering into post Covid-19 is a very different landscape and one that will require a substantive review of all approaches to Continuing Professional Development (CPD) and training. These new approaches will require detailed discussions with both the trade unions and staff on what any new system will look like. In addition to this the national agreement with the EIS regarding lecturer professional registration and the mandatory requirements that come with this will also need to be built into any CPD regime. This new lecturer registration system means that the teaching staff will have an approach and system that is likely to differ from that of support staff in some way. There is a pilot on registration within three colleges during 2020-21 that will then be expanded out to the whole sector for 2021-22. Both the changing landscape and registration process will take time to adapt to and clarity will be required in several areas.

With these challenges in mind the College would intend to have a revised CPD system ready for a soft launch for the start of the 2021-22 academic year. The College would then use the 2021-22 year to evaluate the new system and address any changes to the system. The College would therefore look to a full launch of the new CPD process for the start of the academic year 2022-23.

For these reasons the College is requesting an extension to the current 31 March 2021 deadline to 31 March 2022 to allow for the impacts of covid-19, the changing world of work and the new lecturer registration scheme to be taken account of in the new CPD scheme.



Audit Action Code		Audit Action			
IA19-20(06)		Continuing Professional Development – Completion of CPD Review			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Organisational Development Manager; Head of Organisational Development and HR	2	31-Mar-2021	31-Mar-2022	Partially Implemented – Not Yet Due 	Partially Implemented – Due for completion – extension requested 
Audit Finding Description					
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.					
Audit Finding Risk					
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.					
Audit Recommendation					
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.					
Management Update Note					
The relaunch of the CPDR process has been delayed due to the OD&HR Directorate's focus being on the College's response to Covid-19 since March 2020.					
The world of work and training that the College will be entering into post Covid-19 is a very different landscape and one that will require a substantive review of all approaches to Continuing Professional Development (CPD) and training. These new approaches will require detailed discussions with both the trade unions and staff on what					

any new system will look like. In addition to this the national agreement with the EIS regarding lecturer professional registration and the mandatory requirements that come with this will also need to be built into any CPD regime. This new lecturer registration system means that the teaching staff will have an approach and system that is likely to differ from that of support staff in some way. There is a pilot on registration within three colleges during 2020–21 that will then be expanded out to the whole sector for 2021–22. Both the changing landscape and registration process will take time to adapt to and clarity will be required in several areas.

With these challenges in mind the College would intend to have a revised CPD system ready for a soft launch for the start of the 2021–22 academic year. The College would then use the 2021–22 year to evaluate the new system and address any changes to the system. The College would therefore look to a full launch of the new CPD process for the start of the academic year 2022–23.

For these reasons the College is requesting an extension to the current 31 March 2021 deadline to 31 March 2022 to allow for the impacts of covid-19, the changing world of work and the new lecturer registration scheme to be taken account of in the new CPD scheme.





Audit Action Code		Audit Action			
IA19-20(07)		Continuing Professional Development – Alignment of CPDR development plans with corporate objectives and operational priorities			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Organisational Development Manager; Head of Organisational Development and HR	2	31-Mar-2021	30-Jun-2022	Partially Implemented – Not Yet Due 	Partially Implemented – Due for completion – extension requested 
Audit Finding Description					
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.					
Audit Finding Risk					
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.					
Audit Recommendation					
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.					
Management Update Note					
This recommendation is directly linked to IA19-20(06) as the setting of employee objectives should form part of the CPDR process.					
The world of work and training that the College will be entering into post Covid-19 is a very different landscape and one that will require a substantive review of all approaches to Continuing Professional Development (CPD) and training. These new approaches will require detailed discussions with both the trade unions and staff on what					



any new system will look like. In addition to this the national agreement with the EIS regarding lecturer professional registration and the mandatory requirements that come with this will also need to be built into any CPD regime. This new lecturer registration system means that the teaching staff will have an approach and system that is likely to differ from that of support staff in some way. There is a pilot on registration within three colleges during 2020–21 that will then be expanded out to the whole sector for 2021–22. Both the changing landscape and registration process will take time to adapt to and clarity will be required in several areas.



With these challenges in mind the College would intend to have a revised CPD system ready for a soft launch for the start of the 2021–22 academic year. The College would then use the 2021–22 year to evaluate the new system and address any changes to the system. The College would therefore look to a full launch of the new CPD process for the start of the academic year 2022–23.



This recommendation is focused on the quality assurance checks of the objectives set as part of the CPDR process. Therefore, the College is requesting that the due date on this recommendation is extended from 31 March 2021 to 30 June 2022 as the CPDR process needs to take place before the quality assurance can happen.



## Internal Audit Action Plan 2020-21



Audit Action Code		Audit Action			
IA20-21(03)		Assurance Mapping – Risk Management Controls			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Director of Finance	2	31-Mar-2021	31-Mar-2021	Not Yet Started 	Fully Implemented subject to audit confirmation 
Audit Finding Description					
We recommend that the risk management process is developed further to assign the mitigating controls /actions to the most appropriate member of the SMT.					
Audit Finding Risk					
There is a risk that mitigating controls/actions are not maintained or updated due to the most appropriate person not being given responsibility for these.					
Audit Recommendation					
We recommend that the risk management process is developed further to assign the mitigating controls /actions to the most appropriate member of the SMT.					
Management Update Note					
<p>The College Strategic Risk Register has been reviewed and individual mitigating actions have been assigned to the relevant member of the Senior Management Team. The overall risk has also been assigned to a member of the Executive to ensure an overall review is undertaken. This information has been input to the Pentana system along with review dates.</p> <p>A full review and update of the risk register and mitigating actions was undertaken by the SMT on 16 February 2021. This has resulted in an updated Strategic Risk Register which will be considered by the Board Committees in March before being considered by the Board of Management.</p>					

Audit Action Code		Audit Action			
IA20-21(04)		Assurance Mapping – Validation of Controls			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Director of Finance	2	31-Mar-2021	31-Mar-2021	Not Yet Started 	Partially Implemented – Not Yet Due 
Audit Finding Description					
We recommend that the process of checking and validating the mitigating controls / actions in place to mitigate risks is undertaken on a regular basis. Sufficient evidence should be retained to evidence that the controls are being checked to ensure that these are still appropriate and working as expected. We also recommend that the College consider making the controls more in line with SMART controls. This should ensure that the controls continue to be relevant in mitigating the risks.					
Audit Finding Risk					
There is a risk that mitigating controls / actions are no longer relevant in mitigating the identified risks.					
Audit Recommendation					
We recommend that the process of checking and validating the mitigating controls / actions in place to mitigate risks is undertaken on a regular basis. Sufficient evidence should be retained to evidence that the controls are being checked to ensure that these are still appropriate and working as expected. We also recommend that the College consider making the controls more in line with SMART controls. This should ensure that the controls continue to be relevant in mitigating the risks.					
Management Update Note					
The mitigating controls have been updated within the Pentana Risk system and been allocated to members of the Senior Management Team. A full review of the mitigating controls was undertaken on 16 February 2021 by the Senior Management Team. Evidence of this review is available via the audit log contained within the Pentana system.					
The mitigating controls will be reviewed in detail on a rotational basis with the next full review due to take place in May 2021 in advance of the next round of Board Committee meetings.					



Audit Action Code		Audit Action			
IA20-21(06)		Assurance Mapping – Link to Documents/Reports Providing Assurance			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Director of Finance	2	31-May-2021	31-May-2021	Not Yet Started 	Partially Implemented – Not Yet Due 
Audit Finding Description					
We recommend that the Assurance Map should include links to the documents/reports etc., being used to provide the assurance or give reference to where these could be found.					
Audit Finding Risk					
There is a risk that assurance documentation is not readily available, thus making it not effective in providing the necessary assurance required.					
Audit Recommendation					
We recommend that the Assurance Map should include links to the documents/reports etc., being used to provide the assurance or give reference to where these could be found.					
Management Update Note					
Initial work has started on generating a College Assurance Map based upon the draft Assurance Map considered by the Audit Committee on 3 December 2020. The Assurance Map is currently being populated with relevant documentary evidence and where possible these documents will be linked to the source document for ease of reference.					



Audit Action Code		Audit Action			
IA20-21(07)		Assurance Mapping – Assurance Action Plans			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Director of Finance	1	31-May-2021	31-May-2021	Not Yet Started 	Partially Implemented – Not Yet Due 
Audit Finding Description					
We recommend that the College, once it has refined the assurance mapping process, ensures that there is a step for action plans to be produced, reviewed, implemented, and monitored. Potentially any actions being raised should be included on the relevant department's operational plan to ensure that this is being monitored.					
Audit Finding Risk					
There is a risk that actions to improve the assurance received are not implemented resulting in a lower level of assurance being provided.					
Audit Recommendation					
We recommend that the College, once it has refined the assurance mapping process, ensures that there is a step for action plans to be produced, reviewed, implemented, and monitored. Potentially any actions being raised should be included on the relevant department's operational plan to ensure that this is being monitored.					
Management Update Note					
<p>The College Assurance Map will include a section on actions to be taken following any review of the Assurance Map. The actions will be specific, time bound and will be allocated to a member of the management team. If required these will be incorporated into the relevant departmental operational plan. It is intended that the Assurance Map be reviewed annually by each Board Committee and by the Board of Management. This review will be undertaken in the second half of each year allowing departments to address any actions in the coming year as part of the operational planning process.</p> <p>The Audit Committee will review the draft assurance map and action planning proposal on 11 March 2021. The document and operations of the assurance map will be refined following the Audit Committee meeting.</p>					

Audit Action Code		Audit Action			
IA20-21(08)		Assurance Mapping – Assurance Over Areas not on the Risk Register			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Director of Finance	1	31-May-2021	31-May-2021	Not Yet Started 	Partially Implemented – Not Yet Due 
Audit Finding Description					
We recommend that for each of the objectives set within the departmental operational plans that the College request that the submitting departments include any relevant risks and also any assurances as to how the risk is to be mitigated.					
Audit Finding Risk					
There is a risk that not all risk/assurances are being identified and recorded.					
Audit Recommendation					
We recommend that for each of the objectives set within the departmental operational plans that the College request that the submitting departments include any relevant risks and also any assurances as to how the risk is to be mitigated.					
Management Update Note					
Subject to Operational Planning guidance documents being issued and feedback being received, the requirements of the audit recommendation have been met. Will await confirmation that guidance document is clear enough to ensure strategic and operational risk are identified at the planning stage.					

Audit Action Code		Audit Action			
IA20-21(01)		Fraud Awareness – Fraud Awareness Training			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Organisational Development Manager; Head of Finance and Student Funding; Head of Organisational Development and HR	1	31-Mar-2021	30-Jun-2021	Not Yet Started 	Partially Implemented – Due for completion – extension requested 
Audit Finding Description					
We recommend that the College considers running fraud awareness sessions for staff across the whole College. Refresher sessions should also be offered to the wider staff base on an annual basis, to ensure that all staff have an understanding of fraud, the latest scams and what to look out for in terms of identifying fraud.					
Audit Finding Risk					
There is a risk that due to lack of fraud awareness training, the College's staff may not be aware of what to look out for in respect of potential frauds.					
Audit Recommendation					
We recommend that the College considers running fraud awareness sessions for staff across the whole College. Refresher sessions should also be offered to the wider staff base on an annual basis, to ensure that all staff have an understanding of fraud, the latest scams and what to look out for in terms of identifying fraud.					
Management Update Note					
The College had identified a training solution, however the provider is requesting that the College now purchase a wider package rather than the individual module previously agreed. Work is actively ongoing to identify and introduce a supplier to provide this training to our employees. The College is therefore requesting that the due date on this is extended to 30 June 2021 (from 31 March 2021) to allow sufficient time for this to happen.					



Audit Action Code		Audit Action			
IA20-21(02)		Fraud Awareness – Checking of Process			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Head of Finance and Student Funding	1	31-Mar-2021	30-Jun-2021	Not Yet Started 	Partially Implemented – Due for completion – extension requested 
Audit Finding Description					
We recommend that the College considers running fraud awareness sessions for staff across the whole College. Refresher sessions should also be offered to the wider staff base on an annual basis, to ensure that all staff have an understanding of fraud, the latest scams and what to look out for in terms of identifying fraud.					
Audit Finding Risk					
There is a risk that staff start to omit stages in the process if this is not being independently checked.					
Audit Recommendation					
We recommend that on a quarterly basis the Head of Finance & Student Funding undertakes a check on a sample of supplier's bank detail changes to make sure that the process is being followed by staff.					
Management Update Note					
The quarterly sample check of supplier bank account details has been undertaken. However, the timing of the original due date has only allowed for one quarterly check to be undertaken. The College has requested an extension to the due date to allow a further check to be undertaken in advance of a review by the internal auditors at their next scheduled follow up review in April 2021.					

Audit Action Code		Audit Action			
IA20-21(05)		Assurance Mapping – Risk Register			
Assigned To	Grading	Original Due Date	Revised Due Date	Previous Audit Status	Current Audit Status
Director of Finance	2	31-Jul-2021	31-Jul-2021	Not Yet Started 	Partially Implemented – Not Yet Due 
Audit Finding Description					
We recommend that the College consider including a section on its risk register relating to actions to improve/mitigate the risk further. We also recommend that the College considers, as a longer-term goal, including a target status for the risk.					
Audit Finding Risk					
There is a risk that further mitigation of the risks to reduce this to an acceptable level does not take place.					
Audit Recommendation					
We recommend that the College consider including a section on its risk register relating to actions to improve/mitigate the risk further. We also recommend that the College considers, as a longer-term goal, including a target status for the risk.					
Management Update Note					
<p>The College has undertaken a review of the mitigating controls contained within the Strategic Risk Register with assigned members of the SMT being tasked to ensure that their relevant controls are up to date. Any actions required to be undertaken following the review of the controls will be the responsibility of the relevant SMT member. The Pentana system has been set up to remind SMT members to review their assigned controls.</p> <p>The Audit Committee meeting on 11 March 2021 as part of the review of the Risk Management Strategy will be requested to comment upon the recommendation to include a target risk score within the Strategy.</p>					

**TITLE:** **ANNUAL REVIEW OF THE EFFECTIVENESS OF THE COMMITTEE**

**Background:** The Audit Committee's remit states that it will 'review its own effectiveness at least annually and to report the results of that review to the Board'.

This report outlines the process which it is proposed that the Audit Committee adopts for the 2020-21 review of its effectiveness. The procedure follows that which was agreed in previous years.

**Action:** The Audit Committee is asked to consider and approve the wording of the questionnaires, the approach to be taken and the timetable for this.

**Lead:** Shirley Gordon, Secretary to the Committee

**Status:** Open

## 1. Introduction

- 1.1 The Audit Committee's remit states that it will 'review its own effectiveness at least annually and to report the results of that review to the Board'.
- 1.2 This report outlines the process which it is proposed that the Audit Committee adopts for the 2020-21 review of its effectiveness. The procedure follows that which was agreed in previous years.

## 2. Methodology

- 2.1 For the review undertaken in March 2020 the Committee was issued with two questionnaires covering:
  - Evaluation of the Audit Committee.
  - Evaluation of the Internal Auditors.
- 2.2 In December 2020, the Audit Committee undertook a review of the External Auditor immediately following the completion of the external audit work. This was to ensure that the outcome from the audit was fresh in Committee members minds when undertaking the review. A copy of the outcome of the external audit evaluation is attached at Appendix C for Committee members' reference.
- 2.3 At the December 2020 Audit Committee meeting, members considered the outcome from the review of the external auditors and noted that:

AM538            EXTERNAL AUDIT ANNUAL EFFECTIVENESS REVIEW

*The Secretary to the Committee summarised the findings of the external audit annual effectiveness review recently completed by members and attending officers of the Audit Committee. She confirmed that questionnaires returned indicated that members of the Committee were satisfied that the external auditors communicated issues freely with the Audit Committee and members were satisfied with their relationship with the external auditors. Committee members agreed that the external auditors provided constructive observations, implications, and recommendations in areas needing improvement and that they demonstrated an ongoing understanding of the uniqueness of the college sector. Attending officers of the Committee indicated that they were satisfied with the scope, nature, extent, and timing of testing performed by the external auditors as well as the knowledge, skills, and abilities of the staff assigned to do the audit work). Furthermore, they were satisfied with the engagement leadership assigned including the partner(s), manager(s) and fieldwork leaders.*

*The Secretary advised that there were no areas of concern raised in any of the questionnaires returned.*

*The Committee agreed with the conclusions and noted the report. The Committee asked that the Secretary to the Board convey the outcome of the report to the external auditor.* {ACTION – SG}

2.4 Given that the Committee has already undertaken a review of the External Audit Service, it will therefore only be issued with the two questionnaires relating to:

- Evaluation of the Audit Committee – attached at Paper 11 (a).
- Evaluation of the Internal Auditors – attached at Paper 11 (b) (includes a separate questionnaire for Audit Committee members, the Principal and Chief Executive and Vice Principal Operations).

2.5 The Audit Committee effectiveness questionnaire was extracted from the 2018 Scottish Government Audit Committee Handbook. Considering discussions held at the Audit Committee in March 2019 there was an adjustment to the wording of the final question under the heading of “Internal Control”. The Audit Committee does not receive ‘stewardship reports’ but does receive feedback and assurances on the internal controls operated by the College through the various reports and feedback provided by both the Internal and External Auditors. It was, therefore, proposed that this question be re-worded as follows:

*Does the Audit Committee receive sufficient assurance on the operations in the key business areas such as Finance, HR, ICT?’*

2.6 No changes are proposed to the questionnaire evaluating the performance of the Internal Auditors.

2.7 The questionnaire evaluating the effectiveness of the Audit Committee has been partially completed to assist members (factual questions only). This approach has been used in previous years and the Committee was satisfied with this. However, members are free to change any of these answers if they wish to.

### **3. Next Steps**

3.1 If the Committee is satisfied with the proposed approach, the questionnaires will be issued to all members of the Committee, the Internal and External Auditors following the Committee meeting.

3.2 Completed questionnaires should be returned by Monday **29 March 2021** so that a report can be provided to the May 2020 Audit Committee for consideration and action as appropriate. Thereafter, the Audit Committee will report to the Board of Management on its findings at the meeting in June.

3.3 The Audit Committee is asked to consider and approve the wording of the two questionnaires, the approach to be taken and the timetable for this.

## AUDIT COMMITTEE SELF-ASSESSMENT CHECKLIST

Role and Remit	YES/NO/NA Don't know	Comments/Action
Does the audit committee have written terms of reference?	Yes	
Do the terms of reference cover the core functions of an audit committee as identified in the <i>SG Audit and Assurance Committee Handbook</i> ?	Yes	
Are the terms of reference approved by the audit committee and reviewed periodically?	Yes	Reviewed at least annually
Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?		
Does the body's governance statement mention the audit committee's establishment and its broad purpose?	Yes	
Does the audit committee periodically assess its own effectiveness?	Yes	
Membership, induction and training	YES/NO/NA Don't know	Comments/Action
Has the membership of the audit committee been formally agreed by the management board and or Accountable Officer and a quorum set?	Yes	Agreed by Board
Are members appointed for a fixed term?	Yes	
Does at least one of the audit committee members have a financial background?	Yes	
Are all members, including the chair, independent of the executive function?	Yes	

Are new audit committee members provided with an appropriate induction?		
Has each member formally declared his or her business interests?	Yes	
Are members sufficiently independent of the other key committees of the Board?		
Has the audit committee considered the arrangements for assessing the attendance and performance of each member?		
<b>Meetings</b>	<b>YES/NO/NA Don't know</b>	<b>Comments/Action</b>
Does the audit committee meet regularly, at least four times a year?	Yes	
Do the terms of reference set out the frequency and broad timing of meetings?	Yes	
Does the audit committee calendar meet the body's business and governance needs, as well as the requirements of the financial reporting calendar?	Yes	
Are members attending meetings on a regular basis and if not, is appropriate action taken?	Yes	
Does the Accountable Officer attend all meetings and, if not, is he/she provided with a record of discussions?	Yes	
Does the audit committee have the benefit of attendance of appropriate officials at its meetings, including representatives from internal audit, external audit and finance?	Yes	

Internal control	YES/NO/NA Don't know	Comments/Action
Does the audit committee consider the findings of annual reviews by internal audit and others, on the effectiveness of the arrangements for risk management, control and governance?	Yes	
Does the audit committee consider the findings of reviews on the effectiveness of the system of internal control?	Yes	
Does the audit committee have responsibility for review of the draft governance statement and does it consider it separately from the accounts?	Yes	
Does the audit committee consider how accurate and meaningful the governance statement is?		
Does the audit committee satisfy itself that the arrangements for risk management, control and governance have operated effectively throughout the reporting period?		
Has the audit committee considered how it should coordinate with other committees that may have responsibility for risk management and corporate governance?		
Has the audit committee satisfied itself that the body has adopted appropriate arrangements to counter and deal with fraud?		
Has the audit committee been made aware of the role of risk management in the preparation of the internal audit plan?		
Does the audit committee's terms of reference include oversight of the risk management process?	Yes	



Does the audit committee consider assurances provided by senior staff?	Yes	
Does the audit committee receive sufficient assurance on the operations in the key business areas such as Finance, HR, ICT?		
<b>Financial reporting and regulatory matters</b>	<b>YES/NO/NA Don't know</b>	<b>Comments/Action</b>
Is the audit committee's role in the consideration of the annual accounts clearly defined?	Yes	
Does the audit committee consider, as appropriate:		
• the suitability of accounting policies and treatments	Yes	
• major judgements made	Yes	
• large write-offs	Yes	
• changes in accounting treatment	Yes	
• the reasonableness of accounting estimates	Yes	
• the narrative aspects of reporting?	Yes	
Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Yes	
Does the audit committee review management's letter of representation?	Yes	
Does the audit committee gain an understanding of management's procedures for preparing the body's annual accounts?		

Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues?		
<b>Internal Audit</b>	<b>YES/NO/NA Don't know</b>	<b>Comments/Action</b>
Does the Head of Internal Audit attend meetings of the audit committee?	Yes	
Does the audit committee approve, annually and in detail, the internal audit plans including consideration of whether the scope of internal audit work addresses the body's significant risks?	Yes	
Does internal audit have a direct reporting line, if required, to the audit committee?	Yes	
As well as an annual report from the Head of Internal Audit, does the audit committee receive progress reports from the internal audit service?	Yes	
Are outputs from follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	Yes	
If considered necessary, is the audit committee chair able to hold private discussions with the Head of Internal Audit?	Yes	
Is there appropriate co-operation between the internal and external auditors?		
Does the audit committee review the adequacy of internal audit staffing and other resources?	Yes	
Are internal audit performance measures monitored by the audit committee?	Yes	

Has the audit committee considered the information it wishes to receive from internal audit?	Yes	
Do formal terms of reference exist defining internal audit's objectives, responsibilities, authority and reporting lines?	Yes	
<b>External Audit</b>	<b>YES/NO/NA Don't know</b>	<b>Comments/Action</b>
Does the external audit representative attend meetings of the audit committee?	Yes	Not all meetings – normally 2 per annum
Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	Yes	
Does the audit committee chair hold periodic private discussions with the external auditor?		
Does the audit committee review the external auditor's annual report to those charged with governance?	Yes	
Does the audit committee ensure that officials are monitoring action taken to implement external audit recommendations?	Yes	
Are reports on the work of external audit presented to the audit committee?	Yes	
Does the audit committee assess the performance of external audit?	Yes	
Does the audit committee consider the external audit fee?	Yes	The fee is set by Audit Scotland

<b>Administration</b>	<b>YES/NO/NA Don't know</b>	<b>Comments/Action</b>
Does the audit committee have a designated secretariat?	Yes	
Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	Yes	
Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?		
Does the audit committee issue guidelines and/or a pro forma concerning the format and content of the papers to be presented?		
Are minutes prepared and circulated promptly to the appropriate people, including all members of the Board?	Yes	
Is a report on matters arising presented or does the chair raise them at the audit committee's next meeting?	Yes	
Do action points indicate who is to perform what and by when?	Yes	
Does the audit committee provide an effective annual report on its own activities?	Yes	
<b>Overall</b>	<b>YES/NO/NA Don't know</b>	<b>Comments/Action</b>
Does the audit committee effectively contribute to the overall control environment of the organisation?		
Are there any areas where the audit committee could improve upon its current level of effectiveness?		

Does the audit committee seek feedback on its performance from the Board and Accountable Officer?		
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Extracted from the Scottish Government Audit and Assurance Committee Handbook 2018

Evaluation of the Internal Auditors	Yes	No	Not sure	Comments
<b>Questions for Audit Committee Members</b>				
1. Did the auditors meet with the Audit Committee when requested?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Did the auditors adequately assess controls in place within the College?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the auditors inform the Audit Committee of any risks of which the Committee was not previously aware?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. Did the auditors communicate issues freely with the Audit Committee, or did they seem protective of management?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. Does it appear that management exercises undue influence on the internal auditors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. Does it appear that the internal auditors are reluctant or hesitant to raise issues that would reflect negatively on management?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. Is the Audit Committee satisfied with the planning and conduct of the audits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8. Is the Audit Committee satisfied with its relationship with the internal auditors? In making this determination, the Audit Committee should consider whether: <ul style="list-style-type: none"> <li>(a) the partner-in-charge of the audit participated in Audit Committee meetings;</li> <li>(b) the auditors were frank and complete in the required discussions with the Audit Committee;</li> <li>(c) the auditors were frank and complete during executive sessions with the Audit Committee;</li> <li>(d) the auditors are on-time in their delivery of services to the College.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Evaluation of the Internal Auditors	Yes	No	Not sure	Comments
<b>Questions for Audit Committee Members (continued)</b>				
9. Is the Audit Committee satisfied that the internal auditors remain independent and objective both in fact and appearance? This response should consider: <ul style="list-style-type: none"> <li>• Review all audit-related and nonaudit services conducted by the internal auditors in the prior year.</li> <li>• Review whether the firm, the office or the partner is dependent on the College for a material percentage of its fee income.</li> <li>• Review whether former members of the audit team are now employed by the College.</li> </ul> If any of these conditions exist the Audit Committee should consider whether they impair the auditors' independence with respect to the College.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10. Was the audit fee fair and reasonable in relation to what the Audit Committee knows about fees charged to other non-profit Colleges, and in line with fee benchmarking data the Audit Committee might have available to it?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
11. Did the internal auditors provide constructive observations, implications, and recommendations in areas needing improvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
12. Did the internal auditors demonstrate an ongoing understanding of the uniqueness of further education?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**Signed:**

**Print Name:**

**Date:**

Based on the Scottish Government Audit and Assurance Committee Handbook 2018

Evaluation of the Internal Auditors	Yes	No	Not sure	Comments
<b>Questions for the Principal and Chief Executive</b>				
1. From your perspective, in working with the internal auditors are you satisfied with the scope, nature, extent, and timing of testing performed by the internal auditors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Are you satisfied with the knowledge, skills, and abilities of the staff assigned to the audit work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Are you satisfied with the engagement leadership assigned, including the partner(s), manager(s), and fieldwork leaders?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. Did the internal auditors provide constructive observations, implications, and recommendations in areas needing improvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. <i>a.</i> If the choice were yours, would you hire the firm to conduct next year's internal audits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>b.</i> If yes, are there any changes you would make?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. Are you satisfied with the quality and quantity of information provided by the internal auditors relative to the general progress of the audits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. Were identified problems or potential issues brought to your attention in sufficient time to be addressed without delaying or extending the completion of the audits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**Signed:**

**Print Name:**

**Date:**



Evaluation of the Internal Auditors	Yes	No	Not sure	Comments
<b>Questions for the Vice Principal Operations</b>				
1. From your perspective in working with the internal auditors, are you satisfied with the scope, nature, extent, and timing of testing performed by the internal auditors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Did the internal auditors work with you to ensure the co-ordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. a. Are you satisfied with the knowledge, skills, and abilities of the staff assigned to do the audit work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. Are you satisfied with the engagement leadership assigned, including the partner(s), manager(s) and fieldwork leaders?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. a. Did the internal auditors work in accordance with agreed audit parameters?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. Was co-operative work conducted in a professional manner?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
c. Are you satisfied with the quality and quantity of information provided by the internal auditors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. Are you satisfied that the auditors remain independent of the College in spite of any additional audit-related, or non-audit services the auditors provide to the College?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. a. Are you aware of any other information that might impair the independence of the internal audit firm?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. Are you aware of any individuals on the internal audit team that might not be independent with respect to the College for whatever reason?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Evaluation of the Internal Auditors	Yes	No	Not sure	Comments
<b>Questions for the Vice Principal Operations (continued)</b>				
7. Were identified problems or potential issues brought to your attention in sufficient time to be addressed without delaying or extending the completion of the audit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8. <i>a.</i> If the choice were yours would you hire the firm to conduct next year's internal audits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>b.</i> If yes, are there any changes you would make?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**Signed:**

**Print Name:**

**Date:**

**TITLE: EXTERNAL AUDIT ANNUAL EFFECTIVENESS REVIEW SUMMARY**

**Background:** The Audit Committee remit includes a requirement to:  
*'Establish appropriate performance measures and indicators to monitor the effectiveness of the External Auditors;'*

This report presents the findings of the 2020 review of the effectiveness of the College external auditors, Mazars LLP.

**Action:** The Audit Committee is asked to comment upon this summary of the annual evaluation of the external auditors.

**Lead:** Shirley Gordon, Secretary to the Committee

**Status:** Open

## **1. Introduction**

- 1.1 The Audit Committee has a responsibility to evaluate the effectiveness and efficiency of the external audit arrangements of the College.
- 1.2 At the Joint Audit and Finance & General Purposes Committee meeting held on 24 November 2020, members of the Audit Committee agreed the process to be followed in undertaking the 2020 effectiveness review of the College's external auditors. It was decided that the Secretary to the Board would distribute the agreed questionnaires to Audit Committee members and senior College staff and that a report on the evaluation of the questionnaires would be presented for the Committee's consideration.

## **2. Findings**

- 2.1 The questionnaires completed by members of the Committee indicate that they are satisfied that the external auditors communicate issues freely with the Audit Committee (Q5) and members are satisfied with their relationship with the external auditors (Q9). The returns from Committee members agreed that the external auditors provide constructive observations, implications, and recommendations in areas needing improvement (Q12) and that the external auditors demonstrate an ongoing understanding of the uniqueness of the college sector (Q13).
- 2.2 There was one questions '*Q3: Did the external auditors inform the Audit Committee of any risks of which the Committee was not previously aware?*' where members provided differing answers, with one Audit Committee member responding 'Yes'.
- 2.3 The questionnaires submitted by attending officers of the Committee indicate that they are satisfied with the scope, nature, extent, and timing of testing performed by the external auditors (Q1) as well as the knowledge, skills, and abilities of the staff assigned to do the audit work (Q2/3). Furthermore, they are satisfied with the engagement leadership assigned including the partner(s), manager(s) and fieldwork leaders (Q2/3).
- 2.4 Attending officers confirmed that if the choice was theirs, they would hire the firm to conduct next year's external audit (Q5/8) with no suggested changes as to how this audit work was carried out.
- 2.5 When answering the question "Were identified problems or potential issues brought to your attention in sufficient time to be addressed without delaying or extending the completion of the audit? (Q7), one attending officer commented "There were no issues or problems of a significant nature arising and matters for consideration were brought to the attention of the College with sufficient timeliness". The other reply to the same question was "It should be noted that there were no problems or potential issues or a significant nature arising".

### **3. Conclusion**

- 3.1 The Audit Committee is asked to comment upon this summary of the annual evaluation of the external auditors.

**TITLE: ASSURANCE MAPPING UPDATE**

**Background:** The Scottish Government issued a revised Audit and Assurance Committee Handbook in 2018 to replace the previous Handbook published in July 2008. The updated document contained a new requirement for organisations to '*Develop an assurance framework and consider whether there are gaps or duplication in the assurance that the Committee are receiving.*' To address this requirement, the College has been working with Wylie & Bisset - and previously with Scott Moncrieff - to develop an assurance framework.

The purpose of this report is to update the Committee on the actions taken to develop the College audit assurance framework and includes a draft assurance map for consideration by the Committee.

**Action:** The Audit Committee is requested to:

- Consider and review the content of this report;
- Agree the format of the draft assurance map; and
- Note the timetable for completion of the initial 5 stages of the project.

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

**Status:** Open

## 1. Assurance Mapping – An Overview

1.1 Assurance mapping is a comprehensive assessment designed to identify:

- The College stakeholders to whom assurance is required to be provided;
- The nature of that assurance; and
- How that assurance is to be provided.

1.2 The College has been utilising the following definitions to define the process of assurance mapping:

- **Assurance** is defined by the Chartered Institute of Internal Auditors as “...an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organisation.”
- An **assurance framework** is defined by HM Treasury as “a structured means of identifying and mapping the main sources of assurance in an organisation, and co-ordinating them to best effect.”
- **Assurance mapping** is defined HM Treasury as “a mechanism for linking assurances from various sources to the risks that threaten the achievement of an organisation’s outcomes and objectives. They can be at various levels, dependent upon the scope of the mapping”.

1.3 As the College develops over time, so to do the assurances provided through information about performance; assurances about the accuracy and relevance of that information; and information about the effectiveness of procedures, processes, risk management and controls. The resulting map is a tool that can be used by management, the Audit Committee and the Board of Management to evaluate levels of confidence in the assurance provided, and is evidence that can be used to support public statements as to the state of internal control within the College. The assurance map provides summary information to the Audit Committee and Board of Management, for the whole College, on the coverage and quality of the assurance received and whether this appropriately reflects needs.

1.4 The assurance map is based on a systematic evaluation of the College processes over which assurance is required, the assurance activities presently undertaken across the College’s lines of defence and the overall need for assurance.

## 2. Assurance Activity

2.1 An assurance activity is any activity undertaken by, or on behalf of, the College which provides evidence to support continuous assessment of the management of risk and internal control. Essentially, an activity can be considered an assurance activity if an individual or group within the College relies upon it to determine whether risks are being adequately managed, and whether that activity contributes towards the achievement of the College’s objectives.

2.2 Some assurance outputs consist of evaluation and opinions, whereas others will state the objective results of performing a series of tasks. These outputs will be of differing value, depending on the nature of the assurance provider.

## The Three Lines of Defence

2.3 Models of assurance frequently refer to *Lines of Defence*. This is a model used to distinguish College functions in terms of their responsibility for, and independence from, the College's operations. In a well-designed assurance model, the lines of defence complement each other, such that each line contributes to the effective management of risk. Providers of assurance, and the activities they undertake, will necessarily fit within one of the lines of defence.

2.4 The lines of defence, and the assurance activities that they typically undertake, are summarised below.

### First Line of Defence

2.5 The first line of defence consists of management and staff who are responsible for operating processes and managing risks as part of their day-to-day responsibilities. Assurance activities within the first line of defence are typically business as usual processes designed to manage operational risks, performance, and the achievement of operational objectives. These may include:

- Development and review of policies and procedures;
- Managerial review and authorisation processes; and
- Performance and exception reporting.

### Second Line of Defence

2.6 The second line of defence consists of the '*oversight*' or checking functions that provide the policies, tools and support to enable the first line to manage risks effectively. The second line also monitors how effectively the first line is managing risks.

2.7 The defining characteristic is that the second line is independent of direct responsibility for the delivery of the operational activity under scrutiny. As such some organisations, particularly small organisations with compact management structures, may not have a second line of defence.

2.8 The assurance activities that make up the second line typically focus on ensuring that processes and controls implemented by the first line operate effectively, but may also include requirements to consult or seek advice from internal specialists such as legal departments or individuals with regulated compliance roles. These assurance activities may include:

- Compliance reviews;
- Review processes that take place outside local management structures;
- Policies which require referral to internal specialists in specific instances; and
- Risk reviews and the compilation of risk registers.

### Third Line of Defence

2.9 The key characteristic of the third line of defence is that it is objective and independent, and typically consists of the audit function.



2.10 Public Sector organisations may also be subject to external review and scrutiny from other bodies, which may provide assurance and therefore also make up the third line of defence.

2.11 Third line assurance activities may include reviews undertaken by:

- Internal audit reviews;
- Scottish Government;
- Audit Scotland;
- Information Commissioner's Office;
- Scottish Credit and Qualifications Framework (SCQF) in the education sector; and
- Health and Safety Executive

### 3. Methodology

3.1 In order to produce the attached draft assurance map (Appendix B), the process was broken down into five key stages which are further expanded upon at Appendix A:

- 1) Identify the areas of the College over which assurance is required.
- 2) Identify assurance activities currently undertaken, and the providers of that assurance.
- 3) Assess the quality of assurance obtained from the activities currently undertaken.
- 4) Assess the amount of assurance required by those charged with governance.
- 5) Complete the Assurance Map.

3.2 To date the College has completed stage (1) with the College identifying that the Strategic Risk Register identifies the primary areas over which the College requires assurance. This was discussed at the December 2020 Audit Committee at which Wylie & Bisset presented their internal audit report on Assurance Mapping. Included within the audit report was a draft assurance map which has formed the Assurance Map included with this report at Appendix B.

3.3 The Assurance Map has been updated to include the types of assurance sources that the College receives/generates under the *three lines of defence*. This process is seen as ongoing as other sources of assurance are received/generated during the year. The intention is that the Senior Management Team will initially undertake a review of the Assurance Map on a quarterly basis.

3.4 With reference to stage (3) the College is proposing to utilise a RAG rating to assess the quality of the assurance obtained. This will provide the Audit Committee with a RAG rated assurance map where potentially areas of lesser assurance can be identified.

3.5 The RAG rating will be based upon an analysis of the assurance source utilising the following criteria:

- The scope of the assurance activity
- Experience of the assurance provider
- The frequency of assurance activity
- Independence of the assurance provider

This review will be undertaken by the member of the Senior Management Team who is responsible for the assurance source. An overview of the RAG process will be undertaken by the Director of Finance.

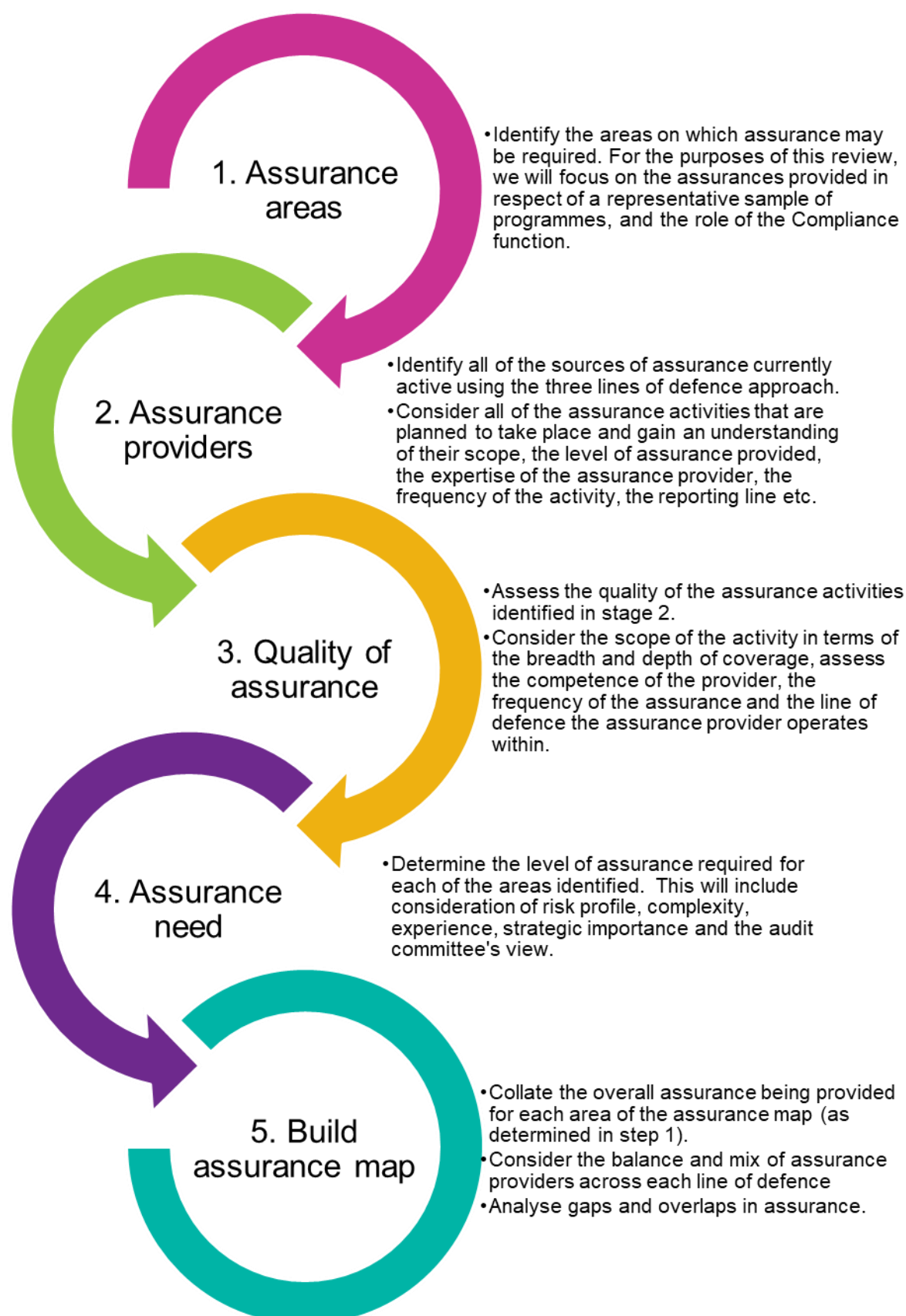
High Assurance	
Medium Assurance	
Low Assurance	
No Assurance	

- 3.6 The Audit Committee will then be requested to review and consider the Assurance Map. The Committee will be asked to consider the level of assurance provided and shown against each strategic risk. The Audit Committee can then consider if any actions/further actions require to be taken by the College to address and strengthen the assurance provided.
- 3.7 The Assurance Map will be retained on the Pentana Management system to ensure full visibility of process and updated on an ongoing basis as required.
- 3.8 An indicative timeline to complete the Assurance Map is outlined below:

Action	Timeline
Audit Committee to review draft assurance map	11 March 2021
Consider and agree on the content of stages 3 to 5	11 March 2021
College to complete assurance map sources and quality of source	March to April
Audit Committee to consider final Assurance Map	20 May 2021
Review of Assurance Map by Board of Management	14 June 2021
Assurance map transferred to Pentana management system	July 2021

- 3.9 The Audit Committee is requested to:
- Consider and review the content of this report;
  - Agree the format of the draft assurance map; and
  - Note the timetable for completion of the initial 5 stages of the project.

## Appendix 1 - Assurance Mapping Stages





# Assurance Map

Risk No.	Risk Title and Description	Net Risk Score	Type of Assurance			Comments / Gaps in Assurance / Risk Exposure
			Operational and Management (First Line of Defence)	Risk and Compliance (Second Line of Defence)	External / Independent (Third Line of Defence)	
1	<p><u>SFC Funding and Funding Methodology (WCS01)</u></p> <p>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.</p>	24	<ul style="list-style-type: none"> <li>Board approved 3 Year Financial Strategy</li> <li>Monthly management accounts prepared and reviewed by SMT.</li> <li>SMT receive reports on Commercial and Credit activity</li> <li><a href="#">Estate Strategy 2016-2025</a> – estate rationalisation</li> <li>Vice Principal Update report to each Corporate Development Committee</li> <li>Supporting implementation of the performance and management tool, Pentana</li> </ul>	<ul style="list-style-type: none"> <li>Approved SFC Business Transformation Plan</li> <li>Monthly management accounts presented to CDC / Board quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Annual unqualified SFC Credits audit</li> <li>Annual unqualified Student Funding audits</li> <li>Annual unqualified financial statements audit</li> <li>Internal Audit Report 2020-21 - Overall Financial Controls (strong assurance)</li> <li>Internal Audit Report 2019-20 – Financial Systems Health Check (strong assurance)</li> <li>Internal Audit Report 2018-19: Financial Planning and Monitoring (reasonable assurance)</li> <li>Internal Audit Report 2017-18: Payroll and Expenses (reasonable assurance)</li> <li>Internal Audit Report 2016-17: Workforce Planning (reasonable assurance)</li> </ul>	

Risk No.	Risk Title and Description	Net Risk Score	Type of Assurance			Comments / Gaps in Assurance / Risk Exposure
			Operational and Management (First Line of Defence)	Risk and Compliance (Second Line of Defence)	External / Independent (Third Line of Defence)	
2	<b><u>Estate Strategy (WCS03)</u></b> Failure to deliver Estate Strategy 2016-2026 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.	20	<ul style="list-style-type: none"> <li>Board of Management approved <a href="#">Estate Strategy 2016-2025</a></li> <li>Vice Principal update report to Committee on developments</li> <li>Report to Committee on estate condition, building utilisation and health &amp; safety issues</li> </ul>	<ul style="list-style-type: none"> <li>Annual update reports to Committee and Board on Strategy progress</li> <li>Outline Business Cases for Paisley and Greenock campus developments reviewed by SFC</li> <li>Campus Health &amp; safety Committees including staff and union representation</li> </ul>	<ul style="list-style-type: none"> <li>Independent evaluation of Estate Condition Survey 2019</li> <li>Internal Audit Report 2016-17: Estates and Asset Management (reasonable assurance)</li> <li>Internal Audit Report 2016-17: Timetabling and Curriculum Planning (reasonable assurance)</li> </ul>	
3	<b><u>Estates and IT Investment (WCS02)</u></b> Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure resulting in increased maintenance costs or loss of students due to failing facilities.	16	<ul style="list-style-type: none"> <li>Vice Principal update report to Committee on estate and IT developments</li> <li>Report to Committee on expenditure of SFC maintenance funding using condition survey work as basis</li> </ul>	<ul style="list-style-type: none"> <li>Board of Management approved Estate Strategy 2016-2025</li> <li>Board of Management Committee update reports and annual progress review</li> <li>Involvement in SFC Capital Working Group</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit Report 2017-18: Procurement and Tendering (reasonable assurance)</li> <li>Internal Audit Report 2016-17: Estates and Asset Management (reasonable assurance)</li> <li>Independent evaluation of Estate Condition Survey 2019</li> </ul>	

Risk No.	Risk Title and Description	Net Risk Score	Type of Assurance			Comments / Gaps in Assurance / Risk Exposure
			Operational and Management (First Line of Defence)	Risk and Compliance (Second Line of Defence)	External / Independent (Third Line of Defence)	
4	<p><b><u>Impact upon Business Continuity Planning of Covid-19 pandemic (WCS07)</u></b></p> <p>A material interruption to the service delivery of the College caused by inadequate business continuity planning, resulting in failure to delivery learning and teaching and achievement of required funding outcomes.</p>	15	<ul style="list-style-type: none"> <li>Incident Management Planning and proven live event management</li> <li>Covid-19 Mobilisation Group involving staff, students and Unions</li> <li><a href="#">Digital Strategy</a> Group to address wider College digital requirements</li> </ul>	<ul style="list-style-type: none"> <li>Detailed <a href="#">Business Continuity Plan</a> including testing regime validated by Zurich Municipal</li> <li>IT Business Continuity Plan currently under review with assistance from Zurich Municipal</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Member of Joint Information Systems Committee (JISC)</a></li> <li><a href="#">Cyber Essentials Plus</a> accreditation 2020</li> <li>Progressing activities in response to the requirements of the Scottish Government's <a href="#">Public Sector Cyber Resilience Framework</a></li> <li>Internal Audit Review 2018-19: Fraud Prevention (reasonable assurance)</li> <li>Internal Audit Report 2017-18: IT Security Healthcheck (reasonable assurance)</li> <li>Internal Audit Report 2016-17: Business Continuity Planning (reasonable assurance)</li> </ul>	

Risk No.	Risk Title and Description	Net Risk Score	Type of Assurance			Comments / Gaps in Assurance / Risk Exposure
			Operational and Management (First Line of Defence)	Risk and Compliance (Second Line of Defence)	External / Independent (Third Line of Defence)	
5	<b><u>Alternative Income Growth (WCS11)</u></b> An inability to generate consistent levels of alternative income or to grow alternative income streams due to impact of external factors impacting College delivery plans results in loss of income and failure to deliver College ROA objectives.	15	<ul style="list-style-type: none"> <li>Departmental operational plans reviewed for delivery of other income</li> <li>Established curriculum planning tools and processes</li> <li>Credit and Commercial Development Group minutes</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Development Committee minutes and reports</li> <li>Financial planning and budgets</li> <li>Management accounts reviewed quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit Report 2019-20: Online Resources (reasonable assurance)</li> <li>Internal Audit Report 2019-20: Digital Strategy (reasonable assurance)</li> <li>Internal Audit Report 2016-17: Alternative / non SFC funding sources (reasonable assurance)</li> <li>External audit annual credits / funding reports</li> </ul>	
6	<b><u>SFC Regional Outcome Agreement (WCS04)</u></b> Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource, competition and challenging economic environment due to Covid-19, results in future credit and/or funding adjustments.	12	<ul style="list-style-type: none"> <li>Approved Regional Outcome Agreement 2021-22</li> <li>College Commercial and Credit Review Group undertake review of credit delivery</li> <li>Online student data available to all staff including detailed activity reports</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation Report and Enhancement Plan in December 2017, followed by a three-year Evaluation Report and Enhancement Plan 2017-18 to 2019-20</li> <li><a href="#">Member of the Developing the Young Workforce Group</a></li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit Report 2019-20: Regional Outcome Agreement process (strong assurance)</li> <li>Internal Audit review of the Curriculum Planning process (CMAP).</li> <li>Internal Audit Report 2019-20: Digital Strategy (reasonable assurance)</li> </ul>	



Risk No.	Risk Title and Description	Net Risk Score	Type of Assurance			Comments / Gaps in Assurance / Risk Exposure
			Operational and Management (First Line of Defence)	Risk and Compliance (Second Line of Defence)	External / Independent (Third Line of Defence)	
			<ul style="list-style-type: none"> <li>• <a href="#">Student Health and wellbeing Strategy</a></li> <li>• <a href="#">Access and Inclusion Strategy and Action Plan</a></li> <li>• <a href="#">Corporate Parenting Action Plan</a></li> <li>• <a href="#">STEM Manifesto</a></li> <li>• <a href="#">IT Strategy</a></li> <li>• Dedicated <a href="#">Sustainability College Intranet Page</a></li> </ul>	<ul style="list-style-type: none"> <li>• School/College Partnership Agreement</li> <li>• Learning, Teaching and Quality Committee reports and minutes</li> <li>• Board Committees undertake annual review of elements of ROA under their remits</li> <li>• Annual report to Board of Management on ROA progress</li> <li>• <a href="#">Published Performance Indicators</a></li> <li>• <a href="#">Annual Complaints Handling report</a></li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Review 2018-19: Safeguarding (reasonable assurance)</li> <li>• Internal Audit Report 2018-19: Student Experience (reasonable assurance)</li> <li>• Internal Audit Report 2017-18: Student Experience (schools programme) (reasonable assurance)</li> <li>• Internal Audit Report 2016-17: Student Association (reasonable assurance)</li> <li>• Internal Audit Report 2016-17: Timetabling and Curriculum Planning (reasonable assurance)</li> </ul>	

Risk No.	Risk Title and Description	Net Risk Score	Type of Assurance			Comments / Gaps in Assurance / Risk Exposure
			Operational and Management (First Line of Defence)	Risk and Compliance (Second Line of Defence)	External / Independent (Third Line of Defence)	
7	<b><u>National Pay Bargaining (WCS07)</u></b> Impact and outcome of National Pay Bargaining for both teaching and support staff has an adverse effect on either efficiency of delivery and budget.	12	<ul style="list-style-type: none"> <li>Local Trade Union Consultation and Negotiating Committee minutes made available to staff</li> <li>Minutes of NJNC meetings</li> <li>Local workforce planning</li> <li>College representatives on both teaching and support staff national committees</li> </ul>	<ul style="list-style-type: none"> <li>Detailed <a href="#">Business Continuity Plan</a> including testing regime validated by Zurich Municipal</li> <li>Financial scenario planning – financial modelling based on SFC FFR assumptions</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit Report 2017-18: Workforce Planning (reasonable assurance)</li> </ul>	
8	<b><u>Digital Ambitions and IT Systems (WCS06)</u></b> Failure to adequately maintain or acquire and use IT systems and infrastructure effectively results in a failure to deliver / support the digital ambitions of the College.	12	<ul style="list-style-type: none"> <li><a href="#">IT Strategy</a></li> <li>Staff survey outcomes and action plan</li> <li>Mandatory SFC student experience surveys</li> </ul>	<ul style="list-style-type: none"> <li>IT Business Continuity Plan currently under review with assistance from Zurich Municipal</li> <li>Corporate Development Committee reports and minutes</li> <li>College Digital Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Cyber Essential Plus accreditation</li> <li>Internal Audit Report 2017-18: IT Security Healthcheck (reasonable assurance)</li> <li>Internal Audit Report 2019-20: Digital Strategy (reasonable assurance)</li> </ul>	

Risk No.	Risk Title and Description	Net Risk Score	Type of Assurance			Comments / Gaps in Assurance / Risk Exposure
			Operational and Management (First Line of Defence)	Risk and Compliance (Second Line of Defence)	External / Independent (Third Line of Defence)	
9	<b><u>College Transformation Plan (WCS15)</u></b> Failure to deliver the financial and/or non-financial objectives outlined in the College Transformation Plan "Future Proofing Our College".	12	<ul style="list-style-type: none"> <li>Update reports to Board of Management</li> <li>Operational plan reviewed to ensure alignment to CTP objectives</li> <li>Student data and credit reports to SMT</li> </ul>	<ul style="list-style-type: none"> <li>Approved Transformation Plan with SFC</li> <li>Board approval of Transformation Plan</li> <li>Corporate Development Committee ongoing review and monitoring of financial aspects of the plan</li> <li>Corporate Development Committee reports and minutes</li> <li>Financial planning (budget and 3-year forecast)</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit Report 2020-21 - Overall Financial Controls (strong assurance)</li> <li>Internal Audit Report 2018-19: Financial Planning and Monitoring (reasonable assurance)</li> </ul>	
10	<b><u>Cyber Resilience (WCS16)</u></b> The College fails to properly prepare for either an internal or external cyber-attack due to poor procedures or system failures resulting in a loss of	12	<ul style="list-style-type: none"> <li>Incident Management Planning and proven live event management</li> <li><a href="#">Digital Strategy</a> Group to address wider College digital requirements</li> </ul>	<ul style="list-style-type: none"> <li>Detailed <a href="#">Business Continuity Plan</a> including testing regime validated by Zurich Municipal</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Member of Joint Information Systems Committee (JISC)</a></li> <li><a href="#">Cyber Essentials Plus</a> accreditation 2020</li> </ul>	

Risk No.	Risk Title and Description	Net Risk Score	Type of Assurance			Comments / Gaps in Assurance / Risk Exposure
			Operational and Management (First Line of Defence)	Risk and Compliance (Second Line of Defence)	External / Independent (Third Line of Defence)	
	data, funding and/or stakeholder trust.			<ul style="list-style-type: none"> <li>IT Business Continuity Plan currently under review with assistance from Zurich Municipal</li> </ul>	<ul style="list-style-type: none"> <li>Progressing activities in response to the requirements of the Scottish Government's <a href="#">Public Sector Cyber Resilience Framework</a></li> <li>Internal Audit Report 2017-18: IT Security Healthcheck (reasonable assurance)</li> <li>Internal Audit Report 2016-17: Business Continuity Planning (reasonable assurance)</li> </ul>	
11	<b>Staff Relations (WCS09)</b> Inability to maintain positive staff relations due to internal or external factors resulting in loss of staff trust, less efficient delivery and potential industrial action.	9	<ul style="list-style-type: none"> <li>Detailed workforce planning undertaken at departmental level</li> <li><a href="#">Employee Health and Wellbeing Strategy</a></li> <li><a href="#">Gender Action Plan</a></li> <li>PAM Assist services available to all staff</li> <li>Equality and Diversity Committee</li> </ul>	<ul style="list-style-type: none"> <li>Updates of Workforce plan action plan provided to Operational Development &amp; HR Committee</li> <li>People Strategy</li> <li><a href="#">Board of Management Development Plan</a></li> <li>College has 'Disability Confident' status</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit Report 2020-21: Sickness and Absence reporting (strong assurance)</li> <li>Internal Audit Report 2019-20: Equality and Diversity (strong assurance)</li> <li>Internal Audit Report 2019-20: Continuing Professional Development (strong assurance)</li> </ul>	

Risk No.	Risk Title and Description	Net Risk Score	Type of Assurance			Comments / Gaps in Assurance / Risk Exposure
			Operational and Management (First Line of Defence)	Risk and Compliance (Second Line of Defence)	External / Independent (Third Line of Defence)	
			<ul style="list-style-type: none"> <li>• <a href="#">WCS Equality Report</a></li> <li>• Staff survey outcomes</li> <li>• Staff Development Group minutes</li> </ul>		<ul style="list-style-type: none"> <li>• Internal Audit Report 2018-19: Internal Communications (reasonable assurance)</li> <li>• Internal Audit Report 2017-18: Health and Safety (reasonable assurance)</li> <li>• Internal Audit Report 2016-17: Whistleblowing Policy (reasonable assurance)</li> <li>• Internal Audit Report 2016-17: Workforce Planning (reasonable assurance)</li> <li>• Living Wage accredited employer</li> </ul>	
12	<b><u>Workforce Planning (WCS10)</u></b> Failure to embed Workforce Plan resulting in lack of appropriate resources and skills being developed to achieve College strategic objectives and outcomes.	6	<ul style="list-style-type: none"> <li>• <a href="#">People Strategy</a></li> <li>• Detailed departmental workforce plans</li> <li>• Payroll and HR systems integration including provision of establishment report</li> </ul>	<ul style="list-style-type: none"> <li>• Annual HR report considered by Board of Management</li> <li>• Professional Development Policy</li> <li>• CPD Policy and Procedure agreed with Unions</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Report 2020-21: Sickness and Absence reporting (strong assurance)</li> <li>• Internal Audit Report 2016-17: Workforce Planning (reasonable assurance)</li> <li>• Living wage accredited employer</li> </ul>	

Risk No.	Risk Title and Description	Net Risk Score	Type of Assurance			Comments / Gaps in Assurance / Risk Exposure
			Operational and Management (First Line of Defence)	Risk and Compliance (Second Line of Defence)	External / Independent (Third Line of Defence)	
			<ul style="list-style-type: none"> <li>Staff skills survey undertaken to inform future CPD</li> <li>Operational planning has HR implications included</li> <li>Leadership Development Programme</li> <li>Good wider staff Communications</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Development Committee reports and minutes</li> </ul>		
13	<p><b><u>Estate Investment Works (WCS14)</u></b></p> <p>Normal business activities are unduly affected due to the complexity of sequencing estates investment works.</p>	4	<ul style="list-style-type: none"> <li><a href="#">Estate Strategy 2016-2025</a></li> <li>Operational Planning process captures estate request</li> <li>Project plans developed and use of project working groups with staff and student involvement</li> <li>Project guidance included within Financial Regulations</li> </ul>	<ul style="list-style-type: none"> <li>Update report to Corporate Development Committee</li> <li>Post completion report to Committee on completion of larger projects</li> </ul>	<ul style="list-style-type: none"> <li>External professional advisors review of plans.</li> </ul>	

**TITLE: RISK MANAGEMENT STRATEGY UPDATE**

**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 updated College Risk Management Strategy for consideration.

**Action:** The Audit Committee is requested to consider and approve the updated Risk Management Strategy for presentation to the Board of Management.

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

**Status:** Open

## 1. Risk Management Strategy

1.1 The College Risk Management Strategy details and communicates the College's approach to risk management and assurance and is an integral part of the College's internal control and corporate governance arrangements. The Risk Management Strategy was approved by the Board of Management in December 2020.

1.2 The Risk Management Strategy has subsequently been updated to reflect:

- An expansion of the Risk Mitigation Measures (section 4.33) to:
  - align the specific statement within the College Financial Regulations that '*The Board of Management requires that the Risk Management Strategy and supporting documentation include: a decision on the level of risk to be covered by insurance*'; and
  - provide readers of the Strategy with a more expansive narrative regarding the use of these mitigation measures.
- The change in the composition of the Board Committee structure (section 4.39).

1.3 The updated College Risk Management Strategy is attached at *Appendix A* for the consideration of the Audit Committee.

## 2. Conclusion

2.1 The Audit Committee is requested to consider and approve for presentation to the Board of Management the updated Risk Management Strategy.



<b>Policy &amp; Procedure</b>	Risk Management Strategy
<b>Policy Area</b>	Finance
<b>Version Number</b>	03. <u>1</u>
<b>Approved by</b>	Board of Management
<b>Date of Approval</b>	<del>December 2020</del> <u>March 2021</u>
<b>Date of Equality Impact Assessment</b>	December 2020
<b>Date of Review</b>	<del>December 2021</del> <u>March 2022</u>
<b>Responsible Senior Manager</b>	Director of Finance

## History of Amendments

Version	Date	Review	Summary of changes made
V1.0 Draft	01-09-15	A Ritchie	Initial strategy document for review
V1.2	12-09-15	A Ritchie	Final Strategy for approval
V2.0	04-12-17	A Ritchie	Strategy document review
V3.0	24-11-20	A Ritchie	Updated following Board of Management approval of risk appetite levels; style updated, and content amended to reflect current operations
V3.0	14-12-20	A Ritchie	<del>Approved by</del> <del>To be presented to</del> the Board of Management <del>for approval</del>
<u>V3.1</u>	<u>11-03-21</u>	<u>A Ritchie</u>	<u>Amended for new committee names</u>

### Policy Statement

The College Risk Management Strategy is to apply best practice in the identification, evaluation, and cost-effective control of risk to ensure that risks are managed, eliminated or reduced to an acceptable level. The strategy support opportunity risk and do not look to inhibit innovation but to deliver change in a well-managed and controlled way. The College recognises that it has a responsibility to manage hazards and risks and this strategy supports a structured and focused approach to managing them. In this way the College will better achieve its corporate objectives and enhance the value of services it provides to the community.

It is acknowledged that some risks will always exist and will never be eliminated. All employees must consider risk and accept responsibility for risks associated with their area of authority.

### Equality Statement

The College is committed to providing equal opportunities to ensure its students, staff, customers and visitors are treated equally regardless of gender reassignment, race, religion or belief; disability; age; marriage and civil partnerships; pregnancy and maternity; sexual orientation; sex.

Please note this document is available in other formats, to request another format please email [info@wcs.ac.uk](mailto:info@wcs.ac.uk)

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## 1. Introduction from Chair of Board of Management and the Principal

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

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

1.2 The College is also required to comply with the requirements of the Scottish Public Finance Manual (SPFM). The SPFM requires that the College must *'develop a framework for assessing risks that evaluates both the likelihood of the risk being realised, and of the impact if the risk is realised. Risk assessment should be recorded in a way that demonstrates clearly the key stages of the process.'*

1.3 This Risk Management Strategy has therefore been written taking account of the requirements of both the Financial Memorandum with the SFC and Scottish Public Finance Manual.

1.4 In addition to the above requirements the internal auditor must produce an Annual Report to the Board of Management on their activities during the year. The report must include an opinion on the adequacy and effectiveness of the College's risk management, internal control and governance. This Strategy therefore forms a key

component in allowing the internal auditors to be able to report without qualification that the College is complying with these requirements.

1.5 The Risk Management Strategy is a key document in ensuring that the four Strategic Priorities of Personalisation, Collaboration, Agile and Adaptive and Digital contained within the College Strategy 2019-205 are delivered. The Risk Management Strategy aims to ensure that the College community is aware of the level of risk that the organisation is willing to accept; that some risks will always exist and will never be eliminated, however mitigation can be put in place to minimise their impacts.

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

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

1.8 The College's Risk Management Strategy objectives are to:

- Integrate risk management into the culture of the College;
- Manage risk in accordance with best practice;
- Anticipate and respond to changing requirements;
- Prevent injury, damage, losses and reduce the cost of risk; and

- Raise awareness of the need for risk management by all those connected with delivering the College's Strategic Priorities.

1.9 These objectives will be achieved by:

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

1.10 The Risk Management Strategy aligns with the Regional Outcome Agreement (ROA) and will be reviewed and presented to the Board of Management every three years for approval.

1.11 The Board of Management and Senior Management Team are fully committed to the principles of risk management and the approach outlined within this Strategy.

Approved by:

**Dr Waiyin Hatton**

**Chair of the Board of Management**

**Liz Connolly**

**Principal**

## 2. Risk Management Overview

### Purpose

2.1 The purpose of the Risk Management Strategy is to:

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

### Objectives

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

- To undertake a review every three years of the College Risk Management Strategy. The review will ensure clear roles, responsibilities and a reporting framework for the managing of risk across the College is maintained and developed;
- To develop operational planning guidance on risk identification and its translation into strategic risk where appropriate;
- To monitor and report on risk management arrangements to the Board of Management Audit Committee;
- To continue to integrate risk management into the culture of the College and to raise awareness of the need to manage risk effectively throughout the College; and

- To comply with corporate governance requirements and integrate effective processes to allow the Board of Management to approve the annual Accountability Report including the section on Risk Management and Internal Controls.

## Definitions

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

- **Risk Management:** The coordinated activities, systems and processes in place to direct and control the College regarding the management of risk.
- **Risk:** The potential ‘effect of uncertainty on objectives’, where an effect is a deviation from an intended or expected outcome. A risk will be considered as either a threat (negative) to the College’s ability to achieve any given objective or as uncertainty resulting from an opportunity (positive) which offers potential benefits to the institution.
- **Issue:** A certain event which is known and will impact upon the achievement of the College’s Priorities and Objectives.
- **Risk Appetite:** This refers to the level of risk the College is willing to tolerate or accept in the pursuit of its objectives. When considering threats, risk appetite defines the acceptable level of exposure deemed tolerable or justifiable by the College; when considering opportunities, risk appetite defines how much the College is prepared to actively put at risk in order to realise potential or expected benefits.
- **Risk Exposure:** The calculated level of risk which the organisation is exposed to in pursuit of its objectives.
- **Risk Owner:** this is the person, persons or entity in authority who is accountable for the effective management of a risk.



## Roles and Responsibilities

2.4 To be effective, the risk process is recognised as the responsibility of the Board of Management and of all members of staff and will integrate with College operating requirements.

Owner	Role
<b><u>Board of Management</u></b> <ul style="list-style-type: none"> <li><i>Has a fundamental role to play in the management of risk</i></li> </ul>	<ul style="list-style-type: none"> <li>Provide authority and responsibility for the establishment, maintenance, support and evaluation of the Risk Management Strategy</li> <li>Set the tone and promote a positive risk culture within the College</li> <li>Delegate the overall implementation of risk management to the SMT</li> <li>Have knowledge of the significant risks facing the College</li> </ul>
<b><u>Audit Committee</u></b> <ul style="list-style-type: none"> <li><i>Has a fundamental role to play in the review and management of risk</i></li> </ul>	<ul style="list-style-type: none"> <li>To ensure compliance with corporate governance requirements</li> <li>To review the Strategic Risk Register and approve for presentation to the Board</li> <li>To review internal processes and systems and work closely with internal and external auditors to obtain reports on these</li> </ul>
<b><u>Senior Management Team</u></b> <ul style="list-style-type: none"> <li><i>Support and implement policies approved by the Board of Management.</i></li> <li><i>The Senior Management Team consists of the Principal, Vice Principals, Assistant Principals and Directors.</i></li> </ul>	<ul style="list-style-type: none"> <li>Implementation of Risk Management Strategy</li> <li>Overall co-ordination of risk management</li> <li>Promotion of a holistic approach to risk management</li> <li>To review the probability and impact assessments of risks on a regular basis</li> <li>Ensure appropriate levels of awareness throughout the College</li> </ul>
<b><u>College Management Team</u></b> <ul style="list-style-type: none"> <li><i>Encouraging and embedding good risk management practice</i></li> </ul>	<ul style="list-style-type: none"> <li>Co-ordinating and ensuring that the operational objectives are implemented in line with the Risk Management Strategy</li> </ul>

Owner	Role
<p><i>within their area of activity.</i></p> <ul style="list-style-type: none"> <li><i>The College Management Team consists of all those managers who are directly line managed by SMT.</i></li> </ul>	<ul style="list-style-type: none"> <li>Have an awareness and understanding of risks which fall into their area of responsibility, the impacts these may have, and monitor outcomes against the risks identified ensuring that response plans detail corrective action to minimise risk</li> <li>Report any new risks identified or failures of existing control measures to SMT</li> <li>Report on current 'active' risks highlighting mitigating actions and effect towards risk reduction</li> </ul>
<p><b><u>College Staff</u></b></p> <ul style="list-style-type: none"> <li><i>Encouraging and embedding good risk management practice within their area of activity</i></li> </ul>	<ul style="list-style-type: none"> <li>Understand their accountability for individual risks</li> <li>Understand how they can enable continuous improvement of risk management and risk awareness</li> <li>Report systematically and promptly to a member of the College Management Team or Senior Management Team any perceived new risks or failures of existing control measures</li> </ul>
<p><b><u>Internal/External Audit</u></b></p> <ul style="list-style-type: none"> <li><i>Ensuring the effectiveness of organisational and financial control systems, including monitoring performance against quality assurance standards.</i></li> </ul>	<ul style="list-style-type: none"> <li>To review risks and limitations of existing control measures</li> <li>To review the adequacy of internal control systems designed to minimise risk</li> <li>To make appropriate recommendations following on from any internal / external audit reports to the SMT, which will effectively improve systems of control</li> </ul>

## Partnership and Projects

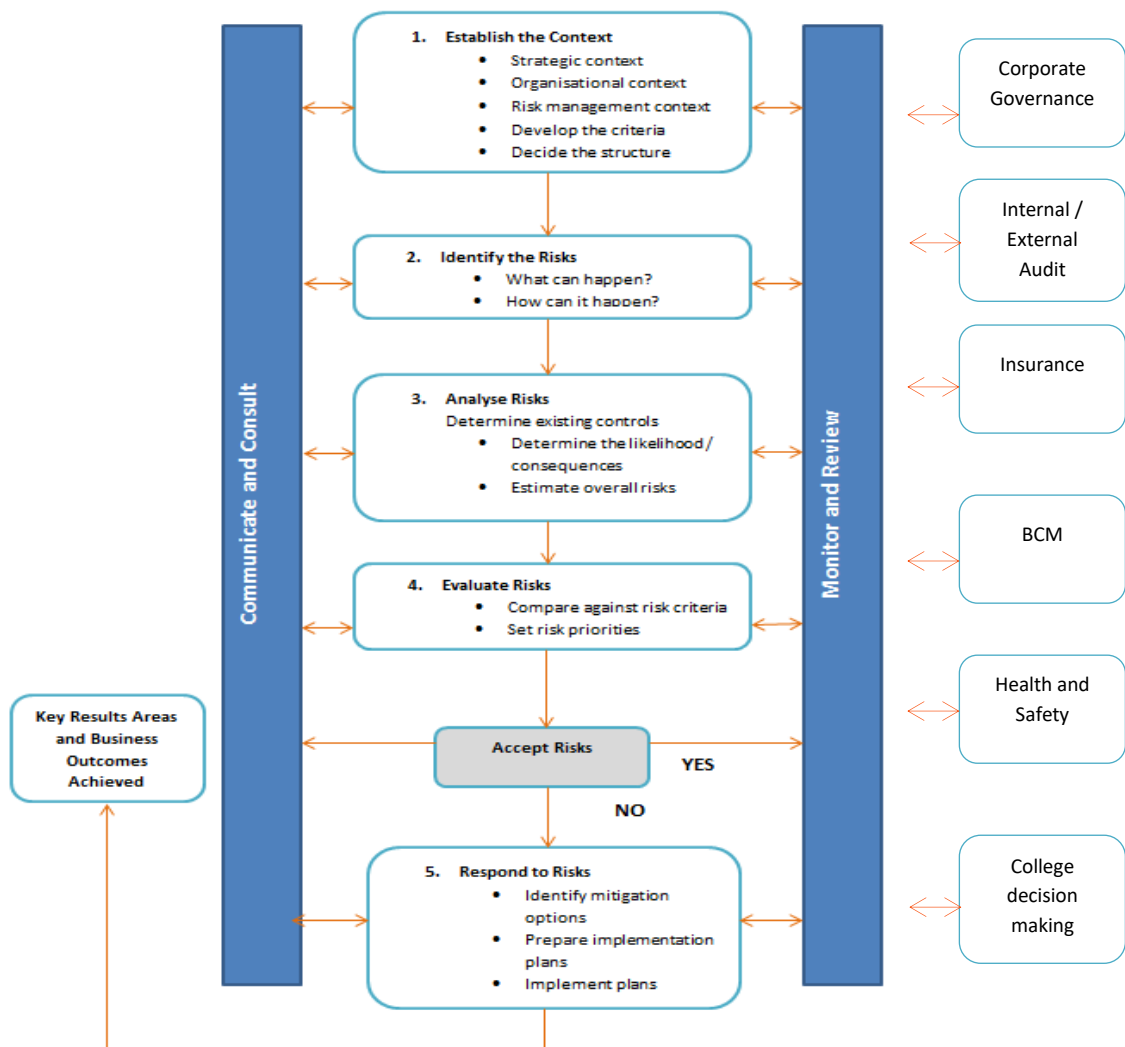
2.5 For the College, it is important to ensure partnerships and projects are considered in a Risk Management context, as well as core services. Where the College is involved in strategic projects and partnerships, it will look to develop joint risk management practices with relevant partners as required.

### 3. Risk Management Framework

3.1 The overall responsibility for ensuring the College has effective risk management framework is with the Board of Management but this is implemented and co-ordinated by the College Senior Management Team (SMT). Risk management at the College is closely aligned to corporate governance, internal/external audit, business continuity management (BCM), insurance, health and safety and occupational health and safety arrangements. These different elements act as support mechanisms for the delivery of the Risk Management Strategy at the College. Internal and external audit also plays a key role in scrutinising the mitigations and controls implemented by the College.

Figure 1 below summarises the overall College risk management framework:

**Figure 1 - Risk Management Framework**



## **Code of Corporate Governance**

- 3.2 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 the College strategic priorities and can only provide reasonable and not absolute assurance against material misstatement or loss.
- 3.3 The Board of Management has delegated the day-to-day responsibility to the Principal, as Chief Executive, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and asset.

## **Internal / External Audit**

- 3.4 Internal audit will assess the effectiveness of the College's internal controls and review risk management as part of the Corporate Governance arrangements. Internal audit will use the information on the Strategic Risk Register to inform their annual audit plan.
- 3.5 External audit will annually undertake an overall review of the corporate governance arrangements and processes of internal control in place at the College. Based on their audit work and the findings made by the internal auditors they will form an opinion on adequacy of the systems in place to comply with corporate governance requirements.

## **Insurance**

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

## **Business Continuity Management (BCM)**

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

## **Health and Safety**

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

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

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

## **Risk Implications – Decision Making Process**

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

3.12 The nature, impact and probability of these risks will vary depending on a wide range of circumstances or potential outcomes.

## 4. Risk Management Process and Approach

4.1 Risk management is a cyclical process – new risks emerging while old risks become obsolete – and is based upon the following basic workflow:

- a) Identification of Risks
- b) Risk Assessment and Evaluation
- c) Plan Mitigations
- d) Monitor and Control

4.2 The following sections explain in detail what each of the above steps require the College to undertake.

### Identification of Risks

4.3 The first step in the risk management process is risk identification. The process of risk identification will vary depending on context and the level at which risks are being assessed. For example, at organisational level, strategic risks should correlate with the key college objectives linked to the College Strategy 2019-2025 and should therefore be identified as part of the College planning process, which is cyclical. Similarly, at departmental level, risks should align with the key objectives set out in Operational Plans and should therefore be identified early as part of the planning process. Within a project setting, key risks should be identified at the start of the project lifecycle, during the project initiation/planning phase.

4.4 A variety of methods can be used for identifying risks. For example, sessions or workshops involving key stakeholders are common approaches. At project level, risk identification may be carried out using standardised checklists which identify risks commonly associated with project-based work, or by benchmarking against similar projects undertaken in the past.

- 4.5 The risk management process is cyclical and therefore risk identification is not a one-off exercise; it is a continuous process which is necessary to identify new risks that had not previously arisen, but which might affect the College's ability to achieve its objectives in the area under consideration.

### **Recording the Identified Risks**

- 4.6 All identified risks will be recorded in the Strategic Risk Register using the College's standardised risk register template (Appendix 2). Within the Strategic Risk Register there are several fields to populate.

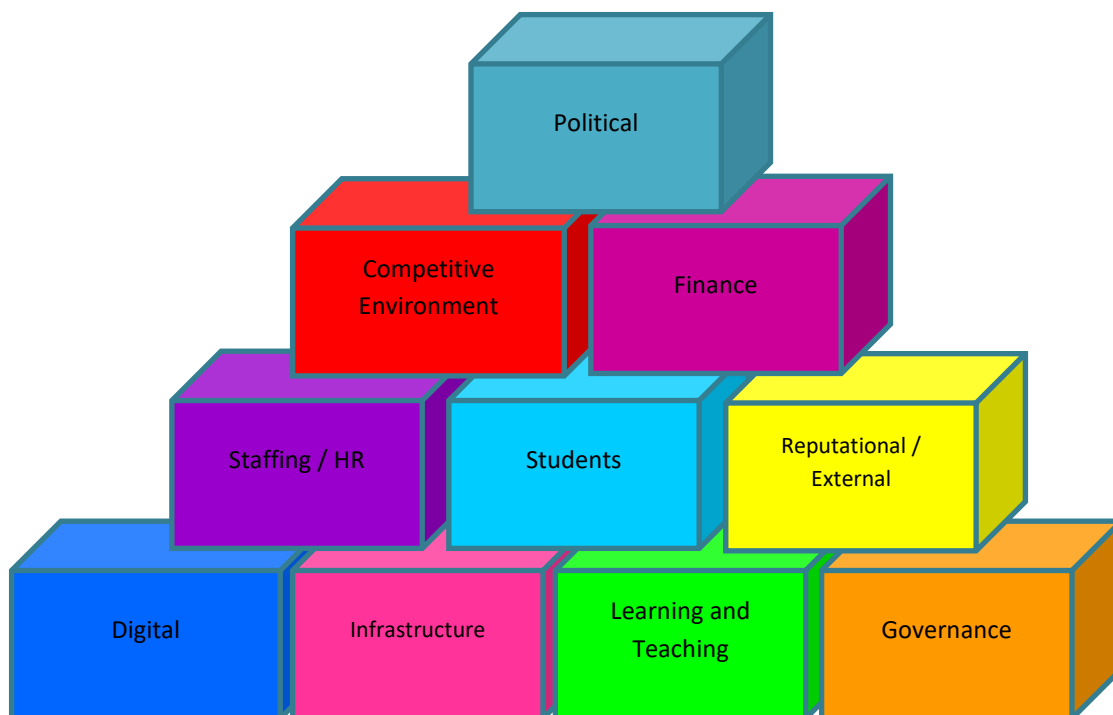
- 4.7 Each risk should have:

- a) A risk number and a title which should be concise but contain enough information to distinguish it from the others.
- b) A risk description containing information on the three composite parts of a risk; the cause, the risk event and the impact on the College Strategic Priorities:

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

- c) A list of which of the College Strategic Objectives is impacted by the identified risk.
- d) A specific risk category. The College classifies each risk according to one of ten categories as noted in figure 2 and Appendix 2 contains a full definition of each category.

**Figure 2 – Risk Categories**



Ideally, each risk will be allocated to only one category, according to its main criteria. For example, a risk associated with carbon management might be Governance or Infrastructure depending on the College's stated priority.

- e) An indication of the proximity of the risk occurring ranging from immediate through to medium or long term.
- f) A risk owner who is a member of the Senior Management Team that has been given the responsibility and authority to manage a risk/set of risks and is accountable for doing so.

4.8 The risk category is linked to the risk appetite that the College is willing to be exposed to and the methodology for arriving at the risk appetite is explained below.

4.9 The information collected and recorded within the Strategic Risk Register to this point should enable initial assessment and scoring of the risk.

### **Risk Assessment and Evaluation**

4.10 Risk assessment and evaluation takes account of various key components.



## Risk Appetite

4.11 The next step in the risk management cycle is to establish the risk appetite level that the Board of Management is willing to accept in pursuit of its Strategic Priorities.

4.12 The College accepts that it must take risks, to some extent, in order to achieve its Priorities and to realise expected benefits. The College is committed to ensuring that all risks taken will be proactively controlled and exposure will be kept to an acceptable level. The College acknowledges that the level of exposure carried by different activities will vary and its threshold for accepting varying levels of risk will change depending on the risk area under consideration, the specific objectives involved, the subsequent activities undertaken and the projected benefits.

4.13 However, the College is clear that it will reject or closely manage any activity that has the potential to cause significant financial or reputation harm to the institution, most notably where these might endanger the College's ongoing viability, its ability to achieve its key strategic priorities or its ability to meet its regulatory and/or legal obligations.

4.14 The College defines Risk Appetite based on the following categories:

<b><u>Classification</u></b>	<b><u>Description</u></b>
<b>AVERSE</b>	Avoidance of risk and uncertainty is a key organisational objective.
<b>MINIMALIST</b>	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
<b>CAUTIOUS</b>	Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward.
<b>OPEN</b>	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.)
<b>HUNGRY</b>	Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.

4.15 Based on these categories, the College's institutional baseline Risk Appetite is defined as 'cautious to open'. This means that, while maintaining a level of prudence, the College is generally willing to consider all options and will accept moderate levels of risk in the pursuit of its Priorities, albeit with a preference for options or activities that limit exposure, even if the rewards are likely to be similarly limited.

4.16 A full definition of the College risk appetite for each category of risk can be found at Appendix 3.

4.17 While a general appetite of cautious to open is in place, it is recognised that risk appetite will vary according to the Priorities pursued and the linked activities undertaken. For example, the College would give consideration to options or activities which carry elevated levels of risk, where it can be shown that the anticipated outcomes are realistically achievable, and likely to deliver enhanced benefits; acceptance of risk, irrespective of risk appetite, should always take account of the likely benefits an activity will deliver.

4.18 At a strategic level, risk appetite is applied to the College's identified risk areas as follows:

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

4.19 It should also be noted that risk appetite will likely vary according to context; for example, capital projects provide a different context and should be considered on individual merit, as projects are usually stand-alone, and fall out with the 'business as usual' activities of the College. Consequently, the College may be prepared to accept higher levels of risk for a project that will feasibly deliver transformative change or bring significant rewards.

### **Risk Scoring**

4.20 Risk scoring will be undertaken in the first instance to prioritise risks using a standard 6 by 4 semi-quantitative scale (shown in Figure 3) for risk probability and impact.

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

**Figure 3 - Risk Scoring Thresholds**

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

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

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

4.24 Each risk should be allocated two risk scores, as follows:

- Gross Risk Score
- Net Risk Score

4.25 The Gross Risk Score is populated and refers to the level of risk an activity would pose if no controls or mitigating actions were in place.

4.26 The Net Risk Score refers to the level of risk remaining after controls and mitigating actions are considered and should ideally reflect the applicable risk appetite.

4.27 Risks identified within the Strategic and Operational Risk Register will be plotted on a probability impact grid, as shown in figure 4 below, to provide a pictorial representation of risk exposure. Risks which fall into the upper boundary (Red RAG status) will be considered as critical for management attention and as greater than

the acceptable risk appetite. Efforts will be made to reduce risk exposure below the upper boundary.

**Figure 4 - Risk Probability Impact Grid**

Probability 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
		1	2	3	4
		Negligible	Marginal	Critical	Catasrophic

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

### Plan Mitigations

4.29 When considering the appropriate risk response, the controls already in place should be recorded under Controls in the Strategic Risk Register and potential mitigating actions should be identified, where applicable (i.e. where a risk requires treatment).

4.30 Mitigations actions should change or reduce either the probability of a risk materialising, or its impact if it does (or both) and they should also be recorded in the Strategic Risk Register assigned a responsible person/lead and set a target date for completion.

4.31 Taking account of the mitigations the Gross Risk Score should be re-assessed and revised, and a Net Risk Score agreed. The Net Risk Score should not be higher than the Gross Risk Score (either in terms of impact, or probability, or both), because again, it refers to the level of risk remaining after controls and mitigating actions are considered.

4.32 After mitigations and risk scores have been identified, the planning process is effectively complete, and the agreed plans should be taken forward for implementation.

4.33 Control strategies / plans may align with the categories below:

**Figure 5 – Risk Mitigation Measures**

Risk Response	Commentary
<b><u>Tolerating or Accepting the Risk:</u></b>	<p><del>The exposure may be tolerable without any further action being taken. It may be supplemented by contingency planning for handling the impacts that will arise if the risk is realised</del></p> <p><u>It is rarely possible or economically desirable to remove all risks entirely and, unless Terminated, all risks will eventually be accepted at some level. In addition, there are some risks over which the College has little or no control and some for which any management actions would be prohibitive in terms of resource; yet for valid reasons the College will continue with the activity. The important point is that these risks are identified, clearly understood and monitored. This option is frequently accompanied by a contingency plan for dealing with the impact that will arise if the risk is realised.</u></p>
<b><u>Transfer/Transferring or sharing the Risk:</u></b>	<p><del>Transfers the risk to a third party. Be aware that the entirety of a risk is practically impossible to transfer</del></p> <p><u>Some risks can be transferred to another body or organisation, for example- insurance, contractual arrangements, outsourcing and, partnerships.. Realistically, transferring all of a risk is extremely difficult to achieve effectively and is often confused with action ownership (where the risk is owned by entity A (who feels the pain if the risk comes about) but action to mitigate or control the risk lies with entity B. If the risk is Transferred, then care needs to be taken that the risk is actually transferred. However, some risks (for example reputation) cannot be transferred. It is important that how (to whom) the risk has been transferred.</u></p>

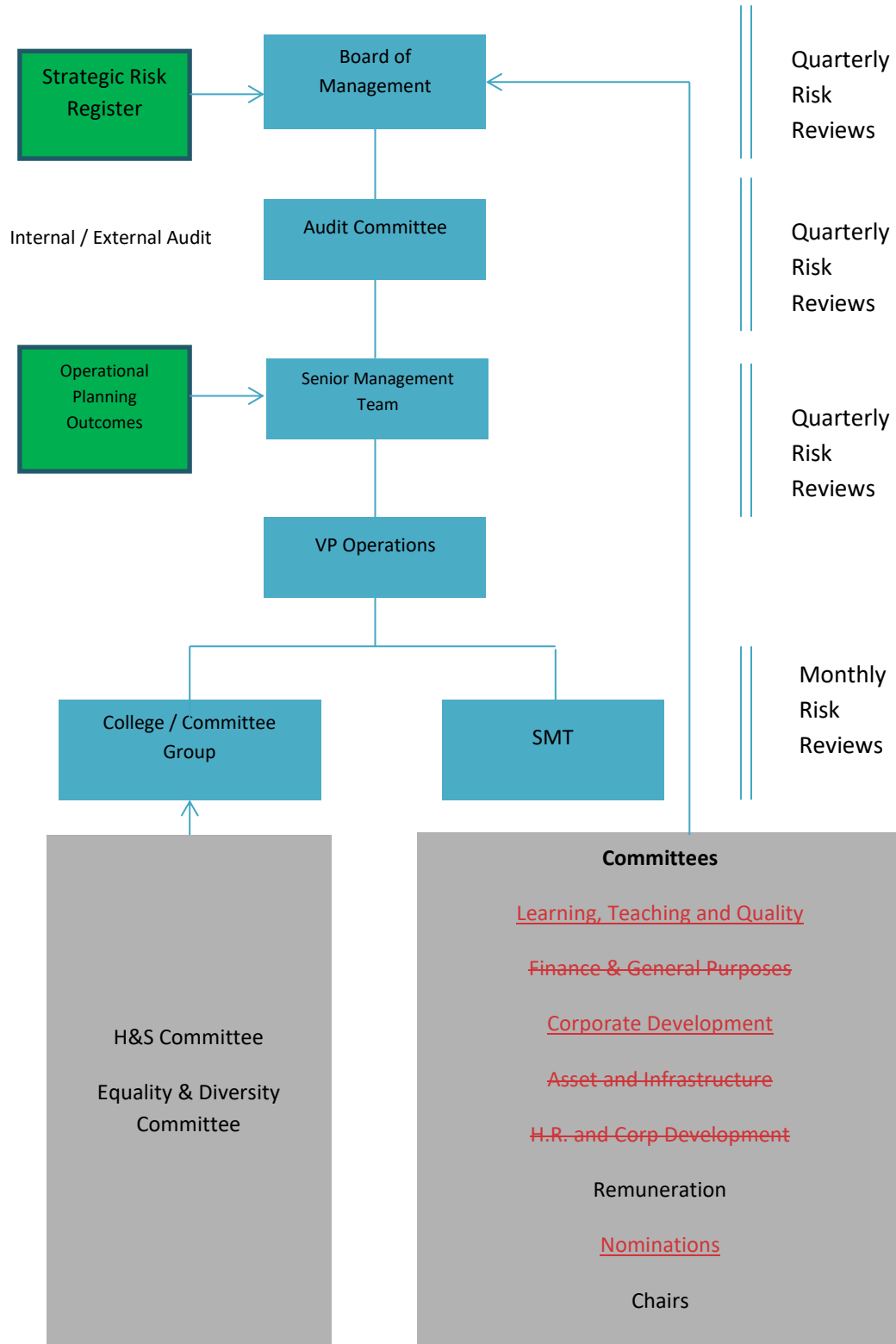
<p><b>Terminating or Avoiding the risk:</b></p>	<p><del>Some risks are only treatable by terminating an activity. Alternative plans and/or processes will require developing. Although unusual, it may be that a particular risk cannot be adequately controlled or transferred and the consequence or likelihood of such a risk being realised is such that it cannot be accepted. In this case the only course of action may be to eliminate the risk by ending all or part of a particular activity. In some instances, this may involve temporary suspension of an activity until the likelihood and/or impact of the risk has reduced for external reasons.</del></p>
<p><b>Treating or Controlling the Risk:</b></p>	<p><del>Action is taken to constrain the risk to an acceptable level. This includes reducing the probability of occurrence and/or the impact of the risk. It is usually possible to control a risk to an acceptable level and this is achieved by building control mechanisms into operational activities. Whichever strategy is adopted it is important that the controls are proportionate and cost effective. Where the decision is taken to mitigate a risk by introducing control measures it is also important that the operation is not impeded by over controlling in an attempt to completely eliminate a threat risk or realise an opportunity.</del></p>
<p><b>Take</b></p>	<p><del>Implement actions to exploit the identified opportunity</del></p>

## **Monitor and Control**

- 4.34 Risks should be monitored and controlled on an ongoing basis as part of the Risk Management Process. Responsibility for monitoring and control lies with the Risk Owner and should be ongoing at the appropriate levels.
- 4.35 Each of the elements of the Strategic Risk Register should be revisited on an ongoing basis; for example, mitigating actions should be regularly reviewed for their impact and effectiveness in controlling the risk and in reducing the risk score. Where a mitigating action is complete, it should be removed from the relevant column and where appropriate, referred to under Controls. Where a risk score has escalated, action should be taken to identify and implement control measures in order to reduce the risk score.
- 4.36 Reporting arrangements also provide an additional level of monitoring and control. At College level, the Board of Management will receive a high-level report on risk at each meeting. The report will provide a summary update on the risks included in the Strategic Risk Register, giving current risk scores and notification of any significant changes.
- 4.37 Each Board Committee will receive a report on all strategic risks for their consideration and review based upon the business undertaken at each Committee meeting.
- 4.38 The College Senior Management Team will receive reports on risk for the Strategic Risk Register. Risks at departmental level will be monitored and controlled as part of the operational planning process.



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



## 5. Measuring the Effectiveness of the Risk Management Process

### Internal Audit

5.1 As indicated, the Audit Committee must be satisfied as to the College's risk management arrangements and will receive the Strategic Risk Register at each of its meetings. The overall College risk management framework (of which this document is part) is also subject to review by the College's internal auditors both formally through the internal audit process and through the auditor's reliance on the College Strategic Risk Register in formulating Audit Needs Assessment. The College's external auditor also take account of the College Strategic Risk Register in planning their work.

### Review of Procedures

5.2 This Strategy will be reviewed at every three years and presented to the Board of Management for approval.

## **Appendix 1: Categories of Risk**

<b><u>Category</u></b>	<b><u>Description of Risk</u></b>
<b>1) Political</b>	Those affecting the College Strategic Priorities normally at a national political level.
<b>2) Competitive Environment</b>	Those affecting the competitiveness of the College to deliver its services in terms of cost, quality, ability to deliver best value and to attract customers / partners to the College.
<b>3) Finance</b>	Those related to financial planning and control and the adequacy of insurance cover.
<b>4) Staffing and HR</b>	Those affecting the recruitment, retention and morale of staff.
<b>5) Students</b>	Those affecting the recruitment, retention, attainment and morale of students.
<b>6) Reputational / External</b>	Those affecting the reputation of the College and/or external partnerships / projects / community in which the College is involved.
<b>7) Digital</b>	Those affecting the ability of the College to deliver the objectives set out in its Digital Strategy.
<b>8) Infrastructure</b>	Those affecting the College's physical assets including buildings and IT systems.
<b>9) Learning and Teaching</b>	Those affecting the successful delivery of the College's curriculum including student experience, performance and associated ROA targets.
<b>10) Governance</b>	Those that impose requirements on the College which could affect priorities / funding / reputation.

## Appendix 2 – Example of Format - College Strategic Risk Register Entry

Risk number	05	WCS 4
Risk description	<b><u>SFC Regional Outcome Agreement</u></b> 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.	
Net Risk Score	12	
Trend	↔	
Risk Owner	Principal	

## Appendix 3 – Risk Appetite Statement

The College's approach is to minimise its exposure to Finance, Political and Governance risks, whilst accepting and encouraging an increased degree of risk in pursuit of its mission and objectives. It recognises that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

The College's appetite for risk across its activities is provided in the following statements:

### **(3) Finance**

The College aims to maintain its long-term financial viability and its overall financial strength. Whilst targets for financial achievement will be challenging the College has a minimalist appetite for risk that puts in peril the long-term sustainability of the College.

### **(1) Political**

The College aims to make a significant, sustainable, and socially responsible contribution to the West of Scotland and to Scotland through education, knowledge exchange and operational activities. It recognises that this should involve a cautious approach to political risk and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

### **(10) Governance**

The College places great importance on governance, and has no appetite for any breaches in statute, regulation, professional standards, bribery or fraud. It wishes to maintain accreditations related to courses or standards of operation and has cautious appetite for risk relating to actions that may put accreditations in jeopardy.

***The above statements take priority over the statements of areas of risk appetite below.***

### **(2) Competitive Environment**

The College wishes to be amongst the leaders in transforming knowledge, ideas, skills and expertise into teaching, innovation and enterprise, thereby enriching our stakeholders and wider society. It recognises that developing this may involve an increased degree of risk and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

#### **(4) Staffing and HR**

The College aims to value, support, develop and utilise the full potential of our staff to make the College a stimulating and safe place to work. It places importance on a culture of equality and diversity, dignity and respect, collegiality, annual reviews, the development of staff, and the health and safety of staff, students and visitors. It recognises that in fulfilling the potential of the College staff, this may involve an increased degree of risk and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood before any deviation from its standards in these areas are authorised and that sensible measures to mitigate risk are established.

#### **(5) Student**

The College aims to ensure that we recruit the correct student onto the correct course, retain those students and ensure that they have a productive time at College. It recognises that in order to compete with other institutions that it must accept an increased degree of risk in order to attract and retain those students. It is comfortable in accepting this risk subject to a) limitations imposed by ethical considerations, and b) ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

#### **(6) Reputational / External**

It is regarded as critical that the College preserves its high reputation whilst at the same time it is open to exploring new / innovative external partnerships. The College has an open appetite for risk in the conduct of any of its activities that puts its reputation in jeopardy, could lead to undue adverse publicity, or could lead to loss of confidence by the political establishment and funders of its activities.

#### **(8) Infrastructure (including estate projects, IT and equipment)**

Major change activities are required periodically to develop the College, and to adapt to changes in the regulatory and technological environment and in the nature and conduct of the College's activities. The College expects such changes to be managed according to best practice in project and change management but given the operating environment in which it operates has open appetite for investment in this area where the benefits can be shown to outweigh the costs.

## **(9) Learning and Teaching**

The College wishes to stimulate students to develop a wish to engage in lifelong learning, encourage an independent attitude and an aspiration to achieve success. It recognises that this should involve an increased degree of risk in developing education and the student experience and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

## **(7) Digital**

The College wishes to be at the leading edge in the digital arena and wishes to grow its digital ambitions. It recognises that that this will involve an increased degree of risk in developing digital solutions and is comfortable in accepting this risk subject to a) limitations imposed by financial considerations, and b) ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

## Appendix 4 – Equality Impact Assessment

**Name of policy/procedure/decision:** Risk Management Strategy

**Provide a brief summary of the aims of the policy/procedure/decision and main activities:**

This Strategy has been developed to Integrate risk management into the culture of the College and to manage risk in accordance with best practice.

**Assessed By:** Clare Fraser **Date:** 21 December 2020

**This stage establishes whether a policy, procedure or decision will have a differential impact from an equality perspective on people who share protected characteristics or whether it is “equality neutral” (i.e. have no effect either positive or negative).**

**1. Who will benefit from this (students/staff/stakeholders)? Is there likely to be a positive impact on people who share protected characteristics, and if so, how? Or is it clear at this stage that it will be equality “neutral”? i.e. will not have a differential impact on any equality group/s?**

This Strategy has limited relevance to equality, diversity and inclusion and there is no indication of a differential impact on protected groups.

**2. Is there likely to be an adverse impact on people who share protected characteristics? If so, who may be affected and why? Or is it clear at this stage that it will be equality “neutral”?**

There is no likelihood of an adverse impact – equality neutral.

**3. What action will you take to ensure that you are monitoring the impact of this policy?**

In the event of any risks involving equality and diversity, the Director OD & HR and/or the EDI Manager will be involved to ensure that best practice guidelines are followed.



**TITLE: REVIEW OF THE 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 updated on 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 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

**Status:** Open

## 1. Risk Management Strategy

- 1.1 The College Risk Management Strategy details and communicates the College's approach to risk management and assurance. It is an integral part of the College's internal control and corporate governance arrangements. The current Risk Management Strategy was approved in December 2020 and is updated annually to reflect required changes.

## 2. Development of the College Risk Management Framework

- 2.1 The College Strategic Risk Register has now been fully migrated to the Pentana Management System with all members of the Senior Management Team (SMT) having access to the online register. Each risk has been assigned to a member of the Executive who is responsible for maintaining the overall risk. All the mitigating controls have been assigned to a member of the SMT, who are responsible for maintaining the control and ensuring it is operating as intended.

### Operational Planning and Risk

- 2.2 The College is in the process of launching its Operational Planning cycle for 2021 and beyond and as part of that work, risk will play a key role. The Sectors/Departments will be required to identify if any of their planned activities are likely to either impact upon the current strategic risks or if the activities are likely to create a new strategic risk. The SMT will consider the output from the Operational Plans during the summer of 2021 and make any required amendments to the Strategic Risk Register for the start of 2021-22 academic year.
- 2.3 In addition, the Sectors/Departments will be requested to identify where their planned activities could be considered as a mitigating control to any of the Strategic Risk currently faced by the College.

### Internal Audit Recommendation

- 2.4 As part of the work they carried out in 2019-20 on Assurance Mapping, the College internal auditors recommended that *'The College consider including a section on its risk register relating to actions to improve/mitigate the risk further. We also recommend that the College considers, as a longer-term goal, including a target status for the risk.'*
- 2.5 The SMT and Audit Committee have previously considered this recommendation and agreed to proceed as follows:
- a) While responsibility for the management and mitigation of an overall risk remains with a member of the College Executive, mitigating controls have been assigned to a member of the SMT and it is for that member to ensure that the control is updated and operating as required. The SMT review these on a quarterly basis, in advance of the Committee cycle, and consider the operation of the allocated controls. Should any actions be required these will be undertaken by the relevant member of the SMT.

- b) Regarding the setting of a target status for the risk, it was agreed that the current control and review processes that are in place are sufficient to ensure a robust risk management process. The setting of target risk may be considered in future.

### **3. College Strategic Risk Register Update and Considerations**

- 3.1 The College Strategic Risk Register was approved at the December 2020 Board of Management meeting. A copy of the current register is attached at *Appendix A*.
- 3.2 The SMT has continued to review the Strategic Risk Register.
- 3.3 In carrying out the review process, the following removals, additions and amendments have been made to the Strategic Risk Register:

#### **3.3.1 Removal of Risks**

- **Brexit (WCS11) – previous risk register ranking (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.*

On reviewing the Strategic Risk Register the SMT were of the view that this risk related to the impending Brexit timeline, which has now passed. The view is that any impacts post 1 January 2021 will now form part of the normal operations of the College and be managed in that way. As such the mitigating controls have been transferred in the main to (1) SFC Funding and Funding Methodology and (5) Alternative Income Growth, with the overall risk of Brexit impacts now being removed from the register.

- **General Data Protection Regulations – previous risk register ranking (13)**

*Inability to ensure a holistic response to data and information governance, including compliance with the General Data Protection Regulations (GDPR).*

On reviewing the Strategic Risk Register the SMT were of the view that the College has a successful track record of dealing with data requests and compliance matters. The GDPR Working Group has had ongoing oversight of the College data management governance arrangements and it has no issues to report. The operation of responding to information requests is now a core part of the College business. Based on these factors the SMT considers that this risk should be removed from the register.

### 3.3.2 New Risks

- **Risk 10 - Cyber Resilience (WCS15)**

*The College fails to properly prepare for either an internal or external cyber-attack due to poor procedures or system failures resulting in a loss of data, funding and/or stakeholder trust.*

Gross Risk Score	15	Impact 3 x Probability 5
Net Risk Score	12	Impact 3 x Probability 4

The recent cyber-attack on the College highlighted the ongoing and increasing risk threat faced by the College to its operations. The SMT believe this risk should be recorded separately whereby previously it was encapsulated within the 'Business Continuity / Cyber Resilience Planning (WCS07)' risk.

The College has included the current mitigating actions which are being undertaken to address this risk including the renewal of the Cyber Essentials Plus accreditation along with the work being carried out following the recent cyber-attack. The gross risk score of 15 places the risk at the top of the medium risk faced by the College, the work being undertaken to mitigate the probability of a future attack is believed to reduce the net score to 12.

### 3.3.3 Amendment to Risks

- **Risk 03 - Estates and IT Investment (WCS02)**

**a) Previous Risk Register Entry**

**(04) Estates maintenance / capital funding (WCS02)**

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

Gross Risk Score	20
Net Risk Score	16

**b) Revised Risk Register Entry**

**(03) Estates maintenance / capital funding (WCS02)**

*Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure resulting in increased maintenance costs or loss of students due to failing facilities.*

Gross Risk Score	20	Impact 4 x Probability 5
Net Risk Score	16	Impact 4 x Probability 4

The risk description has been revised to include the impact of an increase in maintenance costs (both estate and IT related) and the potential loss of students due to poor facilities. This point was highlighted in the Financial Statements Annual Audit Report. The mitigating actions have been updated to reflect the actions being taken by the College to address this overall risk.

- **Risk 04 - Impact upon Business Continuity Planning of Covid-19 pandemic (WCS07)**

**a) Previous Risk Register Entry**

**(01) Business Continuity / Cyber Resilience Planning (WCS07)**

*Inadequate business continuity / cyber resilience planning leading to material interruptions to service delivery primarily resulting from Coronavirus epidemic.*

Gross Risk Score	24
Net Risk Score	24

**b) Revised Risk Register Entry**

**(04) Impact upon Business Continuity Planning of Covid-19 pandemic (WCS07)**

*A material interruption to the service delivery of the College caused by inadequate business continuity planning, resulting in failure to deliver learning and teaching and achievement of required funding outcomes.*

Gross Risk Score	24	Impact 4 x Probability 6
Net Risk Score	15	Impact 3 x Probability 5

The previous Strategic Risk Register had as the top risk faced by the College 'Business Continuity / Cyber Resilience Planning'. However, due to the continuing and potentially long-lasting impact of the Covid-19 pandemic on the operations of the College, the SMT felt that the impact of the pandemic further impacting the College warranted the risk to be included.

The mitigation actions have been updated to reflect the work undertaken by staff across the College to ensure that core learning and teaching continues to be effectively delivered despite the impacts of Covid-19. As the College has now been operating effectively for a year it was felt that the mitigating actions have worked as planned, and the probability and impact of future challenges should be reduced.

- **Risk 05 - Alternative Income Growth (WCS11)**

**a) Previous Risk Register Entry**

**(11) Alternative Income Growth (WCS11)**

*Ability to generate consistent levels of alternative income or to grow alternative income streams*

Gross Risk Score	12
Net Risk Score	9

**b) Revised Risk Register Entry**

**(05) Alternative Income Growth (WCS11)**

*An inability to generate consistent levels of alternative income or to grow alternative income streams due to impact of external factors impacting College delivery plans results in loss of income and failure to deliver College ROA objectives.*

Gross Risk Score	24	Impact 4 x Probability 6
Net Risk Score	15	Impact 3 x Probability 5

The ability of the College to generate consistent levels of alternative income is core to the delivery of the College adjusted operating surplus each year. With the ongoing and recurring impact of the global pandemic affecting both domestic and international funding streams, the SMT have therefore revised the gross risk score to the highest score available highlighting the critical nature of this risk.

The mitigating controls have been updated to reflect the work being undertaken by the College to address this risk.

- **Risk 8 - Digital Ambitions and IT Systems (WCS06)**

- a) **Previous Risk Register Entry**

- (08) IT Systems and Infrastructure (WCS06)**

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

- b) **Revised Risk Register Entry**

- (08) Digital Ambitions and IT Systems (WCS06)**

- Failure to adequately maintain or acquire and use IT systems and infrastructure effectively results in a failure to deliver / support the digital ambitions of the College.*

The risk wording has been updated to include the word *adequately*. The gross and net risk scores have not been changed.

- **Risk 13 - Estates Investment Works (WCS14)**

*Normal business activities are unduly affected due to the complexity of sequencing estates investment works.*

Gross Risk Score	8	Impact 4 x Probability 2
Net Risk Score	4	Impact 2 x Probability 2

The SMT have reviewed the net risk score of this risk and have reduced it from 6 to 4. Given the reducing level of estate maintenance funding and the past position of the Estates Team in delivering estate works without unduly affecting normal College operations, the reduction in the impact score from 3 to 2 was acceptable.

- **Overall Mitigating Controls**

The mitigating controls across all risks have been reviewed by the responsible member of the Senior Management Team and where appropriate the controls have been updated or removed.

## **4 Conclusion**

4.1 The Audit Committee is requested to:

- note 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**

**Proximity:** when might the risk occur.

Description	Timing
Immediate	Now
Medium-term	Within three to six months
Longer-term	Greater than 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
<b>Probability</b>		Negligible	Marginal	Critical	Catastrophic

**Risk Score:** the overall risk level.

Risk level	Score	Description
High	16 - 24	Unacceptable level of risk exposure that requires a review of controls and immediate mitigating action
Medium	6 - 15	Acceptable level of risk exposure subject to regular monitoring
Low	1 - 5	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
<b>AVERSE</b>	Avoidance of risk and uncertainty is a key organisational objective.
<b>MINIMALIST</b>	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
<b>CAUTIOUS</b>	Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward.
<b>OPEN</b>	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.).
<b>HUNGRY</b>	Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.



## Top 5 Strategic Risk Summary

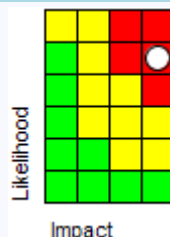


Risk No.	Risk Title	Risk Description	Proximity	Prior	Current	Trend since last report
01 WCS01	SFC Funding and Funding Methodology	Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.	Immediate	24	24	
02 WCS03	Estate Strategy	Failure to deliver Estate Strategy 2016–2026 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.	Longer-term	20	20	
03 WCS02	Estate and IT Investment	Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure resulting in increased maintenance costs or loss of students due to failing facilities.	Medium-term	20	16	
04 WCS07	Impact upon Business Continuity Planning of Covid-19 pandemic	A material interruption to the service delivery of the College caused by inadequate business continuity planning, resulting in failure to delivery learning and teaching and achievement of required funding outcomes.	Medium-term	24	15	
05 WCS11	Alternative Income Growth	An inability to generate consistent levels of alternative income or to grow alternative income streams due to impact of external factors impacting College delivery plans results in loss of income and failure to deliver College ROA objectives.	Longer-term	18	15	

# Corporate Strategic Risk Register

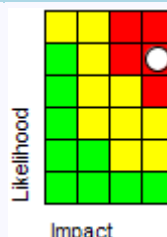
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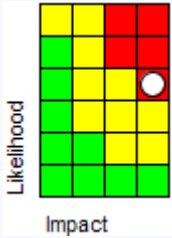

<b>Risk Code &amp; Title</b>	01 WCS01 SFC Funding and Funding Methodology	
<b>Risk Summary</b>	Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.	
<b>Risk Category</b>	Finance	
<b>Risk Appetite</b>	Minimalist	
<b>Proximity</b>	Immediate	
<b>Probability &amp; Impact</b>	6	4
<b>Gross Risk Score</b>	24	
<b>Mitigating Controls</b>	Detail of 2020–21 SFC core funding for teaching, estate and student funding confirmed. Ongoing engagement with SFC on funding for estate investment and support for voluntary severance programme.	
	College Transformation Plan agreed with SFC to take effect from 2020–21 onwards and funding / credit level confirmed by SFC to support this. Requirement for College to deliver 2020–21 curriculum activity in accordance with the agreed Business Transformation Plan. Further discussions to take place with the SFC regarding the curriculum delivery model required for 2021–22 in order to meet Transformation Plan requirements.	
	Estates Strategy 2016–2026 includes objective to improve / rationalise the College estate utilising estate maintenance funding. Annual Estate Strategy update provided to the relevant Board Committee which includes progress towards achievement of objectives. The Estates Strategy is currently being refreshed and the current plan is that an update will be provided to the Corporate Development Committee later in 2021, assuming lockdown restrictions ease and enable engagement with staff and students to take place.	
	Commercial Development and Credit Group monitor current and future curriculum delivery plans including credit delivery and staffing requirements. Report provided to each SMT meeting on credit activity.	
	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.	


	During 2020 the College undertook a review of the possible impacts of Brexit on College operations. This review was discussed at senior management level and with relevant Board Committees. At this early stage the Brexit transition has not immediately impacted on College funding, however this will require to be kept under review as EU funding streams will expire over the coming period and alternative funding and the nature of it remains to be confirmed by Government.	
	The College is a member of a sector working group on Brexit allowing access to latest intelligence specific to the College sector. The College continues to consider and review developments especially in relation to students / staff and access to exchange programme funding.	
	On-going liaison with SFC on future funding arrangements post 31 July 2023 when current ESF funding is due to end.	
	Break-even adjusted operating position (excluding the costs of voluntary severance) budget approved for 2020-21 by the Board of Management on 20 July 2020 along with 3-year financial scenario plan. 2020-21 forecast is monitored by SMT and quarterly by the Board of Management through provision of management accounts.	
Probability & Impact Scores	6                      4	
Net Risk Score	24	
Trend		
Managed By	Vice Principal Operations; Vice Principal Educational Leadership	

Risk Code & Title	02 WCS03 Estate Strategy		
Risk Summary	Failure to deliver Estate Strategy 2016–2026 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.		
Risk Category	Infrastructure		
Risk Appetite	Open		
Proximity	Longer-term		
Probability & Impact	5	4	
Gross Risk Score	20		
Mitigating Controls	Board approved Estate Strategy 2016–2026, with the relevant Board Committee receiving an annual implementation update which highlights the need for required estate investment for consideration by SFC and Scottish Government on an ongoing basis. The Estate Strategy is currently being refreshed and the current plan is that an update will be provided to the Corporate Development Committee later in 2021, assuming lockdown restrictions ease and enable engagement with staff and students to take place.		
	Outline Business Cases for Paisley and Greenock estate submitted to the SFC. Update on progress made in relation to OBCs made to each Corporate Development Committee meeting including engagement with SFC and local councils. The College has now received funding from the SFC to undertake a refresh of the Greenock OBC during 2021. During February 2021 SFC have also provided the College with a draft scope and timeline for a curriculum review exercise to be undertaken with partners, with this being stated as a requirement by SFC to progress the Paisley OBC further – the scope is currently under review.		
	Update report provided to each meeting of the Corporate Development Committee which indicates how the College has prioritised the use of SFC estate maintenance funding to address the College 2019 Estate Condition Survey results.		
	Corporate Development Committee receive an Update Report at each meeting on College engagement with stakeholders including SFC, Scottish Futures Trust, local councils and other key stakeholders.		
Probability & Impact Scores	5	4	
Net Risk Score	20		
Trend			
Managed By	Vice Principal Operations		

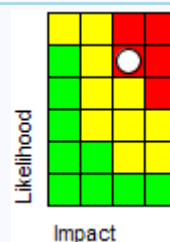





Risk Code & Title	03 WCS02 Estate and IT Investment		
Risk Summary	Failure to secure adequate estates maintenance / capital funding for future investment or refurbishment of IT and physical infrastructure resulting in increased maintenance costs or loss of students due to failing facilities.		
Risk Category	Infrastructure		
Risk Appetite	Open		
Proximity	Medium-term		
Probability & Impact	5	4	
Gross Risk Score	20		
Mitigating Controls	Corporate Development Committee receive reports on levels of SFC estate maintenance funding and planned level of expenditure compared to need, and how the College is prioritising the use of the amount allocated to it.		
	The College regularly engages both formally and informally with both Renfrewshire and Inverclyde Councils and wider partners to discuss opportunities for development of College facilities. Update report on progress provided to Corporate Development Committee at each meeting.		
	The College completed an estate condition survey in 2019 to provide up to date information of the investment required to bring the estate to Condition B status and to maintain it at this level. A presentation on the 2019 results was made to March 2020 A&I Committee and the detail of this provided to the Board of Management. SFC have received a copy of the condition survey report and presentation for their information as well as being updated by the Vice Principal Operations. A Board of Management development session to consider estates challenges and opportunities was undertaken on 28 October 2020 with the outcomes being reported to the December 2020 A&I Committee along with the next steps.		
	Outline Business Cases for Paisley and Greenock submitted to the SFC following Board of Management approval. College has agreed in principle with the SFC to proceed with wider curriculum horizon scanning exercise to allow the College to provide holistic approach to curriculum delivery across the regions it serves. The College has now received funding from the SFC to undertake a refresh of the Greenock OBC during 2021. During February 2021 SFC have also provided the College with a draft scope and timeline for a curriculum review exercise to be undertaken with partners, with this being stated as a requirement by SFC to progress the Paisley OBC further – the scope is currently under review.		
	College Estate Strategy 2016–2026 submitted to SFC highlighted significant need of investment in College. Annual update report on implementation and progress provided to Corporate Development Committee. SFC formally updated at least twice a year on estate challenges faced by the College.		

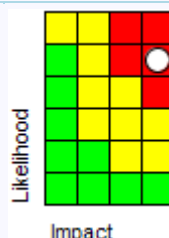
Probability & Impact Scores	4	4	
Net Risk Score	16		
Trend			
Managed By	Vice Principal Operations		

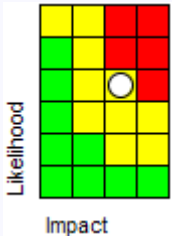

<b>Risk Code &amp; Title</b>	<b>04 WCS07 Impact upon Business Continuity Planning of Covid-19 pandemic</b>	
<b>Risk Summary</b>	A material interruption to the service delivery of the College caused by inadequate business continuity planning, resulting in failure to delivery learning and teaching and achievement of required funding outcomes.	
<b>Risk Category</b>	Reputational/External	
<b>Risk Appetite</b>	Open	
<b>Proximity</b>	Medium-term	
<b>Probability &amp; Impact</b>	6	4
<b>Gross Risk Score</b>	24	
<b>Mitigating Controls</b>	<p><a href="#">Business Continuity Planning Documents on Intranet</a> and available to all staff. College incident management plan reviewed annually and updated as required. Quarterly scenario testing involving teaching and support staff facilitated by external professional risk manager from Zurich Municipal.</p> <p>Under normal circumstances business continuity scenario planning sessions are undertaken on a quarterly basis with involvement from both teaching and support staff. These sessions are externally facilitated by Zurich Municipal risk staff and the sessions and lessons learned shared with staff via the Business Continuity Team page.</p> <p>The impact of Covid-19 has seen the creation of a College Covid-19 response group along with an operational Mobilisation Group. Both groups include members from teaching and support staff, unions and student representatives. The work of these groups has superseded the quarterly scenario sessions for the 2020-21 year.</p> <p>College Mobilisation Group continues to operate to oversee operational issues related to Covid-19. Group is chaired by the Director of Infrastructure and has representatives from staff, unions and Student Association. The Group meets weekly and reports to an Executive Group led by the Principal who oversees the overall College Covid-19 response.</p> <p>Good interaction with staff, trade unions and Student Associations with regular meetings taking place and information being supplied to all parties on a timely basis normally via the College intranet, with the use of the Homeworking Times publication being key.</p> <p>Continued engagement with Scottish Funding Council, Skills Development Scotland and other funding bodies to gain clarity on future funding and determine impacts upon College financial sustainability.</p> <p>The College has complied with the third lockdown requirement as from 26 December 2020. Actions taken in response to the lockdown include:</p> <ul style="list-style-type: none"> <li>– continued development of online materials across all areas of learning and teaching;</li> <li>– continued dispersal of IT equipment to support students where there is an identified need;</li> <li>– engagement with SFC and awarding bodies to assess the impact of the deferral of teaching activity on student achievement of qualifications; and</li> <li>– on-going monitoring of supply chains based upon risk analysis supplied by APUC.</li> </ul>	




	The delivery of the work streams associated with the College Digital Strategy will ensure that the needs of both students and staff are addressed in relation to learning and teaching and delivery of support services.	
	The College has a strategic approach to health and wellbeing provision, in order to structure our holistic approach to health promotion we have developed the PROSPER framework. The PROSPER framework has been formed to be the backbone of our Employee and Student Health and Wellbeing Strategies launched in December 2019. The PROSPER framework is at the core of everything that we do as a College and we are confident that we have a sustainable and strategic approach which recognises different dimensions of health promotion.	
	The College has a wealth of health improvement initiatives in place and through the Healthy Lives Working Group continue to have a proactive response linked to the our operating environment. The group reports to both the Equality, Diversity and Inclusion Committee and Health & Safety Committees.	
	Student Health and Wellbeing strategy: <a href="https://www.westcollegescotland.ac.uk/media/213570/student-health-wellbeing-strategy.pdf">https://www.westcollegescotland.ac.uk/media/213570/student-health-wellbeing-strategy.pdf</a>	
	Student Intranet pages for HWL: <a href="http://student.westcollegescotland.ac.uk/index.php/advice/corona-virus/">http://student.westcollegescotland.ac.uk/index.php/advice/corona-virus/</a> Staff Health and Wellbeing strategy: <a href="https://intranet.westcollegescotland.ac.uk/reference/reference/Health%20and%20Wellbeing%20Strategy.pdf#search=prosper">https://intranet.westcollegescotland.ac.uk/reference/reference/Health%20and%20Wellbeing%20Strategy.pdf#search=prosper</a>	
Probability & Impact Scores	5	3
Net Risk Score	15	
Trend	↓	
Managed By	Vice Principal Operations	



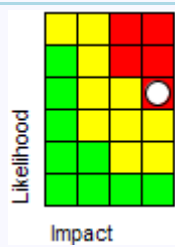
<b>Risk Code &amp; Title</b>	<b>05 WCS11 Alternative Income Growth</b>	
<b>Risk Summary</b>	An inability to generate consistent levels of alternative income or to grow alternative income streams due to impact of external factors impacting College delivery plans results in loss of income and failure to deliver College ROA objectives.	
<b>Risk Category</b>	Competitive Environment	
<b>Risk Appetite</b>	Open	
<b>Proximity</b>	Longer-term	
<b>Probability &amp; Impact</b>	6	3
<b>Gross Risk Score</b>	18	
<b>Mitigating Controls</b>	Alternative income plans, targets and activities developed annually as part of the Operational Planning Process and shared across the College. Income plans and ambitions are in response to requirements of College Transformation Plan objectives. Reporting and monitoring on activity and progress is subject to review by HR and Corporate Development Committee.	
	2020-21 alternative income budget and forecast agreed and monitored by the HR and Corporate Development Committee.	
	Operation planning combined with Curriculum Development Planning procedure used to identify potential opportunities for income growth.	
	The College has a detailed Budget and 3 Year Financial Plan in place in accordance with Audit Scotland requirements. The budget is reviewed monthly and the annual forecast is updated based upon the latest intelligence.	
	Commercial Development and Credit Group meet twice a month to review budget / create forecast and address challenges of delivering alternative income.	
	Update report provided to HR and Corporate Development Committee on partnership working with local employers and stakeholders.	
	Adaption of course portfolio to meet student / employer needs.	
<b>Probability &amp; Impact Scores</b>	5	3
		
<b>Net Risk Score</b>	15	
<b>Trend</b>		
<b>Managed By</b>	Vice Principal Educational Leadership	


Risk Code & Title	06 WCS04 SFC Regional Outcome Agreement		
Risk Summary	Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource, competition and challenging economic environment due to Covid-19, results in future credit and/or funding adjustments.		
Risk Category	Learning and Teaching		
Risk Appetite	Open		
Proximity	Longer-term		
Probability & Impact	5	4	
Gross Risk Score	20		
Mitigating Controls	During 2020 the College undertook a review of the possible impacts of Brexit on College operations. This review was discussed at senior management level and with relevant Board Committees. At this early stage the Brexit transition has not immediately impacted on College funding, however this will require to be kept under review as EU funding streams will expire over the coming period and alternative funding and the nature of it remains to be confirmed by Government.		
	The College is a member of a sector working group on Brexit allowing access to latest intelligence specific to the College sector. The College continues to consider and review developments especially in relation to students / staff and access to exchange programme funding.		
	On-going liaison with SFC on future funding arrangements post 31 July 2023 when current ESF funding is due to end.		
	Effective ROA monitoring and reporting procedures in place, including operational planning process, and monitoring through the Board of Management and all Committees.		
	Regular contact and review meetings with local authorities and schools to access attainment funding in support of College activities.		
	Detailed curriculum development planning and review process which was subject to positive review by internal audit.		
	Blended approach to delivery of teaching and learning including online learning allowing College to address changes in recruitment and delivery.		
	Curriculum offering is reviewed to ensure employer and student needs are met and appropriate courses delivered.		
	2020-21 Interim ROA finalised following receipt of revised SFC guidance on monitoring of 2020-21 outcomes given impact of Covid-19. Board of Management approved Interim 2020-21 ROA at February 2021 meeting and document submitted to SFC. Changes to ROA have been reported to Board of Management and individual Committees made aware of ROA objectives relevant to their remit.		
	College Marketing Plan ensures that the College is seen as the place to come to be educated. Internal communication plans subject to internal audit review with limited number of recommendations for		

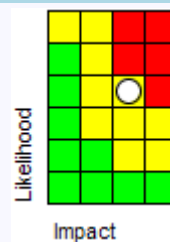
	improvement. External communications plan will be subject to an internal audit review as part of 2020-21 audit plan.	
Probability & Impact Scores	4                      3	
Net Risk Score	12	
Trend		
Managed By	Chief Executive and Principal	


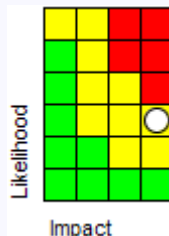

<b>Risk Code &amp; Title</b>	07 WCS05 National Pay Bargaining	
<b>Risk Summary</b>	Impact and outcome of National Pay Bargaining for both teaching and support staff has an adverse effect on either efficiency of delivery or budget.	
<b>Risk Category</b>	Staffing and HR	
<b>Risk Appetite</b>	Open	
<b>Proximity</b>	Medium-term	
<b>Probability &amp; Impact</b>	6	3
<b>Gross Risk Score</b>	18	
<b>Mitigating Controls</b>	College representation and involvement at senior level in national Employers Association and national joint negotiating committee (NJNC). Update reports provided to both SMT and Board of Management Committees.	
	Financial impact assessment / planning scenarios on the impacts of National Bargaining included within the planning of 2020–21 budget and three-year forecast. Senior staff (David Alexander / Alan Ritchie) active participants in the teaching and support national bargaining groups and therefore fully informed of impacts of national bargaining.	
	The College <a href="#">Business Continuity Plan Team Page</a> contains full information of the Policies and Practices undertaken by the organisation to address threats to the continuation of business as normal. As part of these considerations the impact of industrial action has been considered and specific action plans are in place to address any direct impacts.	
	Local trade union consultation and negotiating committees for support and teaching staff continuing to meet on a regular basis to maintain positive College industrial relations.	
	Workforce planning being carried out at departmental level based on national agreements. Results of latest round of planning incorporated into Human Resources Annual Report 2019.	
<b>Probability &amp; Impact Scores</b>	4	3
		
<b>Net Risk Score</b>	12	
<b>Trend</b>		
<b>Managed By</b>	Chief Executive and Principal	





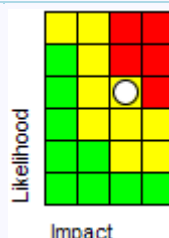
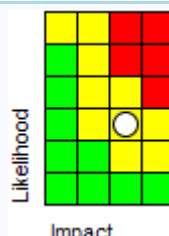

Risk Code & Title	08 WCS06 Digital Ambitions and IT Systems		
Risk Summary	Failure to adequately maintain or acquire and use IT systems and infrastructure effectively results in a failure to deliver / support the digital ambitions of the College.		
Risk Category	Digital		
Risk Appetite	Hungry		
Proximity	Medium-term		
Probability & Impact	4	4	
Gross Risk Score	16		
Mitigating Controls	IT Strategy, Policies / Procedures and system access processes in place. The Asset and Infrastructure Committee review progress achieved in delivering the IT Strategy on an annual basis.		
	Staff and student feedback and evaluation procedures in place. Action planning in place to address issues raised through feedback mechanisms.		
	IT Contingency Plan in place with regular review and update undertaken.		
	College is renewing Cyber Essentials Plus accreditation as required. Work commencing on updating the Scottish Government Cyber Resiliency Framework.		
	The College Digital Strategy sets out our digital ambitions for the College, presented and approved by the Board of Management. Update reports are provided to Learning, Teaching and Quality Committee with regular updates provided to SMT and monthly Digital Strategy Core Group Meetings. The WCS Digital Strategy Core Group provide a basis for College digital developments and a basis for seeking required levels of Scottish Government and SFC funding to support this.		
	College is supportive of staff involvement in national negotiations and has open dialogue with trade unions at local and national levels as to how staff can be supported.		
	The College involvement in the national digital group has concluded for phase 1 generating a National Digital Ambition for Scotland's Colleges and a Route Map. In addition, one-off SFC funding of £221k in late 2020 utilised to fund purchase of IT devices for students. The National Digital SLWG phase 2 will recommence February 2021.		
	Data from major IT systems reviewed on ongoing basis to ensure that information upon which strategic decisions are based is robust and up to date.		
	Systems are in place for early identification and monitoring of provision deemed to be at risk of non-completion. Enhanced internal quality assurance on qualifications progress has been in place for the whole session 2020-21. This incorporates monthly BRAG rating and selected Internal Quality Assurance panels which monitor the correct application of awarding body guidance against qualifications and will provide early flags for student groups where deferral of their qualification into 2021-22 may be deemed necessary.		

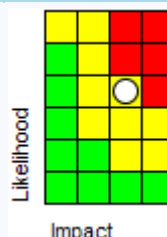
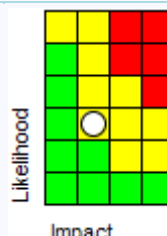

	<p>'At risk' groups are identified through course evaluation processes at curriculum level and involves scrutiny of student's outcomes for all protected characteristics and special interest groups. Monitoring of progress against targets for improvement has been strengthened during 2020–21 with the introduction of a curriculum level ROA sub report. This enables performance benchmarking at College and national level and facilitates sharing of good practice and outcomes across our teaching areas.</p> <p>The College student feedback mechanisms incorporate the mandatory SFC survey, internal thematic surveys and focused discussions with special interest groups. For example, a recent survey with care experienced students was conducted via Teams discussions and the responses influence the strategy for support for this year and for future cohorts.</p>	
Probability & Impact Scores	4	3
Net Risk Score	12	
Trend		
Managed By	Vice Principal Operations	

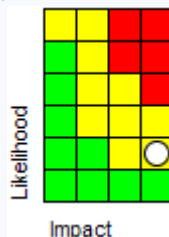
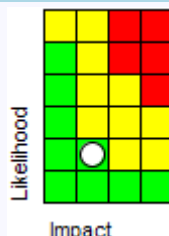



<b>Risk Code &amp; Title</b>	09 WCS15 College Transformation Plan		
<b>Risk Summary</b>	Failure to deliver the financial and/or non-financial objectives outlined in the College Transformation Plan "Future Proofing Our College".		
<b>Risk Category</b>	Governance		
<b>Risk Appetite</b>	Cautious		
<b>Proximity</b>	Longer-term		
<b>Probability &amp; Impact</b>	4	4	
<b>Gross Risk Score</b>	16		
<b>Mitigating Controls</b>	<p>Transformation Plan has been developed by the College and discussed in detail with the SFC. Plan formally agreed and funding provided by SFC from 2020-21 to support this. Requirement for College to deliver the Transformation Plan from 2020-21 and reduce the level of third-party distance learning.</p> <p>Board of Management have approved the Plan and financial objectives are monitored through the F&amp;GP Committee. Board of Management monitor overall plan achievement.</p>		
<b>Probability &amp; Impact Scores</b>	3	4	
<b>Net Risk Score</b>	12		
<b>Trend</b>			
<b>Managed By</b>	Chief Executive and Principal		

<b>Risk Code &amp; Title</b>	<b>10 WCS16 Cyber Resilience</b>		
<b>Risk Summary</b>	The College fails to properly prepare for either an internal or external cyber-attack due to poor procedures or system failures resulting in a loss of data, funding and/or stakeholder trust.		
<b>Risk Category</b>	Digital		
<b>Risk Appetite</b>	Cautious		
<b>Proximity</b>	Immediate		
<b>Probability &amp; Impact</b>			
<b>Gross Risk Score</b>			
<b>Mitigating Controls</b>	IT Strategy, Policies / Procedures and system access processes in place. The Asset and Infrastructure Committee review progress achieved in delivering the IT Strategy on an annual basis.		
	IT Contingency Plan in place with regular review and update undertaken.		
	College is renewing Cyber Essentials Plus accreditation as required. Work commencing on updating the Scottish Government Cyber Resiliency Framework.		
	Data from major IT systems reviewed on ongoing basis to ensure that information upon which strategic decisions are based is robust and up to date.		
	The College is currently working towards the completion of the Scottish Government Cyber Resiliency Toolkit. The toolkit will assist the College in addressing the cyber risks faced by the College. The toolkit is split into 9 areas of focus (Preparation, Identification, Reporting, Analyse and Investigate, Containment, Eradicate, Recovery, Reporting, Lessons Identified). Once complete it will generate an action plan of work to be taken to help the College implement the Scottish Public Sector Action Plan on Cyber Resilience.		
<b>Probability &amp; Impact Scores</b>	4	3	
<b>Net Risk Score</b>	12		
<b>Trend</b>			
<b>Managed By</b>	Vice Principal Operations		

Risk Code & Title	11 WCS09 Staff Relations		
Risk Summary	Inability to maintain positive staff relations due to internal or external factors resulting in loss of staff trust, less efficient delivery and potential industrial action.		
Risk Category	Staffing and HR		
Risk Appetite	Open		
Proximity	Longer-term		
Probability & Impact	4	3	
Gross Risk Score	12		
Mitigating Controls	Approved Workforce Plan in place and implementation reviewed by the HR and Corporate Development Committee.		
	Clear procedures for communication and engagement with Trade Unions and College staff verified by 2018–19 internal audit on internal communications.		
	Staff engagement sessions and staff surveys undertaken on regular basis allowing matters to be raised and issues to be addressed early.		
	Local trade union consultation and negotiation committees in place for teaching and support staff. Minutes of the meetings are provided to staff via the College intranet.		
Probability & Impact Scores	3	3	
Net Risk Score	9		
Trend			
Managed By	Chief Executive and Principal		

Risk Code & Title	12 WCS10 Workforce Planning		
Risk Summary	Failure to embed Workforce Plan resulting in lack of appropriate resources and skills being developed to achieve College strategic objectives and outcomes		
Risk Category	Staffing and HR		
Risk Appetite	Open		
Proximity	Longer-term		
Probability & Impact	4	3	
Gross Risk Score	12		
Mitigating Controls	Board of Management approved College Workforce Plan in place and annual update report provided to HR and Corporate Development Committee.		
	Detailed teaching resource planning through use of curriculum mapping tool (CMAP)		
	Resourcing of support staff structures reviewed on an ongoing basis by Executive Management Team to ensure alignment with operational and strategic priorities.		
	ITrent HR and payroll software developed to provide staff data and reports including a College establishment report.		
	Professional Development Policies are aligned to strategic priorities.		
	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.		
	Results from staff skills survey being used to allow the College to identify and address future skills gaps.		
Probability & Impact Scores	3	2	
Net Risk Score	6		
Trend			
Managed By	Chief Executive and Principal		

<b>Risk Code &amp; Title</b>	13 WCS14 Estates Investment Works		
<b>Risk Summary</b>	Normal business activities are unduly affected due to the complexity of sequencing estates investment works		
<b>Risk Category</b>	Learning and Teaching		
<b>Risk Appetite</b>	Open		
<b>Proximity</b>	Longer-term		
<b>Probability &amp; Impact</b>	2	4	
<b>Gross Risk Score</b>	8		
<b>Mitigating Controls</b>	Detailed resource planning involving all relevant parties at stage to address any issues in advance of project start date.		
	Staff resource increased through recruitment of additional Project Manager to address the significant increase in level of expenditure and complexity of projects being undertaken.		
	Well embedded project / estate team with knowledge base that allows issues to be identified and addressed.		
	Use of external professional advisors to provide oversight and critical review of proposed activities / plans.		
<b>Probability &amp; Impact Scores</b>	2	2	
<b>Net Risk Score</b>	4		
<b>Trend</b>			
<b>Managed By</b>	Vice Principal Operations		

**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

**Status:** Open





**1. Audit Committee Remit**

- 1.1 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.

REMIT	DELIVERABLES				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
<b>1) General</b>					
<b>To provide advice to the Board on the strategic processes for risk, control and governance</b>					
<ul style="list-style-type: none"> <li>• Risk Management Strategy Update</li> <li>• Review of Strategic Risk Register</li> <li>• Corporate Governance Statement - Financial Statements</li> <li>• Internal audit reports (see section 2)</li> <li>• External audit report (see section 3)</li> <li>• Remit of Committee reviewed against best practice and governance requirements</li> <li>• Assurance Mapping Update</li> </ul>	Y Y  Y Y	Y	Y Y	Y Y	Y    Y
<b>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)</b>					
<ul style="list-style-type: none"> <li>• Internal Audit Annual Report 2019-20</li> <li>• External Audit Management Letter as at 31 July 2020</li> <li>• Internal and external audit reports as received</li> <li>• Update / Report on National Fraud Initiative</li> <li>• Report / Update on Value for Money</li> <li>• Procurement and Commercial Improvement Programme – every 2 years next due late 2021</li> </ul>	Y	Y Y  Y	Y	Y  Y	Y Y
<b>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</b>					
<ul style="list-style-type: none"> <li>• Annual Report on Whistleblowing</li> <li>• Committee to be made aware of any issues arising during the year (ongoing as required)</li> </ul>	Y				

REMIT	DELIVERABLES				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
<b>To consider and advise the Board accordingly on any arrangements for special investigations and the outcomes of such investigations</b>					
<ul style="list-style-type: none"> <li>• Reports to be received as requested (ongoing as required)</li> <li>• Fraud investigation report</li> <li>• IT incident – update report</li> </ul>	Y			Y	
<b>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</b>					
<ul style="list-style-type: none"> <li>• Review of Audit Committee effectiveness</li> <li>• Internal Audit Annual Report 2019-20</li> <li>• External Audit management letter as at 31 July 2020</li> <li>• Report on compliance with SFC FM and SPFM</li> <li>• Monitoring of Regional Outcome Agreement</li> <li>• Register of Interest for Board and Committee members</li> <li>• Assurance Mapping Update</li> </ul>	Y Y Y	Y Y	Y	Y	Y  Y Y Y
<b>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</b>					
<u>2019-20</u> <ul style="list-style-type: none"> <li>• External Audit Management Letter / Letter of representation</li> <li>• Audit report on student activity</li> <li>• Audit report on student funding activity</li> <li>• Audit report on Educational Maintenance Allowances</li> <li>• Governance Statement</li> <li>• Financial Statements July 2020</li> </ul>	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
<u>2020-21</u> <ul style="list-style-type: none"> <li>External Audit Engagement Strategy 2020-21 including audit fee</li> </ul>					Y
<b>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</b>					
<ul style="list-style-type: none"> <li>2019-20 Annual report to Board of Management from the Audit Committee</li> </ul>	Y	Y			
<b>To report to the Board after each meeting</b>					
<ul style="list-style-type: none"> <li>Minutes and verbal update to each Board Meeting</li> <li>Draft Committee Dates 2021-22</li> </ul>	Y	Y	Y	Y	Y Y
<b>To review its own effectiveness at least annually and to report the results of that review to the Board</b>					
<ul style="list-style-type: none"> <li>Review of Committee remit</li> <li>Annual report to Board of Management from the Audit Committee</li> <li>Annual review of effectiveness of the Committee</li> </ul>	Y Y	Y			Y
<b>2) Internal Audit</b>					
<b>To advise the Board on the selection, appointment or re-appointment and remuneration, or removal of the Internal Auditors. The responsibility for selection of the Internal Auditor may be delegated to a Selection Committee as agreed by the Audit Committee</b>					
<ul style="list-style-type: none"> <li>Review of effectiveness of internal audit function</li> </ul>				Y	Y

REMIT	DELIVERABLES				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
<b>To advise the Board on the terms of reference for the Internal Auditors</b>					
<ul style="list-style-type: none"> <li>Internal Audit Plan Update 2020-21</li> <li>Annual Internal Audit Plan 2021-22</li> </ul>	Y		Y	Y	Y
<b>To review the scope, efficiency and effectiveness of the work of the Internal Auditors and to advise the Board on these matters</b>					
<ul style="list-style-type: none"> <li>Annual Report to Board of Management from the Audit Committee</li> <li>Review of effectiveness of internal audit function</li> </ul>	Y	Y			Y
<b>To agree the Internal Audit Plan and review the Internal Audit Annual Report</b>					
<ul style="list-style-type: none"> <li>Internal Audit Annual Report 2019-20</li> <li>Internal Audit Update Report 2020-21</li> <li>Draft Internal Audit Plan 2021-22</li> </ul>	Y	Y	Y	Y	Y
<b>To review the Internal Audit reports, the management response to them and to review implementation of the actions required</b>					
<u>2020-21</u> <ul style="list-style-type: none"> <li>Audit Assurance Mapping</li> <li>Fraud Awareness</li> <li>Overall Financial Controls</li> <li>HR: Sickness and Absence</li> <li>Study of effects of Covid-19 (1)</li> <li>Study of effects of Covid-19 (2)</li> <li>External Communications</li> <li>Complaint Handling</li> </ul>			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
<b>To review the Rolling Audit Action Plan at each meeting</b>					
<ul style="list-style-type: none"> <li>Report on Rolling Audit Action Plan</li> </ul>	Y		Y	Y	Y
<b>To encourage appropriate liaison and co-ordination between internal and external audit</b>					
<ul style="list-style-type: none"> <li>Invite / attendance at all Committee meeting by both internal and external auditors</li> </ul>	Y	Y	Y	Y	Y
<b>To establish appropriate performance measures and indicators to monitor the effectiveness of the Internal Auditors</b>					
<ul style="list-style-type: none"> <li>Annual review of internal audit function</li> <li>Annual meeting with internal auditor excluding College staff</li> </ul>				Y	Y Y
<b>3) External Audit</b>					
<b>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</b>					
<ul style="list-style-type: none"> <li>Annual year end audit update by external auditors</li> <li>Annual external audit appointment terms and conditions</li> <li>Approval of External Auditors Audit Planning Memorandum</li> </ul>	Y	Y			Y Y
<b>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</b>					
<ul style="list-style-type: none"> <li>External Auditors report on the Financial Statements 2019-20</li> </ul>		Y			
<b>To review the Statement of Corporate Governance</b>					
<ul style="list-style-type: none"> <li>Review the statement of Corporate Governance</li> </ul>	Y	Y			

REMIT	DELIVERABLES				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
<b>To review the External Audit strategy and plan</b>					
<ul style="list-style-type: none"> <li>SFC Accounts Direction for Scotland's colleges</li> <li>External Audit 2020-21 Engagement Strategy</li> </ul>	Y				Y
<b>To establish appropriate performance measures and indicators to monitor the effectiveness of the External Auditors;</b>					
<ul style="list-style-type: none"> <li>Annual review of effectiveness of external audit function</li> <li>Annual meeting with external auditor excluding College staff</li> </ul>		Y Y	Y		
<b>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.</b>					
<ul style="list-style-type: none"> <li>As required</li> </ul>					
<b>4) Risk</b>					
<b>To review the Risk Management Strategy and recommend to the Board for approval</b>					
<ul style="list-style-type: none"> <li>Annual review of College Risk Management Strategy</li> </ul>			Y		
<b>To consider the Strategic Risk Register and to advise the Board accordingly</b>					
<ul style="list-style-type: none"> <li>Review of Strategic Risk Register</li> </ul>	Y	Y	Y	Y	Y
<b>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.</b>					
<ul style="list-style-type: none"> <li>Review of Strategic Risk Register</li> </ul>	Y	Y	Y	Y	Y



REMIT	DELIVERABLES				
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021
<b>5) Other</b>					
<b>To receive annual reports on Freedom of Information and Data Protection Acts requests; Register of Interests; and Hospitality/Gifts Registers</b>					
a. Freedom of Information and Data Protection Acts requests	Y				
b. Register of Interests	Y				
c. Hospitality / Gift Registers	Y				
<b>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</b>					
• As required					
<b>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</b>					
• As required					