West College Scotland
AUDIT COMMITTEE

20 May 2021 at 3.45 p.m.
By TEAMS

AGENDA

Audit Committee to meet with College staff only (3.45 pm)

Agenda item 1 is considered restricted business

1.	███████████████████████	Paper 1	SG

Audit Committee to meet with Internal Auditors only (4.00 pm)

2.	Closed session review with internal auditors	Verbal	Chair

General Business (4.15 pm)

3.	Welcome and Apologies		Chair
4.	Declaration of Interests		Chair
5.	Minutes of the meeting held on 11 March 2021	Enclosed	Chair
	Actions from the Minutes	Enclosed	Chair
6.	Matters arising from the minutes not otherwise on the agenda		
	.1 IT Incident Update		AR

Main Items for Discussion and/or Approval

7.	Annual Review of Effectiveness of the Committee	Paper 7	SG

External Audit

8.	External Audit Engagement Strategy 2020-21 including audit fee	Paper 8	LN

Internal Audit

9.	Internal Audit Report: Covid 19 (Phase 1)	Paper 9	SP
10.	Internal Audit Report: Covid-19 (Phase 2)	Paper 10	SP
11.	Internal Audit Report: Complaint Handling	Paper 11	SP
12.	Internal Audit Report: External Communications (Website)	Paper 12	SP
13.	████████████████████████ **(Restricted Item)**	Paper 13	SP
14.	Internal Audit Annual Plan 2020-21 Update	Paper 14	SP

15.	Rolling Audit Action Plan	Paper 15	AR
16.	National Fraud Initiative Update	Paper 16	AR
17.	Governance Compliance and ROA Outcomes	Paper 17	AR
18.	College Assurance Map	Paper 18	AR
19.	Draft Internal Audit Plan 2021-22	Paper 19	SP

Other

20.	Review of Strategic Risk Register	Paper 20	AR
21.	Draft Committee Dates 2021-22	Paper 21	SG

Items for Information (to note only)

22.	Schedule of Business 2020-21	Paper 22	AR
23.	Any other business		

Next meetings: 8 September 2021 at 4.00 p.m. by TEAMS

Shirley Gordon
Secretary to the Committee

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██████   Restricted

AUDIT COMMITTEE

MINUTES: Thursday 11 March 2021.

PRESENT: Graeme Bold (in the Chair), Sabira Akram, Grant Lyall, Wai Wong.

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), Martin Joyce (Director of Infrastructure), Natalie Smith (Director of Organisational Development and HR).

**ATTENDING
BY
INVITATION:** Stephen Pringle (Wylie & Bisset), Lucy Nutley (Mazars).

APOLOGIES: None received.

AM544   WELCOME AND APOLOGIES
The Chair welcomed everyone to the first meeting of the newly constituted Audit Committee and introductions were made. No apologies were intimated.

AM545   DECLARATIONS OF INTERESTS
- Liz Connolly - Trustee of West College Scotland Foundation.
- Sabira Akram - Scottish Qualifications Authority.
- David Alexander - Board member of the Scottish Funding Council and Chair of the Scottish Funding Council Audit and Compliance Committee.

AM546   MINUTES
The minutes of the meeting held on Thursday 3 December 2020 **were approved.**

AM547   ACTIONS FROM THE MINUTES
The Committee **noted** the actions taken and outstanding since the last meeting.

AM548   MATTERS ARISING FROM THE MINUTES (AND NOT OTHERWISE ON THE AGENDA)
No matters arising were raised that were not already covered by agenda items.

.1 The Minutes of the Joint Audit and Finance & General Purposes Committee meeting held on 24 November 2020 **were approved.**

AM549   COMMITTEE REMIT AND MEMBERSHIP
The Secretary asked the Committee to consider and approve the Audit Committee remit and membership. She explained that, following approval of a Committee restructure at the Board meeting held on 1 February 2021, the Audit Committee remit was revised, and its new membership populated.

The Committee considered and approved its revised remit and membership.

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AM551   INTERNAL AUDIT REPORT – OVERALL FINANCIAL CONTROLS
Stephen Pringle explained that, as part of the 2020-21 Internal Audit Plan, Wylie & Bisset conducted an internal audit of the College's Overall Financial Controls which reviewed and considered:

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

Mr Pringle presented the outcome of the Overall Financial Controls internal audit review which 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.*'

The report identified several areas where the College was operating effectively and following good practice and made no recommendations for improvement.

In terms of governance, the Committee agreed its role was to *consider and note* Internal Audit reports and, thereafter, approve any recommendations for improvement within the Rolling Audit Action Plan.

The Audit Committee considered and noted the contents of the report.

AM552   INTERNAL AUDIT REPORT – HR: SICKNESS AND ABSENCE REPORTING
Stephen Pringle explained that, as part of the 2020-21 Internal Audit Plan, Wylie & Bisset conduct an internal audit of the College's sickness and absence reporting procedures which reviewed and considered:

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

Mr Pringle presented the outcome of the HR: Sickness and Absence internal audit review which 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.'*

The report identified several areas where the College was operating effectively and following good practice and made no recommendations for improvement.

The Audit Committee considered and noted the contents of the report.

AM553 **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.
- Agreed timings for the other audit work to be undertaken.

The Audit Committee noted the contents of this report.

AM554 **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.

The Director of Finance led the Committee through the report, summarising movement in relation to audit recommendations made since the last meeting and confirmed that the RAAP was reviewed by staff with responsibility for the implementation of the audit recommendations on an ongoing basis. Mr Ritchie reported that the College considered that, despite the continuing challenges of Covid-19, good progress had been and was being made in addressing the recommendations made by the internal and external auditors.

The Committee discussed the requests for extensions of time in relation to five internal audit recommendations; three of which related to Continuing Professional Development and two related to Fraud Awareness. Mr Alexander summarised the position and challenges in relation to progressing these and members were satisfied that the time extensions would allow the College to fulfil the detail of the recommendations.

The Audit Committee:
- **Considered the Rolling Audit Action Plan Progress Review Report.**
- **Approved the removal of 2 internal audit recommendations.**
- **Approved the extension of time for 5 internal audit recommendations.**
- **Approved the Rolling Audit Action Plan.**

AM555 **ANNUAL REVIEW OF EFFECTIVENESS OF THE COMMITTEE**
The Secretary to the Committee explained that the Audit Committee's remit stated that it would *'review its own effectiveness at least annually and to report the results of that review to the Board'.* She outlined the process proposed for the 2020-21 review of the Audit Committee's effectiveness which followed that agreed in previous years. She reported that, in December 2020, the Audit Committee undertook a review of the External Auditor immediately following the completion of the external audit work. That was to ensure that the outcome from the audit was fresh in

Committee members minds when undertaking the review. Given that the Committee had already undertaken a review of the External Audit Service, it would, therefore, only be issued with the two questionnaires relating to:

- Evaluation of the Audit Committee.
- Evaluation of the Internal Auditors.

It was proposed that completed questionnaires be returned by Monday 29 March 2021 so that a report could be provided to the May 2020 Audit Committee for consideration and action as appropriate. Thereafter, the Audit Committee would report to the Board on its findings at the meeting in June. It was agreed that the College auditors would be asked to complete an Audit Committee evaluation form in order to inform the process, and that Committee members and key College executive officers would complete the evaluation form relating to internal auditors.

The Committee recognised that this was the first meeting for two Audit Committee members and agreed that a caveat be included in the analysis report presented to the May Audit Committee meeting acknowledging that.

The Committee considered and approved the wording of the questionnaires, the approach to be taken and the timetable for this.

AM556   ASSURANCE MAPPING UPDATE
The Director of Finance reported that 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 that requirement, the College had been working with Wylie & Bisset (and previously with Scott Moncrieff) to develop an assurance framework. Mr Ritchie updated the Committee on the actions taken to develop the College audit assurance framework which included a draft assurance map.

The Committee commended the mapping work undertaken to date and made some suggestions for inclusion including additional definitions and more detail on the concept of the three lines of defence approach.   **{ACTION – AR}**

The Audit Committee:
- **Considered and reviewed the content of the report.**
- **Agreed the format of the draft assurance map.**
- **Noted the timetable for completion of the initial 5 stages of the project.**

AM557   RISK MANAGEMENT STRATEGY UPDATE
The Director of Finance reported that under the Corporate Governance Code, the College Board of Management was tasked with ensuring a framework of risk management and control was in place.

Mr Ritchie provided an updated College Risk Management Strategy for consideration. The Committee commended the strategy and suggested linking the risk appetites with the Probability and Impact Matrix.   **{ACTION – AR}**

The Audit Committee considered and approved the updated Risk Management Strategy for presentation to the Board of Management.

AM558   REVIEW OF STRATEGIC RISK REGISTER

The Director of Finance presented the current College Strategic Risk Register for consideration.

Mr Ritchie referred to the update on the development of the College Risk Management Strategy as discussed earlier and presented the current College Strategic Risk Register for consideration.

The Committee discussed the revisions made to the Register and welcomed, in particular, the inclusion of the Cyber Resilience risk.

The Audit Committee:
- **Noted the update on the development of the College Risk Management Strategy.**
- **Reviewed 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.**

AM559   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.

AM560   ANY OTHER BUSINESS
- No other business items were raised, and the Chair thanked everyone for the excellent discussion.
- Date of Next meeting - Thursday 20 May 2021 at 4.00 p.m. by TEAMS.

Audit Committee: Actions from the Minutes

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
11 Mar 2021	AM550	**IT Incident – Update Report -** Following additional internal audit work, a further report be presented to the Committee by way of an update.	D Alexander		May 2021 meeting
""	AM555	**Annual Review of Effectiveness of the Committee** The Committee considered and approved the wording of the questionnaires, the approach to be taken and the timetable for this.	S Gordon	Would be undertaken for presentation at the next Audit Committee meeting on 20 May.	May 2021 meeting
""	AM556	**Assurance Mapping Update -** include additional definitions and more detail on the concept of the three lines of defence approach.	A Ritchie		May 2021 meeting
""	AM557	**Risk Management Strategy Update –** link the risk appetites with the Probability and Impact Matrix.	A Ritchie		May 2021 meeting
4 Sept 2019	AM410	**College Governance: Ministerial Statement** Committee to be kept informed of progress with changes	S Gordon	Board and Committee have been updated as changes to the Code of Good Governance for Scotland's Colleges has been amended.	Complete

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

Background: At the 11 March 2021 Audit Committee meeting it was agreed that the annual effectiveness review of the Committee and Internal Auditors be conducted, and the feedback provided to the Committee for consideration at its May 2021 meeting. The Committee agreed to use the questionnaires used in previous reviews and these were issued to Committee members, the Internal and External Auditors, the Principal and the Vice Principal Operations on Monday 15 March 2021 with a requested return date to the Secretary of Monday 29 March 2021.

The feedback obtained on the effectiveness of the Audit Committee has been analysed and a summary of the main points emerging is provided in the attached report.

Overall, the feedback is very positive. It is noted, however, that following approval of a Committee restructure at the Board meeting held on 1 February 2021, the Audit Committee was asked to approve its revised remit and membership at its meeting held on 11 March 2021. That meeting was the first Audit Committee meeting for two new members therefore, a caveat is included in this analysis report acknowledging that.

Action: The Committee is asked to consider the attached report and note the main points that have emerged. If satisfied, the Committee is asked to approve the report.

Lead: Shirley Gordon, Secretary to the Committee

Status: Open

1.   Introduction

1.1   The annual review of the effectiveness of the Audit Committee for session 2020-21 has been conducted and the feedback obtained has been analysed.

1.2   Four forms were returned. The main findings are presented below under the headings used in the Audit Committee Self-Assessment Checklist:

1. **Role and Remit**
    The feedback confirmed satisfaction with the role and remit (these were reviewed at least annually as evidenced in Audit Committee meeting minutes) of the Committee which, it was considered, had sufficient members, authority and resources to perform its role effectively and independently.

    One comment received in response to the question *"Do the terms of reference cover the core functions of an audit committee as identified in the SG Audit and Assurance Committee Handbook?"* was *"Yes - with one exception: the model terms in the SGAAC handbook suggest audit committee should advise on accounting policies which is a remit of the FGPC; although in context of annual accounts, audit committee can enquire in the annual joint meeting; these alternative arrangements are appropriate and the departure is for noting only".*

    One comment received in response to the question *"Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently? Was "Yes - Evident from meetings attended. Note the inclusion of independent co-opted members which is good practice and provides good challenge to management, auditors and the committee".*

2. **Membership, Induction and Training**
    The feedback confirmed satisfaction with the current membership noting that membership of the Audit Committee was formally agreed by the Board and a quorum set.

3. **Meetings**
    The feedback confirmed satisfaction with the frequency and operation of the meetings, as well as the regular attendance of the auditors and officers.

    One comment received in response to the question *"Does the Accountable Officer attend all meetings and, if not, is he/she provided with a record of discussions?"* was *"Yes - Principal attends meetings where possible and attends the meeting for the presentation and approval of the financial statements".*

4. **Internal Control**
    The feedback confirmed satisfaction with the arrangements for internal control recording that the Audit Committee considered the findings of annual reviews by internal audit and others, on the effectiveness of the arrangements for risk management, control and governance.

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5. **Financial Reporting and Regulatory Matters**

The feedback confirmed that there were satisfactory arrangements in place for this area of activity including the Audit Committee's role in the consideration of the annual accounts being clearly defined.

6. **Internal Audit**

The feedback confirmed that there were satisfactory arrangements in place for the role of Internal Audit. It also considered that there was appropriate co-operation between the internal and external auditors and the relationship was effective. If considered necessary, the Audit Committee Chair was able to hold private discussions with the Head of Internal Audit.

One comment received in response to the question *"Are internal audit performance measures monitored by the audit committee?"* was *"Don't know - KPIs were included in appendix C of the 2020-21 IA plan (May 20), I don't recall if W&B have formally reported to the committee on its performance against these KPIs or if management have or will in May 21".*

One comment received in response to the question *"Do formal terms of reference exist defining internal audit's objectives, responsibilities, authority and reporting lines?"* was *"Yes - Formal ToR are set out in the engagement letter as referenced in the above IA plan which management approves; I don't believe the committee is asked to see or approve them".*

7. **External Audit**

The feedback confirmed that there were satisfactory arrangements in place for the role of External Audit. The External Auditor attended all meetings where there were documents to be presented (normally 2 per annum) and attended other Committees meetings as required. It was noted that the external audit fee was set by Audit Scotland but considered by the Audit Committee as part of the Audit Strategy Memorandum each year.

8. **Administration**

The feedback confirmed satisfaction with the current administration arrangements with agenda papers circulated in advance of meetings to allow adequate preparation by Audit Committee members.

One comment received in response to the question *"Does the audit committee issue guidelines and/or a pro forma concerning the format and content of the papers to be presented?"* was *"Yes - We comment and make requests, suggestions from time to time as appropriate".*

9. **Overall**

The feedback was clear that the Audit Committee effectively contributed to the overall control environment of the College. There were no suggestions of any areas where the Audit Committee could improve upon its current level of effectiveness.

2. Conclusion

2.1 The Committee is asked to consider the report and note the main points that have emerged. If satisfied, the Committee is asked to approve the report.

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TITLE: **EXTERNAL AUDIT ENGAGEMENT STRATEGY 2020-21**

Background: The purpose of this report is to present the Mazar LLP (external auditor) Audit Strategy Memorandum and fee proposal for the review of the 2020-21 financial statements. The Audit Engagement Strategy 2020-21 will also be presented to the Corporate Development Committee for information on 1 June 2021 given there is joint responsibility along with the Audit Committee for approving the College Annual Financial Statements.

The Audit Engagement Strategy provides the Audit Committee with an overview of the external auditor's preliminary audit planning procedures and approach in relation to the financial statements of the College for the year ended 31 July 2021. The Strategy provides an overview of significant risks and key judgement areas in Section 4 (pages 8 to 11).

Section 5 of the Strategy notes the four wider scope areas upon which the auditors require to make a judgement:

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

Mazars, in Section 6, have set their fee for the audit at £32,500 (2019-20: £31,000). This fee is within the fee range set by Audit Scotland with the increase being attributed to the additional work requiring to be undertaken to address the increased risks noted in section 4 along with the pension and property valuation exercises which require to be validated.

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

Action: The Audit Committee is requested to approve the content of the 2020-21 Audit Engagement Strategy and the proposed audit fee.

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

Status: Open

Audit Strategy Memorandum
West College Scotland
Year ending 31 July 2021

Contents

mazars

The Board of Management
West College Scotland
Paisley Campus
Renfrew Road
Paisley
PA3 4DR

21 May 2021

Dear Members,

Audit Strategy Memorandum – Year ending 31 July 2021

We are pleased to present our Audit Strategy Memorandum for West College Scotland for the year ending 31 July 2021.

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 7 of this document also summarises our considerations and conclusions on our independence as auditors.

We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;

- sharing information to assist each of us to fulfil our respective responsibilities;

- providing you with constructive observations arising from the audit process; and

- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing West College Scotland which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor.

Client service is extremely important to us and we strive to continuously provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 0738 724 2052.

Yours faithfully

Lucy Nutley

Lucy Nutley

For and on behalf of Mazars LLP

Engagement and responsibilities summary

Overview of engagement

We are appointed by the Auditor General for Scotland to perform the external audit of West College Scotland for the year to 31 July 2021. This is our fifth year of appointment. During 2020, our contract with Audit Scotland was extended for a further year, meaning this is our penultimate year of appointment.

Responsibilities

Our responsibilities, principally derived from the Code of Audit Practice ('the Code') issued by Audit Scotland, are outlined below.

Audit opinion	We are responsible for forming and expressing an opinion on the financial statements. The Audit Committee is responsible for the assessment of the College's ability to continue as a going concern. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of the disclosures made.
Regularity opinion	We are required to form and express an opinion on whether the College has, in all material respects, incurred expenditure and income in accordance with any applicable enactments and guidance issued by the Scottish Ministers.
Opinion on other matters	We are required to express an opinion on whether the audited part of the Remuneration and Staff Report, and the Governance Report have been properly prepared in line with relevant legislation and directions. We also express an opinion on whether the Performance Report is consistent with the audited financial statements.
Wider scope work	The Code requires us to conclude and make a judgement on the four dimensions of wider scope work. The four dimensions are Financial Sustainability, Financial Management, Governance and Transparency, and Value for Money.

Our audit does not relieve the Board of Management, as those charged with governance, or management of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

Our audit engagement team and experience

A committed, accessible team

Lucy Nutley
Director
lucy.nutley@mazars.co.uk
0738 724 2052

Lucy is the Engagement Lead for the audit and will be the key point of contact for the Audit Committee. She will have overall responsibility for delivering a high quality audit to the College. Lucy will be responsible for the opinions given on the financial statements and will liaise with the Director of Finance and Head of Finance and Student Funding. She will attend Audit Committee meetings, and where appropriate, Board meetings.

Joanne Buchanan
Audit Senior Manager
joanne.buchanan@mazars.co.uk
0779 403 1384

Joanne will manage and coordinate the audit and be the key point of contact for the Head of Finance and Student Funding and Principal Accountant, as well as liaising with Internal Audit. Joanne will oversee completion of audit work to a high standard and attend Audit Committees as appropriate.

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Rachel Russell
Audit Assistant Manager
rachel.russell@mazars.co.uk
0758 060 1373

Rachel will be responsible for leading the onsite work, reviewing the work of more junior members of the team and performing the audit work in more specialised areas.

Audit scope, approach and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.
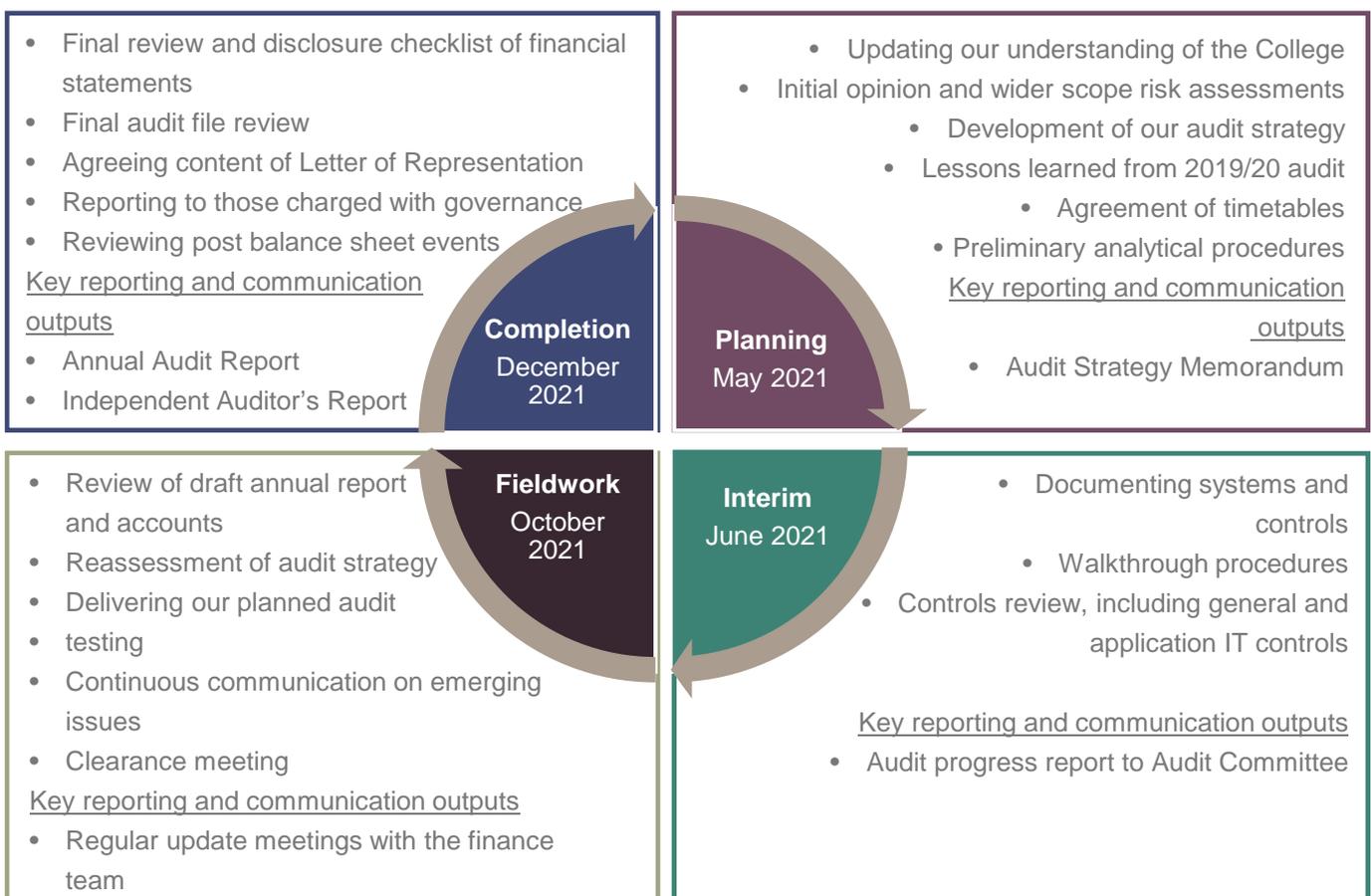
Audit approach

Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of details (of classes of transactions, account balances, and disclosures) and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram below outlines the procedures we perform at the different stages of the audit.

Completion — December 2021
- Final review and disclosure checklist of financial statements
- Final audit file review
- Agreeing content of Letter of Representation
- Reporting to those charged with governance
- Reviewing post balance sheet events

Key reporting and communication outputs
- Annual Audit Report
- Independent Auditor's Report

Planning — May 2021
- Updating our understanding of the College
- Initial opinion and wider scope risk assessments
- Development of our audit strategy
- Lessons learned from 2019/20 audit
- Agreement of timetables
- Preliminary analytical procedures

Key reporting and communication outputs
- Audit Strategy Memorandum

Fieldwork — October 2021
- Review of draft annual report and accounts
- Reassessment of audit strategy
- Delivering our planned audit
- testing
- Continuous communication on emerging issues
- Clearance meeting

Key reporting and communication outputs
- Regular update meetings with the finance team

Interim — June 2021
- Documenting systems and controls
- Walkthrough procedures
- Controls review, including general and application IT controls

Key reporting and communication outputs
- Audit progress report to Audit Committee

Audit scope, approach and timeline (continued)

Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Management's and our experts

Management makes use of experts in specific areas when preparing the College's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Items of account	Management's expert	Planned audit approach
Defined benefit pension liability and associated accounting entries and disclosures required by FRS 102.	Actuary – Hymans Robertson	We will consider the reasonableness of the actuarial assumptions made, referring to our in-house pension scheme experts.
Land and buildings valuation	Rydens	We will consider the reasonableness of the valuers' output, challenging assumptions made, referring to in-house specialists and relevant reporting on regional and national trends in property values.

Reporting to Audit Scotland

During the year we will continue to make returns to Audit Scotland as they collect data to establish the impact on the further education sector and feed into any national reporting as required.

National Fraud Initiative

West College Scotland took part in the NFI exercise for the third time in 2020/21. All matches have been reviewed by the College with no identified instances of fraud detected and no issues noted. The work that the College has undertaken will be reviewed as part of the interim audit in June 2021.

Adding value

We aim to add value to West College Scotland through our external audit work by being constructive and forward looking, by identifying areas for improvement and be recommending and encouraging good practice. In doing so, we intend to help the College promote improved standards of governance, more effective use of resources and better management and decision making.

The 2020/21 audit will be in line with the previous year and carried out remotely. The audit team and the College will build upon the experiences of the prior year to increase the effectiveness of the audit process.
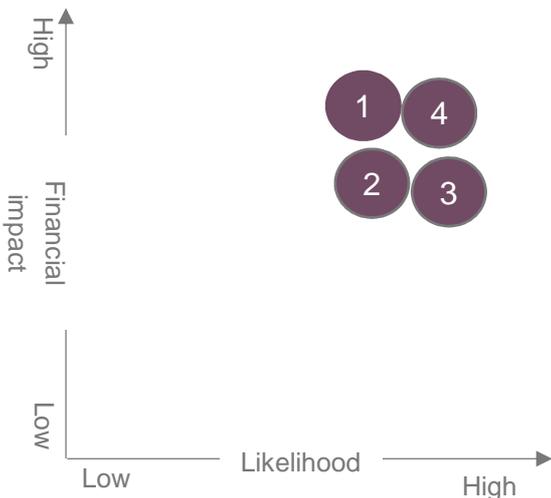
Significant risks and key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard, as defined below:

Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.

Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks incorporate but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and

- other audit assertion risks arising from significant events or transactions that occurred during the period.

Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

The summary risk assessment, illustrated in the audit risk continuum below, highlights those risks which we deem to be significant and other enhanced risks. We have summarised our audit response to these risks on the next page.

Risk	
1	Management override of control
2	Revenue recognition
3	Expenditure recognition
4	Valuation of land and buildings

Significant risks and key judgement areas (continued)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit Committee.

Significant risks

	Description of risk	Planned response
1	**Management override of controls** Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.	We will address this risk through performing audit work over: • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements
2	**Revenue recognition** There is a presumption under International Standards on Auditing that there is a significant risk of fraud and error in the timing of revenue recognition leading to the material misstatement of revenue overall. This is because revenue is an area of particular focus by users of financial statements and can be subject to judgements as to when grant income should be recognised and if clawback conditions apply to the funding. The risk above applies only to the non-core grant income and other non-grant income generated by the College. The risk has been rebutted in relation to the core grant income received by the College, given the highly regulated nature of this income, and therefore the low inherent risk associated with it. Given the unconventional academic year in 2020-21 arising from COVID-19 we consider that there is a risk that revenue could be impacted as a result of deferred students and reduced commercial funding. Provisions against income should be carefully considered, using forward looking data where appropriate and steps taken to ensure that revenue is recorded in the correct period where appropriate.	We will address this risk through performing audit work over: • the design and implementation of controls management has in place to ensure income is recognised in the correct period; • cash receipts around the year end to ensure they have been recognised in the right year; • the judgements made by management in determining when non-grant income is recognised; • for major grant income, obtaining counterparty confirmation; and • expected credit loss provisions applied to receivables at the year end, considering the appropriateness of judgements made by management.

Significant risks and key judgement areas (continued)

Significant risks (continued)

	Description of risk	Planned response
3.	**Expenditure recognition** For public sector organisations, the same risk in relation to fraud and error in respect of the timing of recording of transactions can apply to the recognition of non-payroll related expenditure and contractual obligations. The pressure to manage expenditure to ensure that budgeted outcomes are achieved increases the risk surrounding fraudulent reporting of expenditure.	We will address the risk through performing audit work over: • the design and implementation of controls management has in place; • testing of non-payroll expenditure around the year end to ensure transactions are recognised in the correct year; • testing material year end payables, accruals and provisions; and • reviewing judgements about whether the criteria for recognising provisions are satisfied
4	**Valuation of land and buildings** The College holds land and buildings with a net book value of £98m as at 31 July 2020. In line with the requirements of the Government Financial Reporting Manual, the College has adopted a formal revaluation policy of an external valuation every five years, with a desktop, interim valuation performed during the five year period. As the full valuation was performed as at 31 July 2018, land & buildings are due to receive an interim valuation at 31 July 2021. The College policy meets the requirement of the FE SORP that assets are valued sufficiently regularly so that the carrying value of the asset is not materially different from its fair value. The College is required to assess on an annual basis whether there are indicators of impairment to assets at the reporting date. Given the significance of the value of fixed assets held, a misstatement in the valuation could be material to the financial statements.	We will undertake a range of substantive procedures including: • examining the professional qualifications of the valuer; • challenging and substantiate the assumptions and the appropriateness of the date of the valuation used by your value in completing the valuations; • ensuring that valuations and impairments have been completed on the correct basis for each item and that movements are in line with expectation; and • assessing whether the report produced by the valuer has been correctly reflected in the accounts.

Significant risks and key judgement areas (continued)

Key areas of management judgement

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

Description of risk	Planned response
Valuation of pension liabilities The College makes contributions to two pension schemes – the Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). While both are defined benefit schemes, it is not possible to identify the College's share of the underlying assets and liabilities in the STSS scheme and it is therefore accounted for as a defined contribution scheme. The College's share of the SPF's underlying assets and liabilities is identifiable and a net liability is recognised in the accounts. Given the scale of the liability recognised in the accounts, a misstatement in the reported position could be material to the financial statements.	We will consider the College's arrangements, including the existence of any relevant controls, for making estimates in relation to pension entries within the financial statements. We will also consider the reasonableness of the actuary's assumptions used in providing the College with information in the financial statements through the use of our internal experts.
Grouped assets accounting policy During 2020-21 digital funding was made available to the College for the purchase of equipment to provide to students to enable and support remote learning that was required as a consequence of Covid-19. The College is required to account for this as capital funding as a term of the funding. Any assets acquired using this funding, although distributed to students, are considered the property of the College and will be capitalised under a grouped asset accounting policy.	We will consider the College's grouped asset accounting policy and whether this is consistent with the requirements of the digital funding provided. Enquiry will be made with management as to how the College has satisfied itself that it has appropriate processes in place around the stewardship of the associated assets and what consideration of impairment has been made.

Wider scope work

Our approach to wider scope work

The Code requires us to conclude and make a judgement on the four dimensions of wider scope work. These are:

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

We set out on the following page the work that we intend to perform to reach these judgements:

Wider scope work (Continued)

Dimension	Description	Our planned approach
Financial sustainability	Extending our work on the going concern assumption in the financial statements looking forward two to five years from the reporting date, reviewing and assessing the College's arrangements for financial planning and affordable and sustainable service delivery.	We intend to consider: • the financial planning system in place for short, medium and long term periods • the adequacy and accuracy of financial reporting arrangements • the reasonableness of affordability assumptions made in financial planning • the extent to which the financial planning assumptions have been updated and affected by the COVID-19 pandemic
Governance and transparency	The Governance Statement sets out the internal control arrangements and governance framework in place for the year under review.	We intend to consider: • the effectiveness of internal control arrangements • the appropriateness of disclosures made in the Governance Statement • whether the disclosure requirements of the Accounts Direction and the Code of Good Governance for Scotland's Colleges have been met • where governance arrangements were modified in response to the COVID-19 pandemic, that they are working effectively
Financial management	Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.	We intend to consider: • the monitoring of the effectiveness of internal control arrangements • the response to the COVID-19 pandemic and whether this has involved changes to the governance of the College • whether the College's budgetary control system is timely and accurate • whether and how the College has assessed their financial capacity and skills
Value for money	Value for money concerns using resources effectively and continually improving services.	We intend to consider: • the College's evidence of providing value for money • the focus on improving value for money and the pace of change at the College.

Wider scope work (Continued)

Identified significant risks to our wider scope work

We have also considered, as part of our planning, whether there are significant risks that would impact on any of the four areas of our wider scope work that require special audit consideration. At the planning stage we have identified one significant risk, under the governance and transparency heading as detailed below. Should our assessment of risk, or our planned approach to address the risk change during the course of the audit, we will report this to the Audit Committee.

Description of significant risk	Planned response
Our 2019/20 Annual Audit Report noted that West College Scotland had identified a shortfall in funding of £5m from 2019/20 to 2021/22. A Business Transformation Plan has been prepared by the College and submitted to SFC which identifies the efficiency savings and longer term cost saving measures the College plans to implement to achieve the required costs savings. In 2019/20, the College had identified that it may need to make staff cost efficiencies of £1.9m over the next three-year period against an annual cost of £46m. In addition to this a further £1.6m of staff costs are likely to require to be saved with the cessation of European Social Fund (ESF) activity at the end of 2022. In 2019 the College commissioned an updated building condition survey which confirmed the need for significant capital investment to bring the current estate up to condition B standards had increased, with £42.4m now required over the next 5 years. Outline business cases were submitted to the Scottish Funding Council for replacement of the two campuses in 2016 and 2017, but to date, these have not progressed to full business cases with the estimated costs of progressing these being approximately £200m. The College is in the process of updating the business cases to reflect current working arrangements and changed requirements for operational space. The College remains in dialogue with the SFC regarding the need to progress the business cases, as there is an ongoing and significant risk that without further revenue funding to support estates maintenance or capital funding to support replacement, the operating environment of the College will continue to deteriorate.	We intend to consider: • the forecast financial position in the five year financial plans submitted to the SFC; • the financial and resource implications of any voluntary severance scheme run by the College; • alternative plans being considered by the College to ensure a balanced budget is achieved; • the financial reporting arrangements in place at the College; and • progress made with plans to replace the Greenock and Paisley campuses, alongside the impact on finance and performance.

Fees for audit and other services

Fees for audit and other services
Our fees for the audit of the financial statements and for any other services are outlined in the tables below.

We set out below the work that we intend to perform to reach these judgements:

Service	2020/21 proposed fee £	2019/20 final fee £
Auditor remuneration	29,230*	27,840
Pooled costs	1,600	1,540
Contribution to Audit Scotland costs	1,670	1,620
Total Fee	**32,500**	**31,000**

The fees outlined above are provided on the basis that we will receive a high-quality set of draft financial statements, supported by good working papers. Should we be required to perform significant levels of additional audit work, or face significant delay in our audit, we will discuss the impact of this on our proposed fee with management.

The proposed fees reflect the increased level of work to be undertaken in the year with regards to the property valuation and defined benefit pension valuation. The additional fee will be reported to the Audit Committee once approved by Audit Scotland and agreed with the College.

Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually, in writing, that we comply with the Financial Reporting Council's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

• all partners and staff are required to complete an annual independence declaration;

• all new partners and staff are required to complete an independence confirmation and also complete computer-based ethical training;

• rotation policies covering audit engagement partners and other key members of the audit team;

• use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Lucy Nutley in the first instance.

Prior to the provision of any non-audit services, Lucy Nutley will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Any emerging independence threats and associated identified safeguards will be communicated in our Annual Audit Report

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Summary of initial materiality thresholds

Threshold	Initial threshold £'000
Overall materiality	1,280
Performance materiality	1,020
Trivial threshold for errors to be reported to the Audit Committee	35

Overall Materiality

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

• have a reasonable knowledge of business, economic activities and accounts;

• have a willingness to study the information in the financial statements with reasonable diligence;

• understand that financial statements are prepared, presented and audited to levels of materiality;

• recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and

• will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements (Continued)

We consider that gross expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the Audit Committee.

We expect to set a materiality threshold at 2% of gross expenditure (£1,280,000).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Our audit testing is based on a level of performance materiality, which is a percentage of overall materiality, but also dependent on the level of inherent risk assessed on the area being tested. It is the level we use to calculate our sample sizes, and is our acceptable difference in any substantive analytical procedures. It is lower than overall materiality as it helps to reduce the risk that the total of the uncorrected or undetected misstatements does not exceed materiality for the financial statements as a whole. It is based on between 50 – 80% of overall materiality depending on the risk level. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

Specific Materiality

We assess specific materiality if there is one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the users of the financial statements. Specific materiality focuses on the qualitative nature, as well as the size, of an item. It recognises that, in some circumstances, it may take a much smaller misstatement to influence the user of the financial statements.

We are required to provide an opinion as to whether the audited part of the Remuneration and Staff Report has been properly prepared. Given the sensitivity of the disclosures made in the Remuneration and Staff Report, we have assessed a specific materiality for this work at £500, being the level that would impact rounding for figures shown to the nearest £'000.

Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £35,000 based on 3% of overall materiality.

Key communication points

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Audit Strategy Memorandum	Audit Completion Report
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
Planned scope and timing of the audit	✓	
Significant audit risks and areas of management judgement	✓	
Our commitment to independence	✓	✓
Responsibilities for preventing and detecting errors	✓	
Materiality and misstatements	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓

TITLE: **INTERNAL AUDIT REPORT – COVID-19 (PHASE 1)**

Background: As part of the 2020-21 Internal Audit Plan, Wylie & Bisset conduct an internal audit to assess the impact of Covid-19 on teaching and learning. This work was undertaken in two phases with the initial audit work assessing the digital technology improvements and challenges brought about due to the pandemic.

The objectives for the review were to:
- Establish and assess what working practices were adopted by the College to ensure it could continue to provide teaching and learning during the pandemic.
- Establish if the College has developed an action plan to address any areas that do not allow for digital/online teaching and learning and any other wider challenges regarding the delivery of teaching and learning.
- Establish whether the College has assessed or plans to assess the impacts of Covid-19 on its teaching and learning practices.

This report presents to the Audit Committee the outcome of the internal audit review. The report will also be presented to the next Learning, Teaching and Quality Committee for their review.

Action: The Audit Committee is requested to consider and note 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 an internal audit to assess the impact of Covid-19 on teaching and learning. This work was undertaken in two phases with the initial audit work assessing the digital technology improvements and challenges brought about due to the pandemic

2.   Conclusion

2.1   The review concluded that Wylie & Bisset:

'… can provide a strong level of assurance over the College's working practices in response to the Covid-19 pandemic and the impact these arrangements have had on its teaching and learning. We can also confirm that the College has established appropriate processes for identifying and resolving the digital technology improvements and challenges as a result of Covid-19.

We have raised no recommendations from our review and have highlighted various areas of good practice which are in place. The good practice points have been included within this Executive Summary.'

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:

- Setting up various internal groups to address issues being faced by the College including a Mobilisation Group to assist staff and student return safely to campus activities.

- Kept staff and students up to date on Covid-19 requirements and latest arrangements through a variety of methods.

- College had adapted quickly to the requirements of lockdown including introduction of blended learning.

- Provision on on-going updates to staff and students on relevant matters from estates to IT including how to safely work from home.

- Covid-19 was identified as the highest risk being faced by the College with relevant control mechanisms being employed to ensure the risk was been mitigated.

- Digital Strategy Group was refocused to ensure that teaching and learning was not materially impacted, and that staff had the relevant tools to undertake teaching and learning.

- Digital devices distributed to students and staff as required to ensure teaching and learning and College operations continued throughout the lockdown periods.

- Withdrawal levels appear comparable to previous years indicating that no material impact on student participation with the move to online and blended learning.

- Board of management have been kept updated on College response

2.4   The report made no recommendations for improvement.

2.5   The report will be presented to the next Teaching, Learning and Quality Committee for their information.

3.   Recommendation

3.1   The Audit Committee is requested to consider and note the contents of the report

West College Scotland

Internal Audit 2020-21

Study of Effects of Covid-19
February 2021

Overall Conclusion
Strong

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Overview

Purpose of review

The purpose of this review was to assess the impact of Covid-19 on the College's working practices. This assignment will be undertaken over 2 phases. The first phase, this review, assessed the impacts of Covid-19 on teaching and learning with an emphasis on the digital technology improvements/challenges and how these were addressed by the College.

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

Scope of review

Our objectives for this review were to:

➢ Establish and assess what working practices were adopted by the College to ensure it could continue to provide teaching and learning during the pandemic.

➢ Establish if the College has developed an action plan to address any areas that do not allow for digital/online teaching and learning and any other wider challenges regarding the delivery of teaching and learning.

➢ Establish whether the College has assessed or plans to assess the impacts of Covid-19 on its teaching and learning practices.

Limitation of scope

This review focused specifically on the digital response to the Covid-19 pandemic by the College.

Background Information

Board of Management and Committees

The Board of Management were informed of the actions taken by the College in response to the Covid-19 national lockdown on 20 March 2020 at its meeting of 23 March 2020. This was a verbal update by the Principal as part of her update report. The details of this were included in the minutes for the meeting on 23 March 2020. Since then, the Principal's report to the Board of Management at each of its meetings has included a section on the College's Covid-19 response and the current arrangements that the College has put in place and its plans to ensure that it can continue to operate during the pandemic.

The Human Resources (HR) and Corporate Development Committee were also kept up to date with the actions being taken to enable the reopening of the College. This was done via reports from the internal College Mobilisation Group (see below for details). At its meeting in September 2020, a report from the Mobilisation Group entitled "Covid-19 Mobilisation Group Preparations for the New Academic Year" was presented. The November 2020 meeting of the Committee included a report from the Mobilisation Group showing the data which was submitted to the Scottish Government relating to staff and students who had tested positive for Covid-19.

The Learning, Teaching & Quality (LTQ) Committee were also kept updated of the developments at the College in respect of Covid-19. From the minutes of the May 2020 meeting, the Educational Leadership Team gave an update to the Committee on the developments and arrangements put in place because of Covid-19 and the national lockdown. These minutes also included details of the Digital Strategy and associated Action Plan. The May 2020 minutes highlighted that a paper on planning for the 2020/21 curriculum delivery was also discussed at the meeting. This included arrangements as a result of Covid-19.

The Finance and General Purposes Committee remit includes the oversight of the provision of IT services across the College. Since the first national lock down in March 2020 the Committee have been updated on not only the overall College response to the pandemic but also on how the College has addressed the IT challenges faced. In July 2020 the Committee received a report on the digital poverty challenges faced by the College and the intention for the College to purchase Chromebook computers worth £425,000 for distribution to students who did not have access to IT equipment. In addition to receiving regular update reports the Committee has been informed about the creation and operation of a student IT helpdesk to assist students with their equipment or access issues.

The November 2020 LTQ Committee meeting included a report from the Digital Strategy Core Group. This related to the progress made since the last meeting in May 2020 and the action taken to deal with Covid-19 and digital teaching and learning for students.

The minutes of the Committee meetings are submitted to the Board of Management at each of its meetings. Thus, the Board of Management is being kept up to date with current developments and arrangements in respect of the College's response to Covid-19 and the impact it might have on its teaching and learning.

College's Covid-19 Response Arrangements

College Covid Executive
As part of the College's Covid-19 response, it established a Covid Executive Group which comprised of the:
- Principal
- 2 Vice Principals
- Director of Finance
- Convenor of the Mobilisation Group – Director of HR and Organisational Development
- Director of Infrastructure (from the date of his appointment in August 2020 and the Head of IT prior to this)
- The COVID Project Manager – appointed by the College to undertake this role from June to November 2020

This Executive Group receive weekly verbal updates from the Convenor of the Mobilisation Group set up to deal with the College's response to Covid-19 (see below for details).

The Groups noted below were set up by the College from June 2020 onwards to help with its Covid-19 response. The exception to this was the Digital Strategy Group, which was already in place, and it was directed to address the digital challenges presented by the pandemic on College operations.

Digital Strategy Group

The College had been developing a Digital Strategy throughout 2019 and early 2020 and had a Digital Group in place to develop and deliver the Digital Strategy. The initial remit of this Group was to "*take forward a realignment of College activities, placing greater emphasis on the digitisation of a broad range of College activities*". An early action for this Group was the development of a Digital Strategy for the College. The Digital Strategy was produced and approved early in 2020.

As a result of the Covid-19 lockdown in March 2020, the work of the Digital Strategy Group became crucial in helping the College move from face-to-face teaching and learning to online and remote working.

The Digital Group's membership had representatives from curriculum and support areas including IT. It also had a series of sub-groups that delivered workstreams aligned to the objectives embedded in the Digital Strategy.   These workstreams were paramount to the online delivery of teaching and learning that became necessary because of the March 2020 lockdown.   They workstreams also dealt with the logistics of the provision of hardware and software for students and staff to facilitate online delivery and the continuation of College operations.

One of the main challenges faced by the College was the digital poverty of its students relating to the lack of access to digital technology and internet connectivity. This was addressed by the College directing resources to the purchase and distribution of additional IT equipment and provision of data Wi-Fi units. The work of the Digital Strategy Group helped address this challenge.

The Group also:
- Supported the training of staff to delivery their lessons digitally.
- Provided staff training on Microsoft Teams (this was the default medium for online teaching).
- Provided support to staff in setting up Teams groups, teaching materials and lessons on Teams.

The Digital Strategy Group set up separate workstream groups for various elements of the Digital Action Plan. The following workstreams were set up, each with their own remit and membership:
- Digital Infrastructure
- Digital Resources/Equipment
- Digital Functionality

- Digital Capability - Practical Streaming
- Digital Capability - MS Team/Training Staff
- Digital Capability - MS Teams/Training Students
- Digital Capability - JISC Digital Capability Tool (Staff)
- Digital Capability - JISC Digital Capability Tool (Student)
- Digital Capability - Virtual Showcase

The Digital Strategy Group also put in place a Digital Strategy Covid-19 Exceptional Arrangements Action Plan. This was originally the Digital Strategy Action Plan (i.e., the plan for developing and implementing the College's Digital Strategy), however as a result of the March 2020 lockdown this altered into the Covid-19 action plan for the Digital Strategy Group. The action plan set out several SMART tasks to be undertaken and a reporting mechanism was used to show the status of each task. At the time of the audit review all but two of the tasks had been fully completed.

The Covid-19 restrictions imposed constraints on face-to-face delivery of teaching and learning by the College. However, the digital innovation and delivery envisioned in the College's Digital Strategy enabled the operations of the College to continue as required.

Mobilisation Group
This Group was set up in order to address operating issues arising from the lockdown period and to consider how to return students onto campus safely when the lockdown ended, and restrictions loosened. The purpose of the Group was to:
- Facilitate the sharing of information on the operation and reopening of the College's campuses.
- Develop policies and procedures in respect of the Health and Safety of returning to on-campus teaching and learning.
- Co-ordinate and manage the actions which arose in relation to these activities.

The membership of the Group includes the Director of HR & Organisational Development, the Director of Infrastructure, two Assistant Principals, Head of Estates, Head of IT, representative of the Policy, Marketing and Communications Teams, Student Association representative, Health & Safety and Trade Unions. This Group also engaged the services of an externally appointed Project Manager from June 2020 to November 2020.

The Group received and addressed matters raised from across the College and forwarded key issues of policy or process to the Covid Executive Group for consideration, authorisation, and onward liaison with the Board of Management, to Educational Leadership Team (ELT) for actions in relation to the delivery of learning and teaching, and to College support teams for actions relating to Health & Safety, estates, IT etc.

Policy, Marketing and Communications Group

The purpose of this Group was to keep staff, students, and other stakeholders (both external and internal) up to date with the College's arrangements for eliminating viral transmission on campus, how the challenges of working from home were to be met and to provide updates on Government policy and public health provision.

This Group was responsible for communicating the principles, policies and procedures established by the other Groups.

The Group was responsible for tracking what the requirements were in respect of restrictions due to Covid-19 via the Scottish Government's website and briefings. These were then disseminated to the Mobilisation Group and wider College staff and students. They also kept the College senior management up to date on current requirements.

This Group handled all communications with the students regarding the arrangements and restrictions in place as a result of Covid-19.

Quality Team

The Quality Team were tasked with assessing the impact of moving to online delivery of teaching and learning and the restrictions to on-campus teaching and learning.   The College predicted that Covid-19 would have an impact on student engagement, withdrawal, completion, and achievement. The work of the Quality Team in the collection, collating and analysing of student feedback has enabled the College to judge how the shift to digital delivery of teaching and learning has been perceived by students in different areas of the curriculum.

Their liaison and engagement with bodies that approve and award qualifications – the Scottish Qualifications Agency etc – has informed adaptations to assessment practices, and measures to assure and monitor academic standards.

To develop staff experience in using Teams, the decision was taken that all Internal Quality Assurance (IQA) panels would be held on the platform. Every curriculum staff team was set up in MS Teams prior to the summer to meet and gather the required quality evidence. This meant that all teaching staff had to engage with Teams as a user and develop skills which were helpful when transferring over to using Teams for teaching.

March 2020 Lockdown Arrangements

The March 2020 initial lockdown was very abrupt with little time for the College to organise anything before the staff and students had to vacate the premises and close the buildings.

At this point teaching and learning had not been consolidated onto Microsoft Teams, thus the lecturing staff responded to what their students were telling them, i.e., if the student only had access to a mobile phone, then the teaching staff would adapt their teaching to suit this. In some cases, this involved providing the assessments as a series of multiple-choice questions or online quizzes rather than as essays or detailed written answers - due to the fact that the student would be using their mobile phones to type answers.

Thus, initially it was left to the lecturers to assess what the best method of delivery was for them and their students. The lecturers were using Moodle (the College's existing e-learning) to upload lecture notes or would email these to their students. They would also set online quizzes or multiple-choice assessments to ensure that the students were continuing with their learning.

The College then worked with the lecturers to assess which students needed a digital device (laptop, Chromebook etc) to help them with their studies. Those who did not have access to digital devices of any description were prioritised, then those who were using mobile devices and so on. The College laptops which had been used for on-campus teaching were distributed to those students in the final year of study who did not have devices at home to enable them to complete their qualification. This took place during March and into April of 2020.

The College had already been considering an increase in the level of digital delivery as part of its Digital Strategy, thus it was able to move relatively quickly on the switch to online delivery of its courses.

As part of the College's digitalisation programme the College had already moved from desktop computers to laptops for its teaching staff. As a result of this in early March 2020, when it looked likely that lockdown would occur, the teaching staff were advised to make sure their laptops were working properly and contained all the software they would need to continue teaching remotely. In this way the teaching staff were able to provide some form of teaching to their students as the march 2020 lockdown was initiated.

Approaches used by teaching staff to ensure students were able to continue with their courses

The College had prior to March 2020 taken the decision to migrate all College users over to Microsoft Teams, however there still remained a range of different approaches used by the teaching staff to deliver classes including Zoom and/or Skype. The Senior Management Team decided

that Teams should be the preferred platform to use for teaching lessons, as the teaching materials were able to be uploaded onto the relevant Teams group. Separate groups were set up in Teams by the College IT Department for the classes which already had enrolled students on them.

The College was also using Moodle for its e-Learning prior to Covid-19 lockdown and restrictions. Thus, Moodle was also able to be used for the online teaching of students because of the Covid-19 restrictions. This enabled teaching staff to put their teaching notes, quizzes, and assessments/assignments onto Moodle. As noted above, in the short term prior to the roll out of Teams, this ensured that the students were still able to receive some form of teaching on their course.

The College also encouraged the use of their existing Moodle e-learning software. The Moodle system has a programme which enables the lecturers to run any submitted essays or assignments through a plagiarism check which compared the work with the work submitted from other students to see if this had been copied. It also ran a check on the internet to see if the student's work had been copied from published books/articles etc. This function is not available in Teams to the same extent. This feature helps the lecturers assess that the work is that of the student.

The way in which classes were to be delivered was the responsibility of the curriculum areas to decide which would suit them best. For example, for the practical areas of courses which did not lend itself to online teaching/learning, the following were used by the curriculum areas:

- Some used video demonstration materials at home or as restrictions eased at the College. The lecturer would film themselves demonstrating the practical task, i.e., for motor vehicles fitting a set of brakes etc. This would then be uploaded onto Teams/Moodle or emailed out to the students for them to watch.
- Some used a blended learning approach - watch the demonstration and then do assignments before going into the workshops.
- Others used Teams for live scheduled learning with materials emailed to students for them to continue working independently.

Most teaching staff tended to use a mix of these teaching methods.

Assessment of what could be delivered digitally
The College undertook a variety of ways to assess this, some of which included:

- Discussion between teaching teams within the same curriculum area - these considered what could be done, i.e., what other staff had done, the best approach to the teaching and learning of their curriculum area. Examples of good practice in digital delivery from within their curriculum area.

- Discussion between teaching teams from across the curriculum areas - these considered what was being undertaken in terms of digital teaching in other curriculum areas across the College.
- Use of the College Centre of Learning Technologies (CoLT) site which offers staff advice, guidance, and models for digital delivery.
- Resources from College Development Network (CDN) and the Virtual Bridge master classes have been promoted with staff.

The curriculum teams have been tracking student progression to see if the delivery mode is appropriate and to see if the online methods of teaching have had any adverse effects on the students' progression. This will be used to inform future digital delivery of courses.

Distribution of Devices

After 20 March 2020 when the College closed for lockdown, laptops which would otherwise have been used for on-campus teaching were distributed to those students who were in their final year of study and who did not have a device at home to enable them to complete their qualification. This distribution exercise took place during March and April 2020.

After the above initial distribution of laptops which the College had in stock, it presented to the Board of Management a proposal for up to £425,000 of IT spend for Chromebook devices for the wider student base who did not have access to a laptop or other digital device. This proposal was approved by the Board of Management in July 2020. The College also incurred further expenditure from its own resources including digital equipment to enable the College's meeting rooms to be used for conference and video calling for meetings, including large screen monitors and also headsets for staff. The equipment for broadcasting which was purchased was to enable staff to video practical demonstrations of subjects. This was to show the students the more practical aspects of their course, while they were not allowed in the workshops to see this face to face.

The students' needs were assessed by a survey issued to them to ask what digital devices they had at home. Those students who were care-experiences and/or in support of student support funding were prioritised in the first instance. The Chromebooks and other equipment began to arrive in College from September 2020 onwards and these were distributed to the priority groups identified in the survey and from information collected from the students at enrolment. The students were asked whether they had access to digital devices, who else used this, what this was and if they had access to reliable Wi-Fi/broadband at home.   If the student answered 'No' to any of these questions, the College was looking to ensure they had the necessary equipment to enable them to take part and join the online teaching and learning for their course.

The students had to apply for the loan of a device via an application form. This was advertised via the Policy, Marketing and Communications Group.

The Digital Resources Workstream prepared a report in October 2020 to update the Digital Strategy Group on the uptake and roll out of digital devices. This report highlights the number of students who have been assessed as having a need for a digital device to be provided. This related to the 2019/20 and 2020/21 period.

Student Feedback
The College's Quality Team issued to all students a survey to obtain feedback on the arrangements for the 2019/20 students and the 2020/21 students.   The 2020/21 survey had an extra question added around online teaching. The College uses these surveys to monitor students' engagement and feedback on its current arrangements.

Outcome of 2019/20 Survey
The survey was open from 16 March 2020 to 7 May 2020. This was circulated electronically to all students studying at the College at that time. The split in students responding per campus was as follows:
- Clydebank campus   -   512 students
- Greenock campus   -   385 students
- Paisley campus   -   1,011 students

This gives an overall students' response of 1,908 students.

The overall College wide results from the survey are as follows:

Question	Percentage Outcome
1. Overall, I am satisfied with my College experience.	91%
2. Staff regularly discuss my progress with me.	84%
3. I am able to influence learning on my course.	85%
4. Staff encourage students to take responsibility for their learning.	96%

5. I receive useful feedback which informs my future learning.	87%
6. The way I am taught helps me learn.	86%
7. My time at College has helped me develop knowledge and skills for the workplace.	88%
8. I believe student suggestions are taken seriously.	78%
9. I believe all students at the College are treated equally and fairly by staff.	85%
10. The College Students' Association influences change for the better.	47%*

*this question included a 'don't know' answer option. 47% of respondents chose that option.

It should be noted that most of the teaching at the time of the survey being launched in 2019/20 had taken place in the College, i.e., face to face.

Outcome of 2020/21 Survey
Students were invited to take part in the first survey of the 2020/21 academic session. The survey was for all enrolled students whose mode of attendance was full-time and/or part-time. The survey included questions to reflect the learning experience of students during the Covid-19 pandemic. The survey was open from 16 November to 11 December 2020.

The total number of responses received from across all campuses was 1,879 responses.
The split in students responding per campus was as follows:
- Clydebank campus   -   543 students
- Greenock campus   -   424 students
- Paisley campus   -   912 students

The overall College wide results from the survey are as follows:

Question	Percentage Outcome
1. Overall I am satisfied with my learning experience at WCS so far.	90%
2. I found the information and guidance I received before starting my course to be very useful.	90%
3. I find my virtual classes engaging.	75%
4. My IT equipment meets the need of my course.	88%
5. I feel supported in being able to learn digitally.	85%
6. I prefer virtual classes to campuses classes.	29%
7. I am happy with the way my course delivery has been adapted due to the pandemic.	83%

This survey was more aligned to digital teaching and learning as most of the College's teaching was being delivered online.

As can be seen from this, 90% of those responding to the survey were either satisfied or very satisfied with the learning experience. There was also a high percentage of those who responded who thought that the IT equipment met their needs, and they were happy with the way their course was delivered. From the above it can be seen that 29% of the students who responded that they actually preferred virtual classes to campus classes.

From the results of the above surveys, it does not appear that the College's current cohort of students feel disadvantaged by being taught digitally.

Assessment Process, Student Numbers and Retention
The College uses the quality process as a guide to its success in dealing with the impact of Covid-19. The quality process for teaching has not been changed by either the college or by the awarding bodies, thus the students' work is still subject to the same review process as it was before Covid-19. The students' work is internally assessed/verified via the College's internal quality process. This is then passed to the awarding body who will quality assess and externally verify the students' work. The external verifier uses the standards and quality processes set by the

awarding body. Thus, if there was any downturn in the quality of teaching as a result of Covid-19, this would be highlighted by a downturn in the awarding body's verification of the students' work and would manifest itself via an increase in student not achieving their qualification.

The College is still following the same standards of teaching as it did prior to Covid-19. Routes to confirming this include:
- Students' feedback - see above, and
- Success of students' performance in assessments.

The College also uses the student recruitment numbers, achievement and retention as a way of monitoring student engagement and continued learning. This would be done irrespective of Covid-19. This is the normal way for the College to monitor student engagement, numbers, retention, and achievement.

Work Undertaken

The work undertaken for this review included:

➢ Reviewing and assessing the working practices adopted by the College to ensure that it can continue operations throughout the Covid-19 pandemic. We also considered the communications between the College and its staff and students in respect of Covid-19 to ensure that they were kept informed of the latest guidance and how this impacted their working practices and study.

➢ We considered what reporting in respect of Covid-19 was presented to the Senior Management Team and the Board of Management to provide them with comfort that the College were addressing the impact of Covid-19 on its operations.

➢ Discussion with staff to establish whether an action plan has been developed in respect to the College's response to Covid-19. We obtained and assessed the action plan to confirm whether this was fit for purpose and addresses all issues. We established whether a separate Covid-19 Risk Register and action plan has been produced by the College. We obtained this and assessed it for reasonableness and to ensure no significant risks have been missed.

➢ Discussion with staff to establish the actions taken in respect of courses which did not lend themselves to online teaching, i.e., those which are more practical in nature, and for students (or teaching staff) who did not have computers or Wi-Fi.

➢ Discussion with staff around what assessment had been undertaken in terms of the impact of Covid-19 on the College's teaching and learning arrangements. We reviewed this in terms of robustness and whether it considered all aspects we would expect for such an assessment. We considered how the College monitors its students' engagement and continued learning.

➢ We considered the impact of moving to digital/online learning in terms of how this effected the students completing their course (2019/20) and their engagement on their current course (2020/21). We also assessed the impact on current year (2020/21) student numbers and enrolments and retention.

Conclusion

Overall conclusion

Overall Conclusion: Strong

Through our review, we can provide a strong level of assurance over the College's working practices in response to the Covid-19 pandemic and the impact these arrangements have had on its teaching and learning. We can also confirm that the College has established appropriate processes for identifying and resolving the digital technology improvements and challenges as a result of Covid-19.

We have raised no recommendations from our review and have highlighted various areas of good practice which are in place. The good practice points have been included within this Executive Summary.

Summary of recommendations

Grading of recommendations				
	High	**Medium**	**Low**	**Total**
Study of Effects of Covid-19	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.	After the initial lockdown in March 2020 the College set up the following Groups: • Mobilisation Group • Digital Strategy Group (the Digital Strategy Group was already established but the focus of its remit changed because of Covid-19) • Policy, Marketing and Communications • Quality The purpose of these Groups was to: • help roll out the distribution of digital devices to those students who required these. • inform students and staff of the current situation regarding Covid-19 and how this affects the College. • inform students and staff of the arrangements regarding returning to on-campus teaching in learning. • assess the impact of Covid-19 on the College's retention, achievement, and enrolment.
2.	The College has kept staff up to date on the current Covid-19 requirements and latest arrangements within the College.
3.	The communications provided to students to keep them up to date with the current Covid-19 arrangements and how these will impact the College and their learning are appropriate. These include details included on the students' intranet, the main website, the students' app (MyDay), and the College's Twitter, Facebook, and Instagram accounts.
4.	The teaching staff provided a blended approach to their teaching methods adopted as a result of Covid-19 restrictions. This includes online scheduled classes, self-learning, online assessments and quizzes, video demonstrations as well as some on-campus teaching for those areas which could not be done online or digitally.
5.	The College managed to adapt quickly to the requirements of lockdown and online teaching and learning. Until more permanent solutions were put in place the teaching staff used whatever means were available to their students to continue the student's learning. Once the College had a more structured approach in place, the teaching staff used this to continue with the students' learning.

	The following is a list of areas where the College is operating effectively and following good practice.
6.	The Policy, Marketing and Communications Group has produced a variety of principles, guidelines and information sheets for staff which have been grouped under the following headings: • Estates - Circulation Principles, Cleaning Principles, Fire Alarm Evacuation (one for each of the 3 main campuses) and Safe Return to Campus. • HR, Health & Safety - Clear Desk Policy, Covid-19 Advice for 1st Aiders, Covid-19 Workplace Risk Assessments, Guide to Wearing PPE, Safe Return to Campus, Information Sheet on What you need to know about self-isolating, and What to do if you are displaying signs of Covid-19 symptoms. • IT - IT Print Services Principles, IT Service Desk Principles, Process for Requesting Monitors for Remote Working, Safe Return to Campus - IT. It also produced the following on Working from Home: • Hints & Tips for Home Working. • New to Working from Home. • Preparing for Home Working. • Sharing Folders on One Drive.
7.	The College set up a Mobilisation Group to assist the College in returning to on-campus teaching and learning. The work of the Group was augmented by the engagement of a Project Manager from June to January 2021.
8.	The College's Strategic Risk Register has as its highest risk the impact of Covid-19. The Risk Register is reviewed monthly by the Senior Management Team with any changes to the risks and controls being identified and highlighted to the Audit Committee. The work around mitigating the impact of Covid-19 risk was undertaken by the Mobilisation Group and the Digital Strategy Group.
9.	Initially the College distributed the laptops which were used in the College for on-campus teaching to those students in their final year of their course who did not have a device. This was to enable them to continue and complete their qualification.

The following is a list of areas where the College is operating effectively and following good practice.	
10.	The College had an established Digital Strategy Group already in place which was used to consider the logistics of moving to digital teaching and learning as part of the Covid-19 restrictions. This Group established a series of Workstream Groups to consider specific elements of the shift to online teaching and learning. Each of these reported back to the Digital Strategy Group the progress made in implementing the actions identified to complete the digital transformation.
11.	For the 2019/20 cohort of students, the College delayed any practical workshops or teaching required as part of the courses until after the initial lockdown had ended and colleges could open on a restricted basis. For these students, the College operated a rota system for them to attend the practical elements of their course in July/August 2020. This was undertaken with due regard to the Scottish Government's restrictions and social distancing advice at the time. The College delayed the start of the new academic year until September 2020 to give time for the 2019/20 cohort of students to finish their courses. For the 2020/21 cohort of students whose course had a practical element to it, these were either delayed until later in the academic year with non-practical element being front loaded on the course, whereas other courses decided to run the practical elements at the start of the course on a restricted face to face basis. By doing this the College could control the number of students who were in the campuses, workshops, and classrooms at once to ensure that they were complying with the advice being provided by the Scottish Government.
12.	For the 2020/21 academic year, the College issued a survey to students which included the following questions: • Do you have access to a reliable Wi-Fi/broadband connection at home? • Do you have ready access to a computer, laptop, tablet, or device to ensure you can engage in remote learning? Those who responded no to these questions were contacted and prompted to apply for a loan of an appropriate device to enable them to undertake their learning at the College.
13.	The College's Digital Strategy is fit for purpose and is aligned with the College's Corporate Plan 2019-2025.

The following is a list of areas where the College is operating effectively and following good practice.	
14.	The College has continued to undertake student surveys to obtain feedback from its students. For 2020/21 the surveys issued thus far focused on the student's overall satisfaction with their learning experience, the information and guidance they received prior to starting their course, the IT equipment used, the way their course has been delivered and whether the virtual classes were engaging.
15.	For our review of the data relating to withdrawal of students over the start of the academic year to the end of January there does not appear to be any significant difference in 2020/21 compared to the data for 2019/20. Thus, it would appear that there has been no significant adverse impact from the College moving to an online digital method for most of its teaching.
16.	The Board of Management and its various Committees are kept up to date with the latest developments and arrangements in respect of Covid-19 and the College's response to ensure continuity of teaching and learning for its students via the Chief Executive Officer's report, and reports from the Mobilisation Group, Digital Strategy Group, Quality Group and the Policy, Marketing and Communications Group as appropriate.

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.

Study of Effects of Covid-19

Benchmarking				
	High	**Medium**	**Low**	**Total**
Average number of recommendations in similar audits	0	1	0	0
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.

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	1 February 2021
Closing meeting	4 February 2021
Draft report issued	9 February 2021
Receipt of management responses	8 April 2021
Final report issued	9 April 2021
Audit Committee	20 May 2021
Number of audit days	4 days

We detail below our staff who undertook the review together with the College's 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

West College Scotland			
Key Contact	Rob Aitken	AP Technology and Skills	rob.aitken@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

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.

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 review is to assess the impact of Covid-19 on the College's working practices. This review will be undertaken over 2 phases, with the first phase being a review to assess the impacts of Covid-19 on teaching and learning with an emphasis on the digital technology improvements/challenges and how these plan to be addressed by the College.

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

Scope of review

Our objectives for this review are to:

➢ Establish and assess what working practices were adopted by the College to ensure it could continue to provide teaching and learning during the pandemic.

➢ Establish if the College has developed an action plan to address any areas that do not allow for digital/online teaching and learning and any other wider challenges regarding the delivery of teaching and learning.

➢ Establish whether the College has or plans to assess the impact of Covid-19 on its teaching and learning practices.

Limitation of scope

This review will focus specifically on the digital response to the Covid-19 pandemic by the College.

Audit approach

Our approach to the review will be:

➢ Review and assess the working practices adopted by the College to ensure that it can continue operations throughout the Covid-19 pandemic. We shall also consider the communications between the College and its staff and students in respect of Covid-19 to ensure that they were kept informed of the latest guidance and how this will impact their working practices and study.

➢ We shall consider what reporting in respect of Covid-19 was presented to the Senior Management Team and the Board of Management to provide them with comfort that the College were addressing the impact of Covid-19 on its operations.

➢ Discussion with staff to establish whether an action plan has been developed in respect to the College's response to Covid-19. We shall obtain and assess the action plan to confirm whether this is fit for purpose and addresses all issues. We shall establish whether a separate Covid-19 Risk Register and action plan has been produced by the College. We shall obtain this and assess it for reasonableness and to ensure no significant risks have been missed.

➢ Discussion with staff to establish the actions taken in respect of course which did not lend themselves to online teaching, i.e., those which are more practical in nature, and for students (or teaching staff) who did not have computers or Wi-Fi.

➢ Discussion with staff around what assessment has been undertaken in terms of the impact of Covid-19 on the College's teaching and learning arrangements. We shall review this in terms of robustness and whether it considers all aspect we would expect for such an assessment. We shall consider how the College monitors its students' engagement and continued learning.

➢ We shall consider the impact of moving to digital/online learning in terms of how this effected the students completing their course (2019/20) and their engagement on their current course (2020/21). We shall also assess the impact on current year (2020/21) student numbers and enrolments and retention.

Potential key risks

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

➢ The College has not adapted its working practices to allow the teaching and learning to be delivered remotely, which could result in the College not being able to deliver its courses.

➢ The College has not developed an action plan to address any areas that do not allow for digital/online teaching and learning or other challenges as a result of Covid-19.

➢ The College has not assessed the impact of Covid-19 on its teaching and learning practices or its assessment is ineffective, which could result on students being left unable to undertake and participate in their course.

TITLE: **INTERNAL AUDIT REPORT – COVID-19 (PHASE 2)**

Background: As part of the 2020-21 Internal Audit Plan, Wylie & Bisset conduct an internal audit to assess the impact of Covid-19 on the operations of the College. The work was undertaken in two phases:

- Phase (1) - assessing the digital technology improvements and challenges brought about due to the pandemic.

- Phase (2) - reviewing the impact on the College working practices with reference to the Audit Scotland 'Covid-19: Guide for audit and risk committees'.

The objectives for the phase 2 review was to ensure:

- The College's Covid-19 response enabled it to continue operating effectively during the national lockdowns and Government restrictions as a result of the pandemic.

- The internal controls are still operating effectively, and any changes made to these during the Covid-19 pandemic and remote working are robust and provide the necessary control and assurance for the College.

- The College's has robust financial management and transparent reporting arrangements in place which enabled it to respond to the Covid-19 pandemic effectively.

- The Covid-19 pandemic has not had an adverse impact on the College's governance arrangements.

- The College has considered and is monitoring the likelihood and impact of its existing and emerging risks as a direct result of the Covid-19 pandemic.

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

Action: The Audit Committee is requested to consider and note 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 an internal audit to assess the impact of Covid-19 on the Colleges working practices. This report is the second phase of the 8planned with the initial phase assessing the digital technology improvements and challenges brought about due to the pandemic.

1.2   The report uses the Audit Scotland August 2020 'Covid-19: Guide for audit and risk committees' as a basis for the overall review.

2.   **Conclusion**

2.1   The review concluded that Wylie & Bisset:

'… can provide a strong level of assurance over the College's overall response to the Covid-19 pandemic. We can also confirm that the College has taken cognisance of all aspects of the Audit Scotland: 'Covid-19: Guide for Audit and Risk Committees'.   We have raised no recommendations from this review.'

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:

- The College has considered its internal controls and assurances as part of its Covid-19 response. The College has considered its internal controls and assurances as part of its Covid-19 response and from the review can confirm that the internal controls are operating effectively.

- The College's arrangements provide appropriate answers to the questions included in the Audit Scotland guidance.

- The College's response to the Covid-19 pandemic was robust and kept both the students and staff informed of decisions made and the current working practices and arrangements within the College.

- There have been no significant changes made to the governance of the College during the pandemic other than meetings being held virtually, and Board and Committee papers being distributed electronically instead of in hard copy. Both new arrangements (virtual meetings and electronic papers) have worked well over the pandemic period.

2.4   The report made no recommendations for improvement.

3.   Recommendation

3.1   The Audit Committee is requested to consider and note the contents of the report

West College Scotland

Internal Audit 2020-21

Study of Effects of Covid-19 (Phase 2)
April 2021

Overall Conclusion
Strong

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 review was to assess the impact of Covid-19 on the College's working practices. This was the second phase of our review, the first phase was undertaken in February of this year and concentrated on the impact of the changes in digital technologies on teaching and learning within the College. Our second review considered the College's overall response to the Covid-19 pandemic and benchmarked this against the Audit Scotland Guide for Audit and Risk Committees.

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's Covid-19 response enabled it to continue operating effectively during the national lockdowns and Government restrictions as a result of the pandemic.

➢ The internal controls are still operating effectively, and any changes made to these during the Covid-19 pandemic and remote working are robust and provide the necessary control and assurance for the College.

➢ The College's has robust financial management and transparent reporting arrangements in place which enabled it to respond to the Covid-19 pandemic effectively.

➢ The Covid-19 pandemic has not had an adverse impact on the College's governance arrangements.

➢ The College has considered and is monitoring the likelihood and impact of its existing and emerging risks as a direct result of the Covid-19 pandemic.

Limitation of scope

There was no limitation of scope.

Background Information

This report should be read in conjunction with our Study of Effects of Covid-19 (Phase 1) Report.

Audit Scotland Report – 'Covid-19: Guide for audit and risk committee's' (25 August 2020)

Audit Scotland issued the above report on 25 August 2020. The report indicated that the response of public-sector bodies had been strong, and the pandemic has highlighted some of their key strengths, such as agility and partnership working. However, Covid-19 has also exacerbated many pre-existing risks and challenges facing public bodies in areas such as financial sustainability and service demand pressures.

The report stated that audit and risk committees have a crucial role to play in providing effective scrutiny and challenge. They help public bodies focus on important aspects of the business and maintain effective oversight of spending, performance, and governance arrangements. As public bodies manage their business during the global pandemic, the role of audit and risk committees becomes even more important.

The Guide for audit and risk committees draws on Audit Scotland's recent experience of auditing public bodies during the pandemic. It also referred to key sources of guidance such as the Scottish Government's Scottish Public Finance Manual and On Board: a guide for members of statutory boards and the Chartered Institute of Public Finance and Accountancy's Audit Committees: Practical Guidance for Local Authorities and Police.

The Guide highlights that there are a wide range of short, medium, and long-term risks and issues emerging from Covid-19 for public bodies to consider. The Guide focuses on the short-term challenges facing public bodies in the response phase of the pandemic. During this phase, key areas that audit and risk committees will need to focus on include:

a)   internal controls and assurance

Public-sector staff are working under extreme pressure as a consequence of the scale and pace of change created by the pandemic and the need to respond rapidly to unfolding events. This may mean that some internal controls are suspended or relaxed.

b) financial management and reporting

Public bodies face considerable uncertainty during the pandemic and as they plan for the future. Having robust financial management and transparent reporting arrangements in place is critical to ensuring that an organisation can manage its finances and deliver services effectively, identify issues and challenges early and act on them promptly.

c) governance

The pace and scale of change is unprecedented, and changes in governance arrangements are likely to have taken place. This may mean that there has been less opportunity for scrutiny and due diligence as public bodies respond rapidly to the challenges arising from Covid-19.

d) risk management.

While public bodies will have risk management processes in place, the likelihood and impact of existing risks and the emergence of new risks will need to be monitored carefully. There may also be a change in the risk appetite during the pandemic to allow for services to operate effectively and respond to issues in a timely manner.

The audit assignment reviewed the requirements of the Guide along with the suggested questions under each of the above headings to assess the overall College response to the global pandemic.

a) *Internal Controls and Assurance*

Assurance
For the initial lockdown in March 2020, the College initially closed the buildings and did not do anything else as they thought it would only be like this for a month or so. After a couple of weeks, it became apparent that the lockdown might continue longer than first thought. The College then started to consider what resources were needed for staff and students to work from home/remotely.

As a result of this the College set up a Covid Executive Group which met every Wednesday. This Group comprised the following staff members:
- Principal

- Both Vice Principals
- Director of Finance
- Convenor of the Mobilisation Group – Director of HR and Organisational Development
- Director of Infrastructure (from the date of his appointment in August 2020 and the Head of IT prior to this)
- The Covid Project Manager – appointed by the College to undertake this role from June to November 2020.

A College Mobilisation Group was set up to deal with the College's Covid-19 operational responses. This Group met every Friday and fed into the Covid Executive Group meetings on the Wednesday by the Convenor giving verbal updates on the overall response plan.

The following Groups were also set up in June 2020 as part of the overarching Mobilisation Group. The exception to this is the Digital Strategy Group which was already set up by the College:

- Digital Strategy Group
- Policy Marketing and Communications Group
- Quality Team

The Study of Effects of Covid-19 (Phase 1) Report contains further details on each of these Groups.

The initial response was to keep staff and students appraised of what the arrangements were in respect of Covid-19. The College followed the guidelines set out by the Scottish Government in respect of when students/staff could be back on site and the restrictions in place for re-opening the College.

The College considered the need for digital access to files and servers by both staff and students. Direct access to the systems was given where possible, i.e., the Finance system was web based, thus direct access to this was easy to achieve. The College then worked to provide remote desktop access for other systems where direct access was not available. The College are migrating from remote desktop access to direct access for all staff.

The College's working practices moved to electronic paperwork and signatures and home working because of Covid-19. Where necessary the Policy, Marketing and Communications Group updated and issued guidance to staff and students on new working practices. The guidance provided by the Policy, Marketing and Communications Group included the following:

- Estates
  - Circulation Principles
  - Cleaning Principles
  - Fire Alarm Evacuation (separate one for each of the campuses)
  - Estates – Safe return to campus
- IT Information
  - IT Print Services Principles
  - IT Service Desk Principles
  - Request Monitors for Remote Working
  - IT – Safe return to campus
- HR and Health & Safety
  - Advice for First Aiders
  - Clear Desk Policy
  - Guide to PPE – First Aiders
  - Need to Know guidance on Self-Isolating
  - Guidance on what to do if you present with Covid-19 symptoms
  - Workplace risk assessments
  - HR – Safe return to campus
- Working from Home
  - Hints and tips for working from home
  - New to working from home
  - Preparing to work from home
  - Setting up shared folders in One Drive

All communications were routed through the staff and student intranets as well as some being included on the public facing website.

Team Operations – Finance
As part of the review, we considered the impact that the pandemic has had upon the operation of the Finance Team. There have been no changes to working practices within the Finance Team other than working from home. Most of the finance information received by the College was prior

to the pandemic in an electronic form and this continued during the pandemic. The College had introduced electronic signatures thus anything requiring to be signed off can be done electronically. There is no issue with capacity within the Finance Team. The annual accounts were prepared on time, with the audit being done remotely.   The Finance Team utilise Microsoft Teams to have weekly catch-up meetings and any other ad hoc meetings that may arise. The availability of this technology has proven very useful for the Team, allowing communication to continue.

Future Plans - Curriculum
The need for the Mobilisation Group to continue further than August 2021 will be assessed and kept under review. At present, the Group will be in place until at least August 2021. The meetings may move to fortnightly rather than weekly. Items which will require input from the Mobilisation and the other Groups set up include:
- the distribution of lateral flow tests
- information on what is happening in August 2021
- the teaching activity for catch up over the summer months
- the need for students to come back early from the summer break to complete their course

As the restrictions ease there will be an option to re-open the College and get more staff and students onsite. However, at this stage it is unlikely to go back to the way it was before Covid-19 until at least July 2021. The College were already thinking about the future of its teaching and learning and were implementing a digital agenda prior to Covid-19. Due to Covid-19 there is now a series of tools, portals, and protocols in place to deliver learning and teaching digitally. For some courses, there will always be a need for on-campus classes, e.g., for the more practical courses but where possible, i.e., theory-based classroom courses, remote delivery will be considered as the College moves into 2021/22.

Going forward it is likely that there will be a more blended approach to teaching and learning. At present the teaching and learning are continuing with the principle of only being on campus if the work cannot be done remotely. The onsite element will be restricted to 29% of capacity from 5 April 2021, this is an increase from the previous 5%. (These are Scot Government figures). Adherence to this is being enforced via the attendance registers and timetabling.

The Educational Leadership Team are continuing to discuss the plans for August 2021 onwards.

Internal Controls

In respect of financial controls, there was very little which required to be changed, other than working remotely and using electronic signatures more. The College had already started to use electronic signature thus the full roll out of this just happened quicker than planned because of Covid-19. The procedures and policies were reviewed and where applicable changes were made.

Both internal audit and external audit were able to undertake the respective reviews and year-end audits remotely without any major issues arising.

As part of the Internal Audit Annual Plan the following reviews were undertaken during 2020/21:

- Overall financial controls.
- HR and sickness absence.

We considered the controls and procedures in place at the time of these audit visits. We found that controls were appropriate and were operating as expected. Thus, there has been no impact on controls and procedures in these areas from remote working as a result of the Covid-19 pandemic.

b)   *Financial Management and Reporting*

From our review we can confirm that the timing of financial reporting did not change during the pandemic, with the reporting timetable staying the same. This was also confirmed during our Overall Financial Controls review which was undertaken earlier in 2021. We can also confirm that the Senior Management Team, relevant Committees, and the Board of Management received the same information as it did prior to Covid-19. The only difference was that the narrative for the reports generally included the impact of the College's financial position as a result of Covid-19 and the lockdown/restrictions.

The year-end accounts were prepared in the same way as they were always done. The only difference was that the external auditors undertook their work remotely. This worked well with no issues noted in respect of this.

The budget for 2020/21 was reforecast in January 2021, which would have happened irrespective of whether Covid-19 happened. The paper presented to the Corporate Development Committee and the Board of Management showed the impact of Covid-19 on the College's finances

and the projected figures to 31 July 2021. This considered the effect on income, staffing and non-staff costs and highlighted the savings lost because of the pandemic.

The covenants for the two College bank loans were also reviewed at 31 July 2020 and no issues were found.

The College has been in discussion with Scottish Funding Council to keep them informed of the progress in regard to the agreed Business Transformation Plan and potential issues with meeting the plan objectives due to the pandemic. The Principal & Chief Executive kept the Board of Management informed about this via the Chief Executives Update report presented at each Board of Management meeting.

c) Governance

Covid-19 has had very little impact on the College's Governance arrangements other than meetings are now being held remotely, with papers being issued electronically rather than in hard copy. All other arrangements remain the same as the pre-Covid arrangements.

The schedule of meetings for the Board of Management and its Committees remained the same as pre-Covid. As such the same level of scrutiny was in place from the initial lockdown in March 2020 through to the present time.

A section was added to the Chief Executive's Report to the Board of Management relating to Covid-19 highlighting the arrangements the College were putting in place.

The College, together with its Board of Management, decided not to suspension any of its Committees or increased delegated authority during the Covid-19 pandemic. The Standing Orders, Articles of Association, and the Scheme of Delegation were reviewed at the December 2020 Board of Management meeting. At this meeting it was agreed that the current Scheme of Delegation was still appropriate as were the Standing Orders and Articles of Association. The Scheme of Delegation, Standing Orders and Articles of Association were further updated in March 2021 to reflect the new Committee structure. This updated was due to a planned restructure of the committees and not because of Covid-19.

d) Risk Management - Existing and Emerging Risks
The College uses Pentana risk software to record and monitor all the risks on the Strategic Risk Register. The software prompts the person assigned the risk to review this every month. If this is not reviewed and updated on the software, the responsible person will receive a prompt

until it is actioned. The Director of Finance (who has overall responsibility for the operation of the risk register), can see at a glance those risks which are overdue for review.

The Senior Management Team consider the risk register quarterly in advance of each Committee meeting cycle and will discuss any new or emerging risks. If these are believed to be significant these will be included on the Strategic Risk Register and reported to the Audit Committee and the Board of Management as part of the risk management arrangements. The Senior Management Team also consider the risk scoring for each of the risks. This has always been done and not just something which was put in place because of Covid-19. As such the College believed its process to be robust and not requiring any amendments in light of Covid-19.

During the Covid-19 pandemic a risk for this was added to the risk register. This was considered at each of the Senior Management Team risk review meetings in the same way as the other risks were considered.

The College set up a Covid Executive Group which is responsible for the overall College's Covid-19 response. This was supported by the Mobilisation Group, who considered in more operational terms the risks associated with the Covid-19 restrictions and social distancing, and how this would impact the College, staff, and students.

The Audit Committee were kept up to date via the risk register being discussed at each of its meetings. The Board of Management were also kept up to date with the risk register being discussed at each Board meeting. The Board of Management were also kept up to date via the Chief Executive's Report which gave an update on the College arrangements and operations as a result of Covid-19.

The Risk Management Strategy was updated in December 2020 and again in March 2021. None of these updates was as a direct response to Covid-19 as the current strategy was sufficient to deal with any risks including the pandemic.

Work Undertaken

The work undertaken for this review included:

➢ Discussion with key personnel to establish the working practices adopted by the College to ensure that it was able to continue operations throughout the Covid-19 pandemic. We reviewed any extra or changed arrangements which have been put in place as a direct result of Covid-19. We also established whether the College has a long-term plan in place should the pandemic continue. We considered the College's plans and responses put in place for reopening the College.

➢ Discussion with key personnel to establish the current working practices and the rationale behind these arrangements. We assessed whether there have been any changes to internal controls and what impact these changes have had on the working practices, i.e., increased risk of fraud and error.

➢ Discussion with key personnel to establish any changes to the financial management and reporting arrangements in place because of the Covid-19 pandemic to ensure these are robust and fit for purpose as well as providing sufficient information to enable informed decisions to be taken.   We assessed the level and content of reporting presented to the Executive and the Board/Committees to provide them with comfort that the College are addressing the impact of Covid-19 on its operations.

➢ Discussion with key personnel to establish any changes made in the governance arrangements at the College. We assessed these to ascertain whether the governance arrangements are still robust and fit for purpose during the pandemic.

➢ Discussion with key personnel to establish the current risk management arrangements to ensure that College Management has taken cognisance of the possibility that the likelihood and impact of risks may increase because of the Covid-19 pandemic.

We considered all of the above in terms of the Audit Scotland guidance issued.

Conclusion

Overall conclusion

Overall Conclusion: Strong
We can provide a strong level of assurance over the College's overall response to the Covid-19 pandemic. We can also confirm that the College has taken cognisance of all aspects of the Audit Scotland, 'Covid-19: Guide for Audit and Risk Committees'.   We have raised no recommendations from this review.

Summary of recommendations

Grading of recommendations				
	High	**Medium**	**Low**	**Total**
Study of Effects of Covid-19 (Second Review)	0	0	0	0

As can be seen from the above table there were no recommendations made 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.	The College has considered its internal controls and assurances as part of its Covid-19 response. From our review we can confirm that the internal controls are operating effectively.
2.	The College's arrangements provide appropriate answers to the questions included in the Audit Scotland guidance.
3.	The College's response to the Covid-19 pandemic was robust and kept both the students and staff informed of decisions made and the current working practices and arrangements within the College.
4.	There have been no significant changes made to the governance of the College during the pandemic other than meetings being held virtually, and Board and Committee papers being distributed electronically instead of in hard copy. Both new arrangements (virtual meetings and electronic papers) have worked well over the pandemic period.
5.	The College's risk management process takes cognisance of Covid-19 and the risks which may arise because of the pandemic.

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	19 April 2021
Closing meeting	23 April 2021
Draft report issued	30 April 2021
Receipt of management responses	3 May 2021
Final report issued	6 May 2021
Audit Committee	20 May 2021
Number of audit days	4 days

We detail below our staff who undertook the review together with the College's 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
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West College Scotland			
Key Contacts	Alan Ritchie	Director of Finance	alan.ritchie@wcs.ac.uk
	Rob Aitken	AP Technology & Skills	rob.aitken@wcs.ac.uk
	Shirley Gordon	Secretary to the Board	shirley.gordon@wcs.ac.uk
	Martin Joyce	Director of Infrastructure	martin.joyce@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.			

West College Scotland
Study of Effects of Covid-19 (Second Review)

APPENDICES

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.

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 review is to assess the impact of COVID-19 on the College's working practices. This is the second phase of our review, the first phase was undertaken in February of this year and concentrated on the impact of the changes in digital technologies on teaching and learning within the College. Our second review will consider the College's overall response to the Covid-19 pandemic and benchmark this against the Audit Scotland guide for Audit Committees.

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's Covid-19 response enabled it to continue operating effectively during the national lockdowns and Government restrictions as a result of the pandemic.

➢ The internal controls are still operating effectively, and any changes made to these during the Covid-19 pandemic and remote working are robust and provide the necessary control and assurance for the College.

➢ The College's has robust financial management and transparent reporting arrangements in place which enabled it to respond to the Covid-19 pandemic effectively.

➢ The Covid-19 pandemic has not had an adverse impact on the College's governance arrangements.

➢ The College has considered and is monitoring the likelihood and impact of its existing and emerging risks as a direct result of the Covid-19 pandemic.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review has been:

➢ Discussion with key personnel the working practices adopted by the College to ensure that it was able to continue operations throughout the COVID-19 pandemic. We shall review any extra or changed arrangements which have been put in place as a direct result of Covid-19. We shall also establish whether the College has a long-term plan in place should the pandemic continue. We shall consider the College's plans and responses put in place for reopening the College.

➢ Discussion with key personnel to establish the current working practices and the rationale behind these arrangements. We should assess whether there have been any changes to internal controls and what impact these changes have had on these, i.e., increased risk of fraud and error.   We shall also consider the questions posed in the Audit Scotland guidance. We shall assess and obtain evidence to support the responses to these questions.

➢ Discussion with key personnel to establish any changes to the financial management and reporting arrangements in place during the Covid-19 pandemic to ensure these are robust and fit for purpose as well as providing sufficient information to enable informed decisions to be taken. We shall assess the level and content of reporting presented to the Executive and the Board/Committees to provide them with comfort that the College were addressing the impact of Covid-19 on its operations.

➢ Discussion with key personal to establish any changes made in the governance arrangements at the College. We shall assess these to ascertain whether the governance arrangements are still robust and fit for purpose during the pandemic.

➢ Discussion with key personnel to establish the current risk management arrangements and ensure that College Management has taken cognisance of the possibility that the likelihood and impact of risks may increase as a result of the Covid-19 pandemic.

➢ We shall consider all of the above in terms of the Audit Scotland guidance issued.

Potential key risks

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

➢ The College's Covid-19 response was not robust and did not enable it to continue to operate effectively during the pandemic.

➢ There is a risk that due to the Covid-19 pandemic and remote working, changes to working practices weaken the internal controls and thus increase the risk of fraud and error.

➢ If the College's financial management is not robust and it does not have transparent reporting arrangements in place this could lead to it being unable to effectively monitor and respond to the impact of the Covid-19 pandemic, which could result in an adverse financial position.

➢ The Covid-19 pandemic has had an adverse impact on the College's governance arrangements with, for example, changes to delegated authority and lack of scrutiny from Committees on action and decisions taken.

➢ The College has not considered nor is it monitoring the likelihood and impact of its existing and emerging risks as a direct result of the Covid-19 pandemic.

TITLE: **INTERNAL AUDIT REPORT – COMPLAINT HANDLING**

Background: As part of the 2020-21 Internal Audit Plan, Wylie & Bisset conducted an internal audit to review the processes in place for the management, monitoring and reporting of complaints.

The objectives for the review were to consider whether:

- The College has adequate policies and procedures in place in relation to complaints handling.

- Policies and procedures in place comply with the latest guidelines from the Scottish Public Services Ombudsman.

- There are strong controls in place for the handling of complaints.

- There are adequate communication levels between the College and its students/staff/other stakeholders in respect of the complaints handling process.

This report presents to the Audit Committee the outcome of the internal audit review. The report will also be presented to the next Learning, Teaching and Quality Committee.

Action: The Audit Committee is requested to consider and note 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 an internal audit to review the processes in place for the management, monitoring and reporting of complaints.

2. **Conclusion**

2.1 The review concluded that Wylie & Bisset:

'… can provide a substantial level of assurance regarding the controls in place for complaint handling. We have raised 9 recommendations, 4 of which have been graded medium and 5 as low. See Section 3 Detailed Recommendations for further details. We have also raised 8 good practice points, see the page 9 for further details.'

2.2 The level of assurance assigned by the auditors is '*Substantial*' 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:

- All staff involved in the complaints handling process are clear about their roles and responsibilities. Staff updates on regulatory changes are provided on a regular basis and training is undertaken as required.

- The College has complied with its annual reporting requirements.

- For all complaints sampled, thorough investigations were completed in line with best practice that allowed for the appropriate outcomes of the complaint to be arrived at.

- The College has a detailed Complaints Handling Policy that outlines effectively how the College handles complaints in line with SPSO, Freedom of Information and General Data Protection Regulation requirements, where the fundamental goals are to ensure that College operations are meeting and exceeding the standards of those involved within the College network.

2.4   The report made nine recommendations in total – three medium and six low.

2.5   All recommendations are assigned 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.

2.6   The three medium recommendations related to the following areas:
1) Responding to complaints within appropriate timeframes, with 9 out of the 20 complaints reviewed being responded to out with the 20-day response period.
2) Lessons learned from complaints require to be shared more widely and actions taken where necessary.
3) The complaints log being required to note whether the complaint is a stage 1 or stage 2 complaint. All complaints are dealt with as a stage 2 complaints.

2.7   The report will also be presented to the next Teaching, Learning and Quality Committee for their information.

3.   Recommendation

3.1   The Audit Committee is requested to consider and note the contents of the report.

West College Scotland

Internal Audit 2020-21

Complaints Handling
April 2021

Overall Conclusion
Substantial

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 processes in place for the management, monitoring and reporting of complaints. We sought to provide assurance that the process is robust and that performance against targets is being monitored. We also looked to ensure that complaints are being addressed in line with Scottish Public Services Ombudsman (SPSO) requirements.

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

Scope of review

Our objectives for this review were to ensure:

➢ The College has adequate policies and procedures in place in relation to complaints handling.

➢ Policies and procedures in place comply with the latest guidelines from the Scottish Public Services Ombudsman.

➢ There are strong controls in place for the handling of complaints, including monitoring performance against target and action taken when poor performance has been identified.

➢ There are adequate communication levels between the College and its students/staff/other stakeholders in respect of the complaints handling process.

Limitation of scope

There were no limitations of scope.

Background

The Assistant Principal, Performance and Skills has overall responsibility for the complaints handling process within the College. However, the day-to-day operation of this process sits with the Quality Team.

Those involved are as follows:
- Head of Quality and Professional Standards - oversees the complaints handling process.
- Three Quality Standards Co-ordinators – one based at each of the main campuses. One of these is responsible for the day-to-day operation of the arrangements and is responsible for ensuring that the complaints log spreadsheet is kept up to date and maintained.
- Heads of Sector/Department – Act as Complaints Investigators.

Complaints Handling Procedure

The College's Complaints Handling Procedure effectively outlines the process to be followed when processing complaints. This Procedure was reviewed in October 2019 and is being updated in line with the Model Complaints Handling Procedure for Further Education establishments published by the SPSO (please refer to **Good Practice Points** for further information).

The 2019 version of the Procedure outlines the core aims of the College's complaints handling provision, these are as follows:

- To offer a prompt frontline resolution of a complaint and where this is not possible, the College will conduct a thorough, impartial, and fair investigation of complaints so that evidence-based decisions can be made on the facts of a case;
- To get things right first time, valuing the insight their students and stakeholders may have on their current operations, improve the quality of service provided and effectively highlight areas where quality falls short of College expectations;
- Improve the College's relations they have with their students and stakeholders; and
- Effectively inform complainants of their right to appeal to the SPSO.

As per the Procedure, the College quantify complaints as follows:

➢ failure to provide a service;
➢ an inadequate standard of service;
➢ the admissions process;
➢ dissatisfaction with our policies and/or procedures;
➢ the quantity and availability of learning resources;
➢ treatment by or attitude of a member of staff;
➢ disagreement with a decision where the customer cannot use another procedure (for example an appeal) to resolve the matter; and
➢ failure to follow the appropriate administrative process.

It should be noted that the above list is not exhaustive but is designed to provided students and stakeholders with a clear picture of what they can and cannot complain about.

Complaints Handling Process

The College's complaints handling process can be summarised as the following:

1. Decide whether the issue can be defined as a complaint. The customer may express dissatisfaction about more than one issue, and this may mean the College treats one element as a complaint, while directing the customer to pursue another element through an alternative route;
2. Record the details on the complaints handling system;
3. Decide whether the complaint is suitable for frontline resolution (treated as a stage 1 complaint) by establishing with the complainant exactly what they are complaining about, what they hope to achieve by complaining and if the College can agree a desired outcome;
4. If the College agrees a front-line resolution is appropriate, it will communicate this in an appropriate manner to the complainant including an offer of an apology where deemed the best resolution;
5. If the staff member receiving the complaint cannot resolve this as a frontline line matter, details of the complaint will be passed to a colleague who can try to resolve it;
6. The College will respond to the complainant by the preferred method indicated in the complaint submission. In the case of a preference for telephone communication, the College will follow up by email, to ensure it has a record of the formal response and decision provided. The College maintains a full and accurate record of complaints it receives, the outcomes reached, and the resolutions indicated to the complainant;

7. Dependent upon the nature of the issues raised, some complaints will need to be fully investigated before the College can give the complainant a suitable response. The College will escalate these complaints immediately to a stage 2 investigation; and

8. Where a customer does not agree to a frontline resolution, the College will immediately escalate the complaint to a stage 2 investigation.

Stage 1 complaints (early resolution) are complaints which are made directly to the College. The College will try to resolve the complaint within five working days. If the complainant is unhappy with the response, they can ask the College to consider the complaint at stage two.

Stage 2 complaints require that the College will look into the complaint in more detail. At stage two the complainant should be given a final decision after no more than 20 working days, unless there is clearly a good reason for needing more time. Once the complainant has the final decision from the College, if they are still not happy, then they can then bring the complaint to the Scottish Public Services Ombudsman.

We have raised recommendations surrounding the adherence to this process, see recommendations 4 and 8 for further details.

Complaints Log

The complaints log is an Excel spreadsheet which is maintained by the Quality Department. It is only the Head of Quality and Professional Standards and the three Quality Standards Co-ordinators who have access to the complaints log. It is the Quality Standards Co-ordinators who record the complaints on this log.

The one thing the Quality Standard Co-ordinators do not record on the log is whether the complaint is a stage 1 or stage 2 complaint. From our review we found that they tend to treat all complaints as a stage 2 and allow 20 days to investigate and resolve. **We have raised a recommendation around the splitting of complaints into stage 1 and stage 2 at the assigning stage and the accuracy of the complaints log. See recommendations 3 and 7 for further details.**

Number of Complaints

From our review of the 2020/21 complaints handling log, we found that 41 complaints had been received since the start of the academic year 2020/21. These can be further split into:

- 5 were showing as ongoing matters. Two of these had been logged on 11 March and 16 March 2021 respectively thus were still being investigated and still within the timescale of 20 days. The other 3 related to complaints which were logged earlier than January 2021 and

thus should have been resolved by now. In all 3 cases a holding letter had been issued to the complainant informing them that the investigation would take longer than the 20 days.

- 36 complaints were showing as having been completed and closed.
- 10 complaints were closed after the 20 day period. The days it took to investigate and resolve these complaints range from 21 days to 56 days.
- 25 complaints were closed within the 20 day period.
- 1 complaint had been ongoing for a year and had still not been resolved. This was due to the member of staff being on long term absence. The complainant had been informed of this.
- 5 complaints which had been included on the log were deemed upon investigation not to be complaints. (These have been included in the figures detailed above and were categorised as closed).

We have raised a recommendation around the time taken to respond to complaints. See recommendation 1 for further details.

Work Undertaken

Our review included the following:

➢ We discussed with relevant staff the current arrangements in respect of complaints handling within the College. We assessed these arrangements to ensure that the process used is open and transparent, easy to use and accessible to all stakeholders wishing to make a complaint.

➢ We obtained, reviewed, and assessed any documented policies and procedures in place in respect of complaints handling. We ensured that these are fit for purpose and cover all stages of the complaints handling process, including the appeals process.

➢ We considered how complaints are logged, recorded, and monitored to ensure that process is fit for purpose. This included an assessment of where the complaints are logged and who is responsible for logging and monitoring complaints. We also considered whether any training on complaints handling had been given to staff to ensure that complaints are being dealt with in a consistent manner. **(We have raised a recommendation around staff training, see recommendation 6 for further details)**.

➢ We undertook sample testing of the complaints handling processes to ensure that complaints are being processed in line with documented policies and procedures, current legislation, and good practice.

➢ We compared the College's arrangements with the SPSO's guidance to ensure that these are compliant.

➢ We ascertained what analysis of complaints received the College undertakes and how this is used to shape decisions at the College, i.e., what does the College do about complaints of a recurring nature, what action plans are put in place to try to address these recurring complaints and how is this monitored? **(We have raised a recommendation around lessons learnt from complaints, see recommendation 2 for further details)**.

➢ We reviewed what communication channels the College has with its staff/students/other stakeholders in respect of complaints.

➢ We obtained and reviewed any feedback from students/staff/other stakeholders regarding the College's complaints handling arrangements. **(See recommendation 9 for further details on student feedback)**.

➢ We obtained and evaluated the reports provided to management in respect of complaints handling. We also assessed whether performance against target is being monitored and reported. We considered what reporting on complaints is presented to the Board/committees. **(We have raised a recommendation around complaints reporting, see recommendation 5 for further details).**

Conclusion

Overall conclusion

Overall Conclusion: Substantial
We can provide a substantial level of assurance regarding the controls in place for complaint handling. We have raised 9 recommendations, 3 of which have been graded medium and 6 as low. See Section 3 Detailed Recommendations for further details. We have also raised 8 good practice points, see the page 9 for further details.

Summary of recommendations

Grading of recommendations				
	High	**Medium**	**Low**	**Total**
Complaints Handling	-	3	6	9

As can be seen from the above we have not graded any recommendations as high.

Areas of good practice

	The following is a list of areas where the College is operating effectively and following good practice.
1.	Those involved with the complaints handling process are informed of any updates to the procedures via email and team meetings. Training sessions for staff are held if any significant changes to the process are required.
2.	On an annual basis the College publishes its Complaints Annual Report on its public facing website in accordance with legislation.
3.	During our sample testing we found that all complaints were appropriately categorised with regard to their subject matter.
4.	For all complaints sampled, thorough investigations were completed in line with best practice that allowed for the appropriate outcomes of the complaint to be arrived at.
5.	On an annual basis the College will provide their Complaints Investigators with complaints handling training from the SPSO.
6.	The College has a detailed Complaints Handling Procedure that outlines effectively how the College handles complaints in line with SPSO, Freedom of Information and General Data Protection Regulation requirements, where the fundamental goals are to ensure that College operations are meeting and exceeding the standards of those involved within the College network. This Procedure is stored centrally on the College's network and is also made available on the College public facing website under the complaints section. The Procedure was reviewed in January 2019, and the College are currently updating the Procedure.
7.	All staff involved in the process are clear about their roles and responsibilities within the complaints handling process. The Assistant Principal, Performance & Skills has overall management responsibility for the complaints handling process within the College. The Head of Quality & Professional Standards oversees the day-to-day operation of the complaint handling process. The complaints log is maintained by the Quality Standards Co-ordinators with the complaints being investigated by the Heads of Sector/Department.

The following is a list of areas where the College is operating effectively and following good practice.	
8.	The College effectively informs their students, customers, and the public how they can complain. The College has developed a '*How to Complain* guidance document' in August 2019 which outlines the following: • What an individual can and cannot complain about; • Who can complain to the College; • How an individual can submit a complaint; • The timeframes an individual is to follow when making a complaint; • How the complaint is resolved at stage 1 and at stage 2; and • The individual rights to contact the SPSO if they remain dissatisfied. The document is available from the College public facing website as well as on request.

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.

Complaints Handling

Benchmarking				
	High	**Medium**	**Low**	**Total**
Average number of recommendations in similar audits	0	2	3	5
Number of recommendations at West College Scotland	0	3	6	9

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

Responding to Complaints within appropriate timeframes.			
Ref.	**Finding and Risk**	**Grade**	**Recommendation**
1.	It is imperative that the College respond to all complaints within the timeframes dictated by the SPSO. All complaints highlighted to the College are treated as stage 2 and are therefore required to be completed within 20 days. During our review we found that 9 out of the 20 complaints sampled were not resolved within the 20-day guideline with only 4 complainants being notified of the delay (sent a holding letter) prior to the decision being emailed. In all 4 cases the holding letter was sent after the 20 days. We also found a trend that a significant amount internal follow up emails requesting an information update from investigators by the Quality Team were sent after the 20-day limit. There is the risk that the College are not effectively processing complaints in line with SPSO guidance, are not communicating delays in a timely manner with complainants and have insufficient internal arrangements in place to ensure that investigations are completed in line with requirements.	**Medium**	We recommend that the College ensure that complaints are completed in line with SPSO guidance. In events where an investigation may run over the 20 days, this should be communicated to the individual prior to due date. We also recommend that the Quality Team follow up with the complaint investigators more regularly in relation to the progress of their investigation which may in turn reduce the delays surrounding the processing of complaints.

Management response	Responsibility and implementation date
It should be noted that the audit was carried out during the Covid-19 pandemic and College teams were working remotely with restricted access to the established complaints handling system. In normal circumstances the follow up with the investigating staff member would be highlighted through the on-campus system. When operations return to being fully on campus, the College will reinforce its operating procedure requiring that the Quality Team follow up with the complaint investigator prior to the 20-day deadline. A decision will then be made to either send a holding letter or that the complaint will be resolved, and an answer given by the 20-day deadline. The College will look at the availability of alternative electronic systems to assist in implementing the new Complaints Handling Procedure from April 2021.	*Responsible Officer:* Head of Quality and Professional Standards *Implementation Date:* 30 November 2021

Lesson Learned from Complaints			
Ref.	Finding and Risk	Grade	Recommendation
2.	The purpose of a robust complaints process is to allow for the College to identify any areas that may require improvement and ensure that their students and other stakeholders expectations are met with regards to the standards of service provided. During our discussions with key personnel, we found that there is little emphasis placed on the lessons learnt after complaint resolution letters have been issued. This was further emphasised during our sample testing where we found 2 complaints that were not upheld which did not record lessons learnt. On review of the complaints, we believe there was improvements which could have been made in the operations. There is the risk that the College are not utilising their complaints process to aid in improvement of the College operations.	**Medium**	We recommend that the College ensure that lessons learnt are reviewed for all complaints even when complaint has not been upheld.

Management response	Responsibility and implementation date
The College will reinforce its operational procedures which include the requirement to ensure that any lessons to be learned from the complaint, irrespective of whether the complaint is upheld or not, are distributed to key stakeholders. Any lessons learned will be shared with the SMT and departments, at least quarterly.	*Responsible Officer:* Assistant Principal Performance and Skills *Implementation Date:* 30 November 2021

Complaints Log			
Ref.	Finding and Risk	Grade	Recommendation
3.	When complaints are initially logged they should be split into either stage 1 or stage 2 complaints. The SPSO Complaints Handling Governance guidance states that the following should be recorded about complaints received (amongst other things): • Action taken and outcome at frontline response stage. • Date the complaint was closed at the frontline response stage. • Date the investigation stage was initiated (if applicable). From our review we found that the College's complaints log does not record whether the complaint is a Stage 1 or Stage 2 complaint. As a result of this, the College's complaints log does not record the points noted above. By recording complaints in this way, there is a risk that complaints which should be considered as Stage 1 complaints are being resolved after the 5-day timescale for such complaints and that this is going unnoticed due to the way these complaints are logged. As such the College's performance	**Medium**	We recommend that complaints when being initially logged are split into either stage 1 or stage 2 complaints. This should be notified to the person the complaint has been passed to for investigating to ensure that they are aware of the required timescales for resolution of the complaint. We would also recommend that the College's complaints log is updated to reflect the new SPSO guidance in respect of what should be included when recording complaints.

	regarding complaints handling may be adversely impacted upon.		

Management response	Responsibility and implementation date
All complaints are classified at reporting stage as being either stage 1 or 2. The College will highlight on receipt whether a complaint will be dealt with as a Stage 1 or Stage 2 complaint and will incorporate that into the new Complaint Handling Procedure (CHP) tracking and monitoring process. This modification will be included in update training on the new CHP effective from April 2021 and shared with all relevant staff.	*Responsible Officer:* Head of Quality and Professional Standards *Implementation Date:* 31 January 2022

Processing complaints in line with the College's procedures			
Ref.	Finding and Risk	Grade	Recommendation
4.	It is imperative that all complaints are processed in line with the College internal procedure. This includes provision of acknowledgement email, holding email and response email. For complaints that are made on behalf of an individual, the College also has the responsibility to ensure that all communication is directed to the individual in question (not complainant) unless explicitly advised by the individual to do so. During our review of 20 complaints, we found: • 1 complaint was not processed in line with the College procedure. The complainant in question did not receive any email correspondence from the College after the complaint was filled. To our understanding this was due to the fact that correspondence was completed through phone calls. We also found that another complaint, that was made on behalf of an individual, had correspondence that was emailed directly to the complainant with no written permission from the individual. It should be noted, that in the initial enquiry the complainant did forward emails directed to the individual attending the College, however this should not replace written verification.	**Low**	We recommend that the College ensure that standard emails are provided to the complainant appropriately, even when issues are resolved over the phone. We also recommend that all correspondence should be directed to the individual in question unless expressed otherwise.

	There is the risk that the College are not following the appropriate procedures when handling complaints.		
Management response		**Responsibility and implementation date**	
The College will ensure that all complainants are responded to as required by the College Complaints Handling Procedure including the use of a standard email. This response will be to the direct complainant and any others who are required to receive a response.		*Responsible Officer:* Head of Quality and Professional Standards *Implementation Date:* 31 July 2021	

Complaints Reporting			
Ref.	Finding and Risk	Grade	Recommendation
5.	There should be adequate reporting of complaints to ensure that the same issues are not recurring. From our review and discussion with those involved with the complaints handling process we found that the only reporting on complaints received done by the College is in its Annual Complaints Handling Report. From our review and discussion with those involved with the complaints handling process we found that the College produces an Annual Complaints Handling Report, which is included on its website. The College also use the statistics in the annual report to inform discussion at the Learning, Teaching & Quality Board Committee, Quality Standards Committee, Executive Leadership Team and the Heads of Curriculum and Support. There is risk that due to complaints figures, targets and trends not being reported to management on a regular basis poor performance may not be addressed due to management not being aware of the situation.	**Low**	We recommend that the College Senior Management Team should on a quarterly basis receive a report on complaints received and resolved along with the type of complaints and lessons learned. This will enable any recurring complaints to be addressed with learning points disseminated across the whole College.

Management response	Responsibility and implementation date
The Assistant Principal Performance and Skills will present a quarterly report to the Senior Management Team showing the level of complaints received by the College along with the significant lessons to be learned.	*Responsible Officer:* Assistant Principal Performance and Skills *Implementation Date:* 31 January 2022

Staff Wide Complaints Handing Training			
Ref.	Finding and Risk	Grade	Recommendation
6.	The College should ensure that all staff members are aware of the process for managing complaints. During our review, we found that the College has provided their Quality Assurance Staff and the Complaints Handling Investigators with complaints handling training provided by SPSO. However, the remaining staff at the College have yet to receive any training surrounding complaints handling. We acknowledge that the College will be providing training to all staff as part of the new revised Complaints Handling Procedure which came into effect on 1 April 2021. The College's Staff Development Group have scheduled the roll out of training for all staff in their operational plan. There is the risk that the College's staff members are not aware of how to manage complaints. There is also the risk that the staff at the College are not aware of changes to complaints handling guidance.	**Low**	We recommend that the College does provide training to all staff on the updated Complaints Handling Procedure to enable them to recognise what should be reported to the Quality Standards Co-ordinators as a complaint. Thereafter complaints handling refresher training should be provided to all staff, potentially utilising the standardised training resources through its Quality Networks, which should be available from August 2021.

Management response	Responsibility and implementation date
The College has in place a training plan for 2021-22 which will update all staff on the revised Complaints Handling Procedure (April 2021).	*Responsible Officer:* Assistant Principal Performance and Skills *Implementation Date:* 31 January 2022

Accuracy of Complaints Log			
Ref.	Finding and Risk	Grade	Recommendation
7.	The College's complaints register should accurately reflect the accompanying data surrounding the complaint including the correct details and dates. During our sample testing we found that 2 out of the 20 sampled complaints were incorrectly logged where the date in which the complaint was received was different to the date recorded on the register. There is the risk that the College are not accurately logging complaints data on their register.	**Low**	We recommend that the College ensure the data maintained on the register is accurate and appropriately reviewed.
Management response		Responsibility and implementation date	
Staff members who are responsible for recording complaints will be reminded of the necessity for recording an accurate date of receipt.		*Responsible Officer:* Head of Quality and Professional Standards *Implementation Date:* 31 July 2021	

Complaints Handling Process Map			
Ref.	Finding and Risk	Grade	Recommendation
8.	As an appendix to their Complaints Handling Procedure, the College has a Complaints Handling Process Map that effectively illustrates the process to follow when reporting a compliant. This is also included in the Colleges 2021 draft Procedure where the map has been updated alongside the current process to include data protection permission, where complaints are to be logged, SPSO right to appeal etc. During our review of each process map we found that the College does not separately identify the processes to be followed for stage 1 and stage 2 complaints where the only determinant that the map outlines alternative paths for is whether issue reported is classified as a complaint. The map only outlines a single process to be followed when processing complaints. We also found that the process map does not include the time frames that require to be followed at each stage for the complaint to be handled compliantly. Finally, we found that the process map also includes processes to be followed regarding satisfaction surveys	Low	We recommend that the College update their process map to include the following: • Procedures to be followed for both stage 1 and stage 2 complaints. • Timeframes to be followed for each section of the process. We also recommend that the College either integrate the reporting process and issuing of satisfaction surveys in a clearer format in their process map including everyone's responsibilities or develop another process map that separately identifies these processes.

	and the quarterly reporting. These sections are hard to follow and do not seamlessly tie in with the rest of the complaint handling processes. There is the risk that the College's Process Map is not reflective of the Complaints Handling Procedure and outlines an alternative process.	
Management response		**Responsibility and implementation date**
The updated College Complaints Handling Procedure is based upon the SPSO Policy guidance and this has removed the need for the inclusion of a process map. The College Senior Management Team has approved the updated Procedure. The College will, as with all Policies and Procedures, take feedback from those who operate it and those who use it. This feedback will be used to inform any future updates.		*Responsible Officer:* Assistant Principal Performance and Skills *Implementation Date:* 1 April 2021

Student Feedback			
Ref.	Finding and Risk	Grade	Recommendation
9.	Staff, students, and other stakeholders should be kept up to date with any changes to the complaints handling process. The College should also gather student feedback on their complaints handling process. From our review we found that staff are informed of any changes to the process, but students and wider stakeholders are not. We also found that the College will verbally relay information to the Student Association. There are no other avenues for the students to provide feedback. As stated previously the College publish its Annual Complaints Handling Report on its website. There is a risk that students and other stakeholders are not aware of the changes to the complaints handling process. There is also the risk that the College are not adequately gathering student feedback in line with expected practice.	**Low**	We recommend that any amendments in the process are notified to students via posts on the website and/or the MyDay student portal. The College should also signpost the students to the Annual Complaints Handling reports via the Student Association's social media and the MyDay student portal.

Management response	Responsibility and implementation date
The College makes available details of its Complaints Handling Procedure on the website and the student induction checklist includes a section on how to complain. To supplement this an update will be made on the student portal 'MyDay' to ensure students are made aware of the recent changes. We already attempt to gather the views of all stakeholder complainers, including students, through a post complaint questionnaire. The College will annually signpost to students via social media and on MyDay as to the availability of the annual Complaints Handling report.	*Responsible Officer:* Assistant Principal Performance and Skills *Implementation Date:* 30 November 2021

The following is a list of observations from our review	
1.	It should be noted that for a complaint sampled, the College passed incorrect information to the complainant. Specifically, the internal investigation confirmed that international fees are set at the discretion of the College and their fee policy, however the complainant was informed that fees are established by the Government. This information has no impact on the outcome of the investigation thus we have not included this as a formal recommendation, however the College should ensure that all information provided is accurate.

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	22 March 2021
Closing meeting	29 March 2021
Draft report issued	1 April 2021
Receipt of management responses	30 April 2021
Final report issued	6 May 2021
Audit Committee	20 May 2021
Number of audit days	5

We detail below our staff who undertook the review together with the College's 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	Siobhan Archibald	Internal Audit Senior	siobhan.archibald@wyliebisset.com

West College Scotland			
Key Contact	Cathy McNab	Assistant Principal	cathy.mcnab@wcs.ac.uk
	John Redman	Head of Quality & Professional Standards	john.redman@wcs.ac.uk
	We also spoke to the Quality Standards Co-ordinators, the Student Association President and the PA to the CEO and Principal		
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

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.

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 processes in place for the management, monitoring and reporting of complaints. We will seek to provide assurance that the process is robust and that performance against targets are being monitored. We will also look to ensure that complaints are being addressed in line with SPSP requirements.

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 adequate policies and procedures in place in relation to complaints handling.

➢ Policies and procedures in place comply with the latest guidelines from the Scottish Public Services Ombudsman.

➢ There are strong controls in place for the handling of complaints, including monitoring performance against target and action taken when poor performance has been identified.

➢ There are adequate communication levels between the College and its students/staff in respect of the complaints handling process.

Limitation of scope

There are no limitations of scope.

Audit approach

Our approach to the review will be:

➢ Discuss with relevant staff the current arrangements in respect of complaints handling within the College.

➢ Obtain, review, and assess any documented policies and procedures in place in respect of complaints handling.

➢ Undertake sample testing of the complaints handling processes to ensure that complaints are being processed in line with documented policies and procedures, current legislation, and good practice.

➢ Comparison of the College's arrangements with the SPSO's guidance to ensure that these are compliant.

➢ Reviewing what communication the College has with its staff and students in respect of complaints.

➢ Obtaining and reviewing any feedback from students and staff regarding the College's complaints handling arrangements.

Potential key risks

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

➢ The lack of a Complaints Management policy / procedure which is subject to regular review could result in staff being unaware of their responsibilities in respect of complaints handling and/or not acting in a consistent and appropriate manner when handling complaints.

➢ The College is not complying with the guidelines set out by the SPSO which could lead to challenge, financial loss and reputational damage.

➢ There are inadequate controls in place for the handling of complaints, leading to complaints being handled in an inconsistent manner by staff and/or complaints not being resolved.

➢ There is no system for logging and tracking responses to ensure the College is monitoring its performance in relation to complaints handling.

➢ There is no reporting to management with regard to complaints figures, targets and trends which could result in poor performance not being addressed due to management not being aware of the situation.

➢ Complaints made to the College are not being responded to on a timely basis or there is no response at all, leading to a breach of the SPSO guidelines.

➢ There is poor communication between the College and its students/staff which could result in a lack of complaints reporting.

TITLE: **INTERNAL AUDIT REPORT – EXTERNAL COMMUNICATIONS (WEBSITE)**

Background: As part of the 2020-21 Internal Audit Plan, Wylie & Bisset conduct an internal audit to ensure there was sufficient website analytical information in place at the College. The review considered the College website traffic and the reporting arrangements in place, to assess whether the arrangements in place are sufficient and whether the website met the current EU directives on accessibility.

The objectives for the review were to:
- The College's website is fit for purpose and provides the necessary information for students, staff, and other stakeholders in a clear and userfriendly format.

- Roles and responsibilities are clearly defined for the College website, including content, design, and upload.

- There is sufficient data available about the College's website to enable analysis of website traffic, who is using the website and what it is being used for, to help inform future decisions on the development of the College's website.

- The College seeks and acts on feedback received from users of the website to continually improve the service.

- There is an appropriate level of reporting to Senior Management and the Board/Committees regarding the College's website.

- The College's website is compliant with the EU directives regarding accessibility.

This report presents to the Audit Committee the outcome of the internal audit review. The report will also be presented to the 1 June 2021 Corporate Development Committee for their review.

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

Lead: Stephen Pringle, Wylie & Bisset

Status: Open

1. Introduction

1.1 As part of the 2020-21 Internal Audit Plan, Wylie & Bisset conduct an internal audit to ensure there was sufficient website analytical information in place at the College. The review considered the College website traffic and the reporting arrangements in place, to assess whether the arrangements in place are sufficient and whether the website met the current EU directives on accessibility.

2. Conclusion

2.1 The review concluded that Wylie & Bisset:

'… can only give weak assurance on the website analytical information and the reporting arrangements in place at the College. We can confirm that the College is working towards ensuring its website is meeting the current EU directives on accessibility. We have raised 5 recommendations, 1 of which has been graded high, 3 medium and 1 low. See section 3 Detailed Recommendations for further details. We have also raised 2 good practice points, see the page 11 for details.'

2.2 The level of assurance assigned by the auditors is 'Weak' 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:

- It is only the Marketing Team who can update and upload content and documents to the College's website. The roles and responsibilities of the Marketing Team are clearly defined within the College's intranet pages. This also contains photos and contact details for those staff members.

- The College engaged an external consultant to undertake a review of the accessibility of their website and mobile applications (Apps). The outcome of this was to provide the College with the basis of an accessibility statement and areas where they need to improve

2.4 The report made five recommendations in total – one high, three medium and one low

2.5 All recommendations are assigned 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.

2.6 The one high rated recommendation related to:
1) The lack of an overall Marketing & Communications Strategy and Action Plan.

2.7 The three medium rated recommendations related to:
1) Student and Stakeholder Feedback requires to be taken on a regular basis.
2) Analysis of the Usage of the Website should be undertaken more widely to inform decision making process.
3) The use of the website and accessibility issues should be reported to SMT.

2.8 The one low rated recommendation related to:

1) Content of the Public Facing Website should be reviewed and updated regularly.

2.9 The report will be presented to the 1 June 2021 Corporate Development Committee for their information and the five recommendations will be added to the Rolling Audit Action Plan for monitoring purposes.

3   Recommendation

3.1 The Audit Committee is requested to consider and note the contents of the report.

West College Scotland

Internal Audit 2020-21

External Communications
April 2021

Overall Conclusion
Weak

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 review was to ensure there was sufficient website analytical information in place at the College. We reviewed the website traffic and the reporting arrangements in place at the College to assess whether the arrangements in place are sufficient. We also considered accessibility to meet current EU directives.

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's website is fit for purpose and provides the necessary information for students, staff, and other stakeholders in a clear and user-friendly format.

➢ Roles and responsibilities are clearly defined for the College website, including content, design, and upload.

➢ There is sufficient data available about the College's website to enable analysis of website traffic, who is using the website and what it is being used for, to help inform future decisions on the development of the College's website.

➢ The College seeks and acts on feedback received from users of the website to continually improve the service.

➢ There is an appropriate level of reporting to Senior Management and the Board/Committees regarding the College's website.

➢ The College's website is compliant with the EU directives regarding accessibility.

Limitation of scope

There were no limitations of scope.

Background Information

Roles and Responsibilities

In May 2020, when the Director, Communications, Policy & Planning position became vacant, an interim arrangement was put in place whereby the Principal has taken on the responsibility for overseeing the activities of the Department. This arrangement will remain in place until the new Director of Communication, Policy and Engagement is recruited, which is currently anticipated to be in June 2021. At that point the Vice Principal Operations will assume responsibility for the Department.

All the Marketing Team have a log on for the website, although there are four main users, namely:

- Three Marketing & PR Executives – Content and creative
- One Marketing & PR Administrator – Course content

Currently the College's website is maintained inhouse on a hosted platform run by Umbraco. This is a hosting site only; it is the Marketing Department staff who maintain the content and update of the website.

The following Marketing Department staff have an input to the maintenance of the website:

- The Marketing & PR Executives for certain aspects of content.
- The Marketing & PR Administrator for uploading and keeping the course content up to date.
- Graphic/Web Designers - graphic design services for the College website and intranets.

The Marketing pages within the College intranet give clear details of who is responsible for the website and what their role is in respect of this.

Only the Marketing Team have access to the back office of the website, which allows them to update and upload content on the website. It is only the Marketing Team who have access to the Umbraco hosting platform. No other members of staff have a username and password to enable them to update the content of the website or to upload documents to the website.

The College does not have a Marketing & Communications Strategy. **We have raised a recommendation around the preparation of such a strategy. See section 2, recommendation 1 for further details**.

Content

The Quality and Professional Standards Department review the content of the website to ensure that this is up to date and reflects the current version of documents etc. Any discrepancies are notified to the Marketing Department for them to rectify.

Course Content

Each year the College undertakes a portfolio course review, which shows the courses that ran during the previous year. This is considered and updated by the Vice Principal Educational Leadership, Heads of Sectors and Curriculum Quality Leaders. This process is used to assess what courses should be rolled over without any changes and those courses where changes are needed. The revised course listing requires to be approved by the relevant Head of Sector prior to the Marketing & PR Administrator making the changes on the website.

For most of the courses this is an automatic process, where the course is rolled over from one year to the next. For the full-time courses where this happens the dates are automatically updated to reflect the relevant academic year dates. For part-time courses, the Marketing & PR Administrator must update these manually, where necessary.

For completely new courses, there is a course template form which requires to be completed by the relevant Head of Sector/Curriculum Quality Leader. This contains all the details required to include the course on the website.

Once the course becomes full or it is past the start date this will be removed from the website to ensure that applicants are not applying to a course which they will not be accepted for.

We have raised a recommendation around the content of the website. See section 2 recommendation 5. See also observation 2 for further details.

Analytical Data

The Marketing Team do not monitor website usage. The Marketing Team were provided with training several years ago on how to download reports from the website, however they do not use the available reports. For some advertising campaigns in the past, they downloaded the analytical reports after the campaign has ended to see if there was any increase in the website hits and to try to determine if this was as a result of the marketing campaign.

A few years ago, the Team looked at the words being searched most frequently. This was done via an external consultant who provided advice on which words people tended to search for the most. The intention was to review the course titles and website to ensure that they took account of the most frequently used search words.

Other than the above, the Marketing Team do not monitor the website hits or produce and use the analytical data that is available to them. **We have raised a recommendation around the use of analytical data – see section 2, recommendation 3 for further details**.

Table (1) shows that the number of users and sessions have reduced this year compared to last year. This is an area where greater monitoring of the website traffic could highlight that there may possibly be a decrease in student applications. By being alert to this sort of movement earlier, the College may be able to target any promotion of its courses to counter any potential downturn in applications.   The College does not solely rely on the number of visitors to its website to monitor the level of recruitment. The Educational Leadership Team receives periodic reports from the student information system (Unit-E) on the level of enrolments at the College thereby allowing the organisation to direct any marketing efforts at particular areas of concern.

From discussions with the College, the trend is for users to obtain the majority of the information they require about the College from social media outlets such as Facebook, Instagram and Twitter. The reduction in website usage is likely to be a continuing trend as users now primarily use it for completing their applications as shown in table 2 below.

Table (1):

Audiences Data	2019/20	2020/21	Difference
Users	292,931	284,166	(8,765)
Sessions	601,560	589,441	(12,119)
Number of Sessions per User	2.05	2.07	0.02
Page Views	3,453,059	3,224,952	(228,107)
Number of Pages per Session	5.74	5.47	(0.27)
Average Session Duration	3 minutes 50 seconds	3 minutes 48 seconds	(2) seconds

Table (2) below shows the 10 most visited pages on the College's website. As can be seen from this, the most popular pages relate to course details and selection.

Table (2) – 10 mot visited pages on the College website:

Overview Data	2019/20	2020/21	Difference
Home page	9.84%	9.47%	(0.37%)
WCS apply/login	5.67%	5.41%	(0.26%)
Courses/course-directory/courses	5.59%	5.87%	0.28%
WCS apply/Applications	4.71%	4.81%	-0.1%
Courses/Course-directory/basket	4.09%	4.09%	0%
Courses	3.94%	2.96%	(0.98%)
WCS apply/Qualifications	2.41%	2.44%	0.03%
WCS apply/Further	1.32%	1.29%	(0.03%)
WCS apply/Selection	1.27%	0	(1.27%)
Courses/online-learning/free-introductory and level 2 certified courses	0	1.35%	1.35%
Courses/course-directory/courses/distance-learning all subject areas	0	1.34%	1.34%

WCS apply/Error *	1.24%	0	(1.24%)
Average time on page	48 seconds	51 seconds	(3) seconds

*instances where the page did not load properly, i.e., an error message was received by the user.

Feedback
The College has not obtained feedback on its website for several years. In early 2019 the College did some navigation and cosmetic changes to enhance the website. The College are aware that the website does need attention. Website enhancement was included in last year's Marketing operational plan. However, due to staffing issues within the department and the pandemic the Marketing Department decided to delay this process for a year. It is now included in their 2021-22 Operational Plan.   The Marketing Department plan to engage an external provider to do a full review of the website and conduct focus groups for feedback.

From our discussion with the Marketing & PR Executive we were informed that they have not contacted and discussed with internal business partners their needs in respect of apprenticeships/work-based learning and the content of the website.   The Marketing Department were supposed to have undertaken a scoping exercise for their internal group which would have considered the needs of their business partners, however due to the circumstances mentioned above, this did not take place. This is now planned to happen later in 2021.

The Marketing & PR Executive stated that they have a big social media following, thus if anyone was unhappy about the website, they would reflect this on social media. The Marketing Team monitor the social media posts and will pick up any negative comments from this. The Marketing & PR Executive stated there have not been any negative comments on social media about the website.

We have raised a recommendation around the use of surveys and focus groups for both students and business partners/employers. See section 2, recommendation 2 for further details.

Reporting
There have not been any recent reports issued to the Senior Management Team. **We have raised a recommendation around the SMT receiving periodic reports on the website usage and any feedback received from users of the website. See section 2, recommendation 4 for further details**.

Accessibility of the Website

The College had an accessibility audit undertaken in November 2020. The accessibility audit was undertaken by an external consultant, Alistair McNaught Consultancy Ltd, who provided an example of an Accessibility Statement and the areas which the College should consider further. The consultant took a sample of the top 10 pages used on the website and reviewed these for compliance with the Accessibility Regulations. His review also included the student learning platform 'Moodle' and the College Intranet. This review and the College's Accessibility Statement states that the "website is partially compliant with the Web Content Accessibility Guidelines version 2.1 - AA standard".

This is due to the follow issues, which have been listed on the College's Accessibility Statement:

- "The College are aware of widespread colour contrast issues resulting in accessibility fails. These currently apply to the student portal, 'Moodle', and the main website.
- Keyboard-only users will struggle to use the websites effectively because of submenus only being accessible to a mouse, not keyboard.
- The visual indication keyboard focus is poor on the main website.
- A significant proportion of links have non-unique link text (such as Click here or Read more).
- Auto advancing content such as carousels:
  - cannot be paused.
  - cannot be skipped by keyboard users.
- Downloadable documents, guides, policies, and procedures in PDF format are not fully accessible. Few are structured for navigation by screen readers (or sighted users via the bookmark pane). Some were unable to reflow when magnified (e.g., induction information for enabling services). If you require an accessible version that is structured for navigation or will reflow when magnified please contact us using the information below".

We have raised a recommendation around the production of an action plan for the updating of the website including compliance with the Accessibility Regulations. See section 2, recommendation 1 for further details.

Work Undertaken

The work undertaken during this review included:

➢ We discussed with key personnel the current arrangements in respect of the College's website. We considered the content and layout of the website to assess whether this was fit for purpose, user friendly and easy to find required information. We reviewed the website to ensure it provides the required information on the College and the appropriate disclosures and policies. As part of this review, we considered the content against the guidance provided to English colleges regarding website content. We considered whether there was an action plan in place to develop the website. **Please see the Observation section on page 20 for further details of this.**

➢ We established who has oversight of the website - the roles and responsibilities for content, design, and upload. We established and assessed how the College ensures that the content on the website is being kept up to date.

➢ We discussed with key personnel whether there was a Marketing and Communications Strategy in place and whether this covered the College's website.

➢ We discussed with staff the analytical data available in respect of the College's website. We obtained and assessed the analytical data available in terms of who is using the website, what areas of the website people are visiting, what people are using the website for and frequency of use.

➢ We discussed with key personnel the procedures in place for gaining feedback on the College's website and whether an action plan was put in place to address any areas of concern. We established whether focus groups are used as part of the stakeholder's engagement to help drive development of the website.

➢ We established what reports are presented to the College's Senior Management and the Board/Committees regarding the College's website. We considered what is being reported and the frequency of these reports.

➢ We compared the College's website with the Accessibility Regulations to ensure that it is compliant.

Conclusion

Overall conclusion

Overall Conclusion: Weak
We can only give weak assurance on the website analytical information and the reporting arrangements in place at the College. We can confirm that the College is working towards ensuring its website is meeting the current EU directives on accessibility.   We have raised 5 recommendations, 1 of which has been graded high, 3 medium and 1 low.   See section 3 Detailed Recommendations for further details. We have also raised 2 good practice points, see the page 11 for details.

Summary of recommendations

Grading of recommendations				
	High	**Medium**	**Low**	**Total**
External Communications	1	3	1	5

The following is a summary of the recommendations we have graded as high:

➢ Marketing & Communications Strategy and Action Plan

Areas of good practice

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

1.	It is only the Marketing Team who can update and upload content and documents to the College's website. The roles and responsibilities of the Marketing Team are clearly defined within the College's intranet pages. This also contains photos and contact details for those staff members.
2.	The College engaged an external consultant to undertake a review of the accessibility of their website and mobile applications (Apps). The outcome of this was to provide the College with the basis of an accessibility statement and areas where they need to improve.

Marketing & Communications Strategy and Action Plan			
Ref.	Finding and Risk	Grade	Recommendation
1.	There should be a Marketing & Communications Strategy in place, which covers the website design and content. The Strategy should be complimented by a comprehensive action plan that will detail how the strategy objectives will be achieved. The action plan should include how the College intends to refresh and improve its website. From our review we found that the College does not have a Marketing & Communications Strategy nor an action plan to implement the Strategy. There is a risk that the College does not have a clear plan regarding its marketing and communications due to the lack of a comprehensive Strategy being in place. In addition, there is a risk that the College's website is not fit for purpose which may damage the College's reputation with potential students and stakeholders.	**High**	We recommend that the College implement its intention to produce a Marketing & Communications Strategy and comprehensive action plan which should include the development of its website. As part of the production of the Strategy we recommend that the College consider setting up an internal working group to start considering the design and content of the website. The work of this group will then be augmented with the findings from the external consultant's review of the website. The action plan should also contain the findings from with the Accessibility Audit to ensure that the College are complying with Accessibility Regulations.

Management response	Responsibility and implementation date
The College will engage in the process of developing a Marketing and Communications Strategy once the Director of Communication, Policy and Engagement has started in post. This is anticipated to be in early July 2021. A detailed action plan will be developed from the Strategy including the development of the College website and any findings from the external reviews undertaken including the accessibility audit.	*Responsible Officer:* Director of Communication, Policy and Engagement *Implementation Date:* 28 February 2022

Student and Stakeholder Feedback			
Ref.	Finding and Risk	Grade	Recommendation
2.	The College should seek feedback from its students and other stakeholders of its website on a regular basis to ensure that the website is still fit for purpose, user friendly and engaging for the user. We were informed that the College have not obtained feedback from the students and other stakeholders (business partners/employers) in respect of the content, features, and layout of the website for several years. There is a risk that if the College does not seek feedback from users of its website the College could miss opportunities to make improvements to its website.	**Medium**	We recommend that the Marketing Department obtain feedback from students and other stakeholders to obtain their thoughts and comments on the current website. This could be done via surveys and/or focus groups but the College may wish to look at other sources of feedback as required. This should try to bring out what features they like and do not like in the current set up as well as the features they would like to see on the website.

Management response	Responsibility and implementation date
The College will look to obtain feedback from students and other stakeholders covering the wider College social media presence including the College website using the most relevant feedback method. The results of this feedback will be used to inform the development of the Marketing and Communications Strategy.	*Responsible Officer:* Director of Communication, Policy and Engagement *Implementation Date:* 28 February 2022

Analysis of the Usage of the Website			
Ref.	Finding and Risk	Grade	Recommendation
3.	The College should use the analytical reports it can produce on its website to assess the most popular pages and those which are not being used. From our review we found that the Marketing Department do not use the analytical reports which can be produced from the website to monitor usage of the website. There is a risk that inappropriate decisions are taken on the development of the website due to the available analytical data not being used or monitored by the College's Marketing Department.	**Medium**	We recommend that the Marketing Department on a periodic basis produce and review the analytical data available about website usage to ensure that any future developments of the website are reflective of the available data.

Management response	Responsibility and implementation date
The College will undertake a review of the reporting capabilities of its current software. A report on the use of the website and potential future developments will be brought to the attention of the Senior Management Team for discussion.	*Responsible Officer:* Director of Communication, Policy and Engagement *Implementation Date:* 28 February 2022

Reporting to SMT			
Ref.	Finding and Risk	Grade	Recommendation
4.	The Senior Management Team (SMT) should be kept up to date with website usage and feedback as well as its compliance with the Accessibility Regulations. From our review we found that the SMT are not provided with analytical data on the website usage, feedback, or its compliance with the Accessibility Regulations. There is a risk that inappropriate decisions are taken regarding the College's website due to the lack of appropriate analytical data reporting, feedback from students and other users of the website. There is also a risk that any gaps in compliance with the EU Accessibility Regulations go unnoticed which could expose the College to future legal challenge and claims of discrimination.	**Medium**	We recommend that on a periodic basis the Marketing Department report on the usage of the website together with the outcome of any feedback surveys and focus groups.
Management response		Responsibility and implementation date	
The Marketing Department will produce a report twice a year for the consideration of the Senior Management Team on the use of the College website and wider social media outlets. This will allow the SMT to understand the changing nature of how information about the College is accessed and inform any future investment decisions.		*Responsible Officer:* Director of Communication, Policy and Engagement *Implementation Date:* 30 April 2022	

Content of the Public Facing Website			
Ref.	Finding and Risk	Grade	Recommendation
5.	The public facing website is one of the sources of information for potential students, the public, and other stakeholders thus this should contain the most up to date information and documents about the College. From our review of some of the pages of the public facing website, namely the Publications & Policies and the Board of Management pages within the *'About the College'* section of the website, we found that these did not contain the most up to date information. The Publications & Policies section contained several older documents (pre-2019) and not as much current 2020 and 2021 documents. We also found that the minutes and papers of the various committees were not the most up to date. There is a risk that the College's public facing website is not presenting an accurate picture of the College and that those using the website are not basing any decisions on the most up to date information.	**Low**	We recommend that the College ensures that the most up to date information is included on its public facing website as this is the area which potential students and the public will see first.

Management response	Responsibility and implementation date
The College is currently developing its Performance Management System (Pentana) to record all College Strategies, Policies and Procedures review dates. Once established this system will record whether the documents require to be updated on either the internal intranet or on the external internet college pages, or both. The system will assign the responsibility to the appropriate manager.	*Responsible Officer:* Director of Finance *Implementation Date:* 31 October 2021

The following is a list of observations from our review	
1.	As there is not a list which details what should be included on Scottish Colleges' website, we have used our experience within the English College sector and used the Government guidance issued for English colleges in respect of what should be included in their website as a benchmark for what the College includes on its website. From this we can confirm that the College includes most of the information which English colleges require to have on their website. See Section 3: Detailed Recommendations for further details and recommendations raised around the version of documents on the website and potential omissions and improvements.
2.	From our review of the course content within the courses' directory section of the website we found that standard information was included within these pages. However, we found that the order in which the campuses are listed on these pages can vary from page to page. This may cause confusion to the reader who may expect the campuses to be listed in the same order on all pages within the course directory. We have not raised a formal recommendation around this however the College may wish to make the layout of the pages for each curriculum area follow a standard layout in terms of the order of the campuses listed.

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	22 March 2021
Closing meeting	29 March 2021
Draft report issued	1 April 2021
Receipt of management responses	8 April 2021
Final report issued	20 April 2021
Audit Committee	20 May 2021
Number of audit days	6 days

We detail below our staff who undertook the review together with the College's 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

West College Scotland			
Key Contact	Fiona McLaren	Marketing & PR Executive	fiona.mclaren@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

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.

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 review is to ensure there is sufficient website analytical information in place at the College. We will also review the website traffic and the reporting arrangements in place at the College to assess whether the arrangements in place are sufficient. We will also consider accessibility in order to meet current EU directives.

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's website is fit for purpose and provides the necessary information for students, staff, and other stakeholders in a clear and user-friendly format.

➢   Roles and responsibilities are clearly defined for the College website, including content, design, and upload.

➢   There is sufficient data available about the College's website to enable analysis of website traffic, who is using the website and what it is being used for, to help inform future decisions on the development of the College's website.

➢   The College seeks and acts on feedback received from users of the website to continually improve the service.

➢   There is an appropriate level of reporting to Senior Management and the Board/Committees regarding the College's website.

➢   The College's website is compliant with the EU directives regarding accessibility.

Limitation of scope

There are no limitations of scope.

Audit approach

Our approach to the review will be:

➢ Discussion with key personnel to ascertain the current arrangements in respect of the College's website. We shall consider the content and layout of the website to assess whether this is fit for purpose, user friendly and easy to find required information. We shall review the website to ensure it provides the required information on the College and the appropriate disclosures and policies. We shall consider whether there is an action plan in place to develop the website.

➢ Establishing who has oversight of the website, i.e., the roles and responsibilities for content, design, and upload. We shall establish and assess who is responsible for the content of the website and how the College ensure that this is being kept up to date.

➢ Discussion with key personnel to ascertain whether there is a Marketing and Communications Strategy in place and whether this covers the College's website.

➢ Discussion with staff to ascertain the analytical data available in respect of the College's website. We shall obtain and assess the analytical data available in terms of who is using the website, what areas of the website people are visiting, what people are using the website for and frequency of use.

➢ Discussion with key personnel to establish the procedures in place for gaining feedback on the College's website and whether an action plan is put in place to address any areas of concern. We shall establish whether focus groups are used as part of the stakeholder's engagement to help drive development of the website.

➢ We shall establish what reports are presented to the College's Senior Management and the Board/Committees regarding the College's website. We shall consider what is being reported and the frequency of these reports.

➢ Comparison of the College's website with the Accessibility Regulations to ensure that it is compliant.

Potential key risks

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

➢ The College's website is not fit for purpose and is not clear and user friendly which may damage the College's reputation with potential students and other stakeholders.

➢ There is the risk that roles and responsibilities are not clearly defined which could result in accountability issues and lack of control over the accuracy of the content and usefulness of the website.

➢ If there is insufficient analytical data available about the College's website, this could lead to inappropriate decision being taken on the development of the website.

➢ The College does not seek or act upon feedback received from users of the website which could result in inappropriate decisions being made regarding the development and improvements to the website.

➢ There is an insufficient level of reporting to Senior Management and the Board/Committee on the College website.

➢ The College's website does not comply with the EU directives regarding accessibility which could expose the College to claims of discrimination and legal challenge.

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Status: **Restricted**

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 (*Appendix A*) provides the Audit Committee with an update on 2020-21 actual internal audit activity for the year which has now been completed. The report shows the work that has been undertaken along with the timing of report presentation to the Committee.

The September 2021 Audit Committee meeting will receive the Internal Audit Annual Report.

Attached at *Appendix B* is the appointment letter for the provision of the College internal audit service. This has been included to allow Committee members to note the terms of reference upon which the College has appointed Wylie & Bisset, in response to a matter raised as part of the *'Review of the Internal Audit Service'* (agenda item 1).

Stephen Pringle, Senior Manager, at Wylie & Bisset will update the Committee on the delivery of the agreed 2020-21 audit plan and the progress against the established Key Performance Indicators for 2020-21.

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

Annual Plan 2020-21 Update

May 2021

Internal Audit Plan 2020/21

Assignment Plans

A detailed assignment plan was 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 was 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

Key Performance Indicators
Analysis of Performance Indicators

Performance Indicator	Target	Progress to date
Internal audit days completed in line with agreed timetable and days allocation	100%	100%
Draft scopes provided no later than 10 working days before the internal audit start date and final scopes no later than 5 working days before each start date	100%	100%
Draft reports issued within 15 working days of exit meeting	100%	100%
Management provide responses to draft reports within 10 working days of receipt of draft reports	100%	91%*
Final reports issued within 5 working days of receipt of management responses	100%	100%
Recommendations accepted by management	100%	100%
Attendance at Audit Committee meetings by a senior member of staff	100%	100%
Annual Report to be issued by 31 August each year	100%	TBC
Suitably experienced staff used on all assignments	100%	100%

*There was a delay in receiving management responses for the first Study of Covid-19 review due to the complexity of the report.

The Board of Management
West College Scotland
Finnart Street
Greenock
PA16 8HF

Dear Sirs

1   Following our appointment as internal auditors of West College Scotland by the Board of Management, we set out below what we consider to be the basis on which we are to act as internal auditors and the respective areas of responsibility of the College and of ourselves.

Appointment and qualification

2   We acknowledge that the Board of Management have appointed us for a period of 3 years from the 1st August 2020 to the 31st July 2023 with the option to extend the contract for a further 2 12-month periods.

3   We confirm that we are qualified to be appointed as internal auditors for the College in accordance with the requirements of the relevant legislation. We shall have right of access at all times to the books, accounts and vouchers of the College and to such information and explanations as necessary for the performance of our duties.

Responsibilities of the College

4   The Board of Management shall be responsible for ensuring that a system of controls, financial and otherwise, is established and maintained in order to carry on the operations of the College in an orderly and efficient manner, to ensure adherence to management policies, to safeguard the assets and to secure, as far as possible, the completeness and accuracy of the records.

Audit scope and reporting

5   We shall conduct our work in accordance with the standards and guidelines set down by the Chartered Institute of Internal Auditors (IIA) and the Public Sector Internal Audit Standards (PSIAS).

6   We will prepare an Audit Plan which will detail a programme of work. The Audit Plan will be presented to the Audit Committee for approval.

Our ref: GG/SP

Your ref:

Date: 8 July 2020

168 Bath Street, Glasgow, G2 4TP

Page 2

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DX 512406
Glasgow Bath Street

7 Specifically, our work will achieve the following objectives:-

(a) to review and appraise the soundness, adequacy and application of accounting, financial and other controls;

(b) to ascertain the extent to which systems of control ensure compliance with established policies and procedures;

(c) to ascertain the extent to which the assets and interests entrusted to or funded by the College are properly controlled and safeguarded from losses of all kinds;

(d) to ascertain that all accounting and other information is reliable as a basis for the production of accounts and other returns:

(e) to ascertain the integrity and reliability of financial and other information provided to management including that used in decision-making;

(f) to ascertain that systems of control are laid down and operate to achieve the most economic, efficient and effective use of resources; and

(g) to draw attention to apparently uneconomic or otherwise unsatisfactory results flowing from management decisions, practices or policies.

8 We shall prepare reports following each visit to the College which will detail our findings and conclusions and, where appropriate, make recommendations for improvement. Subsequent reports will review the adequacy of action taken in relation to any recommendations previously made. Draft reports will be submitted within 3 weeks of the conclusion of each audit visit. Once the report has been agreed a final version will be issued to the Director of Finance & Estates and Chair of the Audit Committee.

9 Annually, a report will be prepared setting out our activities in the previous year. The report will be addressed to the Board of Management, who will be responsible for sending a copy to SFC. The annual report will provide an assessment of the adequacy and effectiveness of the internal control systems of the College and the coverage of the work undertaken as measured against the audit plan.

10 Serious weaknesses or an accounting breakdown will be reported in the first instance to the College's Director of Finance & Estates without delay, and thereafter to the Audit Committee.

11 We acknowledge that internal audit working papers and relevant audit documentation are the property of the College.

Irregularities, including fraud

12   The responsibility for ensuring the establishment and maintenance of an adequate system of internal control lies with the Board of Management. The Board is also responsible for ensuring compliance with statutory and other regulations, including those in relation to taxation, and for the prevention and detection of irregularities including fraud.

As internal auditors, we are responsible for examining and evaluating the adequacy and effectiveness of action taken by the College to fulfil this obligation. In planning and conducting our work we will seek to identify serious defects in internal control which may give rise to the possibility of malpractice. Any such defects will be reported immediately to the Director of Finance & Estates of the College and the Audit Committee.

External audit

13   Colleges are required to appoint external auditors. We expect to have regular meetings with staff carrying out the external audit function in order to enhance the level of service we provide to the management of the College. We acknowledge that the external auditors have unlimited access to our files and working papers.

Other services

14   We have not, at this stage, agreed to perform any other service for you but if, at any time, you feel that additional services could be of assistance to you we would be pleased to discuss such matters.

Data Protection Act 1998 (DPA 1998)/General Data Protection Regulation (GDPR)

15   During the course of our engagement you may disclose personal data to us in order that we may provide our services to you. The processing of personal data is regulated in the UK by the General Data Protection Regulation as supplemented by the Data Protection Act 2018 together with other laws which relate to privacy and electronic communications. In this clause, we refer to these laws as "**Data Protection Law**". In providing our services, we act as an independent controller and are, therefore, responsible for complying with Data Protection Law in respect of any personal data we process in providing our services to you. Our privacy statement which can be accessed at https://www.wyliebisset.com/downloads/privacy-statement.pdf explains how we process personal data. You are also an independent controller responsible for complying with Data Protection Law in respect of the personal data you process and, accordingly, where you disclose personal data to us you confirm that such disclosure is fair and lawful and otherwise does not contravene Data Protection Law. Terms used in this clause bear the same meanings as are ascribed to them in Data Protection Law.

168 Bath Street, Glasgow, G2 4TP

Tel: 0141 566 7000 | Fax: 0141 566 7001
www.wyliebisset.com

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DX 512406
Glasgow Bath Street

Fees

16   Our fees are computed on the basis of the time spent on your affairs by the partners and our staff and on the levels of skill and responsibility involved. Unless otherwise agreed, our fees will be charged separately for each of the main classes of work as instructed and described above, will be billed at appropriate intervals during the course of the year and will be due on presentation.

Our fees for the provision of an internal audit service for the year 2020/21 will be £25,675 including expenses and excluding VAT. This fee is based on an annual plan of 65 days.

Yours faithfully

WYLIE & BISSET LLP

We acknowledge and agree the terms of the above letter.

…………………………………………………… Signed

…………………………………………………… Signed

…………………………………………………… Dated

TITLE	**ROLLING AUDIT ACTION PLAN**

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

Action   The Audit Committee is requested to:

- Consider the Rolling Audit Action Plan Progress Review Report.
- Approve the removal of 7 internal audit recommendations.
- Approve the Rolling Audit Action Plan.

Lead   Alan Ritchie, Director of Finance

Status   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 auditors.

2.   Summary of Recommendations

2.1   The tables below summarise the movement in relation to the audit recommendations since the March 2021 Audit Committee meeting:

Total Number of Recommendations	Internal Audit	External Audit	Total
Total brought forward recommendations	**14**	**4**	**18**
Added to the RAAP – audit reports approved, March 2021 Audit Committee meeting:			
Overall Financial Controls	0	0	0
HR: Sickness and Absence Reporting	0	0	0
Follow Up Work			
Proposed for removal following audit review	(7)	0	(7)
Total remaining recommendations	**7**	**4**	**11**

Status of remaining recommendations	Internal Audit	External Audit	Total
Partially Implemented Not Yet Due	5	0	5
Partially Implemented Due for completion – extension requested	0	0	0
Complete Pending auditor review	2	4	6
Total	**7**	**4**	**11**

3. **Commentary on Audit Recommendations**

Report Presentation

3.1 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 outstanding 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 auditors as part of their year end 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 final of their three planned follow up reviews of the recommendations.

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

1) IA19-20(12) Online Resources - Utilisation of Course Moodle pages
2) IA20-21(02) Fraud Awareness - Checking of Process
3) IA20–21(03) Assurance Mapping – Risk Management Controls
4) IA20-21(04) Assurance Mapping - Validation of Controls
5) IA20-21(05) Assurance Mapping - Risk Register
6) IA20-21(06) Assurance Mapping - Link to Documents/Reports Providing Assurance
7) IA20-21(08) Assurance Mapping - Assurance Over Areas not on the Risk Register

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

1) IA19-20(08) Continuing Professional Development - Mandatory Induction Training on Moodle (due 31 April 2021)
2) IA19-20(10) Continuing Professional Development - CPD and Induction training reports (due 30 April 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 7 internal audit recommendations.
- Approve the Rolling Audit Action Plan.

Rolling Audit Action Plan

Progress Review Report

Internal Audit Recommendations Summary by Due Date

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.	Medium	✔ Removal – Request for removal following audit review
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.	Medium	✔ Removal – Request for removal following audit review
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.	Medium	✔ Removal – Request for removal following audit review

Due Date 30-Apr-2021

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.	Medium	🟩 Fully Implemented subject to audit confirmation
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.	Medium	🟩 Fully Implemented subject to audit confirmation

Due Date 31-May-2021

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.	Low	🟩	Partially Implemented – Not Yet Due
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.	Low	✔️	Removal – Request for removal following audit review
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.	Medium	✔️	Removal – Request for removal following audit review

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.	Low	🟩 Partially Implemented – Not Yet Due
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.	Low	✅ Removal – Request for removal following audit review

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.	Medium	✅ Removal – Request for removal following audit review

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.	Medium	🟩 Partially Implemented – Not Yet Due
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.	Medium	🟩 Partially Implemented – Not Yet Due

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.	Medium	🟩 Partially Implemented – Not Yet Due

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

Internal Audit Action Plan 2019-20

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	Medium	31–Oct–2020	31–Mar–2021	Fully Implemented subject to audit confirmation	Removal – Request for removal following audit review

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

Following the audit and subsequent recommendation, this provided the opportunity to develop a Moodle Audit Tool (MAT) developed by the Learning Technology team which enables CQLs and curriculum teams to interpret each sector's activity within each Moodle course. The Tool was created in October 2020.

Each College Sector has access to Moodle utilisation reports for 3 periods. Block 3 from last academic year and currently Blocks 1 and 2 for academic year 2020-21, with Block 3 available in due course.

The MAT enables curriculum teams to systematically review key aspects of Moodle activity such as:
• the level of activities and resources available on units/home page of the qualification
• the number of students that have access to each unit/home page
• number of active visits (hits) on each unit/home page

This will, subsequently, inform CQLs and curriculum teams of the nature of student Moodle engagement patterns within such sections of their Department and will enable curricular decisions to be made accordingly having taken cognisance of such engagement patterns.

Training on the MAT has been rolled out across the College Sectors. This action is now considered complete and closed.

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	Medium	30-Nov-2020	30-Apr-2021	Partially Implemented – Not Yet Due 🟩	Fully Implemented subject to audit confirmation 🟩

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

Enhanced MI reporting has been introduced through Power BI to allow the OD team to easily identify and report on who hasn't completed each mandatory learning module.
This means that they can now contact individuals by email who haven't completed a certain module to remind them to do so, copying in their line manager.
It also enables regular reporting to SMT.
The OD team are now looking at how the alerts to staff and their managers can be automated, removing the need for manual intervention.

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	Medium	30–Apr–2021	30–Apr–2021	Partially Implemented – Not Yet Due	🟩	Fully Implemented subject to audit confirmation 🟩

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 completion data has been included within the draft Annual HR Report for 2020. This report will now be extended to cover a 19 month period (from January 2020 to July 2021) in order to align with the College's financial year in future years, so this data will be updated and included in the Annual HR Report (Jan 2020 to July 2021) which will be shared with Board members in August 2021.

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	Medium	31-Mar-2021	31-Mar-2022	Partially Implemented – Due for completion – extension requested 🟥	Partially Implemented – Not Yet Due 🟩

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
Alignment of staff training with the College's strategic objectives will be one of the outputs from the project to review the existing approach to CPDR and re-launch a new approach (soft launch 2021-22 and full launch 2022-23). The project is currently in planning stages to ensure clear scope is defined and agreed.

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	Medium	31–Mar–2021	31–Mar–2022	Partially Implemented – Due for completion – extension requested ■	Partially Implemented – Not Yet Due ■

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 project to review the existing approach to CPDR and re–launch a new approach (soft launch 2021–22 and full launch 2022–23) is currently in planning stages to ensure clear scope is defined and agreed. The project will deliver a clear process for CPDR with appropriate guidance and training for managers and members of staff.

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	Medium	31-Mar-2021	30-Jun-2022	Partially Implemented – Due for completion – extension requested ■	Partially Implemented – Not Yet Due ■

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

The project to review the existing approach to CPDR and re-launch a new approach (soft launch 2021-22 and full launch 2022-23) is currently in planning stages to ensure clear scope is defined and agreed.

One output from the project will be the alignment of development plans with the College's objectives and operational priorities. Quality assurance checks will be put in place to ensure that this is happening as expected.

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	Medium	31–Mar–2021	31–Mar–2021	Fully Implemented subject to audit confirmation	🟩	Removal – Request for removal following audit review ✔

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
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.

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 was considered and approved by the Board of management in March 2021.

This process was further reinforced during the April 2021 SMT review of the Strategic Risk Register. A copy of updated Strategic Risk Register available for download from the system. |

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	Medium	31–Mar–2021	31–Mar–2021	Partially Implemented – Not Yet Due 🟩	Removal – Request for removal following audit review ✔️

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 and 27 April 2021 by the Senior Management Team. Evidence of this review process is available via the Audit Trail functionality within the Pentana system.

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	Medium	31–May–2021	31–May–2021	Partially Implemented – Not Yet Due ■	Removal – Request for removal following audit review ✔

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
The Audit Assurance map does contain links to documents where those links are possible to make. This will allow users to review the outcome of the reviews and more fully understand the level of assurance being provided. Work is ongoing to update the Assurance Map and where possible hyperlinks to the relevant documents will be included as new documents are added to the overall map. A copy of the current Assurance Map can be found here – **Assurance Map**

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	Low	31–May–2021	31–May–2021	Partially Implemented – Not Yet Due	🟩	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

The Audit Committee on 11 March 2021 considered the draft Assurance Map. The Committee commended the mapping work undertaken to date and made some suggestions for inclusion including additional definitions and more detail on the concept of the three lines of defence approach. This work is currently ongoing to update the Assurance Map package of information. The Assurance Map contains an action section to be updated following reviews carried out by either the SMT or Audit Committee.

A review of the Assurance Map will be undertaken at the 20 May 2021 Audit Committee meeting and any actions will be recorded.

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	Low	31-May-2021	31-May-2021	Partially Implemented – Not Yet Due	Removal – Request for removal following audit review

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

Operational Planning guidance documents have been issued. The submitting departments have been requested to

a) In their Executive Summary submissions to identify any strategic risks that they are aware of from the implementation of their operational plans. This will allow the Senior Management Team to consider the exposure the College may be open to if a particular course of action is to be followed.

b) Each operational target requires to be linked to the relevant entry on the College Strategic Risk Register. This will allow the College in due course to assess if the mitigating actions are further reinforced by the operational plan targets or whether there is a requirement for additional controls to be introduced

A copy of the guidance issued to staff can be found HERE

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 Sector Finance and Student Funding; Head of Organisational Development and HR		Low	31–Mar–2021	30–Jun–2021	Partially Implemented – Due for completion – extension requested █	Partially Implemented – Not Yet Due █
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 has identified an online course which it will require all staff to complete as part of the College programme of mandatory learning. The next steps are to purchase the required training module and then launch it to all staff.						

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 Sector Finance and Student Funding	Low	31–Mar–2021	30–Jun–2021	Partially Implemented – Due for completion – extension requested	🟥	Removal – Request for removal following audit review ✔️

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

Two quarterly reviews have been undertaken by the Head of Finance & Student Funding whereby a check on a sample of supplier's bank detail changes was carried out to make sure that the process is being followed by staff. The latest review (April 2021) found no breaches of the procedure, however areas were identified for improvement and the procedure was update.

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		Medium	31–Jul–2021	31–Jul–2021	Partially Implemented – Not Yet Due ■	Removal – Request for removal following audit review ✔

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

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. The process of ensuring that mitigating controls are SMART and up to date was further embedded during the 27 April 2021 SMT review.

The Audit Committee meeting on 11 March 2021 as part of the review of the Risk Management Strategy was requested to comment upon the recommendation to include a target risk score within the Strategy. At this time the Committee are of the view that the setting of a target risk score will not add to the overall risk management framework and will not be taken forward.

TITLE: **NATIONAL FRAUD INITIATIVE: 2020-21 OUTCOMES**

Background: This paper provides the Audit Committee with a report on the approach
                    adopted by the College in relation to the 2020-21 National Fraud Initiative
                    review (NFI).

Action: The Audit Committee is requested to note the outcome of the 2020-21 NFI
                    exercise.

Lead: Alan Ritchie, Director of Finance

Status: Open

1.   Background

1.1   The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland and overseen by the Cabinet Office for the UK. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error. The reports provided means that public bodies can act if any fraud or error has taken place, and it allows auditors to assess fraud prevention arrangements that those bodies have.

1.2   NFI matches a range of electronic information held on the College's finance and payroll systems, to identify potential inconsistencies or circumstances that could indicate fraud or error within and between public and private sector bodies. These bodies include police authorities, local probation boards, fire and rescue authorities as well as local councils, colleges, and several private sector bodies.

1.3   A match does not automatically mean that there is a fraud or error, and investigations are required to enable the correct conclusion to be drawn for each match reported. The College has undertaken to investigate reported matches and record appropriate outcomes on the NFI secure web application based on outcome of investigations.

2.   Data request and submission

2.1   The NFI review is undertaken every two years and the 2021 exercise was the third such request from Audit Scotland for the College to participate. The required data was limited to payroll / purchase ledger transaction / standing data. In the case of payroll data, this consisted of current employee standing data including national insurance (NI) numbers along with year to date (YTD) earnings. For purchase ledger information, the College supplied address and transaction histories for the period October 2018 to 30 September 2020. In line with the Audit Scotland timetable the required data was submitted by the 13 October 2020 deadline.

3.   Privacy Notice

3.1   The Cabinet Office uses the term "Fair Processing Notices" to refer to informing individuals that their data is being shared. The Information Commissioner's Office promotes the use of the term 'privacy notice' to describe the provision of this information, and this is the terminology that we use. The College follows the guidance from Audit Scotland's website and duly published a privacy notice on the College Intranet on 11 September 2020.

4. Outcome

4.1 The College has an established internal process for review of the outcomes notified by NFI. Where an outcome is recorded, the College is required to investigate the query and respond via the secure web site as to the outcome of the investigation. These investigations were undertaken by senior finance and human resources staff as appropriate. The Director of Finance has overall responsibility for the review of NFI data.

Outcome – Payroll

4.2 The Head of Organisational Development and HR, with guidance from the Head of Finance and Student Funding, completed a review exercise during February and March 2021 for matched payroll information.

4.3 The matches were the result of cross-referencing employees NI numbers between participating bodies. Noted below is the initial outcome of the payroll data matching exercise:

4.4 Of the 13 payroll matches 8 were categorised as 'High' risk; all 8 employees had a full-time position working for other public sector bodies – 7 of these had a temporary lecturer position with the College and the remaining 1 employee had a Distance Learning Marker position. On investigation by HR staff of all eight high risk matches, it was deemed there was no issue with this arrangement as the two roles can be undertaken by the same person.

4.5 The remaining 5, 'Nil' to 'Medium' risk matches were investigated and related to employees having another job. On investigation by HR staff none of the matches were deemed an issue.

4.6 All 13 outcomes have been marked as 'Closed – No Issue' on the NFI website.

Outcomes – Purchase Ledger

4.7   The Finance Manager assisted by the purchase ledger team carried out the review exercise for matched information. The NFI process is to look at supplier name, addresses and invoice details to identify instances where there is a match in the data sets submitted by the College. The outcome of the exercise, as noted below, was reported to the Head of Finance and Student Funding with an overall review being carried out by the Director of Finance.

4.8   There were a total of 406 purchase ledger matches as listed in the table below:

You are viewing **matches**, **including** previous years results.

Reports by | FRAUD RISK | MATCHES | INFORMATION ONLY | MY MATCHES | SEARCH | OUTSTANDING ACTIONS

Release Date (Run): Any   Report Status: Any   Match State: All

Dataset - From 3 selected To Any Level: Any

Submit Filters   Reset Filters

ID ▲	REPORT TITLE	TOTAL ALL	STATUS	OUTCOME
700	Duplicate creditors by creditor reference	76	Opened	£0.00
701	Duplicate creditors by creditor name	2	Opened	£0.00
702	Duplicate creditors by address detail	6	Opened	£0.00
703	Duplicate creditors by bank account number	42	Opened	£0.00
708	Duplicate records by amount and creditor reference	253	Opened	£0.00
710	Duplicate records by name, invoice number and amount but different creditor reference	2	Opened	£0.00
711	Duplicate records by invoice number and amount but different creditor reference and name	14	Opened	£0.00
713	Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date	4	Opened	£0.00
750	Procurement - Payroll to Companies House (Director)	5	Opened	£0.00
752	Procurement - Payroll to Companies House (Director)	2	Opened	£0.00
TOTAL		406		£0.00

4.9   The category entitled 'Duplicate records by amount and creditor reference' accounted for the largest number of matches. All 253 items were reviewed, and all matches were closed with no further action required. The matches highlight where possible duplicate payments / invoices have been processed – for example monthly lease rentals, maintenance contracts, professional fees and for some suppliers a payment and corresponding credit. The NFI system cannot exclude such repeating transactions and therefore they show up as a match which requires to be investigated.

4.10   The 76 matches referred to under 'Duplicate creditors by creditors reference' relate in the main to instances where different suppliers had used the same invoice number.

4.11 The 42 matches referred to under 'Duplicate creditors by bank account number' relate to instances where the College has several creditor accounts in the name of a local authority i.e. social work, economic development, with payments being made to the same bank account.

4.12 The 14 matches referred to under 'Procurement – Payment to Companies House (Directors)' relate to senior staff who are involved in external organisations where they are identified as receiving a salary from the College whilst the College may have a business relationship requiring payments to be made via the purchase ledger.

4.13 The other categories of matches were all reviewed with reference to the supplier account on the purchase ledger with no errors or frauds identified.

4.14 There are no outstanding matches to be investigated with all reported items having been reviewed and closed on the NFI website. There are no instances of fraud to report.

5. External Audit Review

5.1 As part of Audit Scotland requirements the external auditors will review the outcome of the matches notified to the College.

5.2 This work is scheduled to be completed as part of Mazars audit and a report submitted to Audit Scotland at a point in the future after discussion with the College.

6. Next Steps and Conclusion

6.1 The Audit Committee is requested to note the outcome of the 2020-21 NFI exercise.

TITLE: **GOVERNANCE COMPLIANCE AND ROA OUTCOMES**

Background: The Audit Committee remit includes the requirement:

"To advise the Board on its compliance with corporate governance requirements and good practice guidance, and in particular its compliance with the Financial Memorandum with SFC, the SPFM and the Code of Good Governance for Scotland's Colleges."

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

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

There is also a need for the Committee to demonstrate that it has met its requirements in relation to the relevant areas of the 2020-21 Regional Outcome Agreement and confirm this to the Board of Management.

Action: The Audit Committee is requested to consider the:
- assurance provided in relation to governance compliance.
- progress that has been made in relation to those Regional Outcome Agreement areas for which the Audit Committee has responsibility for.

Lead: Alan Ritchie, Director of Finance

Status: Open

1.   Financial Memorandum with the SFC

1.1   Under the terms of the Further and Higher Education (Scotland) Act 2005 the Scottish Funding Council (SFC) may attach terms and conditions to the payment of grant made to institutions. It is a term and condition of grant payments from the SFC that the institution's governing body and its designated officers comply with the requirements set out in the Financial Memorandum (FM).

1.2   The current FM with the SFC was revised and issued in December 2014 and has not been subject to any further change since that time (Appendix A). This review has therefore been carried out against the conditions set by the December 2014 version. Noted below are the key areas of the FM and how the College is complying.

Condition	College Response
SFC's governance requirements of the institution - SFC requires the governing body to comply with the principles of good governance set out in the Code of Good Governance for Scotland's Colleges. The SFC also require the governing body to ensure that:	
Public funds are used in accordance with relevant legislation, the requirements of the FM and only for the purpose(s) for which they were given. Strategic, capital or other grant funding must only be used for the purpose for which it is provided by the SFC.	SFC funding and College compliance with the terms and conditions of this are reviewed by external audit and internal auditors. SFC also requires information to be submitted periodically during the year to demonstrate the College is complying with terms and conditions of grant funding e.g. monthly cash flow, financial forecast returns and high priority maintenance funding. Any funding not used in accordance with grant conditions would be reported to the College Board of Management.

Subject to review by the external auditors as part of their year end work there are no reported occurrences of non-compliance during the 2020-21 year. |
| Subject to any legal requirement to observe confidentiality, the institution will be open and transparent with the SFC and other stakeholders, and will give, or be prepared to give, a public justification of its decisions in relation to the use of public funds. | The College and its Board of Management ensure that decisions in relation to public funds are documented in a transparent manner with meeting agendas, minutes and papers available through the College website. |

Condition	College Response
The institution strives to achieve value-for-money and is economical, efficient and effective in its use of public funding.	The College has Financial and Procurement Strategies in place to support the required value for money condition. The College Value for Money Policy was approved by the Audit Committee in March 2020. A report on Value for Money was presented to the Joint Audit and Finance and General Purposes Committee in November 2020 as part of the year end reporting arrangements. A similar report will be presented to the Joint Audit and Corporate Development Committee meeting in November 2021 for consideration.
There is effective planning and delivery of the institution's activities in accordance with its mission and its Regional Outcome Agreement as agreed with SFC.	The College draft Regional Outcome Agreement (ROA) to cover the period 2020-21 was finalised following the SFC 2020-21 final funding announcement on 9 June 2020. The annual process would then have seen formal agreement of the ROA by 31 July 2020. The College received correspondence from the SFC on 29 May 2020 concluding that the SFC would not ask governing bodies to sign off the 2020-21 ROAs in the usual way, would not publish the 2020-21 ROAs on its website and would attach the allocation of core funding in 2020-21 to refocused sector commitments and activity which would provide them with reassurance on use of designated funding. The College proceeded on the basis that the key outcomes, detailed within the final draft 2020-21 ROA, would remain, and required to be delivered. On 1 December 2020, the SFC published Guidance for Interim Outcome Agreements for Colleges and Universities AY 2020-21. The Guidance outlined the steps required to ensure an Agreement was in place between the SFC and each institution during the emergency period. The Board of Management considered and approved the 2019-20 Self-Evaluation Report and Interim Regional Outcome Agreement 2020-21 at its 1 February 2021 meeting.

Condition	College Response
The institution plans and manages its activities to remain sustainable and financially viable. An institution is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands.	The Board of Management on 15 June 2020 approved the 2020-21 Budget and 5-Year Financial Forecast. The 9 March 2021 Corporate Development Committee received a report on the 31 January 2021 Management accounts which include the forecast position for the year to 31 July 2021. As a result of the closure of onsite operations due to the second Covid-19 lockdown period the College was, prior to the announcement in March 2021 of additional SFC Sustainability Funding, forecasting an adjusted operating deficit of £1.2m. However, on the 24 March 2021, the College received an additional core grant allocation of £1.3m from SFC to assist with financial sustainability challenges arising from the impact of the Covid-19 lockdown during 2020-21. The receipt of this additional SFC sustainability funding will now enable the College to deliver a break-even operating surplus of £37,000 compared to the Board approved budget surplus of £27,000. It should be noted that this forecasted break even adjusted operating position is based on information available to the College at this time – and it is likely the forecast outturn position may be subject to some change as further information becomes available from the SFC and Scottish Government during the coming period as Covid=19 lockdown restrictions are expected to ease.
The institution has a sound system of internal management and control, including an Audit Committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery.	Assurance in this area is provided by: • Annual report of internal and external auditors - these have indicated no concerns in any of the stated internal management and control areas. • Audit Committee annual review of the internal auditors in May 2020, which has assessed the 2019-20 service provided as being effective. The next review is due to be undertaken as part

Condition	College Response
	of the May 2021 Audit Committee meeting.
	• Audit Committee annual review of the external auditors in December 2020, which has assessed the 2019-20 service provided as being effective. The next review is due to be undertaken as part of the December 2021 Audit Committee meeting.
	• One instance of potential IT fraud was reported during 2020-21. The fraud was reported to the SFC, internal and external auditors and to Police as required. The College response to this incident was the subject of an internal audit review during April 2021. The internal audit review has confirmed that the response to this matter has been managed as required and appropriately reported to the College Audit Committee and Board of Management.
	• Specific procedures approved by the Audit Committee are in place to assist in preventing fraud and bribery including training for staff in high risk areas such as finance. These are kept under review and updated if/as required on an ongoing basis, with the College Fraud and Corruption Policy due for consideration by the Audit Committee in November 2021.
The institution has an effective policy of risk management and risk management arrangements.	The College has an approved Risk Management Strategy and risk management is a standing item at Senior Management Team, Board of Management and Board of Management Committee meetings. Risk management is integral element of the College governance framework.

Following a significant piece of work by the Board of Management to review the risk management process, risk appetite of the College and the Risk Management Strategy, |

Condition	College Response
	a revised Risk Management Strategy was approved by the December 2020 Board meeting. The Board also agreed to revise the format of the College Strategic Risk Register to allow for improved presentation of the content. The Risk Register has now been fully transferred to the College Pentana management system which enables users to access the risk register in real time and to update the mitigating controls on an ongoing basis.
The institution has regular, timely, accurate and adequate information to monitor performance and account for the use of public funds. Such information will be made available to the SFC on request, as necessary, for the exercise of its functions and to gain assurance	Regular reports are provided to Board Committees and to the Board of Management in a timely manner in relation to performance and use of public funds. The College Management Accounts pack, which includes a commentary and areas of risk, are a standing item for consideration and approval at each Corporate Development Committee. The Management Accounts are also reported to the Board of Management following each review of the Corporate Development Committee. Information is also made available to SFC on an on-going basis and as required.
The institution is engaged actively in continuously enhancing the quality of its activities and involves students and other stakeholders in these processes	The College has a dedicated Education Scotland Inspector who works closely with the College Educational Leadership Team in providing an external overview of quality systems and processes. For session 2020-21 external scrutiny activity was undertaken in March 2021 as part of a sector wide review of the impact of Covid on the quality of the student experience, particularly in relation to the impact of remote learning. This report will be available later in 2020-21. The College Education Scotland inspector has been proactive in meeting with College teams and co- delivering enhancement workshops for teaching staff. Currently the

Condition	College Response
	College's external quality assurance framework is outlined in' How Good is Our College?'. A new version of the College sector quality framework is expected in June 2021 which will set out the arrangements for assuring quality for the next 3-5 years. The College has strengthened the role of the Student Association (SA) with the appointment of a Student Association Liaison Officer. The SA are actively involved in national NUS work with a new SA constitution developed in partnership and which will be effective from August 2021.
Public sector pay policy	
The institution must have regard to public sector pay policy set by the Scottish Ministers.	The College has regard to Public Sector Pay Policy through representation on the College's Scotland Employers' Association and associated National Pay Bargaining mechanism. The College Board of Management Remuneration Committee also takes this into account in considering levels of pay for those members of staff who are out with the scope of national bargaining. Public sector pay policy is built into any financial modelling undertaken by the College.
Tuition fees	
Where applicable, the institution must charge student tuition fees at the levels set by the Scottish Ministers under either the Student Fees (Specification) (Scotland) Order 2006 or the Student Fees (Specification) (Scotland) Order 2011, whichever is applicable.	The College follows this guidance.
Student activity	
Where appropriate, the institution must provide data returns requested by the SFC by the deadlines and to the standards specified.	The College continues to comply with requests for data from the SFC within the deadlines required. The College met the required Further Education Statistics return deadlines for 2019-20 and continues to meet the return dates for 2020-21.

Condition	College Response
	Unqualified audit opinions were received regarding the College 2019-20 SFC student activity audit and the 2019-20 financial statements and these returns were provided to the SFC in accordance with required deadlines.
Student support guidance	
Where appropriate, the institution must follow SFC's Student Support Guidance.	The College complies with all SFC and Student Award Agency for Scotland (SAAS) student support guidance. Unqualified audit opinions received in 2019-20 regarding all student support funds with no audit recommendations arising.
European Social Funds	
Where the institution is in receipt of European Social Fund funding, it must follow SFC ESF guidance.	The College will follow SFC ESF guidance as required. Clarification has been sought from the SFC as to the application of evidence gathering requirements during the national lock down periods. Guidance is awaited from the Managing Authority.
Audit and accounting	
The governing body must appoint an Audit Committee and ensure the establishment and maintenance of effective arrangements for the provision of internal and external audit. For incorporated colleges and Regional Boards, Audit Scotland will appoint external auditors.	• The College has an Audit Committee in place. The Audit Committee remit was reviewed in September 2020 and the effectiveness of the Committee is reviewed annually. The next review of Committee effectiveness will take place at the May 2021 meeting. • The effectiveness of the internal audit function will be reviewed at the May 2021 Committee meeting, and external auditor effectiveness was reviewed during the December 2020 Audit Committee meeting. • The College's current external auditors, Mazars, were appointed by Audit Scotland for 5 years commencing with the 2016-17 audit and this tenure was

Condition	College Response
	due to conclude with completion of the 2020-21 audit. However, Covid-19 has resulted in significant disruption for public bodies and to auditors of the public sector. The Auditor General for Scotland therefore confirmed a one-year extension through to the audit of the 2021-22 year so public bodies will retain continuity under their current auditor throughout this period. • Following conclusion of a tender exercise in March 2020, the Audit Committee and Board of Management agreed to appoint Wylie & Bisset as internal auditors for an initial three-year period to 31 July 2023, with the option to extend this for a further two years to 31 July 2025
The Audit Committee must produce an annual report to the governing body of the institution.	An annual report is produced by the Audit Committee and presented to the Board of Management each year. The Committee presented its last Annual Report to the December 2020 Board of Management.
Accounts direction	
The institution must follow the SFC's current Accounts Direction in the preparation of its annual financial statements.	The College follows the annual SFC Accounts Direction and this compliance is subject to review by the external auditors. The annual SFC accounts direction is also provided to the College Corporate Development and Audit Committees for review on an annual basis.

Condition	College Response
Internal audit	
The institution must have in place an effective internal audit service. The operation and conduct of the internal audit service must conform to the professional standards of the Chartered Institute of Internal Auditors. For incorporated colleges and Regional Boards, the operation and conduct of internal audit must comply with Public Sector Internal Audit Standards and, where relevant, the Scottish Public Finance Manual.	The College has in place a system which enables the Audit Committee to annually review the effectiveness of the internal audit service. The 2020 review by the Audit Committee confirmed that the internal auditors were operating effectively. The next review of internal audit effectiveness is due to be undertaken as part of the May 2021 Audit Committee meeting.
The institution must inform SFC when an internal auditor is appointed and must inform SFC immediately if the internal auditor is removed or departs before the end of their term of office.	The SFC was informed in April 2020 of appointment of Wylie & Bisset as the College internal auditors from 1 August 2020.
The internal audit service must provide the governing body and senior management of the institution with an objective assessment of adequacy and effectiveness of risk management, internal control, governance, and value-for-money.	The internal audit plan is designed to provide the coverage required in order that the auditors can comment upon the adequacy and effectiveness of risk management, internal control, governance, and value-for- money. An Annual Internal Audit Report is received by the Audit Committee each year.
The internal audit service must extend its' review over all the financial and other management control systems, identified by the audit needs assessment process. It must cover all activities in which the institution has a financial interest, including those not funded by SFC.	The College internal audit plan is reviewed annually, considering any movements in the audit needs assessment, based on reports received during the year, the College assurance map and the College Strategic Risk Register. An annual internal plan is presented to the Audit Committee for review and approval. The internal audit plan provides coverage of all financial control systems and activities in which the College has a financial interest, including those not funded by the SFC.

Condition	College Response
The head of internal audit must produce an annual report for the governing body on its activities during the year. The report must include an opinion on the adequacy and effectiveness of the institution's risk management, internal control, and governance.	The Annual Internal Audit Report is produced each year with the next one due to be received by the September 2021 Audit Committee meeting as part of the scheduled Committee business. The Committee receives an update report at each meeting as to the status of the internal audit work.
The report must be presented to the institution's Audit Committee and a copy sent to SFC.	A copy of the Annual Internal Audit Report is provided to College Audit Committee and to the SFC as part of the financial year end reporting process.
Value for money	
The institution must have a strategy for reviewing systematically management's arrangements for securing value for money.	In 2018 the Audit Committee approved a College Value for Money Policy and receives an annual update on the implementation of this Policy. The annual update and revised Value for Money Policy will be considered at the September 2021 Audit Committee meeting. The College Procurement Strategy also covers Value for Money and best practice regarding purchasing of goods and services and an annual report on outcomes is presented to the Corporate Development Committee.
As part of its internal audit arrangements, the institution must obtain a comprehensive appraisal of management's arrangements for achieving value for money.	Internal audit reviews that are undertaken assess arrangements in place for achieving Value for Money. The College also has in place a Value for Money Policy which was approved by the Audit Committee.
External Audit	
The external auditor must be entitled to receive all notices of and other communications relating to any meeting of the governing body which any member of the governing body is entitled to receive. They must also be entitled to attend any such meeting and to be heard at any meeting which they attend, on any part of the business which concerns them as auditors.	Arrangements are in place to ensure that external auditors receive such forms of communication and can attend any meetings as required.

Condition	College Response
The external auditor must also be entitled to attend the meeting of the governing body or other appropriate committee at which the institution's annual report and financial statements are presented.	The external auditors attend and present their Audit Report on the Financial Statement to the joint Audit / Corporate Development Committee meeting at which the annual financial statements are approved.
The external auditor is expected to attend, as a minimum, any meetings of the Audit Committee where relevant matters are being considered, such as planned audit coverage, the audit report on the financial statements and the audit management letter. It is the responsibility of the secretary to the audit committee to notify the external auditor of such meetings.	The external auditors receive all agendas and minutes of Audit / Corporate Development Committees and attend the Audit Committee as required. The external auditors attend the annual joint Audit / Corporate Development Committee meeting which approves the financial statements.

2   Scottish Public Finance Manual (SPFM)

2.1   A major element to ensure compliance with the Scottish Public Finance Manual (SPFM) is that the College maintains an up to date set of Financial Regulations.

2.2   The College Financial Regulations are reviewed annually to ensure they remain updated to in relation to legislation and any other changes in best practice. The 8 September 2020 Finance and General Purposes Committee meeting reviewed the most recent changes proposed to the Financial Regulations. The 5 October 2021 Board of Management meeting approved the updated College Financial Regulations, and these were uploaded to the College intranet. A subsequent review was undertaken by the 9 March 2021 Corporate Development Committee, primarily to account for the change in the Board of Management committee structure. The 22 March 2021 Board of Management meeting subsequently approved these further revised College Financial Regulations which were then uploaded to the College intranet.

2.3   The internal auditors last reviewed the Financial Regulations as part of the 2016-17 internal audit plan. The internal audit plan is based on a five-year cycle of reviews with the next review of Financial Regulations planned to be undertaken as part of the 2021-22 audit plan.

2.4   There has been a limited number of revisions to the Scottish Public Finance Manual during the past year - with the changes since August 2020 - along with the impact upon the College Financial Regulations - summarised below:

- March 2021:
    - Subsidy control
        - The section on EC State Aid rules has been replaced by a new section headed Subsidy control. This is to reflect that The EU State aid regime was effectively revoked from UK law from 1 January 2021. This guidance applies to all public authorities who grant subsidies and are responsible for ensuring they understand the UK's commitments and comply with the obligations in relation to awarding subsidies from 1 January 2021.
        - *Impact: None as this does not apply to the operations of the College.*

    - Certificates of assurance
        - This section of the SPFM relates to the assurance framework and the signing of the governance statements provided by Accountable Officers as part of the annual accounts process. The certificates of assurance guidance relates specifically to constituent parts of the Scottish Administration i.e. the core Scottish Government (SG), the Crown Office and Procurator Fiscal Service, SG Executive Agencies and non-ministerial departments.

- This section of the SPFM does not apply to colleges as the College Principal is required annually to sign a 'Certificate of assurance to the Accountable Officer if the Scottish Funding Council'.
    - The last certificate for the year to March 2020 was signed and submitted by the Principal on 6 June 2020. This certificate disclosed a purchase ledger fraud which had occurred in that period.
    - The certificate requires the Principal to confirm that they have undertaken a review of the internal control arrangements in the college and obtained required assurances. Based on that review the Principal confirms that controls in the college have been and are working well and there are no other significant matters arising which would require to be raised specifically in the governance statement.
- _Impact: None as this does not apply to the operations of the College and is subject to a separate reporting arrangement._

2.5   The above changes which have been made to the SPFM during the year have been limited in nature, and the College is of the view that the recently updated Financial Regulations remain compliant with these. The College continues to monitor any revisions made to the SPFM and will annually update the Financial Regulations as required.

2.6   As noted above the College is required to submit an annual assurance statement to the SFC. This statement is received from all Colleges and allows the SFC Chief Executive to sign a similar assurance statement to the Scottish Government. The College is awaiting receipt of the April 2020 to March 2021 Assurance Statement from the SFC for signature.

2.7   Noted below are the key areas of the SPFM as referenced in the Financial Memorandum between the College and the SFC and how the College is complying with these:

Scottish Public Finance Manual	
Condition	**College Response**
5. The institution must follow the requirements of the Scottish Public Finance Manual, except where any special actions or derogations have been agreed with the Scottish Ministers.	• In 2016-17 the internal auditors reviewed the College Financial Regulations and confirmed that they comply with the requirements of the SPFM. The College has continued to present the Board of Management and Board of Management Finance and General Purposes and Corporate Development Committee meetings with updated versions of College Financial Regulations at least annually to reflect any required amendments. The draft internal audit plan for 2021-22 includes a review of the current College Financial Regulations. • The College undertakes an annual review of the Financial Regulations and presents any proposed changes to the Board of Management for approval. The Board of Management approved the current Financial Regulations in March 2021. • During 2020-21 the internal auditors have also carried out reviews of College financial related matters including: o Fraud Awareness o Overall Financial Controls The audit level of assurance in both areas was strong. • No issues have been identified during 2020-21 which would indicate that that College is not complying with the requirements of the SPFM.
7. In cases where the SPFM requires bodies to notify or request prior approval from the Scottish Government, the institution must, in the first instance, contact SFC.	Where prior approval is necessary the College will comply with this requirement.

Scottish Public Finance Manual	
Condition	**College Response**
Cash management and banking	
12. The institution may extend existing banking arrangements provided they are not extended beyond Financial Year 2016-17. Any extension beyond Financial Year 2016-17 requires the agreement of the Scottish Ministers.	The College transferred as required to the Scottish Government banking contract from August 2017 and has continued to operate in accordance with this requirement.
13. The institution can operate bank overdraft facilities to assist it in managing the timing of income and expenditure through its bank account. Overdrafts should not be used as a means of increasing borrowing.	The College does not have in place an overdraft arrangement with its bank nor does it currently require such an arrangement.
Contingent commitments	
14. The institution must seek SFC's prior written consent if it intends to lend or give a guarantee, indemnity or letter of comfort. The value of the guarantee should be equal to the total contingent liability over the term of the guarantee. In all cases, the institution must take steps to restrict the contingent liability to a minimum and should undertake a careful appraisal of the risks before accepting any contingent liability.	No such letters have been issued, however should this be required the College will seek the required written consent. College Financial Regulations include this requirement.
15. The institution should also provide assurance that, in the event of the contingent liability arising, it can be met from within the institution's own resource, or that appropriate insurance cover has been arranged.	No such event has arisen to date however it should occur such assurance will be provided by the College.
Delegated financial limits and annual reporting requirements	
17. The institution's specific delegated financial limits are set out in the FM. The institution must obtain SFC's prior written approval before entering into any undertaking to incur any expenditure that falls out with these delegations.	The College Financial Regulations incorporate the delegated limits set out by the SFC FM.

Scottish Public Finance Manual Condition	College Response
18. Prior SFC approval must always be obtained before incurring expenditure for any purpose that is, or might be considered, novel, contentious or repercussive or which has or could have significant future cost implications.	The College will ensure prior SFC approval is sought in the event any such expenditure is likely to arise.
20. In addition, any frauds that are detected must be reported to SFC as and when they occur.	The College has had one instance of potential fraud during 2020-21 relating to an IT matter. This was reported to the SFC as required and the College response to the fraud is the subject of an internal audit review. The results of the review will be reported to the May 2021 Audit Committee.
21. The institution must establish appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM and the FM.	The Financial Regulations incorporate these delegated limits.
Donation of surplus funds to arms-length foundations	
23. The institution may donate any surplus on its income and expenditure account as at 31 March each year to its arms-length foundation (ALF). The donation must take place in the financial year in which it arises and is subject to sufficient cash and resource cover being available.	The College made no donation to an ALF as at 31 March 2021. Should any donation be considered going forward then there will be compliance with the appropriate governance processes.

Condition	Response
Duties to provide information on certain expenditure as required by The Public Services Reform (Scotland) Act 2010	
24. As soon as is reasonably practicable after the end of each financial year, the institution must publish a statement of any expenditure that it has incurred during that financial year on or in connection with the matters described below. • Public relations, • Overseas travel, • Hospitality and entertainment, • External consultancy.	The College has been formally notified by the SFC that this is no longer a requirement after discussions with the Scottish Government.
25. As soon as is reasonably practicable after the end of each financial year, the institution must publish a statement specifying the amount, date, payee and subject-matter of any payment, relating to any of the matters listed above, made during that financial year which has a value in excess of £25,000.	As above (24).
Early departures of staff	
_26._ The institution must follow the requirements of the SPFM in determining settlement agreements, severance, early retirement and redundancy arrangements and payments. In addition, the institution must have regard to the principles of good practice in managing early departures of staff contained in Audit Scotland's May 2013 report: _Managing early departures from the Scottish public sector._	The College follows the requirements in relation to these areas and complied in seeking SFC approval for the current College Voluntary Severance scheme which was agreed by the College Board of Management and covers the period to 31 July 2022. Any matters arising in relation to such guidance are considered by the Corporate Development Committee.
27. In line with the requirements of the SPFM, the institution's severance scheme must be approved by SFC. Provided a severance payment is within the parameters of a scheme, which has been approved by the SFC, there will be no need for the institution to seek approval to the individual payment from SFC.	Please refer to note (26) above.
28. However, special severance payments in excess of £1,000 must be approved by SFC, except where provision for such payments has been included in a severance scheme approved by SFC.	Where a special severance payment is more than £1,000 prior approval will be sought by the College from the SFC.

Condition	Response
External business and management consultancy contracts	
29. Any external consultancy contracts with a value of more than £100,000 must be approved in advance by the SFC.	The College does not have a consultancy contract in place at this level of value. Should there be an intention to award such a contract then the necessary SFC approval will be sought.
Impairments, provisions and write-offs	
30. Assets must be recorded in the Balance Sheet at Depreciated Replacement Cost (DRC) for Land and Buildings and at Historic Cost less depreciation for Equipment in accordance with the Financial Reporting Manual (FReM). Where an asset, including investments, suffers impairment, it is important that the prospective impairment and background is communicated to the SFC at the earliest possible point in the financial year to determine the budget implications. Any significant movement in existing provisions or the creation of new provisions must be discussed with the SFC.	In line with the College Fixed Asset policy the fixed assets of the College were subject to an interim valuation under the DRC methodology as at 31 July 2021.

As part of year-end work all assets are reviewed for major impairments and SFC informed in timely manner as required. |
Insurance	
33. The Scottish Ministers have agreed a derogation whereby institutions can extend their current commercial insurance arrangements for three years to 31 July 2024.	The College currently holds a full insurance portfolio and has procured insurance services for the three-year period to 31 July 2022 with the option to extend for a further year to 31 July 2023 under an APUC framework agreement.
Investments	
34. The institution must not make any investments of a speculative nature without the prior written approval of SFC.	The College has not taken out any speculative investments. Prior SFC approval will be sought for any speculative investments if required.
Procurement and payment	
35. The institution's procurement processes must reflect the relevant guidance provided by the Advanced Procurement for Universities and Colleges (APUC), and relevant policy and advice issued by the Scottish Procurement Directorate. Procurement must be undertaken	The College is required to participate in the Procurement and Commercial Improvement Plan (PCIP) Lite assessment with APUC. This assessment focusses on the policies and procedures driving procurement performance and the results

Condition	Response
by appropriately trained and authorised staff and treated as a key component of achieving the institution's objectives consistent with the principles of Best Value, the highest professional standards and any legal requirement.	they deliver. The College's PCIP assessment for the period 2016 to 2019 was completed by APUC in October 2019 and a rating of 76% was awarded, which is gold level – the highest level. The next College PCIP review by APUC is due to be completed by December 2022. College procurement processes follow the relevant guidance, policies and advice provided by APUC and an approved College Procurement Strategy is in place. The College employs appropriately trained and authorised Procurement staff.
36. Any proposal to award a contract without competition (non-competitive action) must be approved in advance by SFC. Specific delegated authority is given to award a contract without competition for £25,000 or less without advance approval.	The College has during the year requested authorisation from the SFC to extend the print contract for an 18-month period in order to assess the impacts arising from the covid-19 lockdown period on the operating environment prior to the undertaking of any new tender. As this was a non-competitive action over £25,000 in value. Approval was granted by the SFC.

3   Code of Good Governance

3.1   The College continues to follow the Code of Good Governance.

3.2   In accordance with Paragraph D.23 of The Code of Good Governance for Scotland's Colleges, "*the board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online*".

3.3   It was agreed at the 1 February 2021 Board meeting that, for the annual internal Board effectiveness review 2021, the same survey that was used in 2018 and 2019 should be issued to all Board members again this year. The survey was issued on 1 March 2021 with a closing date of 19 March 2021.

3.4   The results from the survey, together with the outputs from the Chair and Board members 1:1 discussion held in 2020, will inform the 2021 Board of Management Development Action Plan.

3.5   A session for Board members was held on Monday 26 April 2021 to discuss the survey results and analysis report and agree the formulation of a 2021 Board of Management Development Action Plan.

3.6   The Board Internal Effectiveness Review Report and its Development Action Plan for 2021 will be presented for approval to the Board at its meeting scheduled for 14 June 2021. Once approved, it will be submitted to the SFC before the end of June 2021 and will also be published on the College website.

3.7   The Board last undertook an externally facilitated evaluation of its effectiveness in late 2019 with the feedback report being approved at the Board meeting held in February 2020

4   Regional Outcome Agreement (ROA)

4.1   The Board of Management has agreed that each Board Committee should monitor progress on areas of the Regional Outcome Agreement it is responsible for.

4.2   The Audit Committee meeting of 3 September 2021 considered those areas of the current Regional Outcome Agreement with the SFC for the year to July 2021 within its remit and agreed the monitoring processes to enable it to provide an update report on progress to the Board of Management.

4.3   The remit of the Audit Committee includes a requirement to '*ensure compliance with corporate governance requirements*.' Under the outcomes associated with High Performing Institutions colleges are required to comply with the terms of the Financial Memorandum with SFC, and to meet the principles of good governance as set out in the Code of Good Governance. The Audit Committee therefore requires considering whether progress has been made and assurance provided in relation to this area of ROA outcomes during 2020-21.

4.4   During the year the Audit Committee has been provided / will be provided with several reports which provide assurance regarding achievement of the above ROA outcome, including:

- Annual report from the external auditors, Mazars
- Annual report from the internal auditors, Wylie and Bisset
- A report on the effectiveness of the external auditors, Mazars
- A report on the effectiveness of the internal auditors, Wylie and Bisset
- A report on the annual Corporate Governance Statement
- A report on Value for Money Policy (at the joint Committee)
- Report on development of College Assurance Map
- Internal audit reports in accordance with the agreed Internal Audit Plan 2020-21
- Review of staff register of interests
- Report on Public Interest disclosures
- Updated Risk Management Strategy
- Review at each meeting of the College Strategic Risk Register
- Annual review on compliance with the Code of Good Governance, SFC Financial Memorandum, Scottish Public Finance Manual and ROA outcomes.

4.5   The Audit Committee is therefore asked to consider the progress that has been made in relation to the above areas of the current ROA for which it has responsibility, to provide an update report to the Board of Management.

5   Progress Reporting Measures

5.1   The following progress reporting measures were adopted by the Audit Committee and have been updated to include information for the current year:

a)   Internal Audit Recommendations

Grade	Low	Medium	High	Total
2016-17	2	24	0	**26**
2017-18	1	22	0	**23**
2018-19	5	15	0	**20**
2019-20	3	12	0	**15**
2020-21 (YTD)				
Audit Assurance Mapping	2	4	0	**6**
Fraud Awareness	2	0	0	**2**
Overall Financial Controls	0	0	0	**0**
HR: Sickness and Absence	0	0	0	**0**
Study of effects of Covid-19 (1)	0	0	0	**0**
Study of effects of Covid-19 (2)	0	0	0	**0**
External Communications	1	2	1	**5**
Complaint Handling	6	3	0	**9**
IT Incident Response	0	0	0	**0**
Total	**11**	**9**	**1**	**21**

5.2   All internal audit report recommendations arising from 2020-21 have been included within the above table. The College has received one high priority recommendation in relation to the creation of a marketing and communication Strategy which was included within the External Communications review. The College has accepted all the recommendations including the one high priority matter.

b)   Audit Plan Progress 2020-21

	2020-21		
	No. of Audits Planned	No. of Audits Complete	% Complete
Internal Audit Work	8	8	100%
Additional Internal Audit Work	1	1	100%
Other Assurance Work	3	0	0%
External Audit Work	1	0	0%
Other Audit Work	4	0	0%

5.3   For 2019-20 all external and other audit work was completed as planned and the College anticipates a similar position for 2020-21.

5.4   All internal audit reviews for 2020-21 have been completed as planned – and for 2021-22 the scope of annual internal audit plan is subject to review as part of the agenda at the May 2021 Audit Committee meeting.

6   Conclusion

6.1   This report seeks to provide assurance to the Audit Committee that in fulfilment of its' remit the College is operating in compliance with:

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

6.2   In addition there is a need for the Committee to demonstrate that it has met its requirements in relation to the relevant areas of the College Regional Outcome Agreement with the SFC and confirm this to the Board of Management.

6.3   The Audit Committee is requested to consider:

- the assurance provided in relation to governance compliance.
- the progress that has been made in relation to those ROA areas for which the Audit Committee has responsibility.

Financial Memorandum with Fundable Bodies in the College Sector

Contents

FINANCIAL MEMORANDUM

Introduction

Purpose of this document

1.   This Financial Memorandum (FM) sets out the formal relationship between the Scottish Further and Higher Education Funding Council (SFC) and fundable bodies[1] in the college sector, and the requirements with which fundable bodies must comply as a term and condition of grant from SFC.

2.   The FM also makes it a term and condition of grant from SFC that Regional Colleges and Regional Boards comply with the requirements of the Scottish Public Finance Manual (SPFM) and sets out the special actions and derogations, which have been agreed with the Scottish Ministers.

Scope of this document

3.   This FM applies to Regional Colleges and other colleges[2], Regional Boards and other Regional Strategic Bodies which receive payment of grant from SFC.

Definition

4.   In this document the term 'institution' is used in place of 'fundable body in the college sector'. The term 'chief executive officer' refers to an institution's Principal or equivalent officer.

Compliance with the Financial Memorandum

5.   The responsibility for ensuring that the institution complies with this FM rests with the governing body of the institution. Questions about the interpretation of the FM may be raised with officers of SFC at any time.

6.   Where the institution's interpretation of the FM differs from that of SFC, the SFC will seek, wherever possible, to reach agreement in a spirit of partnership with the institution. However, the SFC's interpretation of this FM shall be final.

Effective date

7.   This FM shall take effect from 1 December 2014.

Structure of this document

8.   The FM is in four parts:

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[1] As defined by the Further and Higher Education Act (Scotland) 2005, as amended by the Post-16 Education Act (Scotland) 2013.

[2] In this context, a college is a fundable post-16 education body that is not a higher education institution.

Part 1: defines the relationship between SFC and the institution and the responsibilities of each for the proper stewardship of public funds	*Parts 1 and 2 apply to Ayrshire College, Borders College, Dumfries and Galloway College, Dundee and Angus College, Edinburgh College, Fife College, Forth Valley College of Further and Higher Education, Newbattle Abbey College, New College Lanarkshire, North East Scotland College, Sabhal Mòr Ostaig, West College Scotland, West Lothian College, Regional Board for Glasgow Colleges, and the University of the Highlands and Islands*
Part 2: contains the general requirements that apply to all institutions	
Part 3 (A): contains additional requirements for Regional Strategic Bodies	*Part 3 (A) applies to Regional Board for Glasgow Colleges, New College Lanarkshire, and the University of the Highlands and Islands.*
Part 3 (B): contains additional requirements for Regional Colleges and Regional Boards	*Part 3 (B) applies to Ayrshire College, Borders College, Dumfries and Galloway College, Dundee and Angus College, Edinburgh College, Fife College, Forth Valley College of Further and Higher Education, New College Lanarkshire, North East Scotland College, West College Scotland, West Lothian College, and Regional Board for Glasgow Colleges.*
Part 4: contains additional requirements non-assigned, non-incorporated colleges	*Part 4 applies to Newbattle Abbey College and Sabhal Mòr Ostaig.*

Part 1: The relationship between SFC and the institution

Responsibilities of the Scottish Funding Council

1.   SFC is the national, strategic body with responsibility for funding further and higher education, research and other activities in Scotland's colleges, universities and other higher education institutions. Its funding decisions support the Scottish Government's national priorities.

2.   SFC is a Non-Departmental Public Body (NDPB) of the Scottish Government and undertakes its functions under the terms of the Further and Higher Education (Scotland) Act 2005 (the 2005 Act), as amended, including by the Post-16 Education (Scotland) Act 2013. In particular, SFC may make grants, loans or other payments to the governing bodies of colleges and Regional Strategic Bodies for the provision of further education, higher education, research and related activities.

3.   The legislation also confers certain duties and responsibilities on SFC, including securing coherent, high quality further and higher learning provision, and the undertaking of research.

4.   Under the terms of the 2005 Act, SFC may attach terms and conditions to the payment of grant made to institutions. It is a term and condition of grant payment from SFC that the institution's governing body and its designated officers comply with the requirements set out in this FM.

Accountability

5.   SFC is accountable to the Scottish Ministers for the use of public funds provided to it under the terms of the relevant legislation.

6.   The Chief Executive of SFC has also been appointed Accountable Officer under the terms of the Public Finance and Accountability (Scotland) Act 2000 and is responsible and accountable to the Scottish Parliament for ensuring that funds provided to SFC are used for the purposes for which they have been given, and in ways that comply with the conditions attached to them. The Accountable Officer has a personal responsibility for the propriety and regularity of the public finances provided to SFC, and for ensuring that funding is used economically, efficiently and effectively.

Assurance

7.   In order to meet his or her responsibilities, the Chief Executive of SFC must be satisfied that the governing body of the institution meets the requirements of this FM as a condition of receiving grant funding from SFC. SFC will therefore

seek financial management and other information from the institution but, as far as possible, will rely on data and information that the institution has produced to meet its own needs. If further information is required, SFC will make a specific request in the context of its commitment to efficient regulation.

8. Where SFC has concerns or insufficient information to provide the assurance required, it will, in the first instance, seek to resolve matters with the chief executive officer of the institution. Where this has not proved possible, or in the case of significant concerns, SFC's Accountable Officer will inform the chair of the governing body and the institution's chief executive officer in writing – and without delay – and will specify what action is required to address these concerns.

9. Where circumstances warrant it, SFC's Accountable Officer may suspend the payment of any or all grants to the institution. SFC may also use its powers to attend and address a meeting of the governing body.

What the institution can expect of SFC

10. SFC will conduct its affairs to high standards of corporate governance and public administration. It will maintain a complaints procedure and a separate appeals process for funding decisions.

11. SFC will act reasonably on the basis of the fullest available evidence and objective analysis. Subject to any legal requirement to observe confidentiality, it will be open and transparent with the institution, and with other stakeholders, and will give or be prepared to give a public justification of its decisions.

12. SFC recognises that the institution is an autonomous body. SFC will not substitute its judgements for those which are properly at the discretion of the institution. In particular, SFC will seek to maximise the discretion of the institution to use grants provided to it by SFC.

13. In discharging its responsibilities, SFC will seek to make regulation efficient and effective.

14. SFC will seek at all times to work in a spirit of partnership with the institution, including maintaining regular dialogue with the institution and, where appropriate, its representative bodies. The aim of that partnership will be to help the institution deliver its strategic priorities through the agreement of an Outcome Agreement with SFC, and ensure that SFC can deliver its priorities and undertake its statutory and other functions. SFC recognises that the institution may also undertake activities, and have to comply with legislation and regulation, which may fall outside the scope of this partnership.

15. SFC will allocate and pay grant to the institution in accordance with current published policies and procedures. The institution will be consulted in advance and given reasonable notice of any significant change to these policies and procedures and of significant changes in overall funding levels.

SFC's governance requirements of the institution

16. The SFC must be able to rely on the whole system of governance, management and conduct of the institution to safeguard all funds of the institution deriving from the Scottish Ministers and achieve the purposes for which those funds are provided.

17. SFC requires the governing body to comply with the principles of good governance set out in the Code of Good Governance for Scotland's Colleges. SFC also requires the governing body to ensure that:

- Public funds are used in accordance with relevant legislation, the requirements of this FM and only for the purpose(s) for which they were given. Strategic, Capital or other grant funding must only be used for the purpose for which it is provided by SFC
- Subject to any legal requirement to observe confidentiality, the institution will be open and transparent with the SFC and other stakeholders, and will give, or be prepared to give, a public justification of its decisions in relation to the use of public funds
- The institution strives to achieve value-for-money and is economical, efficient and effective in its use of public funding
- There is effective planning and delivery of the institution's activities in accordance with its mission and its Outcome Agreement agreed with SFC
- The institution plans and manages its activities to remain sustainable and financially viable. An institution is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands
- The institution has a sound system of internal management and control, including an audit committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery
- The institution has an effective policy of risk management and risk management arrangements
- The institution has regular, timely, accurate and adequate information to monitor performance and account for the use of public funds. Such information will be made available to SFC on request, as necessary, for the exercise of its functions and to gain assurance

- The institution is engaged actively in continuously enhancing the quality of its activities and involves students and other stakeholders in these processes

18. As well as being accountable directly to the governing body for the proper conduct of the institution's affairs, the chief executive officer is also accountable directly to SFC's Accountable Officer for the institution's proper use of funds deriving from the Scottish Ministers and its compliance with the requirements of this Financial Memorandum.

19. The chief executive officer of the institution must inform SFC's Accountable Officer without delay of any circumstance that is having, or is likely to have, a significant adverse effect on the ability of the institution to deliver its education programmes, research and other related activity, including delivery of its Outcome Agreement with SFC. He or she must also notify SFC's Accountable Officer of any serious weakness, such as a significant and immediate threat to the institution's financial position, significant fraud or major accounting breakdown or any material non-compliance with any requirement of this FM.

Revisions to the Financial Memorandum

20. SFC will make changes to the requirements in this FM only after consulting institutions or their representative bodies.

Part 2: General requirements

1.   Unless otherwise stated, the following general requirements apply to the institution.

Financial Memorandum

2.   It is a term and condition of grant payment from SFC that the governing body of the institution and its designated officers comply with the requirements set out in this FM.

Post-16 Education Body criteria

3.   In undertaking its functions, the governing body of the institution must keep under review and have in place satisfactory provision in relation to the list of matters set out in section 7 (2) of the 2005 Act, as amended by the Post-16 Education (Scotland) Act 2013.   This requirement does not apply to Regional Boards as these are not Post-16 Education Bodies.

Outcome Agreement

4.   The institution must deliver its Outcome Agreement with SFC.

Payment of SFC Strategic, Capital or other Grants

5.   Where the SFC makes a payment to the institution of a Strategic, Capital or other grant, the institution will be required to comply with any additional requirements attached to the grant, as well as with this FM.

Changes to grant payments

6.   If the Scottish Ministers revise their payment of grant to SFC, then SFC reserves the right to make in-year adjustments to its payment of grant to the institution. In this case, SFC and the institution may renegotiate the institution's Outcome Agreement.

Repayment of grant

7.   If the institution fails to comply with the requirements of this FM, and any other specific terms and conditions attached to the payment of grant from SFC, it may be required to repay SFC any sums received from it and may be required to pay interest in respect of any period during which a sum due to SFC in accordance with this or any other condition remains unpaid.

8.   If, in the reasonable opinion of SFC, any provision set out in this FM is not observed by the institution, SFC will be entitled, in respect of the payment of grant from SFC:

- In the case of funding by way of grant: to require immediate repayment of any and all grants or any part or parts of any grants at any time after the SFC becomes aware of such failure to observe (without prejudice to further demands until the whole of all sums made available by way of grant shall have been paid in full)

- In the case of funding by way of loan (notwithstanding the terms of any agreement attached to the same): to require immediate repayment of the whole or part of each such loan at any time after SFC becomes aware of such failure to observe (without prejudice to further demands until the whole of all sums made available by way of loan shall have been repaid in full).

Public sector pay policy

9.   The institution must have regard to public sector pay policy set by the Scottish Ministers.

Tuition fees

10.   Where applicable, the institution must charge student tuition fees at the levels set by the Scottish Ministers under either the Student Fees (Specification) (Scotland) Order 2006 or the Student Fees (Specification) (Scotland) Order 2011, whichever is applicable.[3] However:

- the tuition fee levels set by the Scottish Ministers under the Student Fees (Specification) (Scotland) Order 2006 do not apply to students who do not have a relevant connection with the United Kingdom and Islands or are not excepted students within the meaning of the Education (Fees and Awards) (Scotland) Regulations 2007; and

- The tuition fee levels set by the Scottish Ministers under the Student Fees (Specification) (Scotland) Order 2011 do not apply to students who do not have a relevant connection with Scotland or are not excepted students within the meaning of the Education (Fees) (Scotland) Regulations 2011, but any tuition fees charged to students from the rest of the United Kingdom must not exceed £9,000 per year[4].

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[3] The level of tuition fees in 2014-15 for full-time undergraduate first degree students is £1,820. The same fee applies for PGDE and PGDipCE courses. A higher medical fee £2,895 applies only to continuing students. For full-time higher education courses at sub-degree level, a fee of £1,285 should be charged.

[4] At the moment, this £9,000 limit is not set by legislation but will be once an order is made under section 9D of the Further and Higher Education (Scotland) Act 2005 (as inserted by the Post-16 Education (Scotland) Act 2013.).

Disposal of exchequer funded assets

11. In disposing of exchequer funded assets, the institution must follow the guidance in the relevant procedure notes on the SFC website as amended from time-to-time.

Student activity

12. Where appropriate, the institution must provide data returns requested by the SFC by the deadlines and to the standards specified. Our Student Activity Data Guidance for Colleges can be found on the SFC website.

Student support guidance

13. Where appropriate, the institution must follow SFC's Student Support Guidance.

European Social Funds

14. Where the institution is in receipt of European Social Fund funding, it must follow SFC's ESF guidance.

Audit and accounting

15. The governing body must appoint an audit committee and ensure the establishment and maintenance of effective arrangements for the provision of internal and external audit. For incorporated colleges and Regional Boards, Audit Scotland will appoint external auditors.

16. The Audit Committee must produce an annual report to the governing body of the institution.

Accounts direction

17. The institution must follow the SFC's current Accounts Direction in the preparation of its annual financial statements.

Internal audit

18. The institution must have in place an effective internal audit service. The operation and conduct of the internal audit service must conform to the professional standards of the Chartered Institute of Internal Auditors. For incorporated colleges and Regional Boards, the operation and conduct of internal audit must comply with Public Sector Internal Audit Standards and, where relevant, the Scottish Public Finance Manual.

19. The institution must inform SFC when an internal auditor is appointed and must inform SFC immediately if the internal auditor is removed or departs before the end of their term of office.

20. The internal audit service must provide the governing body and senior management of the institution with an objective assessment of adequacy and effectiveness of risk management, internal control, governance, and value-for-money.

21. The internal audit service must extend its review over all the financial and other management control systems, identified by the audit needs assessment process. It must cover all activities in which the institution has a financial interest, including those not funded by SFC. It must include review of controls – including investment procedures – that protect the institution in its dealings with organisations, such as subsidiaries or associated companies, Arms-Length Foundations, students' associations, and collaborative ventures or joint ventures with third parties.

22. The head of internal audit must produce an annual report for the governing body on its activities during the year. The report must include an opinion on the adequacy and effectiveness of the institution's risk management, internal control, and governance. The report must be presented to the institution's audit committee and a copy sent to SFC.

Value for money

23. The institution must have a strategy for reviewing systematically management's arrangements for securing value for money.

24. As part of its internal audit arrangements, the institution must obtain a comprehensive appraisal of management's arrangements for achieving value for money.

External Audit

25. The external auditor must be entitled to receive all notices of and other communications relating to any meeting of the governing body which any member of the governing body is entitled to receive. They must also be entitled to attend any such meeting and to be heard at any meeting which they attend, on any part of the business which concerns them as auditors.

26. The external auditor must also be entitled to attend the meeting of the governing body or other appropriate committee at which the institution's annual report and financial statements are presented.

27. The external auditor is expected to attend, as a minimum, any meetings of the audit committee where relevant matters are being considered, such as planned

audit coverage, the audit report on the financial statements and the audit management letter. It is the responsibility of the secretary to the audit committee to notify the external auditor of such meetings.

28. The external auditors, notwithstanding responsibilities to their clients, are expected to co-operate fully with any enquiries or routine monitoring that the SFC undertakes.

29. The institution must not in any way limit SFC's access to the institution's external auditors.

Part 3: Additional Requirements for Regional Strategic Bodies, Regional Colleges, and Regional Boards

Part 3 (A): Additional requirements for Regional Strategic Bodies

1. The following additional requirements apply to Regional Strategic Bodies only:

    -   Regional Board for Glasgow Colleges (known as the Glasgow Colleges Regional Board)
    -   New College Lanarkshire (known as the Lanarkshire Board)
    -   University of the Highlands and Islands.

Financial Memoranda

2. The institution must put in place a financial memorandum with each of its assigned colleges, which sets out the formal relationship between the Regional Strategic Body and the assigned college, and which contains the terms and conditions for the use of grant to the assigned college. The financial memoranda should be agreed in advance with SFC's Accountable Officer.

Scottish Public Finance Manual

3. The institution must ensure that its assigned incorporated colleges follow the requirements of the SPFM except where any special actions or derogations have been agreed with the Scottish Ministers.

Part 3 (B): Additional requirements for Regional Colleges and Regional Boards

4. The following additional requirements apply to Regional Colleges and Regional Boards:

    -   Ayrshire College
    -   Borders College
    -   Dumfries and Galloway College
    -   Dundee and Angus College
    -   Edinburgh College
    -   Fife College
    -   Forth Valley College of Further and Higher Education
    -   North East Scotland College
    -   West College Scotland
    -   West Lothian College
    -   New College Lanarkshire.
    -   Regional Board for Glasgow Colleges

Scottish Public Finance Manual

5. The institution must follow the requirements of the Scottish Public Finance Manual, except where any special actions or derogations have been agreed with the Scottish Ministers.

6. The derogations and actions in the following paragraphs have been agreed with the Scottish Ministers and must be read in conjunction with the SPFM. Where reference is made to the SPFM, please refer to the relevant section for the detailed requirements.

7. In cases where the SPFM requires bodies to notify or request prior approval from the Scottish Government, the institution must, in the first instance, contact SFC.

Borrowing

8. All borrowing by incorporated colleges will require the approval of the Scottish Ministers. Requests to borrow must be submitted to the SFC in the first instance.

9. Under the terms of Schedule 2B to the Further and Higher Education (Scotland) Act 2005, inserted by the Post-16 Education (Scotland) Act 2013, Regional Boards may not borrow money.

Cash management and banking

10. Grant payment will not be made in advance of need, as determined by the level of unrestricted cash reserves and planned expenditure. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of the institution and the level of funds required to meet any relevant liabilities at the year-end. Grant-in-aid not drawn down by the end of the financial year shall lapse. Grant-in-aid shall not be paid into any restricted reserve held by the institution. Transfers to arms-length-foundations are permitted.

11. Banking arrangements should ensure they offer best value and comply with the Banking section of the SPFM. The Scottish Ministers have approved a derogation which delays the move to the Government Banking Service (GBS) to 2016-17 at the earliest.

12. The institution may extend existing banking arrangements provided they are not extended beyond Financial Year 2016-17. Any extension beyond Financial Year 2016-17 requires the agreement of the Scottish Ministers.

13. The institution can operate bank overdraft facilities to assist it in managing the timing of income and expenditure through its bank account. Overdrafts should not be used as a means of increasing borrowing.

Contingent commitments

14. The institution must seek SFC's prior written consent if it intends to lend or give a guarantee, indemnity or letter of comfort. The value of the guarantee should be equal to the total contingent liability over the term of the guarantee. In all cases, the institution must take steps to restrict the contingent liability to a minimum and should undertake a careful appraisal of the risks before accepting any contingent liability.

15. The institution should also provide assurance that, in the event of the contingent liability arising, it can be met from within the institution's own resource, or that appropriate insurance cover has been arranged.

16. However, SFC's written consent is not required for such arrangements if the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business.

Delegated financial limits and annual reporting requirements

17. The institution's specific delegated financial limits are set out in **Appendix A**. The institution must obtain SFC's prior written approval before entering into any undertaking to incur any expenditure that falls outwith these delegations.

18. Prior SFC approval must always be obtained before incurring expenditure for any purpose that is, or might be considered, novel, contentious or repercussive or which has or could have significant future cost implications.

19. What might be regarded as novel or contentious inevitably involves a degree of judgement. Novel would include proposed expenditure or financial arrangements of a sort not undertaken previously or which is not standard practice. Contentious would include proposed expenditure or financial arrangements where there was any doubt as to its regularity – for example, its compliance with relevant legislation or guidance – or its propriety – for example, compliance with the standards expected of publicly funded bodies or their officials. Proposed expenditure or financial arrangements that might be considered to be sensitive politically would also be regarded as contentious.

20. In addition, any frauds that are detected must be reported to SFC as and when they occur.

21. The institution must establish appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM and this FM.

22. **Appendix A** also sets out the levels for certain categories of expenditure above which the institution should report annually to SFC. The report should describe the number of instances and total cost, by category of expenditure.

Donation of surplus funds to arms-length foundations

23. The institution may donate any surplus on its income and expenditure account as at 31 March each year to its arms-length foundation. The donation must take place in the financial year in which it arises, and is subject to sufficient cash and resource cover being available.

Duties to provide information on certain expenditure as required by The Public Services Reform (Scotland) Act 2010

24. As soon as is reasonably practicable after the end of each financial year, the institution must publish a statement of any expenditure that it has incurred during that financial year on or in connection with the matters described below.

   - Public relations,
   - Overseas travel,
   - Hospitality and entertainment,
   - External consultancy.

25. As soon as is reasonably practicable after the end of each financial year, the institution must publish a statement specifying the amount, date, payee and subject-matter of any payment, relating to any of the matters listed above, made during that financial year which has a value in excess of £25,000.

Early departures of staff

26. The institution must follow the requirements of the SPFM in determining settlement agreements, severance, early retirement and redundancy arrangements and payments. In addition, the institution must have regard to the principles of good practice in managing early departures of staff contained in Audit Scotland's May 2013 report: *Managing early departures from the Scottish public sector.*

27. In line with the requirements of the SPFM, the institution's severance scheme must be approved by SFC. Provided a severance payment is within the parameters of a scheme, which has been approved by the SFC, there will be no need for the institution to seek approval to the individual payment from SFC.

28. However, special severance payments in excess of £1,000 must be approved by SFC, except where provision for such payments has been included in a severance scheme approved by SFC. (See Appendix A)

External business and management consultancy contracts

29. Any external consultancy contracts with a value of more than £100,000 must be approved in advance by the SFC.

Impairments, provisions and write-offs

30. Assets must be recorded in the Balance Sheet at Depreciated Replacement Cost for Land and Buildings and at Historic Cost less depreciation for Equipment in accordance with the Financial Reporting Manual (FReM). Where an asset, including investments, suffers impairment, it is important that the prospective impairment and background is communicated to the SFC at the earliest possible point in the financial year to determine the budget implications. Any significant movement in existing provisions or the creation of new provisions must be discussed with the SFC.

31. Write-off of bad debt and/or losses score against resource Departmental Expenditure Limits (DEL).

Income generation

32. The institution will be able to retain all commercial income, gifts, bequests or donations received. These funds will be in addition to any grant or funding the institution receives from the SFC.

Insurance

33. The Scottish Ministers have agreed a derogation whereby institutions can extend their current commercial insurance arrangements for three years to 31 July 2018.

Investments

34. The institution must not make any investments of a speculative nature without the prior written approval of SFC.

Procurement and payment

35. The institution's procurement processes must reflect the relevant guidance contained in the Advanced Procurement for Universities and Colleges, and relevant policy and advice issued by the Scottish Procurement Directorate. Procurement must be undertaken by appropriately trained and authorised staff and treated as a key component of achieving the institution's objectives consistent with the principles of Best Value, the highest professional standards and any legal requirement.

36. Any proposal to award a contract without competition (non-competitive action) must be approved in advance by SFC. Specific delegated authority is given to award a contract without competition for £25,000 or less without advance approval. (See Appendix A)

Delegated financial limits and annual reporting requirements for Regional Colleges and Regional Boards

Delegated financial limits

External Business and management consultancies	£100,000
Special severance payments	£1,000
Operating leases-non property	£250,000
Procurement non-competitive action	£25,000

Annual reporting requirements

Extra contractual payments	£5,000
Compensation payments	£5,000
Ex-gratia payments	£1,000
Claims waived or abandoned	£3,000
Write-off of bad debt	£3,000
Losses	£3,000
Overseas student irrecoverable loss	£6,000
Fraud loss	£5,000

Part 4: Additional requirements for non-assigned, non-incorporated colleges

1. The following additional requirements apply to non-assigned, non-incorporated colleges:

   - Newbattle Abbey College
   - Sabhal Mòr Ostaig.

Insurance

2. The institution is responsible for taking out and paying for adequate insurance in respect of its assets and activities.

Granting of security

3. As a result of a condition in SFC's Framework Document with the Scottish Government, the institution must seek SFC's prior written consent if it intends to offer as security for a loan any land or property which has been provided, improved, or maintained with the aid of grant.

Capital finance

4. As a condition of SFC's Framework Document with the Scottish Government, SFC is required to "make provision for the monitoring and control of borrowing by institutions to protect the public investment in institutions and to maintain accountability for the use of exchequer funds". In order that SFC can discharge this requirement, it has in place a threshold for capital finance above which the institution requires SFC's consent to undertake any new borrowing.

5. The governing body of the institution, in line with the Code of Good Governance for Scotland's Colleges, must, as a matter of course, satisfy itself that all of the following requirements on capital finance are met:

   - The institution can demonstrate its ability to repay the finance, and to pay interest thereon, without recourse to requesting additional grant from SFC
   - The institution can demonstrate that its ability to maintain financial and academic viability will not be impaired as a result
   - The institution can demonstrate the value to be generated by the transaction, whether it involves refinancing, or purchase of any new investment or assets, the acquisition of which is to be financed by the borrowing
   - The institution can demonstrate that any such new investment or asset acquisition is in accordance with the institution's strategic plan and, where appropriate, its estate strategy

6. For the purposes of this document, 'capital finance' includes borrowing, finance and operating leases, and other schemes, such as private finance initiative projects, non-profit distribution projects, loan support projects and revolving credit facilities where borrowing is the substance of the transaction, in line with relevant accounting standards.

When the Council's formal consent is required in respect of capital finance arrangements

7. The institution must obtain prior written consent from SFC before it undertakes a level of capital finance where the annualised costs of all capital finance (being the sum of the servicing and capital repayment costs of each loan or other arrangements spread evenly over the period of the relevant loan or arrangement) would exceed 4% of

   - Total income as reported in the latest audited financial statements; or
   - The estimated amount of total income for the current year, if that is lower.

8. In assessing total capital finance commitments, the institution must ignore low-value financial commitments, provided that the combined annualised servicing costs of such financial commitments do not exceed 0.5% of total income.

9. A revolving credit facility should be considered in the same way as an overdraft facility; for example, in terms of the institution's maximum exposure over the term of the facility. An even annual cost of capital finance is assumed, unless the institution can demonstrate otherwise. The institution is required to provide the annualised cost of the capital finance calculation with any request to SFC for borrowing consent.

10. The institution must also seek consent from SFC before raising capital finance on the security of assets in which the Scottish Ministers have an interest. For the purposes of this document, such an interest exists where the institution has used funds provided by the Scottish Ministers to acquire an interest in or to develop any land, building or other asset, and where those funds were provided subject to a condition which has the effect of requiring the institution to obtain Scottish Ministers' consent before raising capital finance on the security of those assets.

11. The Scottish Ministers have directed that SFC will exercise their functions in relation to any such interests.

12. In seeking SFC's approval, the institution must demonstrate to SFC, in writing, its compliance with the requirements set out above.

Contingent commitments

13. The institution must seek SFC's prior written consent if it intends to lend or give a guarantee, indemnity or letter of comfort. The value of the guarantee should be equal to the total contingent liability over the term of the guarantee. In all cases, the institution must take steps to restrict the contingent liability to a minimum and should undertake a careful appraisal of the risks before accepting any contingent liability.

14. The institution should also provide assurance that, in the event of the contingent liability arising, it can be met from within the institution's own resource, or that appropriate insurance cover has been arranged.

15. However, SFC's written consent is not required for such arrangements if:

    - An actual or effective value is less than 4% of total income as reported in the latest audited financial statements or of the estimated amount of total income for the current year if that is lower; or
    - the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business.

Severance payments

16. The institution must adhere to the following principles when taking decisions about severance payments, including settlement agreements:

    - The actions of those taking decisions about severance payments, and those potentially in receipt of such payments, must be governed by the standards of personal conduct set out by the Committee on Standards in Public Life (the Nolan Principles)
    - The governing body must take account of SFC's expectation of the institution in this FM regarding the use of public funds.

17. Based on the principles above, the following requirements must be met:

    - Institutions must have in place a clear policy on severance payments
    - Severance packages must be consistent with the institution's policy and take into account contractual entitlements, for example, salary and period of notice, and any applicable statutory employment entitlements. This means that, when entering into employment contracts, care must be taken not to expose the institution to excessive potential liabilities
    - The institution's policy must include a formal statement of the types of severance arrangements that should be approved by the Remuneration Committee or equivalent and approved formally by the governing body. These must include any severance package that is proposed for a member

of the senior management team, in recognition of the particular level of accountability that is attached to senior management positions, and also any severance package that would exceed a maximum threshold agreed by the governing body

- Where a severance package exceeds the maximum threshold agreed by the governing body, the institution must consult with SFC's Accountable Officer prior to approving the proposed severance package
- The remuneration committee or equivalent, when overseeing and approving severance arrangements for staff, must ensure that all decisions are recorded
- Negotiations about severance packages and payments must be informed, on both sides, by legal advice where appropriate
- When a severance arises following poor performance on the part of an individual, any payment must be proportionate and there should be no perception that poor performance is being rewarded
- Final year salaries must not be inflated simply to boost pension benefits
- Notice of termination of appointments must not be delayed in order to generate entitlement to payments in lieu of notice

18. The institution must ensure its internal auditor includes a regular review of systems for the determination and payment of severance settlements in their strategic audit plan.

19. The institution must seek the view of its external auditor if it plans to make what it considers to be any novel or potentially contentious severance payments, including those that exceed the maximum threshold agreed by the governing body.

20. The institution's external auditor must review severance settlements. Such a review will normally take place after settlements have been agreed (normally as part of their financial statements audit) and should be carried out by senior audit staff because of the complexity and sensitivity of the issues. If final settlements do not materially conform to the terms of this FM, auditors must report the facts to the institution in their management letter, and inform members of the governing body. The auditors must also recommend that the institution informs the SFC immediately.

21. Where there are settlement agreements, and it is felt that a confidentiality clause is necessary, this must not prevent the public interest being served and must be consistent with the institution's whistleblowing policy.

TITLE: **COLLEGE ASSURANCE MAP**

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 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 to develop an assurance framework.

The purpose of this report is to present to the Audit Committee the current draft College Assurance Map and to update the Committee on the actions taken to develop the College assurance framework.

Action: The Audit Committee is requested to:

- Consider and review the content of this report

- Review the content of the Assurance Map as the basis for consideration of the Draft Internal Audit Plan 2021-22 (agenda item 19)

Lead: Alan Ritchie, Director of Finance

Status: Open

1.   **Overview of Work To date**

1.1   The Audit Committee were updated in the progress made by the College on developing an assurance framework at the 11 March 2021 meeting. The Committee considered and reviewed the content of the report and agreed the format of the draft assurance map.

1.2   As part of that review the Committee requested that work be done to include additional definitions and further detail on the concept of the three lines of defence. The Committee also noted the timetable for completion of the initial 5 stages of the project.

1.3   This report presents an updated College Assurance Map for the consideration of the Committee. The draft Assurance Map has been utilised by the Senior Management Team (SMT) in considering the draft Internal Audit Plan 2021-22 which is considered at agenda item (19).

2.   **College Assurance Map**

2.1   The Assurance Map at *Appendix B* has been updated based on the feedback received from the Audit Committee and internal auditors as follows:

- A definitions section (page 2) has been included within the report to ensure the reader understands the overall assurance framework concepts

- The Three Lines of Defence definitions (pages 3 to 6) have been expanded to provide more context as to what each line is intended to provided assurance over and who provides that assurance. A graphic representation of the three lines of defence has been included to show how this concept fits into the overall College assurance framework.

- A summary graphic has been inserted at page 6

- The RAG rating for quality of assurance has been included (page 8) along with the attributes which are considered when assessing the overall quality of the assurance provided:
    o Breadth of scope
    o Competence of the assurance provider
    o Frequency of review

- The SMT have updated the assurance documentation and where possible the documents have been hyperlinked to the source document allowing readers to review the content as required, in line the recent internal audit recommendation. This will be an iterative process as not all the documents are available online yet.

- Based on the opinion of the SMT, the individual lines of defence have been graded in line with the RAG Quality of Assurance rating (page 8). As can be seen, the College is of the opinion that the level of assurance provided is strong.

- There are instances where the SMT review has highlighted that assurance has been gained but that this might now be dated and requiring additional review.

    o Yellow - In these cases it is felt that assurance is provided but that the proposed internal audit work to be undertaken during 2021-22 will provide the required assurance.

    o Amber – In these cases it is felt that the assurance may be dated and should be considered for inclusion in future years audit planning. These have been included within the draft Internal Audit Plan 2021-22 paper (agenda item 19).

2.2   The Assurance Mapping process was broken down into five key stages (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.

2.3   To date the College has completed stages (1) to (3) and the Audit Committee are now requested to review the Assurance Map and the levels of assurance it provides (stage 4).

2.4   At the completion of stage (5) 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.

2.5   The overall timeline to complete the assurance framework is outlined below:

Action	Timeline	
Audit Committee to review draft assurance map	11 March 2021	Complete
Consider and agree on the content of stages 3 to 5	11 March 2021	Complete
College to complete assurance map sources and quality of source	March to April	Complete
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	

2.6   The Audit Committee is requested to:

- Consider and review the content of this report.

- Review the content of the Assurance Map as the basis for consideration of the Draft Internal Audit Plan 2021-22 (agenda item 19)

Appendix A - Assurance Mapping Stages

1. Assurance areas

- Identify the areas on which assurance may be required. For the purposes of this review, we will focus on the assurances provided in respect of a representative sample of programmes, and the role of the Compliance function.

2. Assurance providers

- Identify all of the sources of assurance currently active using the three lines of defence approach.
- Consider all of the assurance activities that are planned to take place and gain an understanding of their scope, the level of assurance provided, the expertise of the assurance provider, the frequency of the activity, the reporting line etc.

3. Quality of assurance

- Assess the quality of the assurance activities identified in stage 2.
- Consider the scope of the activity in terms of the breadth and depth of coverage, assess the competence of the provider, the frequency of the assurance and the line of defence the assurance provider operates within.

4. Assurance need

- Determine the level of assurance required for each of the areas identified. This will include consideration of risk profile, complexity, experience, strategic importance and the audit committee's view.

5. Build assurance map

- Collate the overall assurance being provided for each area of the assurance map (as determined in step 1).
- Consider the balance and mix of assurance providers across each line of defence
- Analyse gaps and overlaps in assurance.

Assurance Map

Definitions

Assurance

A*n objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organisation.*

Assurance framework

A *structured means of identifying and mapping the main sources of assurance in an organisation, and co-ordinating them to best effect.*

Assurance mapping

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.

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.

Three Lines of Defence

Assurance Maps frequently refer to Lines of Defence. In a well-designed Assurance Map, 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 as shown in the diagram below:
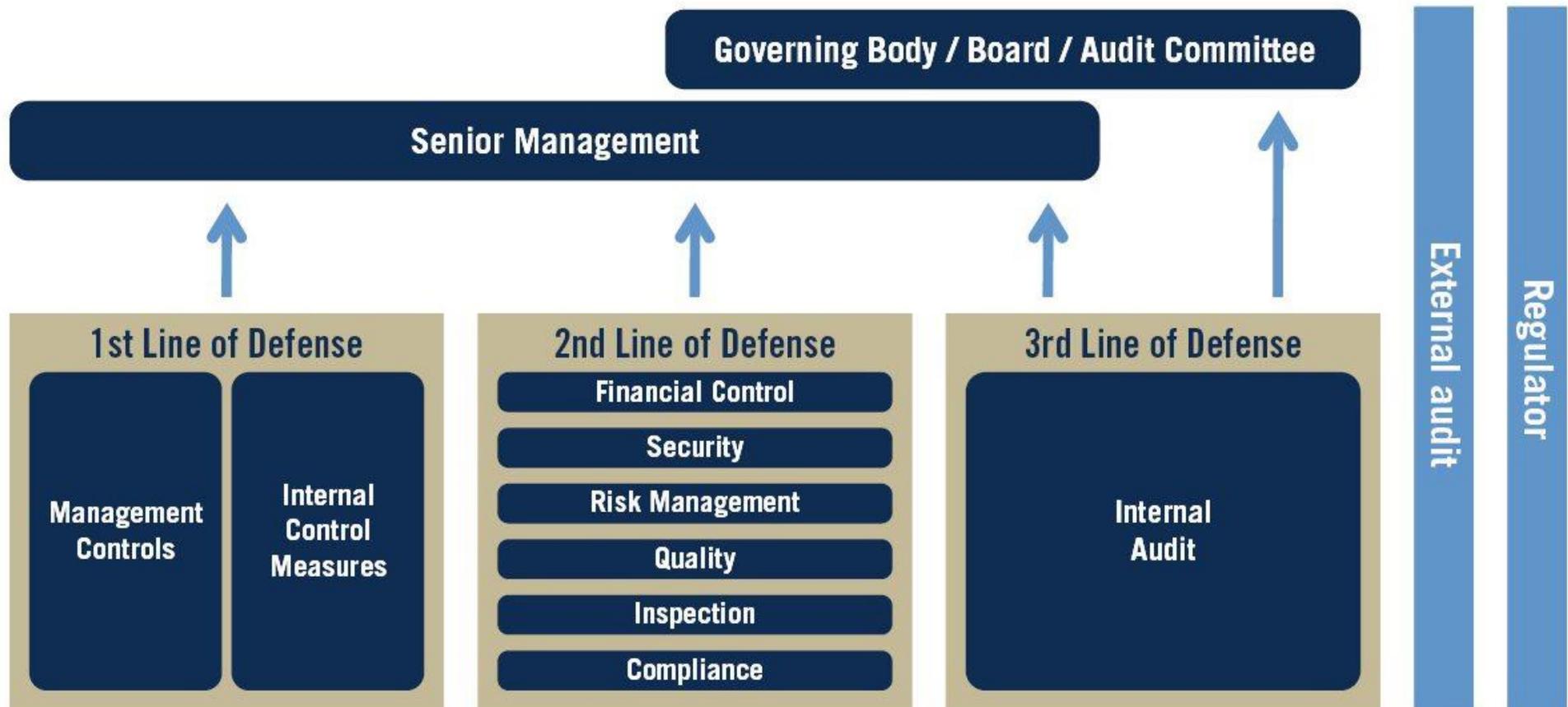
1st Line of Defence – Operational Management

Operational Managers as the first line of defence, own and manage risks. They also are responsible for implementing corrective actions to address process and control deficiencies. Operational Managers are responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis. Operational Managers identify, assess, control and mitigate risks, guiding the development and implementation of internal policies and procedures and ensuring that activities are consistent with goals and objectives.

Operational Managers serve as the first line of defence because controls are designed into systems and processes under their guidance of operational management. There should be adequate managerial and supervisory controls in place to ensure compliance and to highlight control breakdown, inadequate processes and unexpected events.

Examples may include:

- Development and review of policies and procedures

- Managerial review and authorisation processes

- Performance and exception reporting.

2nd Line of Defence – Risk Management and Compliance Functions

The Senior Management Team has an established risk management and compliance function which assists in building and/or monitor the first line-of-defence controls. The Senior Management Team operates several functions in this second line of defence including:

- A risk management function that facilitates and monitors the implementation of effective risk management practices by operational management and assists risk owners in defining the risk exposure and reporting adequate risk-related information throughout the College.

- A compliance function which monitors various specific risks such as noncompliance with applicable laws and regulations and specific types of compliance monitoring, such as health and safety, procurement, environmental and quality monitoring.

- A finance function that monitors financial risks and financial reporting issues.

The Senior Management Team has established these functions to ensure the first line of defence is properly designed, in place, and operating as intended. Each of these functions has some degree of independence from the first line of defence, but they are by nature management functions. As management functions, they may intervene directly in modifying and developing the internal control and risk systems. Therefore, the second line of defence serves a vital purpose but cannot offer truly independent analyses to the Board of Management regarding risk management and internal controls.

These assurance activities may include:

- Compliance reviews

- Review processes that take place outside local management structures

- Policies which may require referral to specialists in specific instances

- Risk reviews and the compilation of the strategic risk register

3rd Line of Defence – Internal Audit

Internal auditors provide the Board of Management and Senior Management Team with comprehensive assurance based on the highest level of independence and objectivity within the College. This high level of independence is not available in the second line of defence. Internal audit provides assurance on the effectiveness of governance, risk management, and internal controls, including the way the first and second lines of defence achieve risk management and control objectives. The scope of this assurance, which is reported to Senior Management Team and to the Board of Management, usually covers:

- A broad range of objectives, including efficiency and effectiveness of operations; safeguarding of assets; reliability and integrity of reporting processes; and compliance with laws, regulations, policies, procedures, and contracts.

- All elements of the risk management and internal control framework, which includes internal control environment; all elements of the College's risk management framework (i.e., risk identification, risk assessment and response); information and communication; and monitoring.

- The overall College operating units and functions — including teaching and learning, sales, marketing, safety, student functions and operations — as well as supporting functions – finance, human resources, procurement, payroll, infrastructure and asset management and information technology.

External Auditors, Regulators and Other External Bodies

External auditors, regulators, and other external bodies reside outside the College's structure, but they have an important role in the College's overall governance and control structure. Regulators set requirements intended to strengthen the controls in the College and on other occasions perform an independent and objective function to assess the whole or some part of the first, second, or third line of defence with regard to those requirements. When coordinated effectively, external auditors, regulators, and other groups outside the College can be considered as supporting the third line of defence, providing assurance to the Board of Management and Senior Management Team.

Co-ordinating the Three Lines of Defence

When considering overall assurance process the following diagram shows the underlying role of each group in the risk management process:

FIRST LINE OF DEFENCE	SECOND LINE OF DEFENCE	THIRD LINE OF DEFENCE
Risk Owners / Managers	**Risk Control and Compliance**	**Risk Assurance**
• Operational Managers	• Limited independence • Reports primarily to management	• Internal audit • Greater independence • Reports to the Board of Management

DETAILED ASSURANCE MAP

Key to Assurance Map

QUALITY OF ASSURANCE	
■	Unlikely that further assurance activity is required in principle
■	Assurance activity not sufficient but planned new assurance activity is moving this to a level of assurance that is reasonable
■	Limited assurance and therefore potentially requires further assurance work to be undertaken
■	No assurance activity understood to be in place
	Assurance activities require confirmation required from management

The above assessment of quality of assurance was based upon the following attributes:

Breath of scope - How much of the element is being covered by the activity? Is it assessing all aspects of the element or specifically focussing on one small part of the overall picture.

Competence of assurance provider - The person performing the activity should be knowledgeable of both the element being assured and have the skills to provide the assurance required

Frequency of review - Some activities will be repeated every year, or every month, whilst others will take place on a three-yearly cycle, or just as an ad hoc review. The more recent and timelier the activity, the more relevant and reliable the information and assurance will be.

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	SFC Funding and Funding Methodology (WCS01) Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.	24	• Board approved 3 Year Financial Strategy • Monthly management accounts prepared and reviewed by SMT. • SMT receive reports on Commercial and Credit activity • Estate Strategy 2016-2025 • IT Strategy (2016-21 and 2021-26 later this year) • Vice Principal Update report to each Corporate Development Committee • Supporting implementation of the performance and management tool, Pentana	• Approved SFC Business Transformation Plan • Monthly management accounts presented to Corporate Development Committee / Board quarterly	• Annual unqualified 2019-20 SFC Credits audit • Annual unqualified 2019-20 Student Funding audits • Annual unqualified 2019-20 financial statements audit • Internal Audit Report 2020-21 - Overall Financial Controls (strong assurance) • Internal Audit Report 2019-20 – Financial Systems Health Check (strong assurance) • Internal Audit Report 2018-19: Financial Planning and Monitoring (reasonable assurance) • Internal Audit Report 2016-17: Workforce Planning (reasonable assurance)	Internal Audit Plan 2021-22: • Review of Financial Regulations • Review of Treasury and Cash Management • Review of Student Recruitment • Review of Estate Strategy and Governance

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	**Estate Strategy (WCS03)** 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	• Board of Management approved Estate Strategy 2016-2025 • Vice Principal update report to Committee on developments • Regular reporting to Corporate Development Committee on estate condition, building utilisation and health & safety issues. • As required reporting to CDC on other specific topics, i.e., National Infrastructure Mission 2021-26	• Annual update reports to Committee and Board on Estate Strategy progress • Outline Business Cases for Paisley and Greenock campus developments reviewed by SFC • Campus Health & safety Committees including staff and union representation	• Independent evaluation of Estate Condition Survey 2019 • Internal Audit Report 2016-17: Estates and Asset Management (reasonable assurance) • Internal Audit Report 2016-17: Timetabling and Curriculum Planning (reasonable assurance)	Internal Audit Plan 2021-22: • Review of Estate Strategy and Governance • Review of Sustainability and Carbon Management

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)	
3	**Estates and IT Investment (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.	16	• Vice Principal update report to Committee on estate and IT developments • Report to Committee on expenditure of SFC maintenance funding using condition survey work as basis • Annual budget setting process and determinisation of Estates and IT investment priorities	• Board of Management approved Estate Strategy 2016-2025 • Board of Management Committee update reports and annual progress review • Involvement in SFC Capital Working Group • Planned and cyclical inspections and investment undertaken by College • Update report on reactive repairs and investment considered by SMT	• Internal Audit Report 2016-17: Estates and Asset Management (reasonable assurance) • Independent evaluation of Estate Condition Survey 2019 • Internal Audit Report 2017-18: Procurement and Tendering (reasonable assurance)	Internal Audit Plan 2021-22: • Review of Estate Strategy and Governance • Review of Digital Strategy and Governance

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	**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 delivery learning and teaching and achievement of required funding outcomes.	15	• Incident Management Planning and proven live event management • Covid-19 Mobilisation Group involving staff, students and Unions • Digital Strategy Group to address wider College digital requirements • IT Strategy 2021-26 incorporating Cyber Resiliency and Security	• Detailed Business Continuity Plan including testing regime validated by Zurich Municipal • IT Business Continuity Plan currently under review with assistance from Zurich Municipal	• Internal Audit Review 2020-21: Covid 19 (Phase 1) (strong assurance) • Internal Audit Review 2020-21: Covid 19 (Phase 2) (strong assurance) • Internal Audit Report 2020-21: Response to IT Incident (strong assurance) • Member of Joint Information Systems Committee (JISC) • Cyber Essentials Plus accreditation 2020 • Progressing activities in response to the requirements of the Scottish Government's Public Sector Cyber Resilience Framework • Internal Audit Review 2018-19: Fraud Prevention (reasonable assurance)	Internal Audit Plan 2021-22: • Review of Business Continuity Planning • Review of IT Systems Administration

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)	
					• Internal Audit Report 2017-18: IT Security Healthcheck (reasonable assurance) • Internal Audit Report 2016-17: Business Continuity Planning (reasonable assurance)	
5	**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.	15	• Departmental operational plans reviewed for delivery of other income • Established curriculum planning tools and processes • Credit and Commercial Development Group minutes	• Corporate Development Committee minutes and reports • Financial planning and budgets • Management accounts reviewed quarterly	• Internal Audit Report 2019-20: Online Resources (reasonable assurance) • Internal Audit Report 2019-20: Digital Strategy (reasonable assurance) • Internal Audit Report 2016-17: Alternative / non SFC funding sources (reasonable assurance) • External audit annual credits / funding reports	

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)	
6	**SFC Regional Outcome Agreement (WCS04)** 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	• Approved Regional Outcome Agreement 2021-22 • College Commercial and Credit Review Group undertake review of credit delivery • Online student data available to all staff including detailed activity reports • Student Health and wellbeing Strategy • Access and Inclusion Strategy and Action Plan • Corporate Parenting Action Plan • STEM Manifesto • IT Strategy • Dedicated Sustainability College Intranet Page • Supporting Student Carers Policy	• Evaluation Report and Enhancement Plan in December 2017, followed by a three-year Evaluation Report and Enhancement Plan 2017-18 to 2019-20 • Member of the Developing the Young Workforce Group • School/College Partnership Agreement • Learning, Teaching and Quality Committee reports and minutes • Board Committees undertake annual review of elements of ROA under their remits • Annual report to Board of	• Internal Audit Review 2020-21: Covid 19 (Phase 1) (strong assurance) • Internal Audit Review 2020-21: Covid 19 (Phase 2) (strong assurance) • Internal Audit Review 2020-21: Complaints Handling (substantial assurance) • Internal Audit Report 2019-20: Regional Outcome Agreement process (strong assurance) • Internal Audit Report 2019-20: Digital Strategy (reasonable assurance) • Internal Audit Review 2018-19: Safeguarding (reasonable assurance) • Internal Audit Report 2018-19: Student Experience (reasonable assurance) • Internal Audit Report 2017-18: Student Experience (schools programme) (reasonable assurance)	Internal Audit Plan 2021-22: • Review of Sustainability and Carbon Management • Review of Student Recruitment

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)	
			• Gender Based Violence (GBV) Student Policy	Management on ROA progress • Curriculum Sectors review their own ROA Measurement Table data within the Annual Curriculum Planning and Review process. • Published Performance Indicators • Annual Complaints Handling report	• Internal Audit Report 2017-18: Curriculum Planning process (CMAP) (reasonable assurance) • Internal Audit Report 2016-17: Student Association (reasonable assurance) • Internal Audit Report 2016-17: Timetabling and Curriculum Planning (reasonable assurance) • External action plan for Student Carers support verification by Carers Federation (UK) and The Carers Trust • Active partnership working across the CDN Access and Inclusion and Safeguarding Forums to share best practice and implement national policy changes. • Annual reporting to SFC on progress for Corporate	

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)	
					Parenting and Counselling support	
7	**National Pay Bargaining (WCS07)** 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	• Local Trade Union Consultation and Negotiating Committee minutes made available to staff • Minutes of NJNC meetings • Local workforce planning • College representatives on both teaching and support staff national committees	• Detailed Business Continuity Plan including testing regime validated by Zurich Municipal • Financial scenario planning – financial modelling based on SFC FFR assumptions	• Internal Audit Review 2020-21: Complaints Handling (substantial assurance) • Internal Audit Report 2017-18: Workforce Planning (reasonable assurance)	

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)	
8	**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.	**12**	• IT Strategy • Staff survey outcomes and action plan • Mandatory SFC student experience surveys • College Digital Strategy	• IT Business Continuity Plan currently under review with assistance from Zurich Municipal • Corporate Development Committee reports and minutes • Minutes of monthly Digital Strategy Core Group Meetings • Minutes of SMT monthly Digital Strategy Core Group Update papers • Minutes of LTQ Committee • Implementation and management of progress via Pentana Action Plan tracking system completed monthly • Monitoring of Digital Workstreams	• Cyber Essential Plus accreditation 2020 • • Internal Audit Report 2019-20: Digital Strategy (reasonable assurance) • Education Scotland Evaluation Report 2020 • Internal Audit Report 2017-18: IT Security Healthcheck (reasonable assurance)	Internal Audit Plan 2021-22: • Review of Digital Strategy and Governance • Review of IT Systems Administration

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)	
				Progress at Monthly Digital Strategy Group meetings. • Member of Jisc Digital Community of Practice and National Digital Group		
9	**College Transformation Plan (WCS15)** Failure to deliver the financial and/or non-financial objectives outlined in the College Transformation Plan "Future Proofing Our College".	**12**	• Update reports to Board of Management • Operational plan reviewed to ensure alignment to CTP objectives • Student data and credit reports to SMT	• Approved SFC Business Transformation Plan • Corporate Development Committee ongoing review and monitoring of financial aspects of the plan • Corporate Development Committee reports and minutes • Financial planning (budget and 3-year forecast)	• Internal Audit Report 2020-21 - Overall Financial Controls (strong assurance) • Internal Audit Report 2018-19: Financial Planning and Monitoring (reasonable assurance)	

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)	
10	**Cyber Resilience (WCS16)** 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.	**12**	• Incident Management Planning and proven live event management • Digital Strategy Group to address wider College digital requirements • IT Strategy 2021-26 incorporating Cyber Resiliency and Security • Draft Cyber Incident Response Plan based upon Scottish Government guidance	• Detailed Business Continuity Plan including testing regime validated by Zurich Municipal • Cyber Incident Response Plan currently under review with assistance from Zurich Municipal	• Member of Joint Information Systems Committee (JISC) and JANET • Cyber Essentials Plus accreditation 2021 • Progressing activities in response to the requirements of the Scottish Government's Public Sector Cyber Resiliency Framework • Internal Audit Report 2017-18: IT Security Healthcheck (reasonable assurance) • Internal Audit Report 2016-17: Business Continuity Planning (reasonable assurance) • Internal Audit Report 2020-21: Response to IT Incident (strong assurance)	Internal Audit Plan 2021-22: • Review of Digital Strategy and Governance • Review of IT Systems Administration • Review of Business Continuity Planning

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)	
11	**Staff Relations (WCS09)** 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	• Detailed workforce planning undertaken at departmental level • Employee Health and Wellbeing Strategy • Gender Action Plan • PAM Assist services available to all staff • Equality and Diversity Committee • WCS Equality Report • Staff survey outcomes and action planning • Annual Modern Slavery Statement • Staff Development Group minutes • Healthy Working Lives Group minutes • Local Trade Union Consultation and	• Updates of Workforce plan action plan provided to Operational Development & HR Committee • People Strategy • Board of Management Development Plan • College has 'Disability Confident' status	• Internal Audit Report 2020-21: Sickness and Absence reporting (strong assurance) • • Internal Audit Report 2020-21: External Communications (Website) (weak assurance) • Internal Audit Report 2019-20: Equality and Diversity (strong assurance) • Internal Audit Report 2019-20: Continuing Professional Development (strong assurance) • Internal Audit Report 2018-19: Internal Communications (reasonable assurance) • Internal Audit Report 2017-18: Health and Safety (reasonable assurance)	

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)	
			Negotiating Committee minutes made available to staff		• Internal Audit Report 2016-17: Whistleblowing Policy (reasonable assurance) • Internal Audit Report 2016-17: Workforce Planning (reasonable assurance) • Living Wage accredited employer	
12	**Workforce Planning (WCS10)** Failure to embed Workforce Plan resulting in lack of appropriate resources and skills being developed to achieve College strategic objectives and outcomes.	6	• People Strategy • Detailed departmental workforce plans • Payroll and HR systems integration including provision of establishment report • Staff skills survey undertaken to inform future CPD • Operational planning has HR implications included • Leadership Development Programme	• Annual HR report considered by Board of Management • Professional Development Policy • CPD Policy and Procedure agreed with Unions • Corporate Development Committee reports and minutes	• Internal Audit Report 2020-21: Sickness and Absence reporting (strong assurance) • Internal Audit Report 2016-17: Workforce Planning (reasonable assurance) • Living wage accredited employer	

| 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)	
			• Annual Modern Slavery Statement • Good wider staff Communications			
13	**Estate Investment Works (WCS14)** Normal business activities are unduly affected due to the complexity of sequencing estates investment works.	4	• Estate Strategy 2016-2025 • Operational Planning process captures estate request • Project plans developed and use of project working groups with staff and student involvement • Project guidance included within Financial Regulations	• Update report to Corporate Development Committee • Post completion report to Committee on completion of larger projects	• External professional advisors review of maintenance plans	Internal Audit Plan 2021-22: • Review of Estate Strategy and Governance

TITLE   **DRAFT INTERNAL AUDIT PLAN 2021-22**

Background   In March 2020 the Audit Committee approved the appointment of Wylie and Bisset to provide internal and other audit services to the College for three years until 31 July 2023, with the option to extend the contract for a further two years until 31 July 2025.

The attached report presents to the Audit Committee the draft 2021-22 internal audit plan. The draft plan has been compiled following discussion with the College Senior Management Team and a review of the strategic risk register (agenda item 20), assurance map (agenda item 18) and other key College documents by the audit team.

Action   The Audit Committee is requested to consider and approve:
- the 2021-22 Internal Audit Plan.
- in principle the draft 2022-23 internal audit plan.

Lead   Stephen Pringle, Wylie & Bisset

Status   Open

1.   Introduction

1.1   Wylie & Bisset LLP were appointed as Internal Auditors by the College with effect from 1 August 2020 for a three-year period to 31 July 2023 with the option to extend the contract until 31 July 2025.

1.2   The prime responsibility of the Internal Audit Service (IAS) is to provide the Board of Management, via the Audit Committee, with an objective assessment of the adequacy and effectiveness of management's internal control systems.

1.3   The IAS objectively examines, evaluates and reports on the adequacy of internal control thus contributing to the economic, efficient and effective use of resources and to the reduction of the potential risks faced by the College. Also, the operation and conduct of the IAS must comply with the standards and guidelines set down by the Chartered Institute of Internal Auditors.

1.4   The attached updated Audit Needs Assessment presents to the Audit Committee the work which the internal auditors have undertaken during 2020-21 and propose undertaking during 2021-22 and 2022-23. The draft plan has been arrived at after consultation with the College Senior Management Team and through a detailed review by the audit team of several key documents, including the College Strategic Risk Register, Assurance Map and Corporate Plan 2019-2025.

1.5   The planned number of internal audit days for 2021-22 is 65 days:

	2021-22 Planned	2020-21 Actual
Internal audit work:	41	41
Other audit services		
Student activity and student support funds	15	15
Additional audit work - IT Incident Response	0	3
Follow up	4	4
Audit management	5	5
Total	**65**	**68**

The 2021-22 level of activity meets the required number of days approved by the Audit Committee in March 2020.

1.6   The rationale for inclusion of each area within the draft 2021-22 internal plan – as agreed by the College Senior Management Team and internal auditors - is noted below. The proposed assignments have been included based upon the risks identified within the College Strategic Risk Register and Assurance Map.

- Review of Financial Regulations
  The maintenance of an up to date and relevant set of Financial Regulations is a requirement of both the SFC Financial Memorandum and the Scottish Public Finance Manual. The College Financial Regulations are reviewed and considered by the Board of Management on an annual basis and provide the baseline for all financial activities. A full audit review of the Financial Regulations was last carried out as part of the 2016-17 internal audit plan.

- Cash Management
  The three-year internal audit plan looks to cover the major elements of the financial controls. The College cash management procedures are a critical element of the financial controls and hence will be reviewed as part of this audit cycle.

- Digital Strategy
  The College Board of Management approved the College Digital Strategy in October 2019 and it forms a core part of the overall Corporate Plan. The implementation and governance arrangements of this key strategy are paramount to the delivery of the overall digital ambitions contained within the College Corporate Plan 2019-2025. It is also recognised that the investment of the College limited resources requires to be directed to the most relevant areas and this allocation process will be covered as part of the audit.

- Sustainability and Carbon Management
  Part of the SFC Regional Outcome Agreement (ROA) deliverables is how the College is addressing the Scottish Governments climate change commitments. The audit will look at what the College is doing to ensure it meets the commitments made in the ROA and consider if the College is complying with its statutory obligations.

- Estate Strategy

  The College Estate Strategy 2016-2026 is currently halfway through its current life cycle and is being updated for consideration by the Corporate Development Committee. The impact the College estate has on the future sustainability of the College is critical. Given the risks faced by the College in obtaining estate investment and the delivery of several of the objectives stated within the Regional Outcome Agreement a review of the delivery of the Estate Strategy objectives is believed to be prudent.

- Follow Up Reviews

  This represents the time the internal auditors will use to review the recommendations arising from previous internal audit reviews. It is intended that this review will be undertaken throughout the year with an updated Rolling Audit Action Plan presented to each Audit Committee for consideration.

- Review of Business Continuity Planning

  The impact of the global pandemic on College operations has been mitigated by the availability and implementation of the College Business Continuity Plan and individual departmental plans. The operation of the College Policy and procedures in this area are critical to ensure that future operations are not impacted by other events.

- Student Recruitment

  Student activity is at the heart of the what the College undertakes to deliver. The three-year plan has included an element of the student journey for review in each year. The Senior Management Team considers that a review of the way in which the College recruits its students will at this stage be beneficial in informing any changes to future recruitment procedures.

- IT Systems Administration

  The overall operation of the College IT systems administration has been subject to several technical audits in the past year. These audits have reviewed the technical implementation of the College policies, whilst it is intended that this audit will review at a high level the roles and responsibilities across the College for the administration of all the major systems.

- Student Support Funds (SSF) / Educational Maintenance Allowance (EMA) / Credit audits
  These are the statutory audits required by the SFC and Student Awards Agency for Scotland (SAAS) and undertaken as part of the year end financial statements work.

1.7   The internal audit plan at *Appendix A* refers on pages 9 and 10 to the work proposed to be undertaken in 2022-23. It should be noted that the proposed assignments will be subject to review as part of the planning for 2022-23. The Committee is being asked to agree in principle, based upon the review of the assurance map undertaken as part of the previous agenda item, that the following areas will be subject to review by internal audit:

- Procurement and tendering
- Financial systems
- Delivery and on-line learning
- Curriculum planning and timetabling
- Student Admissions / Enrolment
- IT Strategy
- Corporate Governance
- Risk Management

2.   Next Steps

2.1   The draft 2021-22 Internal Audit Plan is presented to the Audit Committee for consideration as outlined above. This proposed plan takes account of the current College Strategic Risk Register, College Corporate Plan, Regional Outcome Agreement, Assurance Map and other key documents and reflects discussion between the College Senior Management Team and internal auditors.

2.2   The 2022-23 proposed plan has been included to highlight the areas likely to be covered following a review of the Assurance Map. The proposed work in 2022-23 has been included for information now and will be fully considered by the Audit Committee during 2021-22.

2.2   Given the College Strategic Risk Register is subject to ongoing review by the Board of Management and by Board of Management Committees, any agreed internal audit plan for 2021-22 will remain subject to review during the year and this approach is consistent with previous years.

3.   Conclusion

3.1   The Audit Committee is requested to consider and approve:
- the 2021-22 Internal Audit Plan.
- in principle the draft 2022-23 internal audit plan.

West College Scotland

Audit Plan

2021/2022

May 2021

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1. Introduction

Background

Wylie & Bisset LLP were appointed as Internal Auditors by the College with effect from 1 August 2020 for the period to 31 July 2023 with the option to extend for up to a further two 12-month periods.

Internal Audit

The prime responsibility of the Internal Audit Service (IAS) is to provide the Board of Management, via the Audit Committee, with an objective assessment of the adequacy and effectiveness of management's internal control systems.

The IAS objectively examines, evaluates and reports on the adequacy of internal control thus contributing to the economic, efficient and effective use of resources and to the reduction of the potential risks faced by the College. Also, the operation and conduct of the IAS must comply with the standards and guidelines set down by the Chartered Institute of Internal Auditors.

Terms of Reference – Internal Audit

The provision of the IAS by Wylie & Bisset LLP is covered by the letter of engagement dated 8 July 2020.

Formal Approval

The Audit Needs Assessment (ANA) was developed based on discussions with the College Senior Management Team and a review of various documentation. The ANA was approved by the Audit Committee on 21 May 2020.

This document covers the draft plan for 2021/22 and proposed plan for 2022/23, and was discussed with the Director of Finance and wider Senior Management Team in April / May 2021.

2. Internal Audit Plan 2021/22

Audit Area	High level indicative summary scope	Total Number Of Days
Review of Financial Regulations	We will undertake a review of the suitability of the current financial regulations in place at the College to ensure that these comply with current guidance, such as the Scottish Public Finance Manual and Financial Memorandum. Our review will consider the adequacy of the review and approval process of the financial regulations and also compare these with best practice.	5
Cash Management	We will undertake a review to provide assurance that the cash management practices as outline in the Financial Regulations are suitable and have been adopted. We will also assess the reporting arrangements in place to the Board of Management and the SFC. Our review will assess the implementation, monitoring, and execution of the treasury / cash management responsibilities along with the delegated authorities in this area.	5
Digital Strategy	We will assess whether there is an appropriate internal governance structure in place that ensures that IT related projects, initiatives and requests are aligned with the Digital Strategy. Our review will also consider whether appropriate KPIs and Key Risk Indicators are in place to measure and report progress of the Digital Strategy and associated risks. We will also review the level of skilled resources to deliver the key elements of the Digital Strategy as well as the monitoring and reporting arrangements in place.	6

2. Internal Audit Plan 2021/22

Audit Area	High level indicative summary scope	Total Number Of Days
Sustainability and Carbon Management	We will review the College's compliance with legislation in this area including the review of policies and procedures. Our review will consider the roles and responsibilities for sustainability and carbon management and assess how embedded this is within the College. We will also consider the recording and collection of data and performance indicators in relation to this area.	4
Estates Strategy	We will undertake a review to confirm that estate strategic priorities are linked to and support the Corporate Plan. We will also consider whether the College is making best use of the assets and facilities and that maintenance of the estate is being properly managed.	6
Follow Up Review	The purpose of this ongoing review is to assess whether the College has appropriately implemented the internal audit recommendations made in 2020/21 and earlier years. Our ongoing review will consider whether any issues are outstanding beyond the agreed implementation deadlines. Our ongoing review will consider all outstanding recommendations to provide the Audit Committee with independent assurance that we are satisfied that these recommendations have been fully implemented by the College and can therefore be removed from the rolling audit action plan.	4

2. Internal Audit Plan 2021/22

Audit Area	High level indicative summary scope	Total Number Of Days
Review of Business Continuity Planning	We will review whether a formal Business Continuity Plan is in place and communicated to staff including an awareness plan. We will review the completeness of the plan and consider areas such as roles and responsibilities, business impact analysis, potential disasters and their effects as well as the testing arrangements in place.	5
Student Recruitment	We will undertake a review of the arrangements in place surrounding student recruitment. Our review will consider the suitability of the arrangements for gaining information in relation to courses, access to support, and course enrolment to ensure that the student experience is effective. We will also review the suitability of the policies and procedures in place surrounding student recruitment.	5
IT Systems Administration	We will undertake a review of the IT Administration arrangements in place within the College. This will consider the polices and procedures, the roles and responsibilities, and the staff resourcing. Our review will consider the procedures for areas such as backups, new starts, leavers, and the treatment of redundant accounts.	5

2. Internal Audit Plan 2021/22

Audit Area	High level indicative summary scope	Total Number Of Days
SSF Audit	Mandatory review of the Student Support Funds Returns.	4
EMA Audit	Mandatory review of the Education Maintenance Allowance Returns.	3
Credits Audit	Mandatory review of the Credits Return.	8

2. Internal Audit Plan 2021/22

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	Number of Days	Key College Personnel	Provisional Date for Visit	Date of Issue of Draft Report	Provisional Date to the Audit Committee
Phase 1	Credits SSF EMA	8 4 3	Iain Foster-Smith Vivienne Mulholland Vivienne Mulholland	13 September 2021 & 20 September 2021	1 October 2021	1 Drecber 2021
Phase 2	Review of Financial Regulations Cash Management IT System Administration	5 5 5	Alan Ritchie Vivienne Mulholland Martin Joyce	4 October 2021 4 October 2021 11 October 2021	22 October 2021 22 October 2021 29 October 2021	1 December 2021
Phase 3	Digital Strategy Sustainability & Carbon Management	6 4	Angela Pignatelli / Sara Rae Alan Ritchie	17 January 2022	4 February 2022	2 March 2022
Phase 4	Estates Strategy Review of Business Continuity Planning Student Recruitment	6 5 5	Martin Joyce Alan Ritchie Stephanie Graham	21 March 2022	8 April 2022	18 May 2022

Appendix A - Summary of Internal Audit Input

1 August 2020 to 31 July 2023		Operating Plan (No. Of days)		
System	**Audit Area**	**2020/21 Actual**	**2021/22 Draft**	**2022/23 Proposed**
Financial Systems	Overall Financial Controls	6		
	Review of Financial Regulations		5	
	Procurement & Tendering			5
	Treasury & Cash Management		5	
	Financial Systems			5
Non Financial Systems	Study of effects of Covid-19	8		
	Fraud Awareness	5		
	Complaints Handling	5		
	External Communications - Website	6		
	Assurance Mapping	6		
	HR: Sickness and Absence Reporting	5		
	Digital Strategy		6	
	Curriculum Strategy			6
	Sustainability and Carbon Management		4	
	C/F	**41**	**20**	**16**

Appendix A - Summary of Internal Audit Input

1 August 2020 to 31 July 2023

System	Audit Area	Operating Plan (No. Of days)		
		2020/21 Actual	2021/22 Draft	2022/23 Proposed
	B/F	**41**	**20**	**16**
	Estates Strategy		6	
	Business Continuity Planning		5	
	Catering & Cleaning Improvement Plan			
	Curriculum Planning & Timetabling			5
	Student Recruitment / Admissions / Enrolments		5	5
IT Systems	IT Systems Administration		5	
	Response to IT Incident	3		
	IT Strategy			5
Governance	Corporate Governance			5
	Risk Management			5
Funding	SSF	4	4	4
	EMA	3	3	3
	Credits	8	8	8
	C/F	**59**	**56**	**56**

Appendix A - Summary of Internal Audit Input

1 August 2020 to 31 July 2023		Operating Plan (No. Of days)		
System	**Audit Area**	**2020/21**	**2021/22**	**2022/23**
	C/F	**59**	**56**	**56**
Required	Follow Up	4	4	4
	Audit Management	5	5	5
	Total Days	**68**	**65**	**65**

Appendix B - Grading Structure

For each area of review we assign a grading in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, some 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

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

Grading	Risk	Classification
High	High Risk	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	Medium Risk	Significant issue or weakness which should be addressed by the College as soon as possible
Low	Low Risk	Minor issue or weakness reported where management may wish to consider our recommendation

Appendix C – Key Performance Indicators

Analysis of Performance Indicators

Performance Indicator	Target
Internal audit days completed in line with agreed timetable and days allocation	100%
Draft scopes provided no later than 10 working days before the internal audit start date and final scopes no later than 5 working days before each start date	100%
Draft reports issued within 15 working days of exit meeting	100%
Management provide responses to draft reports within 10 working days of receipt of draft reports	100%
Final reports issued within 5 working days of receipt of management responses	100%
Recommendations accepted by management	100%
Attendance at Audit Committee meetings by a senior member of staff	100%
Annual Report to be issued by 31 August each year	100%
Suitably experienced staff used on all assignments	100%

TITLE: **REVIEW OF STRATEGIC RISK REGISTER**

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

- an update on the development of the College Risk Management Strategy.
- 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.

- review the current Strategic Risk Register and in doing so consider:
  - o The risks included in the register.
  - o The revised risk rating both pre and post mitigation.
  - o Whether any other risks should be considered for removal.
  - o 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 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 currently reviewing the draft Sector/Departmental Operational Plans for 2021 and beyond. The Sectors/Departments have been requested 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 Senior Management Team will consider the output from the Operational Plans during the summer of 2021 and make any required amendments to the Strategic Risk Register for consideration by the Board of Management over the course of the first committee meeting cycle of 2021-22.

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 risks currently faced by the College.

Assurance Framework

2.4 The College is in the process of finalising an Assurance Map which will enhance the overall organisational assurance framework. The Assurance Map starts with the strategic risks faced by the College and then provides, under the three lines of defence, the assurance documents appropriate to that risk.

2.5 In this way the Audit Committee and Board of Management can obtain further assurance that the College is continuing to address the risks faced by the College.

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

3.1 The College Strategic Risk Register was approved at the March 2021 Board of Management meeting. A copy of the register is attached at *Appendix A*.

3.2 The SMT has continued to review the Strategic Risk Register with the latest full review being undertaken on 27 April 2021.

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   **Amendments to Risks**

- **SDF Funding and Funding Methodology (1)**
  The proximity of this risk has been amended from immediate to medium term because the College is aware of its funding and the methodology used to provide this funding for the next year. The SFC review of the shape of any future funding models has recently begun in earnest with the results not expected for some months yet.

  The overall risk scoring has not been amended and remains the highest ranked risk faced by the College. The volatile nature of SFC funding remains a significant concern with the 25% drop in SFC estate maintenance funding for 2021-22 underlining the unpredictable nature of the resources made available to the College at short notice.

- **Estate Strategy (2)**
  The proximity of this risk has been amended from long term to medium term because the lack of substantial investment in the College estate is now becoming critical. Each year which passes without any clear commitment to invest funds in either Greenock or Paisley campuses means that the issues identified in College condition surveys since 2015 are becoming more acute as explained during the 21 April 2021 Estate Review session with Board members.

- **Estate and IT Investment (3)**
  The risk description was amended to include the wording '*short and medium term*' estate maintenance / capital funding to highlight the impact that the delay in advancing the Outline Business Cases and / or securing improved / comparable annual estate maintenance funding is likely to have on the College in the near future.

  The post mitigation risk score was amended:
  - From   16 - probability 4 (likely) x impact 4 (Catastrophic)
  - To   20 - probability 5 (Very likely) x impact 4 (Catastrophic)

  Given the immediacy of the decisions that require to be made by the Scottish Government / Scottish Funding Council in relation to the funding of future College campus developments the likelihood score was amended from 4 to 5.

3.3.2   Overall Mitigating Controls

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

4   Conclusion

4.1   The Audit Committee is requested to:
- note the update on the development of the College Risk Management Strategy.

- review the current Strategic Risk Register and in doing so consider:
  - o   The risks included in the register.
  - o   The revised risk rating both pre and post mitigation.
  - o   Whether any other risks should be considered for removal.
  - o   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

Probability		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
Impact		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					■

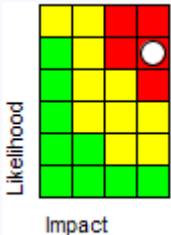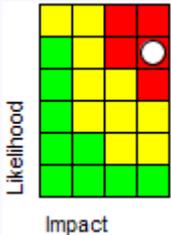| Classification	Description
AVERSE	Avoidance of risk and uncertainty is a key organisational objective.
MINIMALIST	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
CAUTIOUS	Preference for safe delivery options that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

Top 5 Strategic Risks

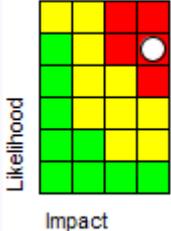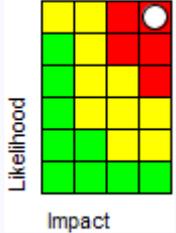| Risk No.	Risk Title	Risk Description	Proximity	Prior Net Score	Current Net Score	Trend since last report
01 WCS01	SFC Funding and Funding Methodology	Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.	Medium-term	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.	Medium-term	20	20	▬
03 WCS02	Estate and IT Investment	Failure to secure adequate short to medium term 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	20	⬆
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 | ▬ |

Strategic Risk Register

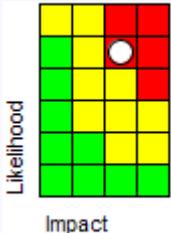| Risk Code & Title	01 WCS01	SFC Funding and Funding Methodology
Risk Summary	Inability to clearly forecast the volatility and impact of SFC funding and funding methodology changes in relation to core-grant-in-aid, credit activity model; reduction in European funding; student support funding and estates maintenance.	
Risk Category	Finance	
Risk Appetite	Minimalist	
Proximity	Medium-term	
Probability & Impact	6 4	
Gross Risk Score	24	
Internal Controls	Detail of 2020-21 SFC core funding for teaching, estate and student funding confirmed. Indicative funding for 2021-22 received for main elements of SFC provision and Board of Management updated. 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	

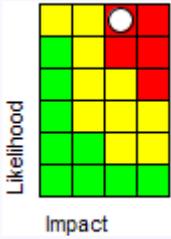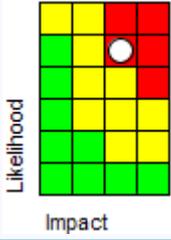|	
	early stage the Brexit transition has not immediately impacted on College funding, however this will require to be kept under review as EU funding streams will expire over the coming period and alternative funding and the nature of it remains to be confirmed by Government.
	The College is a member 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.
	The SFC FFR planning assumption (June 2020) for the end of ESF in July 2022 is for a reduction in credit activity with a continuation of current funding levels. The College continues to engage with the SFC on future funding arrangements post 31 July 2022 to ensure that these assumptions remain valid.
	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	Medium-term
Probability & Impact	5 4
Gross Risk Score	20
Internal 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. (Reviewed 22.03.21)
	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 short to medium term 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
Internal 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 on a rolling annual basis. (Reviewed 22.03.21)
		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.

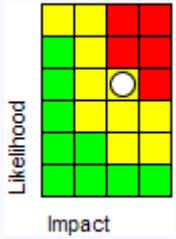| Probability & Impact Scores	5 4	
Net Risk Score	20	
Trend	⬆	
Managed By	Vice Principal Operations	

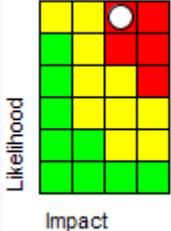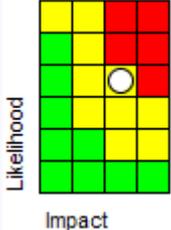|	
Risk Code & Title	04 WCS07 Impact upon Business Continuity Planning of Covid-19 pandemic
Risk Summary	A material interruption to the service delivery of the College caused by inadequate business continuity planning, resulting in failure to delivery learning and teaching and achievement of required funding outcomes.
Risk Category	Reputational/External
Risk Appetite	Open
Proximity	Medium-term
Probability & Impact	6 4
Gross Risk Score	24
Internal Controls	Business Continuity Planning documents are available on the Intranet and available to all staff. College Incident Management Plan reviewed annually with the next updated scheduled to take place by the end of June 2021. Quarterly scenario testing involving teaching and support staff facilitated by external professional risk manager from Zurich Municipal to be restarted from August 2021. IT Cyber Response Plan currently being updated based on Scottish Government guidance document.
	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 section of the intranet. 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 2020-21.
	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. (Reviewed 22.03.21)
	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.
	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.
	The College has complied with the third lockdown requirement as from 26 December 2020. Actions taken in response to the lockdown include: - continued development of online materials across all areas of learning and teaching; - continued dispersal of IT equipment to support students where there is an identified need; - engagement with SFC and awarding bodies to assess the impact of the deferral of teaching activity on student achievement of qualifications; and

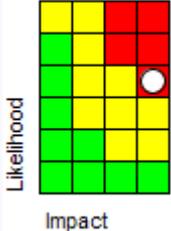|	
	– on-going monitoring of supply chains based upon risk analysis supplied by APUC.
	The delivery of the work streams associated with the College Digital Strategy will ensure that the needs of both students and staff are addressed in relation to learning and teaching and delivery of support services.
	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 operating environment. The group reports to both the Equality, Diversity and Inclusion Committee and Health & Safety Committees. Student Health and Wellbeing strategy:https://www.westcollegescotland.ac.uk/media/213570/student-health-wellbeing-strategy.pdf Student Intranet pages for HWL: http://student.westcollegescotland.ac.uk/index.php/advice/corona-virus/ Staff Health and Wellbeing strategy: https://intranet.westcollegescotland.ac.uk/reference/reference/Health%20and%20Wellbeing%20Strategy.pdf#search=prosper
Probability & Impact Scores	5 3
Net Risk Score	15
Trend	▬
Managed By	Vice Principal Operations

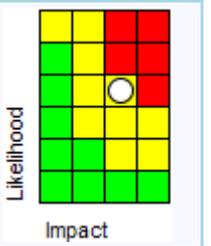|	
Risk Code & Title	05 WCS11 Alternative Income Growth
Risk Summary	An inability to generate consistent levels of alternative income or to grow alternative income streams due to impact of external factors impacting College delivery plans results in loss of income and failure to deliver College ROA objectives.
Risk Category	Competitive Environment
Risk Appetite	Open
Proximity	Longer-term
Probability & Impact	6 3
Gross Risk Score	18
Internal Controls	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 one-year budget and three-year financial plan in place in accordance with Audit Scotland requirements. The budget and annual forecast is reviewed monthly and updated based upon the latest intelligence. The updates are incorporated into the monthly Management Accounts which are reviewed by the Senior Management Team before being presented to the Corporate Development Committee. 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.
Probability & Impact Scores	5 3
Net Risk Score	15
Trend	▬
Managed By	Vice Principal Educational Leadership

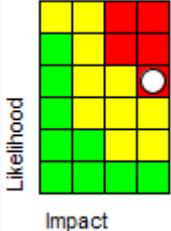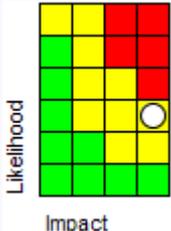|		
Risk Code & Title	06 WCS04	**SFC Regional Outcome Agreement**
Risk Summary	Failure to deliver SFC Regional Outcome Agreement targets at a time of limited resource, competition and challenging economic environment due to Covid-19, results in future credit and/or funding adjustments.	
Risk Category	Learning and Teaching	
Risk Appetite	Open	
Proximity	Longer-term	
Probability & Impact	5 4	
Gross Risk Score	20	
Internal 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.	
	The SFC FFR planning assumption (June 2020) for the end of ESF in July 2022 is for a reduction in credit activity with a continuation of current funding levels. The College continues to engage with the SFC on future funding arrangements post 31 July 2022 to ensure that these assumptions remain valid.	
	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

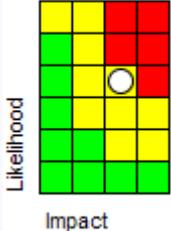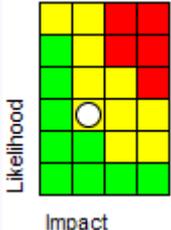| Risk Code & Title	07 WCS05 National Pay Bargaining		
Risk Summary	Impact and outcome of National Pay Bargaining for both teaching and support staff has an adverse effect on either efficiency of delivery or budget.		
Risk Category	Staffing and HR		
Risk Appetite	Open		
Proximity	Medium-term		
Probability & Impact	6	3	
Gross Risk Score	18		
Internal Controls	The College is represented at a senior level on the national Employers Association and at the staff National Joint Negotiating Committees (NJNC). Update reports provided to both the Senior Management Team and Board of Management Committees on material issues being addressed by the sector.		
	Financial assessment / planning scenarios on the impact of support staff job evaluation included within the 2020-21 budget and three-year forecast. Updates received from the Employers Association discussed with auditors to ensure treatment of impact is consistent with the wider sector. Senior staff participate in national bargaining groups and therefore College is informed of potential future impacts.		
	The College Business Continuity Plan intranet section 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.		
Probability & Impact Scores	4	3	
Net Risk Score	12		
Trend	▬		
Managed By	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
Internal Controls	IT Strategy, Policies / Procedures and system access processes in place. The Corporate Development Committee to 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 Planning in place with regular reviews and updates undertaken. Linked to Business Continuity Planning and Cyber Resiliency.
	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.

	'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.
	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.
Probability & Impact Scores	4 3
Net Risk Score	12
Trend	▬
Managed By	Vice Principal Operations

Risk Code & Title	09 WCS15 College Transformation Plan
Risk Summary	Failure to deliver the financial and/or non-financial objectives outlined in the College Transformation Plan "Future Proofing Our College".
Risk Category	Governance
Risk Appetite	Cautious
Proximity	Longer-term
Probability & Impact	4 4
Gross Risk Score	16
Internal Controls	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. Board of Management have approved the Plan and financial objectives are monitored through the F&GP Committee. Board of Management monitor overall plan achievement.
Probability & Impact Scores	3 4
Net Risk Score	12
Trend	▬
Managed By	Chief Executive and Principal

Risk Code & Title	10 WCS16 Cyber Resilience
Risk Summary	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.
Risk Category	Digital
Risk Appetite	Cautious
Proximity	Immediate
Probability & Impact	
Gross Risk Score	
Internal Controls	IT Strategy, Policies / Procedures and system access processes in place. The Corporate Development Committee to review progress achieved in delivering the IT Strategy on an annual basis. IT Contingency Planning in place with regular reviews and updates undertaken. Linked to Business Continuity Planning and Cyber Resiliency. 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 helps the College implement the Scottish Public Sector Action Plan on Cyber Resilience. (Reviewed 22.03.21)
Probability & Impact Scores	4 3
Net Risk Score	12
Trend	▬
Managed By	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
Internal 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		
Internal 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		

Risk Code & Title	13	
	WCS14	**Estates Investment Works**
Risk Summary	Normal business activities are unduly affected due to the complexity of sequencing estates investment works	
Risk Category	Learning and Teaching	
Risk Appetite	Open	
Proximity	Longer-term	
Probability & Impact	2 4	
Gross Risk Score	8	
Internal Controls	Detailed resource planning involving all relevant parties at key stages to address any issues in advance of project start date. (Reviewed 22.03.21)	
	Staff resource increased though recruitment of additional Project Manager to address the significant increase in level of expenditure and complexity of projects being undertaken. (Reviewed 22.01.21)	
	Embedded project / estate team with knowledge base that allows issues to be proactively identified and addressed. (Reviewed 22.03.21)	
	Continued use of external professional advisors (where required) to provide oversight and critical review of proposed activities / plans. (Reviewed 22.03.21)	
Probability & Impact Scores	2 2	
Net Risk Score	4	
Trend	▬	
Managed By	Vice Principal Operations	
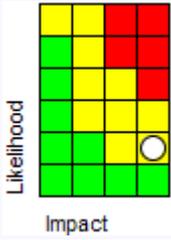
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Title: **Draft Committee Dates 2021-22**

Background: The Committee is asked to note and approve its 2021-22 meeting dates

Action: At the Board meeting held on 22 March 2021, the Board approved its meeting dates for the 2021-22 session. That let the standing committee chairs / senior officers consider a programme of dates for their respective committees and the Audit Committee meeting dates for 2021-22 have been agreed as follows:

- Wednesday 8 September 2021 – 4 till 6pm
- Wednesday 1 December 2021 – 4 till 6pm
- Wednesday 2 March 2022 – 4 till 6pm
- Wednesday 18 May 2022 – 4 till 6pm

Lead: Shirley Gordon, Secretary to the Committee

Status: Open

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.

      The schedule has been expended to include an indication of the potential business to be undertaken in 2021-22 for consideration by the Committee..

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					2021-22
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021	2021-22
1) General						
To provide advice to the Board on the strategic processes for risk, control and governance						
• Risk Management Strategy Update			Y	Y		**Dec 21**
• Review of Strategic Risk Register	Y		Y	Y	Y	**Each Meeting**
• Corporate Governance Statement - Financial Statements	Y	Y				**Sept 21**
• Internal audit reports (see section 2)						
• External audit report (see section 3)						
• Remit of Committee reviewed against best practice and governance requirements	Y					**Sept 21**
• Assurance Mapping Update	Y		Y	Y	Y	**Mar 22**
To review and advise the Board of the Internal Auditor's and External Auditor's assessment of the effectiveness of the College's financial and other internal control systems, including controls specifically designed to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness (value for money)						
• Internal Audit Annual Report 2019-20		Y				**Nov 21**
• External Audit Management Letter as at 31 July		Y				**Nov 21**
• Internal and external audit reports as received			Y	Y	Y	**Each Meeting**
• Update / Report on National Fraud Initiative	Y				Y	
• Report / Update on Value for Money		Y				**Nov21**
• Procurement and Commercial Improvement Programme – every 2 years next due late 2022						**May 22**
• Fraud and Corruption Policy update						**Nov 21**
• Anti-Bribery and Corruption Policy update						**May 22**

REMIT	DELIVERABLES					
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021	2021-22
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						
• Annual Report on Whistleblowing • Committee to be made aware of any issues arising during the year (ongoing as required)	Y					**Sept 21**
To consider and advise the Board accordingly on any arrangements for special investigations and the outcomes of such investigations						
• Reports to be received as requested (ongoing as required) • Fraud investigation report • IT incident – update report	Y			Y		**Sept 21**
To advise the Board on its compliance with corporate governance requirements and good practice guidance, and in particular its compliance with the Financial Memorandum with SFC, the SPFM and the Code of Good Governance for Scotland's Colleges						
• Review of Audit Committee effectiveness • Internal Audit Annual Report 2019-20 • External Audit management letter as at 31 July 2020 • Report on compliance with SFC FM and SPFM • Monitoring of Regional Outcome Agreement • Register of Interest for Board and Committee members • Assurance Mapping Update	Y Y Y	Y Y	Y	Y	Y Y Y Y	**May 22 Nov 21 Nov 21 May 22 Sep 21 / May 22 Sept 21 Each Meeting**

REMIT	DELIVERABLES					
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021	2021-22
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						
2019-20 • External Audit Management Letter / Letter of representation • Audit report on student activity • Audit report on student funding activity • Audit report on Educational Maintenance Allowances • Governance Statement • Financial Statements 31 July 2020 2020-21 • External Audit Engagement Strategy 2020-21 including audit fee	**Y**	**Y** **Y** **Y** **Y** **Y** **Y**			**Y**	**Nov 21** **Nov 21** **Nov 21** **Nov 21** **Nov 21** **Nov 21** **May 22**
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						
• 2019-20 Annual report to Board of Management from the Audit Committee	**Y**	**Y**				**Nov 21**
To report to the Board after each meeting						
• Minutes and verbal update to each Board Meeting • Draft Committee Dates 2021-22	**Y**	**Y**	**Y**	**Y**	**Y** **Y**	**Each meeting** **May 22**
To review its own effectiveness at least annually and to report the results of that review to the Board						
• Review of Committee remit • Annual report to Board of Management from the Audit Committee • Annual review of effectiveness of the Committee	**Y** **Y**	**Y**			**Y**	**Sept 21** **Nov 21** **May 22**

REMIT	DELIVERABLES					
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021	2021-22
2) Internal Audit						
To advise the Board on the selection, appointment or re-appointment and remuneration, or removal of the Internal Auditors. The responsibility for selection of the Internal Auditor may be delegated to a Selection Committee as agreed by the Audit Committee						
• Review of effectiveness of internal audit function				Y	Y	**May 22**
To advise the Board on the terms of reference for the Internal Auditors						
• Internal Audit Plan Update 2020-21	Y		Y	Y	Y	**Each meeting**
• Annual Internal Audit Plan 2021-22					Y	**May 22**
To review the scope, efficiency and effectiveness of the work of the Internal Auditors and to advise the Board on these matters						
• Annual Report to Board of Management from the Audit Committee	Y	Y				**Nov 21**
• Review of effectiveness of internal audit function					Y	**May 22**
To agree the Internal Audit Plan and review the Internal Audit Annual Report						
• Internal Audit Annual Report 2019-20		Y				**Nov 21**
• Internal Audit Update Report 2020-21	Y		Y	Y	Y	**Each meeting**
• Assurance Map					Y	**May 22**
• Draft Internal Audit Plan 2021-22					Y	**May 22**
To review the Internal Audit reports, the management response to them and to review implementation of the actions required						
2020-21						
• Audit Assurance Mapping			Y			
• Fraud Awareness			Y			

REMIT	DELIVERABLES					
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021	2021-22
• Overall Financial Controls • HR: Sickness and Absence • Study of effects of Covid-19 (1) • Study of effects of Covid-19 (2) • External Communications • Complaint Handling • Fraud Reponse Review				Y Y	Y Y Y Y Y	
To review the Rolling Audit Action Plan at each meeting						
• Report on Rolling Audit Action Plan	Y		Y	Y	Y	**Each meeting**
To encourage appropriate liaison and co-ordination between internal and external audit						
• Invite / attendance at all Committee meeting by both internal and external auditors	Y	Y	Y	Y	Y	**Each meeting**
To establish appropriate performance measures and indicators to monitor the effectiveness of the Internal Auditors						
• Annual review of internal audit function • Annual meeting with internal auditor excluding College staff				Y	Y Y	**May 22** **May 22**
3) External Audit						
To receive information on the general terms and conditions of appointment of the External Auditors who are engaged by Audit Scotland to provide audit services to the College						
• Annual year end audit update by external auditors • Annual external audit appointment terms and conditions • Approval of External Auditors Audit Planning Memorandum	Y	Y			Y Y	**Nov 21?** **May 22** **May 22**

REMIT	DELIVERABLES					
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021	2021-22
To consider the External Auditors report on the Financial Statements and the management letter prior to submission to the Board, and to review the implementation of the recommendations						
• External Auditors report on the Financial Statements 2019-20		**Y**				**Nov 21**
To review the Statement of Corporate Governance						
• Review the statement of Corporate Governance	**Y**	**Y**				**Nov 21**
To review the External Audit strategy and plan						
• SFC Accounts Direction for Scotland's colleges	**Y**					**Sept 21**
• External Audit 2020-21 Engagement Strategy					**Y**	**May 22**
To establish appropriate performance measures and indicators to monitor the effectiveness of the External Auditors;						
• Annual review of effectiveness of external audit function		**Y**	**Y**			**Dec 21**
• Annual meeting with external auditor excluding College staff		**Y**				**Nov 21**
To consider the objectives and scope of any non-statutory audit work to be undertaken by the External Auditors firm and advising the Board of any potential conflict of interests.						
• As required						
4) Risk						
To review the Risk Management Strategy and recommend to the Board for approval						
• Annual review of College Risk Management Strategy			**Y**			**Dec 21**

REMIT	DELIVERABLES					
	03-09-2020	24-11-2020 (Joint Meeting)	03-12-2020	11-03-2021	20-05-2021	2021-22
To consider the Strategic Risk Register and to advise the Board accordingly						
• Review of Strategic Risk Register • Assurance Map	**Y**	**Y**	**Y**	**Y**	**Y** **Y**	**Each meeting** **May 22**
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.						
• Review of Strategic Risk Register	**Y**	**Y**	**Y**	**Y**	**Y**	**Each meeting**
5) Other						
To receive annual reports on Freedom of Information and Data Protection Acts requests; Register of Interests; and Hospitality/Gifts Registers						
a. Freedom of Information and Data Protection Acts requests	**Y**					**Sept 21**
b. Register of Interests	**Y**					**Sept 21**
c. Hospitality / Gift Registers	**Y**					**Sept 21**
To request any member of the College staff to attend and/or to provide a written report on any matter that falls within the remit of the Committee						
• As required						
To procure ad-hoc specialist advice at the expense of the College as appropriate and when necessary, subject to budgets being agreed by the Board						
• As required						