

**West College Scotland
AUDIT COMMITTEE**

**24 May 2023 at 4.00 p.m.
By TEAMS**

AGENDA

Audit Committee to meet with College staff only (4.00 pm)

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| 1. Annual Evaluation of Internal Auditors (restricted) | Paper 1 | GL |
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Audit Committee to meet with Internal Auditors only (4.10 pm)

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| 2. Closed session review with internal auditors | Verbal | Chair |
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General Business (4.20 pm)

- | | | |
|---|----------|-------|
| 3. Welcome and Apologies | | Chair |
| 4. Declaration of Interests | | Chair |
| 5. Minutes and actions | | |
| i. Minutes of the meeting held on 27 March 2023 | Enclosed | Chair |
| ii. Actions from the Audit Committee Minutes | Enclosed | Chair |
| 6. Matters arising from the minutes not otherwise on the agenda | | |
| i. None | | |

Main Items for Discussion and/or Approval

Governance

- | | | |
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| 7. Annual Review of the Effectiveness of the Committee | Paper 7 | GL |
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External Audit

- | | | |
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| 8. 2022-23 External Audit Strategy | Paper 8 | DE |
|------------------------------------|---------|----|

Internal Audit

- | | | |
|---|----------|----|
| 9. Internal Audit Report – Budget /Financial Planning | Paper 9 | SP |
| 10. Internal Audit Report – Curriculum Planning and Timetabling | Paper 10 | SP |
| 11. Internal Audit Report – Whistleblowing | Paper 11 | SP |
| 12. Internal Audit Report – People Strategy | Paper 12 | SP |
| 13. 2022-23 Internal Audit Progress Report | Paper 13 | SP |
| 14. Rolling Audit Action Plan | Paper 14 | AR |

15. 2023-24 Internal Audit Plan	Paper 15	AR
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Other Business

16. 2022-23 Governance Compliance Report	Paper 16	AR
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17. IT Risk Register	Paper 17	AM
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18. 2022-23 Schedule of Business	Paper 18	AR
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Items for Information (to note only)

19. Draft Audit Committee Dates 2023-24	Paper 19	GL
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20. Any other business		
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Next meeting: **TBC** by TEAMS

AUDIT COMMITTEE

MINUTES: Monday 27 March 2023

PRESENT: Grant Lyall (in the Chair), Graeme Bold, Jackie Russell, Ronald Leitch.

ATTENDING: Alan Ritchie (Director Finance), Amy McDonald (Vice Principal Operations), Liz Connolly (Principal), Charlene Clark (PA to Principal).

**ATTENDING
BY**

INVITATION: Stephen Pringle (Wylie & Bisset), David Eardley (Azets).

APOLOGIES: Vivienne Mulholland (Head of Finance and Student Funding)

AM686 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting and introduced new external auditor David Eardley from Azets to the meeting. Apologies were noted.

AM687 DECLARATIONS OF INTERESTS

The standing declarations of interests of members, as available on the [Register of Interests](#) on the College website, were noted as current. One member noted an additional interest, and the register will be updated accordingly. There were no specific interests declared regarding the items on the agenda.

AM688 MINUTES

The minutes of the meeting held on Wednesday 25 January 2023 **were approved**.

AM689 ACTIONS FROM THE MINUTES

The Committee **noted** the actions taken and outstanding since the last meeting and **agreed** that the completed actions could now be removed.

AM690 MATTERS ARISING FROM THE MINUTES (AND NOT OTHERWISE ON THE AGENDA)

No matters arising were raised that were not already covered on the agenda.

AM691 EXTERNAL AUDIT STRATEGY 2022-23

The Director Finance noted this is the first year for Azets working with the College and noted the purpose of the paper is to:

- a) introduce the team from Azets to the Committee.
- b) present the draft External Audit Strategy for 2022-23.

A final version of the Strategy will be presented to the Audit Committee for approval at its meeting on 24 May 2023.

David Eardley, Director at Azets, updated the Committee on the wider scope from the Auditor General and highlighted the following points:

- Commitment to share best practice and maximise benchmarking within the sector and ensure consistent approach at a national level through work with West College Scotland and other colleges.
- The changes to the code are a refresh in line with previous years and good practice and not substantial.

- This is the first year of changes to the code under the current Auditor General for all auditors.
- Changes are mainly to the headings and possibly lines of enquiry, which directs Auditors to look at how actions lead to improving outcomes.
- Delighted with handover engagement from Mazars.

The Committee noted the contents of the paper.

AM692 INTERNAL AUDIT REPORT – PAYROLL

Mr Pringle explained that in line with the 2022-23 Internal Audit Plan, Wylie & Bisset conducted an assignment to assess the payroll system at the College to ensure that it is operating as expected and that the appropriate controls exist.

Mr Pringle noted there were no recommendations and 9 areas of good practice identified. The overall audit report assurance level is strong with the conclusion being:

We can provide a strong level of assurance that the College's arrangements surrounding payroll are sufficient and that the College's payroll system is operating effectively with robust controls. We were also able to confirm that payments made were accurate and based on bona fide hours for all the staff sampled during our testing.

The following points were raised:

- Members noted a good outcome particularly considering the size of the College and number of employees.
- Good to see move from paper based to online for bank details.
- Strong report in an important area of expenditure and continuation of strong practice throughout the audit reports.

The Committee considered and noted the contents of the report.

AM693 INTERNAL AUDIT REPORT – CURRICULUM STRATEGY

Mr Pringle explained that in line with the 2022-23 Internal Audit Plan, Wylie & Bisset conducted an assignment to ensure that the College has a robust Curriculum Strategy in place that provides a clear framework for evaluating the College's curriculum portfolio and how this is developed further to meet the needs of learners and stakeholders. Wylie & Bisset reviewed how the Strategy aids staff members through the development of new programmes to meet said needs.

Mr Pringle noted there were no recommendations and 9 areas of good practice identified. The overall audit report assurance level is strong with the conclusion being:

We can provide the College with an overall strong level of assurance surrounding the controls in place for the development and implementation of the College's Curriculum Strategy. We have raised several good practice points and no recommendations for improvement.

The following points were raised:

- Very thorough report with areas of good practice and only two observations.
- The report contained two observations which the auditors raised for awareness as they did not require to be actioned. The first was in relation to a move away from using an Enhancement Action Plan which was referenced in the Strategy in favour of a more integrated planning approach. The second highlighted that due to the current restructuring of teaching departments, not all the required data was available. Neither issue required a recommendation to act on the part of the College and did not influence the overall level of assurance.
- Review curriculum every year, use all available intelligence on current and future demand to ensure right take up by students and any lessons learned.
- The delivery of the Curriculum Strategy continues to be a challenge to deliver within the external competitive environment.
- Corporate Strategy alignment to take place to reflect the change in internal and external environment.

The Committee considered and noted the contents of the report.

AM694 2022-23 INTERNAL AUDIT PROGRESS REPORT

The report provides the Audit Committee with an update on 2022-23 planned internal audit activity for the year.

Mr Pringle noted phase 4 audits were recently undertaken on the areas noted below and draft reports will be issued in the next few weeks.

- Budget / Financial Planning & Monitoring
- Curriculum Planning & Timetabling
- Whistleblowing

Phases 1-3 have been completed and reports submitted to the Committee with phase 4 reports coming to the next Committee meeting and one audit assignment is still to be completed.

The following points were raised:

- Proposed that phase 5, Estates Strategy Audit, should be replaced with People Strategy due to the transformational change in the College this would be more beneficial at this time.
- Proposed timing for People Strategy is mid-April to complete the 2022-23 plan.

The Committee considered and noted the contents of the report and approved the change to phase 5 of the 2022-23 plan.

AM695 ROLLING AUDIT ACTION PLAN

The Director Finance provided an update on the status of the recommendations made by the College internal and external auditors and the progress made by the College in addressing the recommendations.

Mr Ritchie highlighted the following points:

- 28 recommendations rolled forward from the previous Committee meeting.
- 14 of which are started and are not yet due for completion:
- 14 of which are finished and awaiting audit review, initial review shows:
 - 10 are subject to completion.
 - 4 where further evidence is to be provided.
- Due to the timing of audit an update will be provided at the May Committee to bring back the above and any further recommendations for removal.
- No extension of time required on deadlines in the report.
- 2 high recommendations:
 - Sustainability – one of the 10 due to be removed.
 - Disaster Recovery – due end July 2023 and is being progressed.

The following point was raised:

- The report is a useful high level format with revised dates, person responsible and links to background documents for any queries/decision making.

The Committee noted the contents and approved the update.

AM696 DRAFT INTERNAL AUDIT PLAN 2023-24

The Director Finance provided an update on the draft 2023-24 Internal Audit Plan including an updated Audit Needs Assessment. In May 2022, the Audit Committee approved the 2022-23 Internal Audit Plan which included the proposed audit assignments for 2023-24 and 2024-25. The proposed plan takes the internal auditors to the end of their contract.

Mr Ritchie highlighted the following points from the 2023-24 audit plan:

- Estates Strategy – postponed from 2022-23 and now look to include in 2023-24 plan.
- Procurement and Tendering - planned for 2022-23 with the caveat that this area maybe subject to a Procurement & Commercial Improvement Programme (PCIP) audit by APUC during 2022-23. No date has been set and will therefore go ahead with the internal audit assignment during 2023-24 as planned.
- Alternative / non SFC Funding - critical to generating alternative income.
- Staff travel – value of payments has reduced significantly and controlled through i-Trent system. Maybe consider removing or deferring as not seen as major risk area.
- Student Admissions and Enrolment – critical following previous discussions and taking account of the current environment.
- Corporate Strategy – likely at the end of the planning process to allow time for the strategy to be embedded and can consider pushing out if not ready.
- GDPR compliance – part of overall Governance review and not been visited for a few years.
- CPD – Deferred from a previous year due to new system being implemented at the time.
- Corporate Governance – general health check on Corporate Governance not undertaken previously.

The following points were raised as part of the overall discussion:

- Proposed to bring Estates Strategy into 2023-24 plan and remove travel expenses.
- Potential to move Corporate Strategy into 2024-25 if required and bring another forward assignment from 2024-25.

The following points were raised:

- Committee are comfortable with the plan for 2023-24 and detail provided.
- Members noted approval to remove travel expenses due to the low value and clean audit report on the payroll system used.
- Potential to bring forward risk management as an option if Corporate Strategy is not ready.
- The Audit Needs Assessment – Wylie & Bissett noted a lot of audit areas covered over the 5 year plan, no gaps identified mainly about the timing of audits.

The Committee considered the update and approved:

- **The draft Audit Plan 2023-24.**
- **To include Estates Strategy in 2023-24 plan and remove Travel Expenses.**
- **A flexible approach to timing of Corporate Strategy audit with an update at Committee on any proposed changes.**

AM697 REVIEW OF EFFECTIVENESS OF THE COMMITTEE AND INTERNAL AUDITORS

The Director Finance outlined the proposed process the Audit Committee adopts for the 2022-23 review of its effectiveness and that of the internal auditors. The procedure follows that agreed in previous years which is to issue two questionnaires covering:

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

Mr Ritchie highlighted the following points:

- External Audit review completed with an update to questionnaire that included good practice questions.
- Audit Committee Effectiveness questionnaire has also been reviewed and is in line with the Scottish Government Audit and Assurance handbook, supplemented by some good practice questions from the National Audit Office.
- Issued to all Audit members, consideration by Committee to issue to regular attendees also for good practice.
- Internal Audit Review proposed questionnaire updated using best practice guide from KPMG and complies with the requirements of the Scottish Government Audit and Assurance Committee Handbook.
- Proposed issue Internal Audit Review questionnaire to the Senior Management Team due to their involvement with internal audits.
- Both questionnaires look extensive, however, questions are short yes/no responses on MS Forms with report generated on responses.

The following points were raised:

- Confirmed questionnaire is anonymised, feedback will be provided as such.
- Noted extensive list of questions although good practice and quick response format. Questionnaire will be refreshed in future and can remove any questions Committee agree are covered by the Committee terms of reference.
- Beneficial to circulate any CDN opportunities on skills development for risk etc to Board members.
- Proposed to build into Board Development session general awareness of internal/external financial reporting and audit awareness. **{Action – LC}**

- Proposed to include the Board Chair in distribution of Audit Effectiveness questionnaire for feedback on the Audit Committee discharging its accountabilities to the Board.
- Internal Controls checklist completed and can be shared with Committee to give assurance of controls in place that align to some of the questions asked.

The committee considered and approved the:

- **Distribution list and questionnaire to be used to evaluate the effectiveness of the Audit Committee.**
- **Distribution list and questionnaire to be used to evaluate the effectiveness of the internal audit function.**

AM698 RISK MANAGEMENT POLICY REVIEW

The Vice Principal Operations noted that the College have an established Risk Management Framework which is used to track strategic risk. The paper recognises the current framework and looks to amend the Policy document to reflect the current operation of risk management within the College.

Ms McDonald highlighted the following points:

- The SPFM recognise key high risks and not as strategic or operational, some key risks are operational.
- Currently have strong controls and provide this through the Strategic Risk Register.
- The College recognise there are significant operational risks that should also be considered by the Committee.
- Recommended to include an overarching risk setting out the environment with strategic risks still reviewed regularly by the Board.
- It is proposed the College risk appetite is initially reviewed by the Audit Committee before fuller consideration by the Board of Management.

The following points were raised:

- Members supported the overarching risk approach for the College.
- Risk appetite states hungry for Digital. Agreed that Data management is separate and averse. Paper will be reviewed to reflect this.
- Risk appetite session previously held with Board members and proposed to have another session for Board members in the future. **{Action – A McD}**
- Agreed operational can become strategic, good alignment from overarching down to strategic and operational.
- Noted the scoring framework used would highlight any operational risks that became strategic and a priority.

The committee considered and approved the policy.

AM699 IT RISK ASSESSMENT UPDATE

At the March 2023 meeting, the Audit Committee requested an update on the handling of IT operational risks. The Vice Principal Operations provided the Audit Committee with an update in relation to processes for, identifying, assessing, and mitigating IT operational risks.

Ms McDonald highlighted the following points:

- An operational risk register will be developed for IT to breakdown risks which are strategically important and those that require to be managed daily.

- Bring forward updates on key risks for committee assurance e.g. Cyber Security, Disaster Recovery etc.

The following points were raised:

- Useful paper and detail provided.
- Cyber security resource looking to train internally and do succession planning, competitive market for cyber security.
- Agreed to bring the IT Risk Register to May Audit Committee.

{Action – AMcD}

The Committee considered and noted the update.

AM700 NATIONAL FRAUD INITIATIVE UPDATE

The Director Finance provided the Audit Committee with an update on the approach adopted by the College in relation to the 2022 National Fraud Initiative (NFI) and the outcomes of the completion of the self-appraisal checklist.

Mr Ritchie highlighted the following points:

- Bi-annual process undertaken by Audit Scotland.
- The College has complied with the requirements of the NFI.
- The Outcomes received are completed, however, once all submissions are received subsequent review points are occasionally received.
- Of the 7 payroll matches, 1 was categorised as 'High' risk, this has now been removed and was due to a fail to upload data from another organisation.
- The remaining 6 Medium risk matches were related to employees having another job and therefore marked for review and now closed off.
- Purchase ledger showed 260 matches, relatively small in comparison to the number of fields. Reviewed and 254 had no errors or frauds identified.
- 6 matches were found due to duplicated data, College are now in the process of recovering £15k paid in error.
- The College is investing in an optical character recognition software which will alleviate the majority of input errors.
- The software will automatically upload electronic invoices to the finance system and no manual input will be required here.
- The error rate represents approximately 0.02% of the total purchase ledger transactions processed in the 2-year period.
- Overall, no instances of fraud identified.
- Self-appraisal checklist completed and provided in papers. No red areas of concern identified.

The Committee considered the update and concluded to:

- **Approve the actions taken by the College to address the outcomes of the 2022-23 NFI exercise.**
- **Acknowledge the outcome of the completion of the Self-Appraisal Checklist as part of the College's participation in the National Fraud Initiative 2022-2023 exercise, as set out in Appendix A to the paper.**

AM701 2022-23 SCHEDULE OF BUSINESS

The Audit Committee noted the 2022-23 Schedule of Business.

AM702 ANY OTHER BUSINESS

- Date of Next meeting:
Audit Committee – 24 May 2023 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)
26 May 22	AM645	Consider what training for Board members might be supported by Wylie & Bisset.	W Hatton / L Connolly	Training session on Finance for non-financials and Fraud Awareness have been confirmed for June and September of this year. Further training requirements to be discussed following annual evaluation exercise.	Complete
25 Jan 23	AM678	The Director of Finance agreed to include an update on the College compliance with the Code of Good Governance within the annual compliance report received by the Audit Committee.	A Ritchie	Compliance report including update on compliance with Code of Good Governance, Scottish Public Finance Manual and SFC Financial Memorandum presented to May 2023 Committee.	Complete
25 Jan 23	AM678	The Committee noted that the College will continue to revise the content of the Performance and Accountability Report and bring an update report to either the March or May Committee meetings for further consideration.	A Ritchie	Report will be discussed with new external auditors and any feedback incorporated into final draft to be presented to the May Committee	Pending Sept 2023 Committee meeting

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
27 Mar 23	AM697	Consider as part of the Board Development Action Plan general awareness of internal/external financial reporting and audit awareness. Initial session planned for 19 June.	L Connolly	Board meeting in June to receive finance for non-financial development session led by Wylie & Bisset. Further sessions to be arranged following outcome of 2023 Board development review.	Complete
27 Mar 23	AM698	Risk appetite session previously held with Board members, proposed to have another session for Board members in the future.	A McDonald		Pending Future meeting
27 Mar 23	AM699	The Vice Principal, Operations agreed to bring the IT Risk Register to May Audit Committee.	A McDonald	IT risk register considered as part of May 2023 agenda.	Complete

Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	Annual Review of The Effectiveness of the Audit Committee
Presented By	Grant Lyall Chair of Audit Committee
Recommendation to Members	For Approval
Appendix Attached	Yes a) Evaluation of the Audit Committee.

PURPOSE

The purpose of this paper is to consider the report on the effectiveness of the Committee and to note the main points that have emerged.

If satisfied, the members are asked to confirm that they are satisfied with

- a) the operation and effectiveness of the Committee approve the report.
- b) the level and quality of information and assurances it received from a range of sources.

The paper is presented in line with the following West College Scotland Audit Committee Terms of Reference:

- *"To review its own effectiveness at least annually and to report the results of that review to the Board."*

1. EXECUTIVE SUMMARY

- 1.1. The Committee has undertaken an assessment of its effectiveness as agreed at its March 2023 meeting.
- 1.2. Based on the returned questionnaires, the Audit Committee are content with the effectiveness of the Committee.
- 1.3. The questionnaires provide a consistent profile of the work conducted by the Committee with an overall rating of 4.9 out of 5 being given. The questionnaires did not highlight any material areas of concern but did note a couple of areas of development.
- 1.4. Overall, the Audit Committee are content with the effectiveness of the operation of the Committee.

2. BACKGROUND

- 2.1. At the 27 March 2023 Audit Committee meeting it was agreed that the annual review of the effectiveness of the Committee be conducted, and the feedback submitted to the Committee for consideration at its May 2023 meeting.
- 2.2. The Committee agreed to use a revised questionnaire based upon the requirements of the Scottish Government Audit and Assurance Committee Handbook, supplemented by further good practice questions as proposed by the National Audit Office.
- 2.3. The questionnaire was issued on 28 March 2023 to all Audit Committee members and regular attendees including the Chair of the Board, with a return deadline of 28 April 2023.
- 2.4. The questionnaire was issued to 9 recipients with 7 (78%) returned by the deadline date.
- 2.5. The survey returns can be found at *Appendix A*.
- 2.6. As can be seen the overall effectiveness of the Committee is satisfactory with most questions being answered positively. Attention is drawn to the following questions which the Committee may wish to reflect upon further in any action taken following the conclusion of this exercise:
 - 19 / 20 – Skills and knowledge updating
 - 38 – Risk appetite communication
 - 45 – Risk actions
 - 96 – Committee members' performance

2.7. The Committee is requested to considered whether any further actions are required to address the matters identified in (2.6) above.

2.8. Overall, the Audit Committee are content with the effectiveness of the operation of the Committee in regard to :

- Membership, independence, objectivity and understanding.
- Making the Most of Its Time.
- Skills and Experience.
- Training and Development.
- Roles and Responsibilities.
- Governance.
- Risk Management.
- Internal Controls.
- Financial Reporting.
- Scope including the Terms of Reference.
- Communication and Reporting.
- Continual Improvement.

3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications in this report.

4. STUDENT EXPERIENCE

4.1 There are no student experience implications associated with this report.

5. HUMAN RESOURCES IMPLICATIONS

5.1 There are no human resources implications associated with this report.

6. LEGAL IMPLICATIONS

6.1 There are no legal implications in this report.

7. REPUTATIONAL IMPLICATIONS

7.1 There are no reputational implications associated with this report.

8. COMMUNITY/PARTNERSHIP IMPACT

8.1 There are no community implications associated with this report.

9. EQUALITIES IMPLICATIONS

9.1 There are no equality implications associated with this report.

10. ENVIRONMENT IMPLICATIONS

10.1 There are no environmental implications associated with this report.

RECOMMENDATION

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 that it is content with the effectiveness of the Audit Committee.

Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	2022-23 External Audit Annual Plan
Presented By	David Eardley Director, Azets
Recommendation to Members	For Approval
Appendix Attached	Yes (a) 2022- 23 External Audit Annual Plan

PURPOSE

The purpose of the paper is to present the 2022-23 External Audit Annual Plan for approval.

The paper is presented in line with West College Scotland Audit Committee Terms of Reference:

'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).'

The paper is submitted *For Approval*.

1. EXECUTIVE SUMMARY

- 1.1. Azets will be undertaking the external financial audit of the College for the period to 2026-27. The purpose of this report is to present to the Committee the 2022-23 External Audit Annual Plan and fee proposal.
- 1.2. The External Audit Annual Plan will also be presented to the Corporate Development Committee on 30 May 2023 given there is a joint responsibility along with the Audit Committee for approving the College Annual Financial Statements.
- 1.3. The External Audit Annual Plan provides the Audit Committee with an overview of the external auditor's preliminary audit planning and approach in relation to the financial statements of the College for the year ended 31 July 2023. The Plan also provides an overview of significant risks and key judgement areas (page 12).
- 1.4. On page 18 onwards the Plan develop the approach to be taken in relation to the four wider scope areas upon which the auditors require to make a judgement:
 - Financial sustainability.
 - Financial management.
 - Vision, leadership and governance.
 - Use of resources to improve outcomes.
- 1.5. Azets have set their fee for the audit at £50,160 (2021-22: £34,000 – Mazars fee which was subject to a separate procurement exercise). The 2022-23 fee is within the range set by Audit Scotland.
- 1.6. The College has started work with Azets to provide them with sufficient information to develop their External Audit Annual Plan. The manager in charge of the day-to-day audit work has been confirmed as Flo Barrett.
- 1.7. The terms of appointment of Azets can be found on the [Audit Scotland website](#). The appointment was made using a framework agreement.
- 1.8. David Eardley will update the Committee on their approach to the audit of the College financial statements, along with highlighting the additional work that is required for 2022-23 due to changes in the Code of Audit Practice.

2. FINANCIAL IMPLICATIONS

- 2.1. There are no financial implications associated with this paper.

3. STUDENT EXPERIENCE

- 3.1. There are no student experience implications associated with this paper.

4. HUMAN RESOURCES IMPLICATIONS

- 4.1. There are no human resource implications associated with this paper.

5. LEGAL IMPLICATIONS

- 5.1. There are no legal implications associated with this this paper.

6. REPUTATIONAL IMPLICATIONS

- 6.1. There are no reputational implications associated with this paper.

7. COMMUNITY/PARTNERSHIP IMPACT

- 7.1. There are no community implications associated with this paper.

8. EQUALITIES IMPLICATIONS

- 8.1. There are no equality implications associated with this paper.

9. ENVIRONMENT IMPLICATIONS

- 9.1. There are no environmental implications associated with this paper.

RECOMMENDATION

The Audit Committee is requested to approve the 2022-23 External Audit Annual Plan.



West College Scotland

External Audit Annual Plan 2022/23

May 2023



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Introduction

Azets have been appointed by Audit Scotland as the external auditor to West College Scotland (“the College”) for the period 2022/23 to 2026/27.

This document summarises the work plan for our 2022/23 external audit. The core elements of our work include:

- an audit of the 2022/23 annual report and accounts.
- consideration of the wider scope areas of public audit work.
- consideration of the College’s participation in the National Fraud Initiative (NFI).
- any other work requested by Audit Scotland.

We expect that our audit will have a similar underlying approach to that of your previous external auditor, Mazars, although there are some changes to the Code of Audit Practice and auditing standards that come into effect for the first time in 2022/23. These are reflected in this document.

Adding value

All our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. We will add value by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to promote improved standards of governance, better management and decision making and more effective use of public money.

Any comments you may have on the service we provide would be greatly appreciated. Comments can be reported directly to any member of your audit team.

Openness and transparency

This report will be published on Audit Scotland’s website www.audit-scotland.gov.uk.

Audit scope and general approach

Responsibilities of the auditor and the College

The [Code of Audit Practice](#) outlines the responsibilities of external auditors appointed by the Auditor General for Scotland and it is a condition of our appointment that we follow it.

Auditor responsibilities are derived from statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, the Code of Audit Practice and guidance from Audit Scotland.

The College has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing a set of annual report and accounts that are in accordance with proper accounting practices. The College is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

[Appendix 1](#) provides further detail of both our responsibilities and those of the College.

Risk-based audit approach

We follow a risk-based approach to the audit that reflects our overall assessment of the relevant risks that apply to the College. This ensures that our audit focuses on the areas of highest risk. Our audit planning is based on:

Discussions with senior officers	Our understanding of the further education sector, its key priorities and risks	Attending & observing the Audit Committee
Guidance from Audit Scotland	Discussions with Audit Scotland and public sector auditors	Discussions with internal audit and review of plans and reports
Review of the College's corporate strategies and plans	Review of the College's corporate risk register	Outcomes of prior year audits

Planning is a continuous process and our audit plans are updated during the course of our audit to take account of developments as they arise.

Communication with those charged with governance

Auditing standards require us to make certain communications throughout the audit to those charged with governance. These communications will be through the Audit Committee.

Professional standards and guidance

We perform our audit of the financial statements in accordance with International Standards on Auditing UK (ISAs (UK)), Ethical Standards, and applicable Practice Notes and other guidance issued by the Financial Reporting College (FRC).

Partnership working

We coordinate our work with Audit Scotland, internal audit, other external auditors and relevant scrutiny bodies, recognising the increasing integration of service delivery and partnership working within the public sector.

Audit Scotland

Although we are independent of Audit Scotland and are responsible for forming our own views and opinions, we do work closely with Audit Scotland throughout the audit. This helps identify common priorities and risks, treat issues consistently across the sector, and improve audit quality and efficiency. We share information about identified risks, good practices and barriers to improvement so that lessons to be learnt and knowledge of what works can be disseminated to all relevant bodies.

Audit Scotland undertakes national performance audits on issues affecting the public sector. We may review the College's arrangements for acting on any issues reported in the national performance reports which have a local impact. We also consider the extent to which the College uses the national performance reports to help improve performance at the local level.

During the year we may also be required to provide information to Audit Scotland to support the national performance audits.

Internal Audit

As part of our audit, we consider the scope and nature of internal audit work and look to minimise duplication of effort, to ensure the total audit resource to the College is used as efficiently and effectively as possible.

Delivering the audit – post pandemic

Hybrid audit approach

We intend to adopt a hybrid approach to our audit which combines on-site visits with remote working, learning from the better practices developed during the pandemic. We will be on-site as required, acknowledging and appreciating the College's experiences and established ways of working using virtual and remote technologies since the pandemic.

All of our people have the equipment, technology and systems to allow them to work remotely or on-site, including secure access to all necessary data and information.

All of our staff are fully contactable by email, phone call and video conferencing.

Meetings can be held over Skype, Microsoft Teams or by telephone.

We employ greater use of technology to examine evidence, but only where we have assessed both the sufficiency and appropriateness of the audit evidence produced.

Secure sharing of information

We use a cloud-based file sharing service that enables users to easily and securely exchange documents and provides a single repository for audit evidence.

Regular contact

During the 'fieldwork' phases of our audit, we will arrange regular catch-ups with key personnel to discuss the progress of the audit. The frequency of these meetings will be discussed and agreed with management.

Signing annual accounts

Audit Scotland recommends the electronic signing of annual accounts and uses a system called DocuSign.

Electronic signatures simplify the process of signing the accounts and are acceptable for laying in Parliament. Accounts can be signed using any device from any location. There is no longer a need for duplicate copies to be signed, thus reducing the risk of missing a signature and all signatories have immediate access to a high-quality PDF version of the accounts.

Approach to audit of the annual accounts

Our objective when performing an audit of the annual accounts is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our general approach, we will:

- perform risk assessment procedures including updating our understanding of the entity and its environment, the financial reporting framework and system of internal control;
- review the design and implementation of key internal controls;
- identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances or disclosures;
- design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud, and respective responsibilities for prevention and detection of fraud.

Key audit developments in 2022/23

Revised auditing standards¹, which come into effect from the current year, will have a significant impact on the way we perform our audit, particularly how we assess the risk of material misstatement, our approach to the audit of fraud, and the ways we ensure our audits are performed in line with regulatory requirements and to a high standard. The in-depth nature of these additional procedures, as well as updated tools and techniques that may come into scope, will also offer additional opportunity to provide insights and constructive feedback on the way the College manages risks. [Appendix 2](#) provides further details on the implications of these new requirements.

Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements. In general, misstatements, including omissions, are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

The basis for our assessment of materiality is set out in [Appendix 3](#).

Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures.

¹ Revisions to ISA (UK) 315 on auditors' responsibility to identify and assess the risks of material misstatement in the financial statements and ISA (UK) 240 on material misstatements caused by fraud came into effect for audits of financial statements with periods commencing on or after 15 December 2021.

However, this work is not for the purpose of expressing an opinion on the effectiveness of internal controls.

We will report to the College significant deficiencies in internal controls that we identify during the audit. The scope of our work is not designed to be an extensive review of all internal controls.

Specialised skill or knowledge required to complete the audit procedures

Our intended audit approach is to consult internally with our Technology Risk team for them to support the audit team in assessing the information technology general controls (ITGC).

Going concern

In most public sector entities, the financial reporting framework envisages that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For many public sector entities, the financial sustainability of the entity is more likely to be of significant public interest that the application of the going concern basis. Our wider scope audit work considers the financial sustainability of the College.

Prevention and detection of fraud or error

In order to discharge our responsibilities regarding fraud and irregularity we require any fraud or irregularity issues to be reported to us as they arise. In particular we require to be notified of all frauds which:

- Involve the misappropriation of theft of assets or cash which are facilitated by weaknesses in internal control and;
- Are over £5,000.

We also require a historic record of instances of fraud or irregularity to be maintained and a summary to be made available to us after each year end.

National Fraud Initiative

The National Fraud Initiative (NFI) in Scotland is a biennial counter fraud exercise led by Audit Scotland working together with a range of Scottish public bodies, external auditors and overseen by the Cabinet Office for the UK. The most recent NFI exercise commenced in 2022, with matches to be received for investigation from

January 2023. As part of our 2022/23 audit, we will monitor the College's participation and progress in the NFI.

Anti-money laundering

We require the College to notify us on a timely basis of any suspected instances of money laundering so that we can inform Audit Scotland who will determine the necessary course of action.

Wider audit scope work

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the financial statements, but providing audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management arrangements and financial sustainability. [Appendix 1](#) provides detail of the wider scope areas of public sector audit work. Our initial risk assessment and scope of work planned for 2022/23 is outlined in the '[Wider Scope](#)' section of this plan.

National risk assessment

Where particular areas of national or sectoral risk have been identified by the Auditor General, they will request auditors to consider and report on those risks as they apply at a local level. For 2022/23 the following areas have been identified:

- Climate Change
- Cyber Security

[Appendix 4](#) provides further detail as to the scope of this work.

Reporting our findings

We will provide judgements on the pace and depth of improvement in reporting our findings on wider scope areas. We will use the following gradings to provide an overall assessment of the arrangements in place.



Significant and other risks of material misstatement

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- are required to be treated as significant risks by auditing standards, for example in relation to management override of internal controls.

Significant risks at the financial statement level

The table below summarises the significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Identified risk of material misstatement	Audit approach
<p>Management override of controls</p> <p>Management is 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.</p> <p>Although the level of risk will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.</p> <p>Risk of material misstatement: Very High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals. • Analysing the journals listing and determining criteria for selecting high risk and / or unusual journals. • Testing high risk and / or unusual journals posted during the year and after the unaudited annual accounts stage back to supporting documentation for appropriateness,

Identified risk of material misstatement	Audit approach
	<p>corroboration and to ensure approval has been undertaken in line with the College's journals policy.</p> <ul style="list-style-type: none">• Gaining an understanding of the accounting estimates and critical judgements made by management. We will challenge assumptions and consider the reasonableness and indicators of bias which could result in material misstatement due to fraud.• Evaluating the rationale for any changes in accounting policies estimate or significant unusual transactions.

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The table below summarises the significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures.

Identified risk of material misstatement	Audit approach
<p>Fraud in revenue recognition</p> <p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements).</p> <p>The presumption is that the College could adopt accounting policies or recognise income in such a way as to lead to a material misstatement in the reported financial position.</p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of income around the year end.</p> <p>In respect of the College's income for Scottish Funding Council (SFC) grant funding, we do not consider the revenue recognition risk to be significant due to a lack of incentive and opportunity to manipulate revenue of this nature. The risk of fraud in relation to revenue recognition is however present in all other revenue streams.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Revenue (occurrence / completeness): High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating the significant income streams and review the controls in place over accounting for revenue. • Considering the College's key areas of income and obtaining evidence that income is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year.

Identified risk of material misstatement	Audit approach
<p>Fraud in non-pay expenditure</p> <p>As most public sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.</p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of expenditure around the year end.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Non-pay expenditure (occurrence / completeness): High • Accruals (existence / completeness): High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating the significant non-pay expenditure streams and reviewing the controls in place over accounting for expenditure. • Considering the College's key areas of expenditure and obtaining evidence that expenditure is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year. • Reviewing accruals around the year end to consider if there is any indication of understatement of balances held through consideration of accounting estimates.

Identified risk of material misstatement	Audit approach
<p>Valuation of land and buildings (key accounting estimate)</p> <p>West College Scotland held land and buildings with a net book value of £106.4 million at 31 July 2022, with external valuations performed on a five-year basis, with an interim valuation carried out after 3 years. The next valuation is due to take place as at 31 July 2023 and will be conducted by Ryden.</p> <p>There is a significant degree of subjectivity in the measurement and valuation of land and buildings. This subjectivity and the material nature of the College's asset base represents an increased risk of misstatement in the financial statements.</p> <p>Inherent risk of material misstatement:</p> <p>Land & Buildings (valuation): Very High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating management processes and assumptions for the calculation of the estimates, the instructions issued to the valuation experts and the scope of their work. • Evaluating the competence, capabilities, and objectivity of the valuation expert. • Considering the basis on which the valuation is carried out and the challenging the key assumptions applied. • Testing the information used by the valuer to ensure it is complete and consistent with our understanding. If there have been any specific changes to the assets in the year, we will ensure these have been communicated to the valuer. • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct. • Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.

Identified risk of material misstatement	Audit approach
<p>Pension asset / liability (key accounting estimate)</p> <p>An actuarial estimate of the pension fund asset/liability is calculated on an annual basis and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership data held by the pension fund and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities.</p> <p>A significant level of estimation is required in order to determine the valuation of pension assets/liabilities. Small changes in the key assumptions (including discount rates, inflation, and mortality rates) can have a material impact on the pension asset/liability.</p> <p>There is a risk that the assumptions used are not appropriate.</p> <p>Inherent risk of material misstatement:</p> <p>Pensions (valuation): High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Reviewing the controls in place to ensure that the data provided from the pension fund to the actuary is complete and accurate. • Reviewing the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data. • Agreeing the disclosures in the financial statements to information provided by the actuary. • Considering the competence, capability, and objectiveness of the management expert in line with ISA (UK) 500 Audit Evidence.

Wider scope

Introduction

The Code of Audit Practice frames a significant part of our wider scope responsibilities in terms of audit areas:

- Financial sustainability
- Financial management
- Vision, leadership and governance
- Use of resources to improve outcomes.

Our planned audit work against these four areas is risk based and proportionate. Our initial assessment builds upon our understanding of the College's key priorities and risks along with discussions with management and review of Board and key Committee minutes and key strategy documents.

We have identified one significant risk in relation to financial sustainability as set out in the table below. At this stage, we have not identified any significant risks in relation to the other wider scope areas.

Audit planning however is a continuous process and we will report all identified significant risks, as they relate to the four wider scope areas, in our annual audit report. This section summarises our audit work in respect of each wider scope area.

Wider scope significant risk

Financial sustainability

The College continues to face significant financial challenges, operating within tight financial parameters, and activity continues to plan the measures required to ensure the College is in a long-term sustainable position.

The 2022/23 Financial Forecast Return (FFR), as approved by the Board in October 2022, anticipated an adjusted operating deficit of £1.5m in 2022/23 with future operating deficits totalling £5.6 million expected from 2023/24 to 2026/27. The College has identified potential savings opportunities totalling £1.4 million for 2022/23.

A key risk exists around the College's ability to deliver funding credits. Current predictions anticipate a shortfall of 4,000 credits in 2022/23, which is in excess of the 2% allowance granted by the SFC. Any excess over the 2% threshold would be subject to potential SFC's claw back of the related student credits funding. This could result in 1,000 credits being repayable to the SFC (equivalent to £372k).

Staff cost continues to be a significant pressure area for the College (80% of total income is expended on staff costs) and a key element of the College's savings plan. With the uncertainty around public sector pay settlements, any increase in staff costs (1% movement equates to £0.5 million in cost) will have a material impact on the finances of the College. The emerging and uncertain impact on the College's finances and ability to deliver savings plans and services in a sustainable manner remains a significant challenge and risk.

Our audit response:

During our audit we will review whether the College has appropriate arrangements in place to manage its future financial position. Our work will include an assessment of progress made in developing financially sustainable plans which reflect the medium and longer-term impact of cost pressures and that continue to support the delivery of the College's statutory functions and strategic objectives.

Our audit approach to the wider scope audit areas



Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Consideration	Our audit approach
<p>Based on our initial assessment the College has adequate arrangements in place for financial planning and monitoring in the short- and medium-term, but the College continues to face significant challenges and uncertainty over the medium term, operating within tight financial parameters.</p> <p>The Financial Forecast Return reported in October 2022 reported an underlying deficit of £1.5 million for the year ending 31 July 2023. An operating deficit position is expected from 2023/24 to 2026/27.</p> <p>Consideration will be given to identify saving of approximately £1.9 million in 2023/24 and £1.8 million in 2024-25 across course delivery, curriculum management, support services and the Inverclyde provision, as well as the ongoing voluntary redundancy scheme.</p> <p>Staff costs continue to be a key pressure which the College is continuing to reflect on through operational planning. There is a significant degree of uncertainty across the sector, particularly regarding national pay awards. Small changes in assumptions, such as pay increases, could have a significant impact on the underlying operating position.</p>	<p>We will review and conclude on:</p> <ul style="list-style-type: none"> • The ongoing development of financial planning and modelling to identify and address risks to financial sustainability; • The appropriateness and effectiveness of arrangements in place to address any identified funding gaps; and • Alignment of operational and financial planning over the medium-term, including key areas such as workforce planning and estates management.



Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Consideration

The College initially estimated an operating deficit of £4.4 million for the year end 31 July 2023, with an adjusted underlying deficit of £1.5 million. This estimate took into account the following:

- a) the possibility that the College will be 4,000 credits short of its target;
- b) the pay award to staff is likely to be in the region of 5%; and
- c) the level of fees recoverable will be lower due to the challenging recruitment environment and students leaving before the census date.

The current forecast as at March 2023 shows a financial deficit of £3.1 million, with an underlying adjusted operating deficit of £0.2 million. The variance to the adjusted underlying budget deficit of £1.5 million is due to several factors including:

- a) additional ESF funding;
- b) increased commercial and international income;
- c) a further decline in tuition fees;
- d) 2021/22 voluntary redundancy scheme delivering more savings than budgeted;
- e) 2022/23 voluntary redundancy scheme will be effectively cost neutral with full cost savings being realised in 2023/24;
- f) increase in costs including audit fees and provision of free breakfasts; and

Our audit approach

We will review and conclude on:

- The achievement of financial targets and effectiveness of financial performance reporting during 2022/23;
- Whether the College can demonstrate the effectiveness of its budgetary control system in communicating accurate and timely performance;
- Whether the College has arrangements in place to ensure systems of internal control are operating effectively;
- Whether the College has established appropriate and effective arrangements for the prevention and detection of fraud and corruption; and
- The College's participation and progress in the National Fraud Initiative.

Consideration

- g) cost savings in other areas have allowed overall cost increases to be contained.

The National Fraud Initiative (NFI) is a counter fraud exercise co-ordinated by Audit Scotland working together with a range of Scottish public bodies, external auditors and overseen by the Cabinet Office for the UK as a whole to identify fraud and error. The most recent NFI exercise commenced in January 2023, with matches to be investigated by 30 September 2023.

Our audit approach



Vision, Leadership and Governance

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Consideration

The College has a governance and reporting structure geared towards sufficient and appropriate information being produced throughout the period to support the effective and timely scrutiny and challenge. During our audit we will review in detail the corporate governance arrangements in place, information provided to the Board of Management and Committees, as well as the risk management arrangements.

It was previously reported that the Board has not maintained a gender balance that meets with the objective of the Gender Representation on Public Boards (Scotland) Act 2018. Whilst the College aim to achieve representation of diversity and equality on the Board this is impacted by applications for the vacancies the Board receives.

Our audit approach

We will review and conclude on:

- The clarity of the vision and strategy and if these are supported by a set of priorities and links to services and local communities;
- Whether the College can demonstrate that the governance arrangements in place are appropriate and operating effectively;
- Whether inductions and ongoing training arrangements for new Board members support effective scrutiny and challenge;
- The transparency of decision-making, financial reporting and performance data;
- Reasonableness and consistency of the governance statement in relation to other information gathered during our audit.



Use of resources to improve outcomes

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.

Consideration

The College approved the Corporate Strategy 2019-2025 in 2019. This document describes the longer-term ambitions of the College which will be delivered through annual operating plans and the Regional Outcome Agreement.

The College Strategic Plan is currently being reviewed in light of the ongoing financial challenges being faced by the College. An updated College Strategy is anticipated to be presented to the June Board of Management for approval.

The College failed to deliver its 2021-22 Regional Outcome Agreement (ROA) target credits by 1% due to poorer than expected student enrolments. A financial deficit was incurred in the year, highlighting the continued financial difficulties the College faces. Current forecast as at March 2023 indicate an expected 4,000 shortfall of credits for 2022/23.

Our audit approach

We will review and conclude on:

- The robustness of the College's performance management framework and the appropriateness of key performance indicators in supporting effective scrutiny and decision making;
- Whether the College can evidence a clear link between prioritised spending and improvement against outcomes; and
- The arrangements in place relating to the best value theme of fairness and equality.

Your Azets audit management team

David Eardley: Engagement Lead

david.eardley@azets.co.uk

David has nearly two decades of experience and specialises in external and internal audit of public sector clients. David's primary area of focus and expertise is in the health and education sectors.

David works with public sector clients ranging from £1.5 billion health boards to specialist government entities. David has a wealth of technical accounting expertise, coupled with strong interpersonal skills and client relationship skills.



Adrian Kolodziej: Engagement Manager

adrian.kolodziej@azets.co.uk

Adrian will manage the delivery of the onsite work and work alongside David to deliver the audit engagement. Adrian has over 14 years of public sector experience performing the external audits of local authorities, central government and further education bodies.



Flo Barrett: Engagement Assistant Manager

flo.barrett@azets.co.uk

Flo will support Adrian in the day-to-day management of the audit. Flo has nearly 10 years of public sector experience, working across the external audits of local authorities, central governments, further education bodies and charities.



Audit timetable

The submission date for audited annual report and financial statements in further education is with the submission date set by the Scottish Funding Council.

We have set out below target months which align to the College's schedule of Audit Committee and Board meetings. We aim to meet these scheduled meetings however this will be monitored during the audit process and may require to be revised to reflect emerging issues.

Audit work/output	Description	Target month/s	Audit Committee	Deadline
Audit strategy	Onboarding and initial engagement, introductory meetings and presentation of audit strategy.	February/ March	27 March 2023	N/A
Audit plan	Planning meetings, understanding the entity, risk assessment. Audit plan setting out the scope of our audit, including key audit risks, presented to the Audit Committee.	May 2023	24 May 2023	30 June 2023
Interim audit	Interim audit including review of accounting systems.	July-August	N/A	N/A
Final audit	Accounts presented for audit and final audit visit begins	September 2023	N/A	N/A

Audit work/output	Description	Target month/s	Audit Committee	Deadline
Independent Auditor's Report	This report will contain our opinions on the financial statements, the audited part of the remuneration and staff report, annual governance statement and performance report.	November 2023	November 2023	31 December 2023
Annual Report to the College and the Auditor General for Scotland	At the conclusion of each year's audit we issue an annual report summarising our work and all opinions, conclusions, significant issues and recommendations. This report pulls together all of our work under the Code of Audit Practice.	November 2023	November 2023	31 December 2023

Prior to submitting our outputs, we will discuss all issues with management to confirm factual accuracy and agree a draft action plan where appropriate.

The action plans within the reports will include prioritised recommendations, responsible officers and implementation dates. We will review progress against the action plans on a regular basis.

Audit fee

For 2022/23, the new auditor appointment process provided Audit Scotland with a fair representation of the current audit market and highlighted the increasing requirements, expectations and scrutiny of the audit profession.

High quality audit work is essential to successfully deliver a fully ISA and Code of Audit Practice-compliant audit. These factors have led to above inflation increases in the cost of audit. Whilst these increases are significant, they are consistent with evidence obtained from the profession and other UK audit agencies. On setting fees, Audit Scotland has ensured that efficiencies have been fully utilised to mitigate the impact.

In the further education sector, the average fee increase from prior year is 57.5%.

Audit Scotland sets an “expected” audit fee that assumes the body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. The expected fee is reviewed by Audit Scotland each year and adjusted if necessary based on auditors’ experience, new requirements, or significant changes to the audited body.

The expected fee level notified to the Board for 2022/23 is £50,160, which is £16,160 (47.5%) higher than the fee agreed in the previous year and is lower than the sectoral increase of 57.5%.

As auditors, we negotiate a fee with the College that reflects our assessment of the work required to address the risks identified during the planning process. The fee may be varied above the expected fee level to reflect the circumstances and local risks within the body.

We will incur notable additional costs associated with performing the audit for the first time, an increased focus on IT general controls, and high levels of significant audit risks within the FE sector. We will look to complete the audit in line with the revised expected fees, but we will discuss with management over the course of the audit the costs associated with this work to use this first year as an indicator of the actual costs of delivering against all these extended requirements and expectations.

Our audit fee for the current year (with prior year comparatives, as set under the previous tender/appointment round of six years ago) is as follows:

	2022/23	2021/22
Auditor remuneration	£50,870	£30,960
Pooled Costs	£(7,460)	£1,600
Audit Support Costs	£1,310	£1,440
Sectoral Cap Adjustment	£5,440	-
Total fee	£50,160	£34,000

We assume receipt of the draft working papers at the outset of our on-site final audit visit. If the draft accounts and papers are late, or agreed management assurances are unavailable, we reserve the right to charge a fee for additional audit work. An additional fee will also be required in relation to any other significant exercises not within our planned audit activity.

Auditor independence and objectivity

We are required to communicate on a timely basis all facts and matters that may have a bearing on our independence.

In particular, FRC's Ethical Standard stipulates that where an auditor undertakes non audit work, appropriate safeguards must be applied to reduce or eliminate any threats to independence.

Azets has not been appointed to provide any non-audit services during the year. We confirm that we comply with FRC's Ethical Standard. In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way. In particular there are and have been no relationships between Azets and the College, its Board members and senior management that may reasonably be thought to bear on our objectivity and independence.

Appendix 1: Responsibilities of the Auditor and the College

The Auditor General and Audit Scotland

The Auditor General for Scotland is a Crown appointment and independent of the Scottish Government and Parliament. The Auditor General is responsible for appointing independent auditors to audit the accounts of the Scottish Government and most Scottish public bodies, including NHS bodies, and reporting on their financial health and performance.

Audit Scotland is an independent statutory body that co-ordinates and supports the delivery of high-quality public sector audit in Scotland. Audit Scotland oversees the appointment and performance of auditors, provides technical support, delivers performance audit and Best Value work programmes and undertakes financial audits of public bodies.

Auditor responsibilities

Code of Audit Practice

The Code of Audit Practice (the Code) describes the high-level, principles-based purpose and scope of public audit in Scotland. The [2021 Code](#) came into effect from 2022/23.

The Code of Audit Practice outlines the responsibilities of external auditors appointed by the Auditor General and it is a condition of our appointment that we follow it.

Our responsibilities

Auditor responsibilities are derived from the Code, statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, and guidance from Audit Scotland.

We are responsible for the audit of the accounts and the wider-scope responsibilities explained below. We act independently in carrying out our role and in exercising professional judgement. We report to the College and others, including Audit Scotland, on the results of our audit work.

Weaknesses or risks, including fraud and other irregularities, identified by auditors, are only those which come to our attention during our normal audit work in accordance with the Code and may not be all that exist.

Wider scope audit work

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector.

The wider scope audit specified by the Code broadens the audit of the accounts to include additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Financial management



Financial management means having sound budgetary processes. Audited bodies require to understand the financial environment and whether their internal controls are operating effectively.

Auditor considerations

Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities.

Financial sustainability



Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Auditor considerations

Auditors consider the extent to which audited bodies show regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so it can continue to deliver services.

Vision, leadership and governance



Audited bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Auditor considerations

Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. Auditors also consider the effectiveness of governance arrangements for delivery, including openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.

Use of resources to improve outcomes



Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes.

Auditor considerations

Auditors consider the clarity of arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of inequalities, and deliver continuous improvement in priority services.

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an [Audit Quality Framework](#).

The most recent audit quality report can be found at <https://www.audit-scotland.gov.uk/publications/quality-of-public-audit-in-scotland-annual-report-202122>

College Board responsibilities

The College Board has primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include the following:

Area	College responsibilities
Corporate governance	<p>The College is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.</p>
Financial statements and related reports	<p>The College has responsibility for:</p> <ul style="list-style-type: none"> • preparing financial statements which give a true and fair view of its financial position and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; • maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support its financial statements and related reports disclosures; • ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority; and • preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements. Management commentaries should be fair, balanced and understandable. <p>Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.</p> <p>The College is responsible for developing and implementing effective systems of internal control as well as financial, operational</p>

Area	College responsibilities
	<p>and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. The College is also responsible for establishing effective and appropriate internal audit and risk-management functions.</p>
Standards of conduct for prevention and detection of fraud and error	<p>The College is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.</p>
Financial position	<p>The College is responsible for putting in place proper arrangements to ensure the financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> • Such financial monitoring and reporting arrangements as may be specified; • Compliance with statutory financial requirements and achievement of financial targets; • Balances and reserves, including strategies about levels and their future use; • Plans to deal with uncertainty in the medium and long term; and • The impact of planned future policies and foreseeable developments on the financial position.

Appendix 2: Impact of revised auditing standards

Revised auditing standards, which come into effect from the current year, will have a significant impact on the way we perform our audit, particularly how we assess the risk of material misstatement, our approach to the audit of fraud, and the ways we ensure our audits are performed in line with regulatory requirements and to a high standard. The table below provides further detail on the implications of these new requirements.

Key change	Potential impact on the College & our approach
Enhanced risk identification and assessment, promoting more focused auditor responses to identified risks	<p>Management and those charged with governance may receive more up-front questions as we plan the audit and identify and assess risks of material misstatement.</p> <p>We may conduct planning and risk assessment procedures at a different time to ensure that our understanding is comprehensive, and that information is leveraged effectively and efficiently.</p> <p>To facilitate a more robust risk-assessment, we may request additional information to enhance our understanding of systems, processes and controls. For example, we may request:</p> <ul style="list-style-type: none"> • a better understanding of the College's structure and operations and how it integrates information technology (IT) • more information about the College's processes for assessing risk and monitoring its system of internal control • more detailed narratives about how transactions are initiated, recorded, processed and reported • policies and procedure manuals, flowcharts and other supporting documentation to validate our understanding of the information systems relevant to the preparation of the financial statements • more information to support our inherent risk assessment. <p>This information not only informs our risk assessment but also assists us in determining an appropriate response to risks</p>

Key change	Potential impact on the College & our approach
	identified, including any new significant risks which require a different response.
Understanding and acting on risks associated with IT	<p>We will be asking tailored questions and making information requests to understand the IT environment, including:</p> <ul style="list-style-type: none"> • IT applications • supporting IT infrastructure • IT processes • personnel involved in the IT processes. <p>Combined with the controls that may be needed to address the identified and assessed risks of material misstatement, this understanding may also identify existing and new risks arising from the use of IT. Therefore, we will be asking more focused questions and requesting additional information to understand the general IT controls that address such risks. For example, we may have questions in relation to general IT controls over journal entries (e.g., segregation of duties related to preparing and posting entries) to address risks arising from the use of IT.</p> <p>Depending on our assessment of the complexity of systems and associated risks, we may also involve additional team members, such as IT specialists.</p>
Enhanced procedures in connection with fraud	<p>We will be asking targeted questions as part of an enhanced approach to fraud, including discussing with the College:</p> <ul style="list-style-type: none"> • any allegations of fraud raised by employees or related parties • the risks of material fraud, including those specific to the local government sector. <p>Combined with other information, and any inconsistencies in responses from those charged with governance and management, we determine implications for further audit procedures. Work in connection with fraud may also now include the use of audit data analytics, or the inclusion of specialists in our engagement team to ensure we obtain sufficient appropriate audit evidence to conclude whether the</p>

Key change	Potential impact on the College & our approach
	<p>financial statements are materially misstated as a result of fraud.</p> <p>In addition to existing communication and reporting requirements relating to irregularities and fraud, there may be further matters we report in connection with management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.</p> <p>These enhanced requirements may assist in the prevention and detection of material fraud, though do not provide absolute assurance that all fraud is detected or alter the fact that the primary responsibility for preventing and detecting fraud rests with the College and management.</p>
Enhanced requirements for exercising professional scepticism	<p>Challenge, scepticism and the application of appropriate professional judgement are key components of our audit approach. You may receive additional inquiries if information is found that contradicts what our team has already learned in the audit or in instances where records or documents seen in the course of the audit appear to have been tampered with, or to not be authentic.</p>
Using the right resources, in the right way, at the right time	<p>One of our new strategic quality objectives sets out that we will strive to use the right resource, in the right way, at the right time. This may mean increasing the use of specialists (for example in relation to general IT controls) or changing the shape of the audit engagement team to ensure that we are able to provide appropriate challenge and feedback in specialist areas.</p> <p>This will include appropriate use of technology, including data analytics.</p>

Appendix 3: Materiality

Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the organisation and the needs of users. We review our assessment of materiality throughout the audit.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to the College and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

	£million
Overall materiality for the financial statements	1.130
Performance materiality	0.850
Trivial threshold	0.057

Materiality

Our assessment is made with reference to the College's gross expenditure. We consider this to be the principal consideration for the users of the annual accounts when assessing financial performance.

Our assessment of materiality equates to approximately 1.7% of the College's gross expenditure as disclosed in the 2021/22 audited annual report and accounts.

In performing our audit, we apply a lower level of materiality to the audit of the Remuneration and Staff Report. Our materiality is set at £5,000.

Performance materiality

Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.

	Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.
Trivial misstatements	Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

Appendix 4: National risk areas under scope of audit in 2022/23

Climate change

Tackling climate change is one of the greatest global challenges. The Scottish Parliament has set a legally binding target of becoming net zero by 2045 and has interim targets including a 75% reduction in greenhouse gas emissions by 2030. The public sector in Scotland has a key role to play in ensuring these targets are met and in adapting to the impacts of climate change.

There are specific legal responsibilities placed on public bodies to contribute to reducing greenhouse gas emissions, to adapt to climate change, to act sustainably and to report on progress. A number of public bodies have declared a climate emergency and set their own net zero targets, some of which are earlier than Scotland's national targets. All public bodies will need to reduce their direct and indirect emissions, and should have plans to do so. Many bodies will also have a role in reducing emissions in wider society, and in supporting activity to adapt to the current and potential future impact of climate change. For example, working with the private sector and communities to help drive forward the required changes in almost all aspects of public and private life, from transport and housing to business support.

Public audit has an important and clear role to play in:

- helping drive change and improvement in this uncertain and evolving area of work
- supporting public accountability and scrutinising performance
- helping identify and share good practice.

The Auditor General and Accounts Commission are developing a programme of work on climate change. This involves a blend of climate change-specific outputs that focus on key issues and challenges as well as moving towards integrating climate change considerations into all aspects of audit work.

For 2022/23 audits, auditors are required to provide answers to the questions set out in the following table which are intended to gather basic information on the arrangements for responding to climate change in each body:

Key questions

What targets has the body set for reducing emissions in its own organisation or in its local area?

Does the body have a climate change strategy or action plan which sets out how the body intends to achieve its targets?

How does the body monitor and report progress towards meeting its emission targets internally and publicly?

Has the body considered the impact of climate change on its financial statements?

What are the areas of the financial statements where climate change has, or is expected to have, a material impact?

Does the body include climate change in its narrative reporting which accompanies the financial statements and is it consistent with those financial statements?

Cyber security

There continues to be a significant risk of cyber-attacks to public bodies, and it is important that they have appropriate cyber security arrangements in place.

A number of recent incidents have demonstrated the significant impact that a cyber-attack can have on both the finances and operation of an organisation.

For 2022/23 audits, auditors are advised to consider risks related to cyber security at audited bodies. However, the revised ISA (UK) 315 includes enhanced requirements for auditors to understand a body's use of IT in its business, the related risks and the system of internal control addressing such risks. The Auditor General and Accounts Commission consider that meeting these additional requirements is likely to be sufficient consideration of cyber security in 2022/23.



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Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	Internal Audit Report – Budget / Financial Planning and Monitoring
Presented By	Stephen Pringle Wylie & Bisset
Recommendation to Members	For Consideration
Appendix Attached	09(a) – Internal Audit Report – Budget / Financial Planning and Monitoring

PURPOSE

In line with the 2022-23 Internal Audit Plan, Wylie & Bisset conducted an assignment to ensure that there are appropriate controls in place in relation to the College budget setting process and that these were being adhered to. Their review assessed the suitability of the 2022-23 budget setting process and the monitoring and reporting against the budget during the year. They also reviewed the updated process adopted for 2023-24 budget setting to confirm whether it was adequate or not.

The paper is presented in line with West College Scotland Audit Committee Terms of Reference:

'To agree the Internal Audit Plan and review the Internal Audit Annual Report.'

The paper is submitted *For Consideration*.

1. EXECUTIVE SUMMARY

1.1 The scope of the review can be found on page 2 and was agreed by the College prior to the commencement of the audit.

1.2 The overall audit report assurance level is STRONG with the conclusion being:

'We can provide the College with an overall strong level of assurance surrounding the controls in place for budgeting, financial planning, and reporting. We have raised no recommendations for improvement, several good practice points and 2 observations.'

1.3 The report highlights several areas of good practice on pages 9 to 11.

1.4 The report made no recommendations.

1.5 The report will be presented to the 30 May 2023 Corporate Development Committee for noting.

2. FINANCIAL IMPLICATIONS

2.1. There are no financial implications associated with this paper.

3. STUDENT EXPERIENCE

3.1 There are no student experience implications associated with this paper.

4. HUMAN RESOURCES IMPLICATIONS

4.1 There are no human resource implications associated with this paper.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications associated with this this paper.

6. REPUTATIONAL IMPLICATIONS

6.1 There are no reputational implications associated with this paper.

7. COMMUNITY/PARTNERSHIP IMPACT

7.1 There are no community implications associated with this paper.

8. EQUALITIES IMPLICATIONS

8.1 There are no equality implications associated with this paper.

9. ENVIRONMENT IMPLICATIONS

9.1 There are no environmental implications associated with this paper.

RECOMMENDATION

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

Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	Internal Audit Report – Curriculum Planning and Timetabling
Presented By	Stephen Pringle Wylie & Bisset
Recommendation to Members	For Consideration
Appendix Attached	10(a) – Internal Audit Report – Curriculum Planning and Timetabling

PURPOSE

In line with the 2022-23 Internal Audit Plan, Wylie & Bisset conducted an assignment to review of the suitability of the curriculum planning arrangements in place within the College. They reviewed the process from determining which courses are to be delivered, the delivery methods, through to the approval of the overall curriculum plan. They also reviewed the processes surrounding timetabling and the methods adopted to assess the quality of the curriculum offered.

The paper is presented in line with West College Scotland Audit Committee Terms of Reference:

'To agree the Internal Audit Plan and review the Internal Audit Annual Report.'

The paper is submitted *For Consideration*.

1. INTERNAL AUDIT REPORT

1.1 The scope of the review can be found on page 2 and was agreed by the College prior to the commencement of the audit.

1.2 The overall audit report assurance level is STRONG with the conclusion being:

'We can provide the College with a strong level of assurance surrounding the controls in place to manage curriculum planning & timetabling. We have raised several good practice points and no recommendations for improvement.'

1.3 The report highlights several areas of good practice on pages 9 to 12.

1.4 The report made no recommendations.

1.5 The report will be presented to the 31 May 2023 Learning, Teaching and Quality Committee for noting.

2. FINANCIAL IMPLICATIONS

2.1. There are no financial implications associated with this paper.

3. STUDENT EXPERIENCE

3.1 There are no student experience implications associated with this paper.

4. HUMAN RESOURCES IMPLICATIONS

4.1 There are no human resource implications associated with this paper.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications associated with this this paper.

6. REPUTATIONAL IMPLICATIONS

6.1 There are no reputational implications associated with this paper.

7. COMMUNITY/PARTNERSHIP IMPACT

7.1 There are no community implications associated with this paper.

8. EQUALITIES IMPLICATIONS

8.1 There are no equality implications associated with this paper.

9. ENVIRONMENT IMPLICATIONS

9.1 There are no environmental implications associated with this paper.

RECOMMENDATION

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

Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	Internal Audit Report – Whistleblowing
Presented By	Stephen Pringle Wylie & Bisset
Recommendation to Members	For Consideration
Appendix Attached	11(a) – Internal Audit Report – Whistleblowing

PURPOSE

In line with the 2022-23 Internal Audit Plan, Wylie & Bisset conducted an assignment to assess the arrangements the College has in place for whistleblowing and ensure that these are robust and in line with statutory requirements. They completed a full review of how the process is controlled, secured, and reported.

The paper is presented in line with West College Scotland Audit Committee Terms of Reference:

'To agree the Internal Audit Plan and review the Internal Audit Annual Report.'

The paper is submitted *For Consideration*.

1. EXECUTIVE SUMMARY

1.1 The scope of the review can be found on page 2 and was agreed by the College prior to the commencement of the audit.

1.2 The overall audit report assurance level is STRONG with the conclusion being:

'We can provide the College with an overall strong level of assurance surrounding the Whistleblowing controls in place. We have raised several good practice points and raised 1 low grade recommendation for improvement.'

1.3 The report highlights several areas of good practice on page 7.

1.4 The report made one low grade recommendation which the College accepts and will action.

1.5 The report will be presented to the 30 May 2023 Corporate Development Committee for noting.

2. FINANCIAL IMPLICATIONS

2.1. There are no financial implications associated with this paper.

3. STUDENT EXPERIENCE

3.1 There are no student experience implications associated with this paper.

4. HUMAN RESOURCES IMPLICATIONS

4.1 There are no human resource implications associated with this paper.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications associated with this this paper.

6. REPUTATIONAL IMPLICATIONS

6.1 There are no reputational implications associated with this paper.

7. COMMUNITY/PARTNERSHIP IMPACT

7.1 There are no community implications associated with this paper.

8. EQUALITIES IMPLICATIONS

8.1 There are no equality implications associated with this paper.

9. ENVIRONMENT IMPLICATIONS

9.1 There are no environmental implications associated with this paper.

RECOMMENDATION

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

Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	Internal Audit Report – People Strategy
Presented By	Stephen Pringle Wylie & Bisset
Recommendation to Members	For Consideration
Appendix Attached	12(a) – Internal Audit Report – People Strategy

PURPOSE

In line with the 2022-23 Internal Audit Plan, Wylie & Bisset conducted an assignment to review the College's People Strategy to ensure this was robust and fit for purpose. The review provides insights and recommendations to help the College improve its people management practices and thus achieve its strategic objectives.

The paper is presented in line with West College Scotland Audit Committee Terms of Reference:

'To agree the Internal Audit Plan and review the Internal Audit Annual Report.'

The paper is submitted *For Consideration*.

1. EXECUTIVE SUMMARY

1.1 The scope of the review can be found on page 2 and was agreed by the College prior to the commencement of the audit.

1.2 The overall audit report assurance level is SUBSTANTIAL with the conclusion being:

'We can provide a substantial level of assurance in respect of the People Strategy. We have raised 4 recommendations; 3 of which have been graded as medium, and 1 as low. We have also raised 6 good practice points.'

1.3 On page 10 the report highlights several areas of good practice.

1.4 The report made 1 low grade and 3 medium grade recommendations which the College accepts and will action.

1.5 The report will be presented to the 30 May 2023 Corporate Development Committee for noting.

2. FINANCIAL IMPLICATIONS

2.1. There are no financial implications associated with this paper.

3. STUDENT EXPERIENCE

3.1 There are no student experience implications associated with this paper.

4. HUMAN RESOURCES IMPLICATIONS

4.1 There are no human resource implications associated with this paper.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications associated with this this paper.

6. REPUTATIONAL IMPLICATIONS

6.1 There are no reputational implications associated with this paper.

7. COMMUNITY/PARTNERSHIP IMPACT

7.1 There are no community implications associated with this paper.

8. EQUALITIES IMPLICATIONS

8.1 There are no equality implications associated with this paper.

9. ENVIRONMENT IMPLICATIONS

9.1 There are no environmental implications associated with this paper.

RECOMMENDATION

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

Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	2022-23 Internal Audit Progress Report
Presented By	Stephen Pringle Wylie & Bisset
Recommendation to Members	To Approve
Appendix Attached	13(a) – Internal Audit Annual Plan 2022-23

PURPOSE

The Audit Committee approved the 2022-23 College internal audit plan in May 2022. The attached report provides the Audit Committee with an update on 2022-23 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 paper is presented in line with West College Scotland Audit Committee Terms of Reference:

'To agree the Internal Audit Plan and review the Internal Audit Annual Report.'

The paper is submitted *For Approval*.

1. BACKGROUND

- 1.1 The report at *Appendix A* provides the Audit Committee with an update on the 2022-23 Internal Audit Plan and the key performance indicators for the provision of the service.

2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 The assignments associated with phases 1, 2, 3 and 4 have been undertaken and reported on.
- 2.2 The 2022-23 internal audit plan has therefore been completed as planned.

Next Steps

- 2.3 The College will work with the Internal Auditors to:
- a) present their 2022-23 Internal Audit Report to the September 2023 Committee meeting.
 - b) Plan the implementation of the 2023-24 internal audit plan.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications in this report.

4. STUDENT EXPERIENCE

- 4.1 There are no student experience implications associated with this paper.

5. HUMAN RESOURCES IMPLICATIONS

- 5.1 There are no human resources implications associated with this paper.

6. LEGAL IMPLICATIONS

- 6.1 There are no further legal implications in this paper to those listed above.

7. REPUTATIONAL IMPLICATIONS

- 7.1 There are no reputational implications associated with this paper.

8. COMMUNITY/PARTNERSHIP IMPACT

- 8.1 There are no community implications associated with this paper.

9. EQUALITIES IMPLICATIONS

- 9.1 There are no equality implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

- 10.1 There are no environmental implications associated with this paper.

RECOMMENDATION

The Audit Committee is requested to note the contents of the 2022-23 Internal Audit Progress Report.

West College Scotland

Progress Report

2022 - 2023

May 2023

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

Visit	Audit Areas	No. of Audit Days	Provisional Start Date for Visit	Provisional Date of Issue of Draft Report	Status	Provisional Date for Reporting to Audit Committee
Phase 1	Credits SSF EMA	8 4 3	12 September 2022	7 October 2022	Completed	22 November 2022
Phase 2	Safeguarding, Wellbeing and Counselling IT Strategy	6 6	10 October 2022	28 October 2022	Completed	25 January 2023
Phase 3	Curriculum Strategy Payroll Review	6 8	16 January 2023	3 February 2023	Completed	29 March 2023
Phase 4	Budget / Financial Planning & Monitoring Curriculum Planning & Timetabling Whistleblowing	5 5 5	20 March 2023	6 April 2023	Completed	24 May 2023

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Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	Rolling Audit Action Plan
Presented By	Alan Ritchie Director of Finance
Recommendation to Members	For Approval
Appendix Attached	Yes 14(a) – Rolling Audit Action Plan

PURPOSE

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

The paper is presented in line with West College Scotland Audit Committee Terms of Reference:

'To review the Internal Audit reports, the management response to them and to review implementation of the actions required.'

and

'To review the Rolling Audit Action Plan at each meeting'

The paper is submitted For *Approval*.

1. BACKGROUND

- 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 and external auditors.
- 1.2 The Rolling Audit Action Plan (RAAP) (*Appendix A*) summarises the status of each of the recommendations.

2. FURTHER DETAIL ON THE REPORT TOPIC

Overall Position

- 2.1 The summary table (page 2) indicates the origin of the 28 outstanding recommendations.
- 2.2 The status table (page 3) summarise the position of the 28 outstanding recommendations:
 - 14 (50%) recommendations have been removed following review by auditors.
 - 14 (50%) recommendations have been **started but are not yet due** for completion. The report indicates the progress made against each recommendation:
 - 2 external audit recommendations – see page 3.
 - 12 internal audit recommendations – see pages 4-5.
 - There is one recommendation where the College is seeking an **extension to the deadline** date.
- 2.3 The recommendation where an extension is requested is noted below, along with the reason for the extension:

IA22-23(03) Safeguarding – Provide further information to staff on the difference between safeguarding and wellbeing concerns.

Due date: 31/03/23
Revised date: 31/07/23

The College Wellbeing Advisers have now been issued new, permanent contracts with revised job descriptions. The posts had previously only been funded until mid-2023, making provision for further training and professionalisation difficult owing to the uncertainty around the longevity of the posts.

Now that uncertainty has been removed the College can proceed at pace to provide the team with the training and skillsets required.

Recommendation Status

2.3 Audit recommendations are graded as noted below:

Grading Classification		
1	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.
2	Medium	Significant issue or weakness which should be addressed by the organisation as soon as possible.
3	Low	Minor issue or weakness reported where management may wish to consider our recommendation.

2.4 The table below summarises the gradings of the outstanding recommendations:

Audit Grading	Low (3)	Medium (2)	High (1)	Total
September 2022 report	14	18	2	34
January 2023 report	11	17	2	30
March 2023 report	13	13	2	28
May 2023 report	7	6	1	14

2.5 The one high recommendation relates to:

- *IA21-22(25) IT - Create a formal and detailed Disaster Recovery Plan as a way of protecting all the College's business-critical IT resources, with a due date of 31 July 2023*

The recommendation highlighted six milestones to deliver the required actions. The College has continued to undertake work to deliver on the six milestones. Further information on the progress made can be found on page 8 of the RAAP.

Next Steps

2.6 The College will:

- Update the Rolling Audit Action Plan following consideration by the Audit Committee.
- Continue to monitor the Rolling Audit Action Plan.
- Continue to work with the internal / external auditors to remove the recommendations considered as fully implemented for consideration by the next Audit Committee.

3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications in this report.

4. STUDENT EXPERIENCE

4.1 There are no student experience implications associated with this paper.

5. HUMAN RESOURCES IMPLICATIONS

5.1 There are no human resources implications associated with this paper.

6. LEGAL IMPLICATIONS

6.1 There are no further legal implications in this paper to those listed above.

7. REPUTATIONAL IMPLICATIONS

7.1 There are no reputational implications associated with this paper.

8. COMMUNITY/PARTNERSHIP IMPACT

8.1 There are no community implications associated with this paper.

9. EQUALITIES IMPLICATIONS

9.1 There are no equality implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

10.1 There are no environmental implications associated with this paper.

RECOMMENDATION

The Audit Committee is requested to consider and approve the Rolling Audit Action Plan.

Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	2023-24 Internal Audit Plan
Presented By	Alan Ritchie Director of Finance
Recommendation to Members	For Approval
Appendix Attached	Yes 15(a) – 2023-24 Internal Audit Plan

PURPOSE

This paper presents to the Audit Committee the proposed 2023-24 Internal Audit Plan for approval.

The paper is presented in line with West College Scotland Audit Committee Terms of Reference:

'To agree the Internal Audit Plan and review the Internal Audit Annual Report'.

The paper is submitted For Approval.

1. EXECUTIVE SUMMARY

- 1.1. The Audit Committee is required to annually agree the Internal Audit Plan for the following year.
- 1.2. An initial plan was proposed at the March 2023 Committee meeting where the Committee provided feedback on the proposed plan.
- 1.3. The Senior Management Team and Wylie & Bisset subsequently met on 2 May 2023 to consider the Committee feedback and to amend the proposed 2023-24 plan as required.
- 1.4. This report contains:
 - Section 2 – the background to how the 2023-24 Internal Audit Plan was arrived at.
 - Section 3 – details the audit needs assessment and the rationale for the areas selected for review.
- 1.5. The 2023-24 Internal Audit Plan (*Appendix A*) provides the detail work plan and objectives along with the proposed timings for the intended audit work.
- 1.6. The Committee is requested to approve the 2023-24 Internal Audit Plan.

2. BACKGROUND

- 2.1 Wylie & Bisset LLP have been appointed as Internal Auditors for a five-year period to 31 July 2025. 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.
- 2.2 The Internal Auditor 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 Internal Auditor must comply with the standards and guidelines set down by the Chartered Institute of Internal Auditors.

- 2.3 In March 2023, the Audit Committee considered and made comment on the draft 2023-24 Internal Audit Plan. The Committee considerations included:
- Committee are comfortable with the plan for 2023-24 and detail provided.
 - Proposed to bring Estates Strategy into 2023-24 plan and remove travel expenses.
 - Members noted approval to remove travel expenses due to the low value and clean audit report on the payroll system used.
 - Potential to move Corporate Strategy into 2024-25 if required and bring another forward assignment from 2024-25.
 - Potential to bring forward risk management as an option if Corporate Strategy is not ready.
 - The Audit Needs Assessment – Wylie & Bissett noted a lot of audit areas covered over the 5 year plan, no gaps identified mainly about the timing of audits.
- 2.4 The draft plan was considered by the Senior Management Team and the Internal Audit Team at a meeting held on 2 May 2023. The meeting considered whether the 2023-24 Internal Audit Plan was appropriate considering the:
- [strategic risks](#) faced by the College.
 - Audit Needs Assessment.
 - Corporate Strategy objectives for 2019-2025.
- 2.5 After due consideration, the College is presenting the 2023-24 Internal Audit Plan for approval.

3. AUDIT NEEDS ASSESSMENT

- 3.1. The initial starting point for the review of the 2023-24 Internal Audit Plan is the Audit Needs Assessment 2022-25 (ANA). The ANA can be found in the Wylie & Bisset Audit Plan 2023-24 (*Appendix A*).
- 3.2. The ANA shows how the available audit resource has been allocated to provide assurance relating to critical College processes over the years from 2020-21 to date.

3.3. The internal audit plan is developed with the aim of focusing audit resources on the areas of most need and therefore not all potential audit areas can be reviewed within the resource available. The Audit Committee should consider the assurance it gets from other sources (e.g., external audit, regulatory reviews, management) when assessing whether there are gaps highlighted within the ANA which it wishes to address.

3.4. The rationale for the 2023-24 audit assignments is noted below:

(1) Procurement and Tendering – 5 days

A review of Procurement and Tendering was planned for 2022-23 with the caveat that this area maybe subject to a Procurement & Commercial Improvement Programme (PCIP) audit by APUC at some point during 2022-23.

At the point the 2022-23 plan was approved, a PCIP audit was expected in early 2023. The PCIP audit has not yet been undertaken and the College does not have a clear date for the work to be undertaken. It is attempting to get a date but will proceed on the basis that the procurement and tendering internal audit assignment will proceed as previously planned.

Objectives:

- Procurement procedures regarding the tendering process are documented and there is sufficient evidence to show the procedures are being followed.
- Policy and procedures are compliant with the relevant legislation.
- Tendering processes are efficient and effective.
- There is a clear audit trail in relation to the decision-making process for awarding tenders and contracts.
- Tenders and contracts are reviewed on a regular basis.

(2) Alternative / Non-SFC Funding Sources – 6 days

Previously it was felt that given the length of time since a review of Alternative / Non-SFC Funding Sources had been undertaken, and the criticality of this source of funding in allowing the College to balance its annual budget, that a review of this area should be undertaken.

Objectives:

- Contract management arrangements will be reviewed to ensure that all contracts are invoiced appropriately.

- Completeness of income will be reviewed to ensure all income sources are accounted for.
- To ensure that all income is recognised in the correct accounting period.
- To ensure that there is no risk of management overriding the controls to manipulate the income figure.

(3) Student Admissions and Enrolment – 5 days

A review of this area was planned to be undertaken in 2022-23 following on from the Student Recruitment audit. The SMT consider that the work currently being undertaken to improve the efficiency of the admissions process will not have taken effect until the end of the 2022-23 academic year. Therefore, any work undertaken in 2022-23 will add little value, and for that reason the SMT proposed to defer this work until 2023-24 at which point the internal auditor can review a full year of implementation.

Objectives:

- Roles and delegated responsibilities are documented in policies and procedures and are operating well in practice.
- Sufficient records exist to evidence compliance with policies, procedures, and relevant statutory guidance and to support enrolment decisions where appropriate.
- All required enrolment milestones/stages are accurately and fully maintained as per stipulated procedures.
- Policies and procedures are in line with requirements of relevant legislation /agreed practice.
- The enrolment process is undertaken on a timely basis as per stipulated timescales and policies and procedures are regularly reviewed and updated, as necessary.
- Information/data is stored in line with the data retention policy and access is secure and limited to appropriate personnel.

(4) Corporate Strategy – 5 days

In conjunction with the Board of Management, the College is currently reviewing the objectives and priorities contained within the College Corporate Strategy. The intention would then be to review the integration of the updated Corporate Strategy as part of the 2023-24 work.

The strategy audit would aim to address the following key questions:

- Is the Strategy practical as evidenced by College outcomes / work?
- Are the corporate objectives and goals, policies, and major programmes clearly articulated and internally consistent?
- Are the College environment assumptions valid?
- Does the Strategy continue to be appropriate?

(5) GDPR Compliance – 5 days

As part of the overall governance review, the Audit Committee were of the view that this area should be included in the 2023-24 internal audit plan. In April 2016, the European Union introduced GDPR. This legislation is intended to strengthen data protection rights for individuals within the EU and came into effect on 25th May 2018. It was initially audited to ensure that the College had implemented the legislation correctly.

The overall objective of the audit would be to evaluate and test controls over the following areas:

- Staff are receiving training / guidance to help ensure that they are fully aware of their GDPR obligations.
- Staff have been appointed to address and/or provide support on data protection issues.
- Personal data is only kept as required and for as long as necessary and in line with retention guidelines. Access to personal data is controlled and restricted to work needs. Data retention periods are applied automatically, and routine checks undertaken within departments, to purge personal data no longer required.
- Record Retention Schedules are maintained, and routine checks are undertaken within departments, to purge personal records no longer required.
- Breaches are reported to the DP Officer and onwards.

to the ICO if appropriate. Processes are put in place, if appropriate to help prevent a recurrence of the incident. The nature/number and type of incidents are reported to Committee.

(6) Continuing Professional Development – 5 days

This area was deferred to 2023-24 to allow the revised College CPD system 'Evolve' to be embedded. The objective of the review would be to assess whether the College's approach and method for continuing professional development (CPD) is clear, unambiguous, and effective.

Objectives:

- Assessment of how the CPD information and guidance is communicated to staff and whether this information is clear, unambiguous, and available to all staff in an appropriate way.
- To provide assurance as to the design and operational effectiveness of the continuing professional development processes.
- To discuss with key staff, and review documentation as necessary, to gain a broad understanding of the CPD policies and processes.
- To review reporting and feedback mechanisms to ensure lessons learned are incorporated into future system developments.

(7) Corporate Governance – 5 days

Overall Corporate Governance review was scheduled to be reviewed in 2022-23. This review was replaced by the review of Whistleblowing in 2022-23. However, given the criticality of ensuring a robust overall Corporate Governance regime, it is intended that a Corporate Governance Healthcheck be undertaken as part of the 2023-24 audit plan.

Objectives:

- The College reviews its compliance with the Code of Good Governance and prepares an action plan to address any issues identified.
- Management information is of an appropriate volume, with balance between the level of detail and ease of use.
- Key risks and performance indicators are highlighted to draw attention to risks and monitor managements progress against the strategy.
- There are regular reports from control and assurance functions such as internal audit, compliance, and risk.
- Management information includes a forward looking and external perspective, not just historical and internal perspective.

(8) Estate Strategy – 5 Days

Work on the College Estate Strategy was deferred from 2022-23 to 2023-24 to allow the revised Estate Strategy to be approved by the Board of Management and to be embedded into College operations.

Objectives:

- Internal governance structures are appropriate.
- Sufficient and robust reporting on the implementation and progress of the Strategy and related projects.
- Appropriate resources are in place to make best use of College assets.
- Future College needs have been considered in the Estate Strategy.
- The Strategy takes cognisance of the Corporate Strategy objectives and outcomes and links to other strategies.
- Appropriate processes are in place to ensure the proper maintenance of the overall estate.

(9) Funding (Statutory Requirement) – 15 days

The Funding Audits are a legal requirement to ensure compliance with the SFC Financial Memorandum and will be undertaken and reported to the Committee as per the relevant guidance.

(10) Audit Management / Follow Up – 9 days

These days represent the work undertaken to update the Rolling Audit Action plan along with the overall audit planning and reporting function.

Staff Expenses Policy / Travel and Subsistence

The SMT were of the view that given 80% of the College expenditure is incurred through staff costs, the controls in this area should be subject to regular review. A review of Payroll Procedures and Controls Review was undertaken in 2022-23 with staff expenses policy to follow. The level of expenditure in this area in 2021-22 was £49k (0.1% of total expenditure). The removal of this area of work was considered by the Audit Committee and agreed that it formed a low risk item and should be replaced by work on the Estate Strategy.

Next Steps

- 3.5 The Audit Committee is requested to consider the 2023-24 Internal Audit Plan and to approve it. The plan may be subject to change during the year if other assurance work is required.

4. FINANCIAL IMPLICATIONS

- 4.1. There are no direct financial implications in this report.

5. STUDENT EXPERIENCE

- 5.1. There are no direct student experience implications associated with this paper.

6. HUMAN RESOURCES IMPLICATIONS

- 6.1. There are no direct human resources implications associated with this paper.

7. LEGAL IMPLICATIONS

- 7.1. There are no legal implications in this paper.

8. REPUTATIONAL IMPLICATIONS

- 8.1. There are no reputational implications associated with this paper.

9. COMMUNITY/PARTNERSHIP IMPACT

- 9.1. There are no community implications associated with this paper.

10. EQUALITIES IMPLICATIONS

- 10.1. There are no equality implications associated with this paper.

11. ENVIRONMENT IMPLICATIONS

- 11.1. There are no environmental implications associated with this paper.

RECOMMENDATIONS

The Audit Committee is requested to approve the 2023-24 Internal Audit Plan (*Appendix A*).

West College Scotland College

Internal Audit Plan
2023/24

+ May 2023



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Background

Wylie Bisset LLP were appointed as Internal Auditors by the College with effect from 1 August 2020 until 31 July 2023 with the option to extend for a further two 12-month periods. The contract was subsequently extended for a further 2 years until 31 July 2025.

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.

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 guidelines set down by the Institute of Internal Auditors and Public Sector Internal Audit Standards.

Terms of Reference – Internal Audit

The provision of the IAS by Wylie Bisset LLP is covered by the letter of engagement dated 8 July 2022.

Preparation of Internal Audit Plan 2023/24

This Plan was developed following discussions with the College Senior Management Team.

Formal Approval

The original Audit Needs Assessment was presented to the Audit Committee for approval on 21 May 2020. This Plan covers the period 2023/24 and will be presented to the Audit Committee for approval on 24 May 2023.

Operational Plan

2023/24

Procurement & Tendering and Alternative/Non-SFC Funding Sources



Audit area	High level indicative summary scope	Total number of days
Procurement and Tendering	<p>The purpose of this review will be to conduct a review of the procurement process in place, from identifying procurement needs, through to appraising options and contracting with suppliers. We will also look to provide assurance that the College is complying with legislative requirements.</p> <p>Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> ➤ Procurement procedures regarding the tendering process are documented and there is sufficient evidence to show the procedures are being followed. ➤ Policy and procedures are compliant with the relevant legislation. ➤ Tendering processes are efficient and effective. ➤ There is a clear audit trail in relation to the decision-making process for awarding tenders and contracts. ➤ Tenders and contracts are reviewed on a regular basis. 	5
Alternative / Non-SFC Funding Sources	<p>The purpose of this review is to ensure that the arrangements in place in respect of Non-SFC income are appropriate and are operating effectively and efficiently. This review will provide assurance that the College's financial controls in this area are adequate.</p> <p>Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> ➤ Contract management arrangements will be reviewed to ensure that all contracts are invoiced appropriately. ➤ Completeness of income will be reviewed to ensure all income sources are accounted for. ➤ All income is recognised in the incorrect accounting period. ➤ There is no risk of management overriding the controls to manipulate the income figure. 	6

Audit area	High level indicative summary scope	Total number of days
Student Admissions / Enrolment	<p>The purpose of this assignment is to review the College's arrangements for student admissions and enrolment to ensure that the College have the appropriate controls and systems in place and to ensure that the process is as efficient as possible. We will also review the enrolments process in place across the College.</p> <p>Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> ➤ Roles and delegated responsibilities are documented in policies and procedures and are operating well in practice. ➤ Sufficient records exist to evidence compliance with policies, procedures, and relevant statutory guidance and to support enrolment decisions where appropriate. ➤ All required enrolment milestones/stages are accurately and fully maintained as per stipulated procedures. ➤ Policies and procedures are in line with requirements of relevant legislation /agreed practice. ➤ The enrolment process is undertaken on a timely basis as per stipulated timescales and policies and procedures are regularly reviewed and updated, as necessary. ➤ Information/data is stored in line with the data retention policy and access is secure and limited to appropriate personnel. 	5
College Corporate Strategy	<p>The purpose of this review is to ensure that the College has a robust Corporate Strategy and this is clearly integrated with the College.</p> <p>Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> ➤ The Strategy is practical as evidenced by College outcomes. ➤ The corporate objectives and goals, policies, and major programmes are clearly articulated and internally consistent. ➤ The College environment assumptions are valid. ➤ The Strategy continues to be appropriate. 	5

Audit area	High level indicative summary scope	Total number of days
GDPR Compliance	<p>The purpose of this review is to consider whether there are appropriate arrangements in place for management of personal data at the College. This review will look at how personal data is held and managed within the College to ensure the College is complying with legislation.</p> <p>Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> ➤ Staff are receiving training to help ensure that they are fully aware of their GDPR obligations. ➤ Staff have been appointed to address and/or provide support on data protection issues. ➤ Personal data is only kept as required and for as long as necessary and in line with retention guidelines. Access to personal data is controlled and restricted to work needs. ➤ Data retention periods are applied automatically, and routine checks undertaken within departments, to purge personal data no longer required. ➤ Record Retention Schedules are maintained and routine checks are undertaken within departments, to purge personal records no longer required. ➤ Breaches are reported to the DP Officer and onwards to the ICO if appropriate. Processes are put in place, if appropriate to help prevent a recurrence of the incident. The nature/number and type of incidents are reported to Committee. 	5
Continuing Professional Development	<p>We will undertake a review of the suitability of arrangements in place to manage, monitor and measure the impact of Continuing Professional Development within the College.</p> <p>Our objectives for this review include the following:</p> <ul style="list-style-type: none"> ➤ An assessment of how the CPD information and guidance is communicated to staff and whether this information is clear, unambiguous, and available to all staff in an appropriate way. ➤ To provide assurance as to the design and operational effectiveness of the continuing professional development processes. ➤ To discuss with key staff, and review documentation as necessary, to gain a broad understanding of the CPD policies and processes. ➤ To review reporting and feedback mechanisms to ensure lessons learned are incorporated into future system developments. 	5

Audit area	High level indicative summary scope	Total number of days
Corporate Governance	<p>The purpose of the review is to ensure that the College is actively reviewing corporate governance arrangements, and that appropriate arrangements are in place. This review will provide assurance that the College's corporate governance arrangements are adequate and represent good practice.</p> <p>Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> ➤ The College reviews its compliance with the Code of Good Governance and prepares an action plan to address any issues identified. ➤ Management information is of an appropriate volume, with balance between the level of detail and ease of use. ➤ Key risks and performance indicators are highlighted to draw attention to risks and monitor managements progress against the strategy. ➤ There are regular reports from control and assurance functions such as internal audit, compliance, and risk. ➤ Management information includes a forward looking and external perspective, not just historical and internal perspective. 	5
Estates Strategy	<p>The purpose of this review will be to confirm that estate strategy 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. Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> ➤ The governance structure is appropriate to ensure relevant projects and requests are aligned with the Estates Strategy. ➤ There are sufficient and robust reporting on the implementation and progress of the Estates Strategy and related projects/initiatives, including reporting on achievement of key performance indications and Key risk indicators, to enable informed decisions to be made. ➤ The College has appropriate resources in place and is making best use of its assets and facilities to enable them to deliver the Estates Strategy. ➤ The College has considered future business needs to ensure that the Estates Strategy and associated projects will have sufficient flexibility to meet these needs and any future developments or legislative changes. ➤ The Estates Strategy takes cognisance of the College's Corporate Plan/Strategy and links into other College Strategies. ➤ There are appropriate processes in place to ensure that the maintenance of the estate is being properly managed. 	5

Audit area	High level indicative summary scope	Total number of days
EMA	Mandatory review of the Education Maintenance Allowance Return.	3
SSF	Mandatory review of the Student Support Funds Return.	4
Credits	Mandatory review of the Credits Return.	8
Follow Up Review	<p>The purpose of this ongoing review is to assess whether the College has appropriately implemented the internal audit recommendations made in 2022/23 and earlier years. 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. Our objective for this review is to ensure that:</p> <ul style="list-style-type: none"> ➤ The College has appropriately implemented any outstanding internal audit recommendations made in prior years. 	4

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	Name	No. of audit days	Key College personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Audit Committee
1	Procurement & Tendering	5	Alan Ritchie	16 October 2023	3 November 2023	Tbc
	GDPR Compliance	5	Joe Rafferty			
2	Student Admissions / Enrolment	5	Nathan Tyler	8 January 2024	26 January 2024	Tbc
	Continuing Professional Development	5	Joe Rafferty			
	Corporate Governance	5	Alan Ritchie			

Key Dates

Phase	Name	No. of audit days	Key College personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Audit Committee
3	Alternative / Non-SFC Funding Sources	6	Sara Rae	11 March 2024	29 March 2024	Tbc
	Corporate Strategy	5	Liz Connolly			
	Estates Strategy	5	Amy McDonald			
4	Credits	15	Alan Ritchie	September 2024	September 2024	Tbc
	EMA					
	SSF					

Appendices

A – Summary of Internal Audit Input

B – Grading Structure

C – Key Performance Indicators

D – Training Topics

A – Summary of Internal Audit Input



1 August 2020 to 31 July 2025		Operating Plan (No. Of days)				
System	Audit Area	2020/21	2021/22	2022/23	2023/24	2024/25
Financial Systems	Overall Financial Controls	6				
	Financial Systems Health Check					6
	Review of Financial Regulations		5			
	Budget / Financial Planning and Monitoring			5		
	Procurement & Tendering				5	
	Alternative / Non-SFC Funding Sources				6	
	Treasury & Cash Management		5			
	Payroll Review			8		
Non Financial Systems	Study of Effect of Covid-19	8				
	Fraud Awareness	5				
	Complaints Handling	5				
	External Communications – Website	6				
	Assurance Mapping	6				
	c/f	36	10	13	11	6

A – Summary of Internal Audit Input



1 April 2022 to 31 March 2025		Operating Plan (No. Of days)				
System	Audit Area	2020/21	2021/22	2022/23	2023/24	2024/25
	b/f	36	10	13	11	6
	HR: Sickness and Absence Reporting	5				
	Digital Strategy		6			
	Curriculum Strategy			6		
	Sustainability and Carbon Management		4			
	Estates Strategy				5	
	Business Continuity Planning		5			
	Curriculum Planning & Timetabling			5		
	Student Recruitment		5			
	Student Admissions / Enrolment				5	
	Safeguarding, Wellbeing and Counselling			6		
	College Corporate Strategy				5	
	c/f	<u>41</u>	<u>30</u>	<u>30</u>	<u>26</u>	<u>6</u>

A – Summary of Internal Audit Input



1 April 2022 to 31 March 2025		Operating Plan (No. Of days)				
System	Audit Area	2020/21	2021/22	2022/23	2023/24	2024/25
	b/f	41	30	30	26	6
	Communications and Marketing Strategy					5
	Operational Planning					5
	GDPR Compliance				5	
	Whistleblowing			5		
	Freedom of Information					5
	Enhancement Planning					5
	Continuing Professional Development				5	
	Succession Planning					5
	Recruitment and Retention					5
	People Strategy			6		
IT Systems	IT Systems Administration		5			
	Response to IT Incident	3				
	c/f	<u>44</u>	<u>35</u>	<u>41</u>	<u>36</u>	<u>36</u>

A – Summary of Internal Audit Input



1 April 2022 to 31 March 2025		Operating Plan (No. Of days)				
System	Audit Area	2020/21	2021/22	2022/23	2023/24	2024/25
	b/f	44	35	41	36	36
	IT Strategy			6		
Governance	Corporate Governance				5	
	Risk Management					5
Funding	SSF	4	4	4	4	4
	EMA	3	3	3	3	3
	Credits	8	8	8	8	8
Required	Follow Up	4	4	4	4	4
	Audit Management	5	5	5	5	5
	Total Days	68	59	71	65	65

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

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

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 10 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%
Draft annual internal audit report to be provided by 31 August each year	100%
Attendance at Audit Committee meetings by a senior member of staff	100%
Suitably experienced staff used on all assignments	100%

As a firm we offer a wide range of training topics to our clients and we have listed below some of the topics which we would be able to offer West College Scotland.

Topic	Summary
Risk Management	This can cover risk awareness, assessment of risks, responsibilities for monitoring risks, risk appetite and the scoring of risks. This is usually done as a workshop to ensure buy-in from management and Board members to the risk management process.
Role of Internal Audit	We would provide a short session on what the internal audit function should be delivering to the College and the added value which we would bring.
Finance for Non-Financials	This is useful for committee members who do not have a finance background and covers areas such as the management accounts, budget reporting and the statutory accounts.
Fraud Awareness	We would cover the importance of a having a strong control environment and areas to be aware of in relation to fraud. We would discuss some real-life examples of where we have identified or been asked to investigate allegations of fraud and the results of these investigations.

Head Office

168 Bath Street,
Glasgow, G2 4TP

Oban

4 High Street,
Oban, PA34 4BG

Manchester

3 Hardman Square,
Spinningfields, M3 3EB

Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	2022-23 Governance Compliance Report
Presented By	Alan Ritchie Director of Finance
Recommendation to Members	For Consideration
Appendix Attached	Yes (a) 2022-23 Governance Compliance Report

PURPOSE

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

- The Scottish Funding Council Financial Memorandum.
- The Scottish Public Finance Manual.
- The Code of Good Governance.

The paper is presented in line with West College Scotland Audit Committee Terms of Reference:

'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 paper is submitted *For Consideration*.

1. Executive Summary

1.1 The College is required to comply with the conditions stated in the following documents in relation to the overall financial governance:

- [The Scottish Funding Council Financial Memorandum.](#)
- [The Scottish Public Finance Manual.](#)
- [The Code of Good Governance for Scotland's Colleges.](#)

1.2 In addition, the Principal as the Accounting Officer for the College has overall responsibility for maintaining sound systems of internal control, risk management and governance that supports the achievement of the College policies, aims and objectives. To demonstrate that these arrangements are adequate and effective, the College has, as set out within the Scottish Public Finance Manual, reviewed, and commented upon the Internal Control Checklist. Effective completion of the checklist provides robust evidence that allows the Principal to sign the annual assurance certificate as required by the SFC.

1.3 The College has utilised the RAG rating system noted below for each of the items contained within each of the governance documents. Where applicable, evidence to support the RAG rating has also been collated.

High	No / minor issues or weaknesses were identified - Overall high level of assurance provided.
Medium	Some issues or weaknesses identified which require to be addressed – Overall medium level of assurance provided.
Low	Major issues or weakness identified which require to be addressed urgently – Overall limited or no assurance provided.

1.4 A copy of the assessment work undertaken by the College is attached at *Appendix A*. A summary of areas of medium or low assurance have been noted within the main body of this report.

1.5 Based on the work undertaken, the College is content that it complies with the requirements of:

- [The Scottish Funding Council Financial Memorandum.](#)
- [The Scottish Public Finance Manual.](#)
- [The Code of Good Governance for Scotland's Colleges.](#)

1.6 Based on a review of the SPFM Internal Control Checklist, the College is content to sign the annual SFC assurance certificate.

2. Report Findings

(1) SFC Financial Memorandum

- 2.1 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 \(FM\)](#).
- 2.2 The FM was revised and issued in December 2014 and has not been subject to any further change since that time. This review has therefore been carried out against the conditions set by the December 2014 version.
- 2.3 Based on the assessment carried out by the College, it is content to categorise each FM condition as high assurance.

(2) Scottish Public Finance Manual (SPFM)

- 2.4 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.
- 2.5 The [College Financial Regulations](#) are reviewed annually by the College to ensure they remain up to date in relation to legislation and best practice. The October 2022 Board of Management meeting approved the updated College Financial Regulations, and these were uploaded to the College intranet and website.
- 2.6 The internal auditors reviewed the Financial Regulations as part of the 2021-22 internal audit plan and provided a strong level of assurance and confirmed that they complied with the requirements of the SPFM.
- 2.7 The College continues to monitor any changes made to the SPFM and has taken appropriate action should any change impact the Financial Regulations. The change made in December 2022 has no impact on College operations and the February 2023 change was to update the Internal Control Checklist (the College has utilised the updated checklist).
- 2.8 Based on the assessment carried out by the College, it is content to categorise each SPFM condition as high assurance.

(3) Code of Good Governance

- 2.9 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"*.
- 2.10 The College has reviewed the conditions of the Code of Good Governance and has not identified any areas of low assurance.
- 2.11 The following areas of medium assurance were identified and in all cases the Board has already identified that these were areas for development as part of its annual internal evaluation process:
- Vision and Strategy
 - A 4 / 5 / 6 / 7
 - Corporate Social Responsibility
 - A 10
 - Student Engagement
 - B 4 / 6 / 7 / 8 / 9
 - Accountability
 - C 7 / 25 / 27
 - Effectiveness
 - D 2 / 10 / 16 / 20 / 26
 - Partnership Working
 - E 1 / 2 / 3 / 4
- 2.12 Through the annual Board internal evaluation process several of the above items are likely to be upgraded to high assurance on the basis that the actions have been implemented. An update of the report will be provided following the completion of the 2022-23 internal Board evaluation process.
- 2.13 The Audit Committee is requested to review the content of the Code of Good Governance and ensure that it is content with the assurance levels as assessed by the College.
- 2.14 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) SPFM Internal Control Checklist

- 2.15 The College has a duty placed upon Principals/Chief Executives to provide an annual certificate of assurance to the Chief Executive/Accountable Officer (AO) of the Scottish Funding Council (SFC).
- 2.16 This assurance allows the SFC AO, in turn, to provide a certificate to the Principal Accountable Officer (Permanent Secretary) of the Scottish Government, providing the necessary assurance to support him in the signing of the governance statement which forms part of the Scottish Government consolidated accounts for the period 1 April 2022 to 31 March 2023
- 2.17 In establishing this procedure, the SFC have taken every effort to build upon the assurance work which the College already undertake including the work being carried out by internal and external audit. Reliance is placed on a variety of sources such as:
- Minutes from board committees dealing with Audit, Risk, Finance, Planning and HR.
 - The 2021-22 audit opinion and any audit work carried out in the period from August 2022 to March 2023
 - The College's own views of the operational effectiveness of the controls, processes, and procedures in place.
- 2.18 To assist the College, the SFC have attached a schedule of assurances based on the SPFM internal control checklist. The College has undertaken a full review of the SPFM internal control checklist and summarised the results in part (4) of *Appendix A*.
- 2.19 Based on the assessment carried out by the College, it is content to categorise each SPFM Internal Control Checklist condition as high assurance.
- 2.20 The College will therefore be returning a positive assurance statement to the SFC:

Based on that review, and my own knowledge of the internal control matters in the college I can confirm that these controls have been, and are, working well. There are in my opinion no significant matters arising in the college which would require to be raised specifically in the governance statement.

3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications associated with this paper.

4. STUDENT EXPERIENCE IMPLICATIONS

4.1 There are no student experience implications associated with this paper.

5. HUMAN RESOURCES IMPLICATIONS

5.1 There are no human resource implications associated with this paper.

6. LEGAL IMPLICATIONS

6.1 There are legal implications associated with this paper.

7. REPUTATIONAL IMPLICATIONS

7.1 There are no reputational implications associated with this paper.

8. COMMUNITY/PARTNERSHIP IMPACT

8.1 There are no community implications associated with this paper.

9. EQUALITIES IMPLICATIONS

9.1 There are no equality implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

10.1 There are no environmental implications associated with this paper.

RECOMMENDATION

The Audit Committee is requested to:

- a) Note the content of the compliance reviews undertaken of the SFC Financial Memorandum, Scottish Public Sector Finance Manual, the Code of Good Governance and the SFC Internal Control Checklist.
- b) Consider the assurance provided and whether any further assurances are required.
- c) Note that the College intends to return a positive assurance statement to the SFC.

Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	IT Operational Risk
Presented By	Amy McDonald/ Brian Stobbs
Recommendation to Members	Consultation
Appendix Attached	Yes

PURPOSE

This paper is to provide Members with the IT operational risks.

1. BACKGROUND

- 1.1. The College are required to identify, manage and mitigate operational risk to ensure the continued operation of the College.
- 1.2. The Audit Committee oversee the Colleges risk management process which covers both Strategic and Operational Risk.
- 1.3. Discussion at the last Audit Committee meeting on the 10th of March requested the IT Operational Risk Register be brought forward as per the paper presented today for Member overview.

4. FINANCIAL IMPLICATIONS

- 4.1. There are no direct financial implications in this report.

5. STUDENT EXPERIENCE

- 5.1. There are no direct student experience implications associated with this paper other than those associated with a failure to adequately mitigate risk.

6. HUMAN RESOURCES IMPLICATIONS

- 6.1. There are no human resources implications associated with this paper.

7. LEGAL IMPLICATIONS

- 7.1. There are no direct legal implications in this paper.

8. REPUTATIONAL IMPLICATIONS

- 8.1. There are reputational implications associated with this paper should the College fail to adequately mitigate the risks identified.

9. COMMUNITY/PARTNERSHIP IMPACT

- 9.1. There are no direct community implications associated with this paper.

10. EQUALITIES IMPLICATIONS

10.1. There are no equality implications associated with this paper.

11. ENVIRONMENT IMPLICATIONS

11.1. There are no direct environmental implications associated with this paper.

RECOMMENDATIONS

The Audit Committee is requested to:

- Comment on the risk reporting structure.
- Note the current reporting IT Operational Risks.

Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	2022-23 Schedule of Business
Presented By	Alan Ritchie Director of Finance
Recommendation to Members	For Consideration
Appendix Attached	No

PURPOSE

The purpose of this report is to provide a summary of the work of the Audit Committee during 2022-23.

The paper is presented in line with West College Scotland Audit Committee Terms of Reference:

'To review its own effectiveness at least annually and to report the results of that review to the Board.'

The paper is submitted For Consideration.

1. EXECUTIVER SUMMARY

- 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.
- 1.2 This report provides a summary of the items which the Committee has considered during 2022-23 in fulfilling the above requirement.
- 1.3 Based on the actual and planned work undertaken over the course of 2022-23, the Committee is content that it has fulfilled its remit.

2. FINANCIAL IMPLICATIONS

- 2.1 There are no financial implications in this report.

3. STUDENT EXPERIENCE

- 3.1 There are no student experience implications associated with this paper.

4. HUMAN RESOURCES IMPLICATIONS

- 4.1 There are no human resources implications associated with this paper.

5. LEGAL IMPLICATIONS

- 5.1 There are no further legal implications in this paper to those listed above.

6. REPUTATIONAL IMPLICATIONS

- 6.1 There are no reputational implications associated with this paper.

7. COMMUNITY/PARTNERSHIP IMPACT

- 7.1 There are no community implications associated with this paper.

8. EQUALITIES IMPLICATIONS

- 8.1 There are no equality implications associated with this paper.

9. ENVIRONMENT IMPLICATIONS

- 9.1 There are no environmental implications associated with this paper.

RECOMMENDATION

The Audit Committee is requested to:

- a) note the work undertaken during 2022-23
- b) consider whether the Committee has fulfilled its remit.
- c) consider whether there are any further assurances required in planning the work to be undertaken in 203-24

REMIT	DELIVERABLES				
	21 Sept 2022	22 Nov 2022 (Joint Meeting)	25 Jan 2023	27 Mar 2023	24 May 2023
1) General					
To provide advice to the Board on the strategic processes for risk, control, and governance					
<ul style="list-style-type: none"> Risk Management Policy Update Review of Strategic Risk Register Update on IT Risk Register Corporate Governance Statement - Financial Statements Internal audit reports (see section 2) External audit report (see section 3) Remit of Committee reviewed considering best practice and governance requirements. 	Y	Y	Y	Y	Y
To develop and review the assurance framework and receive reports relating to it in order to provide the necessary assurances to the Board or determine any further action or assurances required.					
<ul style="list-style-type: none"> Internal Audit Annual Report 2021-22 Internal Audit Plan 2023-24 Audit Needs Assessment / Assurance Map Update 	Y			Y	Y Y
To review and advise the Board of the Internal Auditor's and External Auditor's assessment of the effectiveness of the College's financial and other internal control systems, including controls specifically designed to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency, and effectiveness (value for money)					
<ul style="list-style-type: none"> Internal Audit Annual Report 2021-22 External Audit Management Letter as of 31 July Internal and external audit reports as received. Report on National Fraud Initiative 2022 	Y Y Y	Y Y	Y	Y Y	Y

Public

REMIT	DELIVERABLES				
	21 Sept 2022	22 Nov 2022 (Joint Meeting)	25 Jan 2023	27 Mar 2023	24 May 2023
<ul style="list-style-type: none"> Procurement and Commercial Improvement Programme (Late 2023) Gifts, Benefits and Hospitality Policy Anti-Fraud and Corruption Policy Public Interest Disclosure Policy Anti-Bribery and Corruption Policy (Review date July 2023) 	Y Y Y				
To advise the Board on the adequacy of the anti-fraud policy and processes, and on the whistle blowing process, and to receive an annual report on any matters raised through these processes.					
<ul style="list-style-type: none"> Annual Report on Whistleblowing Anti-Fraud and Corruption Policy Internal Audit Report – Whistleblowing Policy Committee to be made aware of any issues arising during the year (ongoing as required) 	Y Y				Y
To consider and advise the Board accordingly on any arrangements for special investigations and the outcomes of such investigations					
<ul style="list-style-type: none"> Reports to be received as requested (ongoing as required) 					
To advise the Board on its compliance with corporate governance requirements and good practice guidance, and in particular its compliance with the Financial Memorandum with SFC, the SPFM and the Code of Good Governance for Scotland's Colleges					
<ul style="list-style-type: none"> Review of Audit Committee effectiveness Internal Audit Annual Report 2021-22 External Audit management letter as of 31 July 2022 Report on compliance with SFC FM, SPFM and Code of Good Governance Audit Needs Assessment / Assurance Map Update Draft Performance and Accountability Report 	Y	Y Y	Y	Y Y	Y Y Y

REMIT	DELIVERABLES				
	21 Sept 2022	22 Nov 2022 (Joint Meeting)	25 Jan 2023	27 Mar 2023	24 May 2023
To consider the College's Annual Financial Statements at a joint meeting with the Corporate Development Committee, and to recommend to the Board for approval					
<u>2021-22</u> <ul style="list-style-type: none"> 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 as of 31 July 2022 		Y Y Y Y Y Y			
<u>2022-23</u> <ul style="list-style-type: none"> External Audit Engagement Strategy 2022-23 including audit fee. 				Y	Y
To provide an annual report to the Board, timed to support the finalisation of the accounts and the Statement on Internal Control, and summarising its conclusions from the work it has done during the year					
<ul style="list-style-type: none"> Annual report to Board of Management from the Audit Committee. 	Y	Y			
To report to the Board after each meeting					
<ul style="list-style-type: none"> Minutes and verbal updates to each Board Meeting. Draft Committee Dates 2023-24 	Y	Y	Y	Y	Y Y
To review its own effectiveness at least annually and to report the results of that review to the Board					
<ul style="list-style-type: none"> Review of Committee remit Annual report to Board of Management from the Audit Committee. Annual review of effectiveness of the Committee. 	Y Y	Y		Y	Y

REMIT	DELIVERABLES				
	21 Sept 2022	22 Nov 2022 (Joint Meeting)	25 Jan 2023	27 Mar 2023	24 May 2023
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					
<ul style="list-style-type: none"> Review of effectiveness of internal audit function. Review internal audit service contract extension. 				Y Y	Y
To advise the Board on the terms of reference for the Internal Auditors					
<ul style="list-style-type: none"> Internal Audit Plan Update 2022-23 Internal Audit Plan 2023-24 	Y		Y	Y Y	Y Y
To review the scope, efficiency, and effectiveness of the work of the Internal Auditors and to advise the Board on these matters					
<ul style="list-style-type: none"> Annual Report to Board of Management from the Audit Committee Review of effectiveness of internal audit function 	Y	Y		Y	Y
To agree the Internal Audit Plan and review the Internal Audit Annual Report					
<ul style="list-style-type: none"> Internal Audit Annual Report 2021-22 Internal Audit Update Report 2022-23 Audit Needs Assessment / Assurance Map Update Internal Audit Plan 2023-24 	Y Y	Y	Y	Y Y	Y Y Y
To review the Internal Audit reports, the management response to them and to review implementation of the actions required					
<u>2022-23</u>					
<ul style="list-style-type: none"> Safeguarding, Wellbeing and Counselling IT Strategy Curriculum Strategy 			Y Y	 Y	

REMIT	DELIVERABLES				
	21 Sept 2022	22 Nov 2022 (Joint Meeting)	25 Jan 2023	27 Mar 2023	24 May 2023
<ul style="list-style-type: none"> Payroll Review People Strategy Budget / Financial Planning Curriculum Planning and Timetabling Whistleblowing 				Y	Y Y Y Y
To review the Rolling Audit Action Plan at each meeting					
<ul style="list-style-type: none"> Report on Rolling Audit Action Plan 	Y		Y	Y	Y
To encourage appropriate liaison and co-ordination between internal and external audit					
<ul style="list-style-type: none"> Invite / attendance at all Committee meeting by both internal and external auditors. 	Y	Y	Y	Y	Y
To establish appropriate performance measures and indicators to monitor the effectiveness of the Internal Auditors					
<ul style="list-style-type: none"> Annual review of internal audit function Annual meeting with internal auditor excluding College staff. 				Y	Y Y
3) External Audit					
To receive information on the general terms and conditions of appointment of the External Auditors who are engaged by Audit Scotland to provide audit services to the College					
<ul style="list-style-type: none"> Year end audit update by external auditors Introduction of new external auditors (Azets) Annual external audit appointment terms and conditions Approval of External Auditors Audit Planning Memorandum 2022-23 	Y			Y Y	Y Y

REMIT	DELIVERABLES				
	21 Sept 2022	22 Nov 2022 (Joint Meeting)	25 Jan 2023	27 Mar 2023	24 May 2023
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 2021-22		Y			
To review the Statement of Corporate Governance prior to finalisation and incorporation into the Financial Statements.					
• Review the statement of Corporate Governance • Report on compliance with SFC FM, SPFM and Code of Good Governance	Y	Y	Y		Y
To review the External Audit strategy and plan					
• SFC Accounts Direction for Scotland's colleges • External Audit 2022-23 Engagement Strategy	Y				Y
To establish appropriate performance measures and indicators to monitor the effectiveness of the External Auditors.					
• Annual review of effectiveness of external audit function • Annual meeting with external auditor excluding College staff		Y	Y		
To consider the objectives and scope of any non-statutory audit work to be undertaken by the External Auditors firm and advising the Board of any potential conflict of interests.					
• As required.					
4) Risk					
To review the Risk Management Strategy and recommend to the Board for approval					
• Review of College Risk Management Policy				Y	

Public

REMIT	DELIVERABLES				
	21 Sept 2022	22 Nov 2022 (Joint Meeting)	25 Jan 2023	27 Mar 2023	24 May 2023
To consider the Strategic Risk Register and to advise the Board accordingly					
<ul style="list-style-type: none"> Review of Strategic Risk Register Audit Needs Assessment / Assurance Map 	Y	Y			Y Y
To consider matters of risk at each meeting and to satisfy itself that risks are being managed, including seeking assurances from internal and external audit on the adequacy of their management, and to report to the Board.					
<ul style="list-style-type: none"> Review of strategic risk faced by the College. Update report on management of cyber attack Review of IT Risk Register 		Y	Y	Y Y	Y Y
5) Other					
To receive annual reports on Freedom of Information and Data Protection Acts requests; Register of Interests; Hospitality/Gifts Registers; and IT security / controls and their application.					
a. Freedom of Information and Data Protection Acts requests	Y				
b. Register of Interests	Y				
c. Hospitality / Gift Register	Y				
d. IT Security / Control Report 2021-22	Y				
e. IT Security / Control Report 2022-23					Y
To request any member of the College staff to attend and/or to provide a written report on any matter that falls within the remit of the Committee					
<ul style="list-style-type: none"> As required. 					

Public

REMIT	DELIVERABLES				
	21 Sept 2022	22 Nov 2022 (Joint Meeting)	25 Jan 2023	27 Mar 2023	24 May 2023
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					
<ul style="list-style-type: none"> As required. 					

PUBLIC



Agenda Item 19

Meeting	Audit Committee
Date	24 May 2023
Location	MS Teams
Title of Paper	Audit Committee Dates 2023-24
Presented By	Grant Lyall Chair of Audit Committee
Recommendation to Members	For Approval
Appendix Attached	No

PURPOSE

To consider and approve Audit Committee 2023-24 meeting dates.

PUBLIC

1. BACKGROUND

- 1.1 The Committee is asked to consider and approve its 2023-24 meeting dates.
- 1.2 At the Board meeting held on 24 April 2023, the Board approved its meeting dates for the 2023-24 session. The setting of the Board dates allows the standing committee chairs / senior officers consider a programme of dates for their respective committees.
- 1.3 The proposed Committee meeting dates for 2023-24 are:
 - Wednesday 6 September 2023
 - Wednesday 31 January 2024
 - Wednesday 27 March 2024
 - Wednesday 22 May 2024
- 1.2 The proposed date for the Joint Audit and Corporate Development Committee is:
 - Tuesday 21 November 2023

2. FINANCIAL IMPLICATIONS

- 2.1 There are no financial implications in this report.

3. STUDENT EXPERIENCE

- 3.1 There are no student experience implications associated with this report.

4. HUMAN RESOURCES IMPLICATIONS

- 4.1 There are no human resources implications associated with this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no legal implications in this report.

6. REPUTATIONAL IMPLICATIONS

- 6.1 There are no reputational implications associated with this report.

7. COMMUNITY/PARTNERSHIP IMPACT

- 7.1 There are no community implications associated with this report.

8. EQUALITIES IMPLICATIONS

- 8.1 There are no equality implications associated with this report.

9. ENVIRONMENT IMPLICATIONS

- 9.1 There are no environmental implications associated with this report.

RECOMMENDATION

The Audit Committee is asked to consider and approve the 2023-24 meeting dates.