West College Scotland
AUDIT COMMITTEE

27 March 2023 at 4.00 p.m.
By TEAMS

AGENDA

General Business

1. Welcome and Apologies   Chair

2. Declaration of Interests   Chair

3. Minutes and actions
   .1 Minutes of the meeting held on 25 January 2023   Enclosed   Chair
   .2 Actions from the Audit Committee Minutes   Enclosed   Chair

4. Matters arising from the minutes not otherwise on the agenda
   .1 None

Main Items for Discussion and/or Approval

External Audit

5. External Audit Strategy 2022-23   Paper 5   AR

Internal Audit

6. Internal Audit Report – Payroll   Paper 6   SP

7. Internal Audit Report – Curriculum Strategy   Paper 7   SP

8. 2022-23 Internal Audit Progress Report   Paper 8   SP

9. Rolling Audit Action Plan   Paper 9   AR

10. Draft Internal Audit Plan 2023-24   Paper 10   AR

Other

11. Review of Effectiveness of the Committee and Internal Auditors   Paper 11   GL

12. Risk Management Policy Review   Paper 12   AR

13. IT Risk Assessment Update   Paper 13   AM

14. National Fraud Initiative Update   Paper 14   VM

Items for Information (to note only)

15. 2022-23 Schedule of Business   Paper 15   AR

16. Any other business

Next meeting: 24 May 2023 at 4.00 p.m. by TEAMS

AUDIT COMMITTEE

MINUTES: Wednesday 25 January 2023

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

ATTENDING: Liz Connolly (Principal), Amy McDonald (Vice Principal, Operations), Alan Ritchie (Director of Finance), Jill McDonald (PA to Executive Team).

ATTENDING
BY
INVITATION: Stephen Pringle (Wylie & Bisset).

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

AM671   WELCOME AND APOLOGIES
The Chair welcomed everyone to the meeting and apologies were noted.

AM672   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. There were no specific interests declared in regard to the items on the agenda.

AM673   MINUTES
The minutes of the meeting held on Wednesday 21 September 2022 **were approved.**

AM674   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.

AM675   MATTERS ARISING FROM THE MINUTES (AND NOT OTHERWISE ON THE AGENDA)

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

AM676   JOINT AUDIT AND CORPROATE DEVELOPMENT COMMITTEE MINUTES
The minutes of the meeting held on Wednesday 22 November 2022 **were approved.**

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

AM677   EVALUATION OF EXTERNAL AUDITORS
The Chair of the Audit Committee thanked the Committee on the completion of the survey.

With regard to section 2.2, the Committee discussed areas of uncertainty highlighted by the survey. It was agreed that the Principal would explore opportunities as part of the induction of the new external auditors and seek to link these opportunities to Board training delivery.

{ACTION – LC}

AM678   DRAFT PERFORMANCE AND ACCOUNTABILITY REPORT
The Director of Finance presented a revised version of the annual Performance and Accountability Report which is included in the financial statements. Following

completion of the 2021-22 financial statements it was noted that the Report was extending in length and could benefit from a review. The College undertook an initial review based on several best practice guidelines. The Committee were presented with the first draft of the revised report along with a commentary on the proposed changes. The Director of Finance took the Committee through the changes and highlighted the main areas of change.

The Committee were content with the proposed changes and welcomed the more compact nature of the Report.

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.

{ACTION – AR}

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.

{ACTION – AR}

AM679   INTERNAL AUDIT SERVICE AND CONTRACT EXTENSION
The Director of Finance presented a report on the performance of the internal auditors over the previous two years and requested that the College extend the contract for internal audit and other services for a further 2 years. Wylie & Bisset confirmed that their fees would remain at 2022-23 levels for the subsequent two year extension.

The Audit Committee approved Wylie & Bisset contract extension for a further 2 years.

The College to write to Wylie & Bisset extending the contract for internal audit and other services for a further two year period to 31 July 2025.

{ACTION – AR}

AM680   INTERNAL AUDIT REPORT – SAFEGUARDING
An overview of the paper was given by Stephen Pringle, Wylie & Bisset. The overall audit report assurance level is strong with the report highlighting several areas of good practice. The report made four low grade recommendations which the College accepted and will undertake the necessary work to address the identified control weaknesses.

The Audit Committee considered and noted the contents of the report and stated that it was comforting to note a strong audit conclusion in this area. The committee also noted a number of areas of good practice identified and thanked Stephen Pringle for his report.

AM681   INTERNAL AUDIT REPORT – IT STRATEGY
An overview of the paper was given by Stephen Pringle, Wylie & Bisset. The overall audit report assurance level is substantial. The auditors found that there was a process in place which enabled IT related projects, initiatives, and requests to be aligned with the IT Strategy. They also confirmed that appropriate reporting arrangements were in place and that there was sufficient skills and expertise amongst those tasked with delivering the IT Strategy. They raised two medium recommendations around the frequency of each new IT Strategy and how the IT

Strategy is reflected in the wider Corporate Strategy along with noting five good practice points from their review.

The Committee thanked Stephen Pringle for his report and noted the two medium rated issues to be addressed by management.

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

AM682   2022-23 INTERNAL AUDIT PROGRESS REPORT
Stephen Pringle, Wylie & Bisset, led the Committee through an update on 2022-23 planned internal audit activity for the year including:

- Agreed timings of the approved internal audit assignment.
- Dates that the Committee could expect to receive the internal audit reports.
- Agreed timings for the other audit work to be undertaken.

The Committee noted the Estate Strategy work had been put back to later in the year. The Vice Principal Operations stated the work was focused on the future ambition of the College to become more environmentally sustainable in line with Scottish Government Strategy. The College are working with Scottish Government and engaging with the Scottish Funding Council on these sustainability initiatives which develop the College estate and also will impact on the learning experience for those attending College as well as being of strategic importance. The internal audit on the Estates Strategy will be presented to the May 2023 Audit Committee meeting.

The Audit Committee noted the contents of this report.

AM683   ROLLING AUDIT ACTION PLAN
The Director of Finance explained that the purpose of the Rolling Audit Action Plan (RAAP) was to update the Audit Committee on the status of the recommendations made by both the internal and external auditors.

Mr Ritchie led the Committee through the report, summarising the movement in relation to the audit recommendations made since the last meeting and confirmed that the RAAP was reviewed by the staff with responsibility for the implementation of the audit recommendations on an ongoing basis.

Mr Ritchie reported that the College considered good progress had been / was being made in addressing the recommendations made by the internal and external auditors.

The Committee discussed the detail of the report:
- Noting that eight recommendations would be removed from the RAAP following review by the internal auditors.
- Four date extensions were agreed following discussion with the College in relation to:
    - KPIs Digital Strategy.
    - Business Continuity.
    - Mobile Device Management and Multi-Factor Authentication functionality.
    - Student Recruitment

The request for a further extension of time was postponed regarding IA21-22(27) IT. The Committee requested that the March 2023 Committee receives a report on the

progress of the proposed IT risk assessment in order that it can fully understand the extension of time request.

The Vice Principal, Operations agreed to provide an update report to the March 2023 Committee meeting on the progress of the IT risk assessment.

{**ACTION** - **AMcD**}

Members agreed that the progress bar for each audit action was an excellent addition to the report.

The Audit Committee:
- **Approved the date extension of four recommendations.**
- **Considered and approved the updated Rolling Audit Action Plan.**

AM684   2022-23 SCHEDULE OF BUSINESS
The Audit Committee noted the 2022-23 Schedule of Business.

AM685   ANY OTHER BUSINESS
- New TEAMS site will be launched to trial the Audit Committee for the rest of this session and will be reviewed at the meeting due to be held on 24 May 2023. Invites will be sent shortly to all committee members.

- Date of Next meeting:
  Audit Committee – 27 March 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	Chair and Principal to consider what training is required as part of Board annual self-evaluation process. To be confirmed with internal auditors.	**Pending** 30 June 2023
21 Sept 22	AM662	2021-22 It Security / Controls Report - the five 2022-23 planned activities, should have timescales added.	A McDonald	The dates noted below will be incorporated into the annual IT Security / Controls Report: 1) Multi Factor Authentication – Complete 2) Cloud Backups - completion 31 July 2023 3) Further Server Rationalisation - 31 December 2023 4) Information Security Officer – 31 July 2023 5) Cyber Resilience Framework - continual assessment	**Complete** 31 March 2023

Date of Meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
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 being compiled to include update on compliance with Code of Good Governance	**Pending** 24 May 2023
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** 24 May 2023
25 Jan 23	AM679	The College to write to Wylie & Bisset extending the contract for internal audit and other services for a further two year period to 31 July 2025.	A Ritchie	W&B contract extended.	**Complete**
25 Jan 23	AM683	The Vice Principal, Operations agreed to provide an update report to the March 2023 Committee meeting on the progress of the IT risk assessment.	A McDonald		**Complete** Report provided to March 2023 Committee (agenda item 13)

WEST COLLEGE SCOTLAND

Meeting	Audit Committee
Date	27 March 2023
Location	MS Teams
Title of Paper	External Audit Strategy
Presented By	Alan Ritchie Director of Finance
Recommendation to Members	For Noting
Appendix Attached	05(a) – External Audit Strategy 2022-23

PURPOSE

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.

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 Noting*.

1.   External Audit Appointment

1.1.   The College has received confirmation of the team from Azets who will undertake the external audit for the period to 2026-27:

     David Eardley   Director
     Adrian Kolodziej   Senior Manager

1.2.   The College had a productive introductory meeting with the team from Azets on 3 March 2023. Several of the matters raised in the External Audit Strategy were discussed along with the practical arrangements associated with the year end audit work.

1.3.   David Eardley will update the Committee on the approach to the audit of the College finances, along with highlighting the additional work that is required in 2022-23 due to changes n the Code of Audit Practice.

1.4.   The College will now move into a phase of updating the new audit team on any changes to its operations since the last audit. At the same time, the team from Azets will complete the handover exercise of information from Mazars.

1.5.   This process will allow Azets to update their Audit Strategy with a final document being presented to the Committee for approval in May 2023.

2.   FINANCIAL IMPLICATIONS
There are no financial implications associated with this paper.

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

4.   HUMAN RESOURCES IMPLICATIONS
5.1   There are no human resource implications associated with this paper.

5.   LEGAL IMPLICATIONS
6.1   There are no legal implications associated with this this paper.

6.   REPUTATIONAL IMPLICATIONS
7.1   There are no reputational implications associated with this paper.

7.   COMMUNITY/PARTNERSHIP IMPACT

8.1   There are no community implications associated with this paper.

8.   EQUALITIES IMPLICATIONS

9.1   There are no equality implications associated with this paper.

9.   ENVIRONMENT IMPLICATIONS

10.1   There are no environmental implications associated with this paper.

RECOMMENDATION

The Audit Committee is requested to note the content of the External Audit Strategy 2022-23.

West College Scotland

External Audit Strategy 2022/23

Azets

March 2023

Table of Contents

AZETS

Introduction

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

This document provides an introduction to our audit team and sets out our audit strategy for 2022/23.

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.

We firmly believe that the best and most effective audits are underpinned by strong, professional working relationships with key client contacts right from the outset and this will be our key aim over the duration of our appointment. The benefits of our audit approach include:

- Full compliance with the Audit Scotland Code of Audit Practice

- Sector expertise from dedicated public sector external audit specialists

- Proactive, open and constructive planning and communication

- A risk-based audit approach tailored to West College Scotland

- Clear and concise reporting

- Proactive liaison with internal audit

- Responsiveness and independence of thought.

Adding value

All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. We aim to 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 help you 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.

Your Azets audit team

The West College Scotland external audit team will be led by David Eardley and managed by Adrian Kolodziej. We will draw upon the expertise of our wider public sector management team during the course of our audit appointment.

David Eardley: Engagement Lead

david.eardley@azets.co.uk

David has over a decade and a half 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 a range of public sector clients including the NHS, education and central government, from £1.5billion 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 further education, local authorities and central government bodies.

Our experience

Our portfolio of new and previous Audit Scotland appointments is set out below. We have also included selected clients from across our wider public sector client base.

New Audit Scotland appointments

Local Government	NHS	Further Education
Clydeplan	NHS Fife	Ayrshire College
Fife Council	Public Health Scotland	Borders College
Fife Integration Joint Board	Scottish Ambulance Service	Dumfries and Galloway College
Fife Pension Fund		West College Scotland
Lothian Pension Fund		
Renfrewshire Council		
Renfrewshire Valuation Joint Board		
Scotland Excel		

Previous Audit Scotland appointments

Local Government	NHS	Further Education	Central Government
City of Edinburgh Council	NHS Lothian	City of Glasgow College	Disclosure Scotland
Lothian Pension Fund	Mental Welfare Commission for Scotland	Glasgow Kelvin College	Scottish Housing Regulator
Edinburgh Integration Joint Board	NHS 24	Glasgow Colleges Regional Board	Police Investigation and Review Commissioner
Lothian Valuation Joint Board	National Waiting Times Centre Board	Glasgow Clyde College	Scottish Courts Service
SESTRAN	The State Hospitals Board for Scotland	Dumfries and Galloway College	Scottish Prison Service
Strathclyde Partnership for Transport		Borders College	Scottish Road Works Commissioner
Strathclyde Concessionary Travel Scheme Joint Committee			

Our responsibilities

The Auditor General and Audit Scotland

The Auditor General for Scotland is a Crown appointment and independent of the Scottish Government and Parliament.

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.

The Auditor General appointed Azets as external auditor of West College Scotland for the five year period commencing 2022/23.

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 replaces the Code issued in 2016 and came into effect from 2022/23.

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.

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 improvements in priority services.

Audit quality

The Auditor General require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. The audit quality arrangements recognise the importance of audit quality to the Auditor General 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

Audit strategy

Risk-based audit approach

We follow a risk-based approach to audit planning 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 sector, its key priorities and risks**	**Attendance at the Audit Committee**
Guidance from Audit Scotland	**Discussions with Audit Scotland and other College auditors**	**Discussions with internal audit and reviews of their plans and reports**
Review of the College's corporate strategies and plans	**Review of the College's corporate risk register**	**Consideration of the work of other inspection bodies**

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.

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 taking action on any issues reported in the national performance reports which may have a local impact. We also consider the extent to which the College uses the national performance reports as a means 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.

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 currently 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.

Key audit developments in 2022/23

Revised auditing standards[1], 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

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[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.

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. 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	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. 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. 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: • 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. This information not only informs our risk assessment but also assists us in determining an appropriate response to risks identified, including any new significant risks which require a different response.

Key change	Potential impact on the College & our approach
Understanding and acting on risks associated with IT	We will be asking tailored questions and making information requests to understand the IT environment, including: • IT applications • supporting IT infrastructure • IT processes • personnel involved in the IT processes. 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. Depending on our assessment of the complexity of systems and associated risks, we may also involve additional team members, such as IT specialists.
Enhanced procedures in connection with fraud	We will be asking targeted questions as part of an enhanced approach to fraud, including discussing with the College: • any allegations of fraud raised by employees or related parties • the risks of material fraud, including those specific to the further education sector. 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 financial statements are materially misstated as a result of fraud. In addition to existing communication and reporting requirements relating to irregularities and fraud, there may be

Key change	Potential impact on the College & our approach
	further matters we report in connection with management's process for identifying and responding **t**o the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud. 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.
Enhanced requirements for exercising professional scepticism	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.
Using the right resources, in the right way, at the right time	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. This will include appropriate use of technology, including data analytics.

Communication with those charged with governance

Auditing standards require us to make certain communications throughout the audit to those charged with governance. We have agreed with the College that these communications will be through the Audit Committee.

Audit timetable

The submission date for further education accounts is set at 31 December by the Scottish Funding Council.

We have set out below target months which align to the College's schedule of Audit Committee meetings. We will 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	Audit Committee	Deadline
Audit strategy	Onboarding and initial engagement, introductory meetings and presentation of audit strategy.	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 Audit Committee.	March-May	24 May 2023	June 2023
Final audit	Accounts presented for audit and final audit visit begins	September - October	N/A	N/A
Independent Auditor's Report	This report will contain our opinion on the financial statements, the audited part of the remuneration and staff report, annual governance statement and performance report.	October-November	20 November 2023	31 December 2023

Audit work/ output	Description	Target month	Audit Committee	Deadline
Annual Report to the College and the Auditor General.	At the conclusion of each year's audit we issue an annual report setting out the nature and extent of our audit work for the year and summarise our opinions, conclusions and the significant issues arising from our work.	November	20 November 2023	31 December 2023

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WEST COLLEGE SCOTLAND

Meeting	Audit Committee
Date	27 March 2023
Location	MS Teams
Title of Paper	Internal Audit Report – Payroll Review
Presented By	Stephen Pringle Wylie & Bisset
Recommendation to Members	For Consideration
Appendix Attached	06(a) – Internal Audit Report – Payroll Review

PURPOSE

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.

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 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.

1.3.   The report highlights several areas of good practice on page 9.

1.4.   The report made no recommendations.

1.5.   The report was presented to the 7 March 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.

WEST COLLEGE SCOTLAND

Meeting	Audit Committee
Date	27 March 2023
Location	MS Teams
Title of Paper	Internal Audit Report – Curriculum Strategy
Presented By	Stephen Pringle Wylie & Bisset
Recommendation to Members	For Consideration
Appendix Attached	07(a) – Internal Audit Report – Curriculum Strategy

PURPOSE

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. They also reviewed how the Strategy aids staff members through the development of new programmes to meet said needs.

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 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.

1.3   The report highlights several areas of good practice on page 11.

1.4   The report made no recommendations.

1.5   The report was presented to the 15 February 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.

WEST COLLEGE SCOTLAND

Meeting	Audit Committee
Date	27 March 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	10(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 Phase 1, 2 and 3 assignments have now been undertaken, with the work to complete the phase 4 assignments having commenced on 20 March 2023 as planned.

2.2 The College is looking to make a change to the 2022-23 internal audit plan with the audit of the Estates Strategy being replaced by an audit of the People Strategy. Given the changes which are still being considered by the College to the future direction of the College estate it is felt premature to undertake a full audit review. The core element of the College is its people hence the intention to review the implementation of the People Strategy at this time. This change in the intended plan will be discussed with the Chair and Committee.

2.3 A provisional date for the final review has been agreed with the internal auditors. The work will be undertaken during week commencing 11 April 2023 with the work being completed before the 24 May 2023 Audit Committee. This will allow the Committee to complete the internal audit plan before the end of the year.

Next Steps

2.4 The College will continue to work with the Internal Auditors to deliver the 2022-23 internal audit assignments as planned.

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:

a) Approve the change in the 2022-23 Internal Audit Plan with an audit of the People Strategy replacing the intended review of the College Estate Strategy.

b) Note the contents of the Update Report.

Internal Audit Plan 2022/23

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		24 May 2023
Phase 5	Estates Strategy (Postponed January – Date to be agreed)	6	To be agreed			

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WEST COLLEGE SCOTLAND

Meeting	Audit Committee
Date	27 March 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 09(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 Current Status table (page 3) summarise the position of the 28 outstanding recommendations:

- 14 (50%) recommendations have been **started but are not yet due** for completion. The report indicates the progress made against each recommendation:
  - o 2 external audit recommendations – see page 4.
  - o 12 internal audit recommendations – see pages 5-6

- 14 (50%) recommendations have been **finished and awaiting audit** review. The auditors are currently reviewing the evidence provided by the College, and it is hoped that a further update will be provide to the Committee on the status of these recommendations – pages 7 - 9

- There are no recommendations where the College is seeking an **extension to the deadline** date.

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
May 2022 report	9	13	1	23
September 2022 report	14	18	2	34
January 2023 report	11	17	2	30
March 2023 report	13	13	2	28

2.5 The two high recommendations relate to:

- *IA21-22(01) Sustainability Strategy, <u>with a due date of 31 December 2022</u>*

  A Sustainability Strategy was approved by the October 2022 Board of Management. It is anticipated that this recommendation will be removed as part of the current internal audit review.

- *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, <u>with a due date of 31 July 2023</u>*

  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 11 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.

WEST COLLEGE SCOTLAND

	Agenda Item 10

Meeting	Audit Committee
Date	27 March 2023
Location	MS Teams
Title of Paper	Draft 2023-24 Internal Audit Plan
Presented By	Alan Ritchie Director of Finance
Recommendation to Members	For Consideration
Appendix Attached	Yes 10(a) – Draft 2023-24 Audit Plan

PURPOSE

This paper presents to the Audit Committee the draft 2023-24 Internal Audit Plan including an updated Audit Needs Assessment.

The Committee are asked to consider the draft 2023-24 Internal Audit Plan in the light of the updated Audit Needs Assessment.

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.   Introduction

1.1   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.

1.2   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.

1.3   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 plan takes the internal auditors to the end of their contract.

1.4   The Committee are being asked to consider whether the draft 2023-24 Internal Audit Plan is still appropriate and to provide initial feedback for consideration by the auditor and the College Senior Management Team. After the March 2023 Committee meeting, the auditor and the Senior Management Team will review the plan considering the:
   • strategic risk register.
   • Audit Needs Assessment and Assurance Map.
   • objectives as stated in the Corporate Strategy 2019-2025.

1.5   The College will present to the May 2023 Committee meeting the 2023-24 Internal Audit Plan for approval.

2.   Audit Needs Assessment

2.1   The initial starting point for the review of the 2023-24 Internal Audit Plan is the Audit Needs Assessment 2022-25 (ANA). A copy of the updated ANA can be found at Appendix A of the attached report. The ANA shows how the available audit resource has been allocated to provide assurance relating to critical College processes.

2.2   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.

2.3   The rationale for the 2023-24 proposed audit assignments is noted below:

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 as 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 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.

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 incorrect accounting period.
- To ensure that there is no risk of management overriding the controls to manipulate the income figure.

Staff Expenses Policy / Travel and Subsistence – 5 days

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 overall audit objective would be to provide an objective independent opinion on the adequacy and effectiveness of the control environment relating to expense payments to staff.

Objectives:
- Legislative, operational and management requirements.
- Expenses claims procedures clearly documented and understood.
- Budget monitoring and management reporting.

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.

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?

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.

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.

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.

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.

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.

Next Steps

2.4   The Audit Committee is requested to consider the draft 2023-24 Internal Audit Plan and to make any comment upon the plan. The draft plan will be considered by the Senior Management Team and the Internal Auditor before being brought back to the May 2023 Committee meeting for approval. The plan may be subject to change during the year if other assurance work is required.

3.   FINANCIAL IMPLICATIONS

3.1.   There are no direct financial implications in this report.

4.   STUDENT EXPERIENCE

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

5.   HUMAN RESOURCES IMPLICATIONS

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

6. LEGAL IMPLICATIONS

6.1.   There are no legal implications in 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.

RECOMMENDATIONS

The Audit Committee is requested to consider and comment upon the draft 2023-24 Internal Audit Plan (Appendix A).

A – Summary of Internal Audit Input

1 August 2022 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		
	Staff Expenses Policy / Travel and Subsistence				5	
Non Financial Systems	Study of effects of Covid-19	8				
	Fraud Awareness	5				
	Complaints Handling	5				
	External Communications - Website	6				
	Assurance Mapping	6				
	C/F	**36**	**10**	**13**	**16**	**6**

A – Summary of Internal Audit Input

1 August 2022 to 31 July 2025		Operating Plan (No. Of days)				
System	Audit Area	2020/21	2021/22	2022/23	2023/24	2024/25
	B/F	**36**	**10**	**13**	**16**	**6**
	HR: Sickness and Absence Reporting	5				
	Digital Strategy		6			
	Curriculum Strategy			6		
	Sustainability and Carbon Management		4			
	Estates Strategy			6		
	Business Continuity Planning		5			
	Curriculum Planning & Timetabling			5		
	Student Recruitment		5			
	Student Admission/ Enrolment				5	
	Safeguarding, Wellbeing and Counselling			6		
	College Corporate Strategy				5	
	Communications and Marketing Strategy					5
	Operational Planning					5
	GDPR Compliance				5	
	C/F	41	30	36	31	16

A – Summary of Internal Audit Input

1 August 2022 to 31 July 2025		Operating Plan (No. Of days)				
System	Audit Area	2020/21	2021/22	2022/23	2023/24	2024/25
	B/F	**41**	**30**	**36**	**31**	**16**
	Whistleblowing			5		
	Freedom of Information					5
	Enhancement Planning					5
	Continuing Professional Development				5	
	Succession Planning					5
	Recruitment and Retention					5
IT Systems	IT Systems Administration		5			
	Response to IT Incident	3				
	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
	C/F	**59**	**50**	**62**	**56**	**56**

A – Summary of Internal Audit Input

1 August 2022 to 31 July 2025		Operating Plan (No. Of days)				
System	Audit Area	2020/21	2021/22	2022/23	2023/24	2024/25
	C/F	59	50	62	56	56
Required	Follow Up	4	4	4	4	4
	Audit Management	5	5	5	5	5
	Total Days	68	59	71	65	65

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WEST COLLEGE SCOTLAND

Meeting	Audit Committee
Date	27 March 2023
Location	MS Teams
Title of Paper	Annual review of the effectiveness of the Audit Committee and Internal Auditors.
Presented By	Grant Lyall Chair of the Committee
Recommendation to Members	For Approval
Appendix Attached	Appendix 11(a) - Audit Committee Effectiveness Questionnaire. Appendix 11(b) - Evaluation of the Internal Auditor Function

PURPOSE

The purpose of this report is to consider and approve the wording of the questionnaires, the approach to be taken and the timetable for this work.

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."*

- *"To review the scope, efficiency and effectiveness of the work of the Internal Auditors and to advise the Board on these matters."*

1.   BACKGROUND

1.1   This report outlines the process which it is proposed 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.

1.2   The College would intend issuing the questionnaires via a Microsoft Form, with the timetable as noted below:
- Issue questionnaires   31 March 2023
- Deadline for submissions   28 April 2023
- Audit Committee consideration   24 May 2023

External Audit Review

1.3   In January 2023, the Audit Committee undertook a review of the External Auditor immediately following the completion of the external audit work. That was to ensure that the outcome from the audit was fresh in Committee members minds when undertaking the review. At the January 2023 Audit Committee meeting, members considered the outcome of the review of external auditors.

Audit Committee Effectiveness

1.4   A draft version of the proposed questionnaire can be found at **Appendix A**.

1.5   The questionnaire used to evaluate the effectiveness of the Audit Committee is 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.

1.6   The Audit Committee are requested to confirm they are content with the questionnaire.

1.7   The questionnaire was previously issued to all members of the Audit Committee. However, in line with good practice guide it is suggested that the questionnaire be issued to other regular attendees. The Audit Committee is requested to consider to whom the questionnaire should be issued.

Internal Audit Review

1.8 A draft version of the proposed questionnaire can be found at **Appendix B**.

1.9 The questionnaire used to evaluate the internal audit function has been updated based on a best practice guide issued by KPMG and complies with the requirements of the [Scottish Government Audit and Assurance Committee Handbook.](#)

1.10 The Audit Committee are requested to confirm they are content with the questionnaire.

1.11 The questionnaire will be issued using Microsoft Forms to:
- All Audit Committee members.
- Principal.
- Vice Principals.
- Director of Finance.
- Members of the Senior Management Team.

Next Steps

1.12 If the Committee is satisfied with the proposed approach, the questionnaires will be issue following the Committee meeting.

1.13 Completed questionnaires should be returned by **28 April 2023** so that a report can be provided to the May 2023 Audit Committee meeting for consideration and action as appropriate. Thereafter, the Audit Committee will report to the June 2023 Board of Management on its findings.

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:

  a) Distribution list and questionnaire to be used to evaluate the effectiveness of the Audit Committee.

  b) Distribution list and questionnaire to be used to evaluate the effectiveness of the internal audit function.

Audit Committee Effectiveness Review

The Audit Committee plays a crucial role in supporting the effective governance of the College. The College operates in a highly challenging context managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where the Audit Committees need to be dynamic and responsive to the changing risk profiles and demands of the College.

The questionnaire will allow the Committee to assess its effectiveness against both its basic requirements and aspects of good practice.

Feedback can be sought from all members and any other regular attendees. You should attempt to answer each question. You will be asked to select from three ratings:

Yes
The Committee is performing to the required standard in this area. There may be room for improvement, but the Committee can be seen to be discharging its responsibilities effectively.

No
The Committee is falling short of requirements and should consider how it can work towards becoming more effective in this area.

N/a
The questions is not applicable to your role or you are unable to answer Yes / No

* Required

* This form will record your name, please fill your name.

Membership, independence, ob-
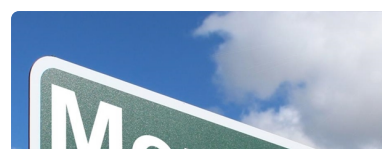
1

Does the Audit Committee have written terms of reference? *

○ Yes

○ No

○ N/a

2

Are the terms of reference approved by the Audit Committee and reviewed periodically? *

○ Yes

○ No

○ N/a

3

The Chair is a non-executive Board member and possesses an appropriate level of relevant experience? *

○ Yes

○ No

○ N/a

4

In terms of numbers, membership of the AC is sufficient to discharge its responsibilities? The AC explores the option of bringing in additional independent, non-executive members from sources other than the Board to ensure an appropriate level of skills and experience *

○ Yes

○ No

○ N/a

5

The Principal, Finance Director, internal audit and external audit routinely attend meetings? *

○ Yes

○ No

○ N/a

6

AC members understand their responsibilities regarding identifying, declaring and resolving conflicts of interest? *

◯ Yes

◯ No

◯ N/a

7

AC members have a clear understanding of what is expected of them in their role, and this was set out clearly at the time of appointment? *

◯ Yes

◯ No

◯ N/a

Making the Most of Your Time

8

The AC meets at least four times during the year and the number of meetings held during the year is sufficient to allow the AC to perform as effectively as possible? *

◯ Yes

◯ No

◯ N/a

9

Meetings are well-aligned with the audit and assurance cycle? *

◯ Yes

◯ No

◯ N/a

10

The AC receives information and papers far enough in advance for members to fully consider before the meeting? *

○ Yes

○ No

○ N/a

11

All matters falling within the remit of the AC are covered adequately over the course of the year or a reasonable time period? *

○ Yes

○ No

○ N/a

12

Sufficient time is afforded to the different providers of assurance to the AC across the various lines of defence, notably risk management, internal audit and external audit? *

○ Yes

○ No

○ N/a

Are there any other matters that members of the AC would want to discuss as part of the business of the Committee - deep dives, private meetings, training?

Skills and experience

Audit Committees (ACs) are increasingly faced with significant new and emerging risks. It is important for ACs to have a strategy so they know where they need to up-skill, build expertise and draw on specialist skills from elsewhere. This will allow the AC to effectively deal with risks and challenges as they emerge.

Range of Skills

The AC as a whole should have a mix of skills that enables it to provide assurance to the Board and accounting officer. Essential skills and experience are required in governance, risk management, the control environment and assessing the integrity of the financial statements. Skills and experience should be tailored to the challenges and objectives of the College. The skills mix should be regularly reviewed to ensure the AC

14

The AC possesses a good range of skills and experience in relation to governance, risk and control? *

◯ Yes

◯ No

◯ N/a

15

At least one member of the AC has recent and relevant financial experience sufficient to allow them to analyse the financial statements and understand good financial management disciplines? *

◯ Yes

◯ No

◯ N/a

Training and Development

PROFESSIONAL DEVELOPMENT

AC members should have an induction programme which outlines the requirements of the role, the College and – for those new to the College – an understanding of public sector governance processes. Training and

16

Members who have recently joined the AC have been provided with induction training to help them understand their role and the College? *

◯ Yes

◯ No

◯ N/a

17

Members keep their skills and knowledge up to date through networking and conferences to allow them to focus on key issues facing the College? *

◯ Yes

◯ No

◯ N/a

18

The AC chair ensures that members have an appropriate programme of engagement with the College and its activities to help them understand the College , its objectives, business needs, priorities and risk profile? *

◯ Yes

◯ No

◯ N/a

19

The AC proactively identifies which skills it requires to discharge its responsibilities most effectively and these are reviewed at regular intervals? *

◯ Yes

◯ No

◯ N/a

20

The AC has the level of skills and expertise required to challenge management, and provide assurance to the Board that the College is properly managing its cyber and digital risks? *

○ Yes

○ No

○ N/a

21

The AC is satisfied the College's approach to managing environmental, social and governance (ESG) risks, and making appropriate disclosures, is in line with relevant standards? *

○ Yes

○ No

○ N/a

22

Any additional comments?

[text input field]

Roles and responsibilities

The overall role of the Audit Committee (AC) is to support the Board and accounting officer by helping them to formulate their assurance needs and by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements.

The purpose of assurance is to provide – through a systematic set of actions – confidence to senior leaders and stakeholders that work is controlled and supports safe and successful delivery of policy, strategy and objectives. It is vital that ACs understand how they receive their assurance, and can identify any significant gaps. This will give ACs the best possible chance of focusing on high-priority issues and fulfilling their role effectively.

Assurance

Assurance is central to the AC's role in providing an independent assessment on gov-
ernance, risk management and control processes. Assurance mapping will draw atten-
tion to the aspects of risk management, governance and control that are functioning
effectively and, just as importantly, the aspects which need to be given more

23

Does the AC help the accounting officer and Board to formulate their
assurance needs and carry out an assessment of whether the assurance
received is of sufficient quality? *

◯ Yes

◯ No

◯ N/a

24

The AC understands the key sources of assurance in the College, and how
and why each of these sources provides assurance to them? *

◯ Yes

◯ No

◯ N/a

25

The AC understands the three lines of defence model, and how this applies in practice to the College? *

◯ Yes

◯ No

◯ N/a

26

The AC is proactive in commissioning assurance work from appropriate sources where it identifies any significant governance, risk and control issues which have not been subject to sufficient review? *

◯ Yes

◯ No

◯ N/a

27

The AC ensures the College operates appropriate and effective whistleblowing practices, and this is regularly considered by the AC? *

◯ Yes

◯ No

◯ N/a

28

The AC uses assurance mapping to identify where assurance is required and identify any key gaps where no assurance is provided, or where the quality of the assurance is poor? *

◯ Yes

◯ No

◯ N/a

The AC has an effective system for monitoring management's progress with recommendations from internal and external sources? *

◯ Yes

◯ No

◯ N/a

The AC understands how governance arrangements support achievement of the College's strategies and objectives. In particular the AC understands:

- the Board's operating framework, including the College's vision and purpose.
- mechanisms which ensure effective organisational accountability, performance and risk management.
- role definitions, committees and other structures which support the effective discharge of responsibilities, decision-making and reporting.
- how appropriate ethics and values are promoted within the College.
- how management information is communicated to the Board and other appropriate areas of the organisation.

*

○ Yes

○ No

○ N/a

Without duplicating the work of the Board, the AC advises on – and scrutinises the implementation of – its College's corporate governance policy. *

○ Yes

○ No

○ N/a

32

The AC reconciles assurance from internal audit, external audit and other sources of assurance with conclusions drawn in the College's annual governance statement *

◯ Yes

◯ No

◯ N/a

33

The AC understands the College's strategy, operating environment and the associated risks to executing the strategy? *

◯ Yes

◯ No

◯ N/a

Risk Management

The AC has a key role to play in providing assurance regarding the College's risk management processes. ACs need to understand the risk management framework of the College and the assignment of responsibilities. ACs must critically challenge the effectiveness of the College's risk management frameworks, policies and processes. The AC has a responsibility in monitoring the organisation's risk culture, in addition to re-

34

The AC is satisfied that management takes an enterprise-wide view of the College's risks, including those that cross organisational boundaries? *

○ Yes

○ No

○ N/a

35

There is a clear understanding of the role and activities of the Board in relation to managing risk? *

○ Yes

○ No

○ N/a

36

The AC discusses with the Board how its policies, attitude to, and appetite for risk are defined and communicated across the College? *

◯ Yes

◯ No

◯ N/a

37

Adequate assurance has been obtained on the risk and control environment encompassing services outsourced to external providers, including shared service arrangements, and the wider supply chain? *

◯ Yes

◯ No

◯ N/a

38

The AC challenges management on whether there is a comprehensive process for identifying and evaluating risk, and for deciding what levels of risk are tolerable? *

○ Yes

○ No

○ N/a

39

The AC has sufficient understanding of the College to assess whether the risk register is an appropriate reflection of the risks facing the College? *

○ Yes

○ No

○ N/a

40

The AC understands the main fraud and error risks and entry points, and challenges management to consider timely options for tackling fraud and error risks? *

◯ Yes

◯ No

◯ N/a

41

Any further comments?

[   ]

Internal Control

The AC has a key role in providing assurance on systems of internal control, and as-suring the Board and accounting officer that controls are effective in mitigating the risks identified by management. ACs should have a clear understanding of management's control environment and how it is designed to mitigate risk across the

42

The AC critically challenges and reviews the adequacy and effectiveness of control processes in responding to risks? *

◯ Yes

◯ No

◯ N/a

43

The AC challenges whether the extent of the controls in place to mitigate risks is excessive, and whether any action is needed to address this? *

◯ Yes

◯ No

◯ N/a

44

The AC seeks assurance on how any material or significant risks are managed through strategic, operational and compliance controls? *

○ Yes

○ No

○ N/a

45

When any significant failings or weaknesses in internal control arise, the AC reviews management's analysis of the root cause and subsequent action plan? *

○ Yes

○ No

○ N/a

Financial control
The AC is satisfied that the College has a sound system of financial control –
including the structure of delegations – which enables the College to
achieve its objectives with good value for money? *

○ Yes

○ No

○ N/a

IT controls
The AC has sufficient assurance over the quality of IT controls? *

○ Yes

○ No

○ N/a

Design of fraud controls
The AC is satisfied that the College's controls are designed to effectively prevent and detect known fraud and error risks? *

◯ Yes

◯ No

◯ N/a

Financial Reporting

Challenging the quality of the annual report and accounts requires a thorough under-standing of the processes in place to produce the financial statements. The AC should seek sufficient assurances on the quality of the disclosures within the College's annual reports and accounts. The AC's understanding of the College, alongside its ex-perience and knowledge of the external environment, will add significant value to its

49

The AC reviews the clarity and completeness of disclosures in the year-end financial statements? *

◯ Yes

◯ No

◯ N/a

50

The AC uses its understanding of the College to assess whether disclosures in the financial statements are set properly in context? *

◯ Yes

◯ No

◯ N/a

In reaching a view on the annual accounts, the AC specifically considers:

- key accounting policies and disclosures;
- assurances about the financial systems which provide the figures for the accounts;
- the quality of the control arrangements for preparing the accounts;
- key judgements made in preparing the accounts, and management's consideration of their ongoing relevance;
- any disputes arising between those preparing the accounts and the auditors; and
- reports, advice and findings from external audit – especially the Audit Completion Report.

*

○ Yes

○ No

○ N/a

Compliance with standards
The AC assures itself that accounting policies comply with relevant requirements, particularly Scottish Public Finance Manual? *

○ Yes

○ No

○ N/a

53

Review of accounts preparation process
In addition to receiving a detailed overview from the finance director, the AC is confident that the College's approach to preparing the accounts is sufficiently rigorous? *

○ Yes

○ No

○ N/a

54

Annual Report
The AC challenges that the Annual Report is fair and balanced? *

○ Yes

○ No

○ N/a

Complex judgements and use of experts
Where novel accounting issues or complex judgements have arisen during the year, the AC has satisfied itself that management took specialist advice or enlisted expertise? *

◯ Yes

◯ No

◯ N/a

Fraud
The AC is satisfied with management's processes for identifying and responding to the risks of fraud? *

◯ Yes

◯ No

◯ N/a

Continual monitoring of significant issues
The AC is effective in monitoring significant financial reporting issues throughout the year, particularly those which could lead to qualification of the accounts. *

○ Yes

○ No

○ N/a

Reports from third parties
In reaching a view on the accounts, the AC considers the implications of reports from third parties – for example, on legal matters, valuations or reports from regulators? *

○ Yes

○ No

○ N/a

Key matters
The AC considers key matters on its own initiative rather than relying solely on the work of the external auditor? *

◯ Yes

◯ No

◯ N/a

Going concern
The AC sufficiently challenges the going concern assessment in the context of its review of the financial statements and understanding of the College? *

◯ Yes

◯ No

◯ N/a

Financial reporting developments
The AC is familiar with developments in financial reporting standards and can challenge their application in financial statements? *

○ Yes

○ No

○ N/a

Any further comments?

SCOPE

It is important that the Audit Committee (AC) fully understands the scope of its work, and that this is set out clearly in its terms of reference. The AC, the Board and the accounting officer must be clear on their respective responsibilities – particularly when it comes to assurance requirements. Being clear on expectations and accountabilities will ensure that the ARAC focuses its time and resources on its core requirements. The AC should understand how it interacts with the organisation's various lines of defence – and how it should engage with other providers of assurance, such as internal and external audit.

Terms of Reference

The terms of reference of the AC should be agreed by the Board, made publicly available and reviewed regularly. The terms of reference should clearly establish the inde-

63

The AC's terms of reference are agreed by the Board and are reviewed regularly and at appropriate
intervals? *

◯ Yes

◯ No

◯ N/a

64

The terms of reference make clear the AC's independence as a committee and are made publicly available, including on the College's website? *

◯ Yes

◯ No

◯ N/a

The terms of reference allow for the AC to sit privately without any non-members present for all or part of a meeting if they wish? *

○ Yes

○ No

○ N/a

At a minimum, the following areas are covered by the ARAC's terms of reference

- Details of the AC membership.
- Reporting requirements to the Board.
- The key areas of responsibility the ARAC will advise the Board and accounting officer on.
- Rights of the AC over co-opting additional members or procuring specialist advice.
- The head of internal audit and a representative from external audit will have free and confidential access to the chair of the AC.
- Meeting information, including the number per year, the number of members required for the meeting to be quorate, and expected invitees.
- Information requirements, including what information will be provided for each meeting, and what will be provided on request.

*

○ Yes

○ No

○ N/a

Any further comments?

Internal Audit

The work of internal audit is carried out primarily for the benefit of the accounting of-
ficer and Board and is likely to be the single most significant resource used by the AC
in discharging its responsibilities. There is a major synergy between the purpose of
the internal audit function and the role of the AC. The AC should advise the account

68

The AC performs a risk-based review of internal audit's strategy and plan
and assesses the adequacy of the budget and resources available to internal
audit? *

◯ Yes

◯ No

◯ N/a

69

The AC assesses the results of internal audit's work, and management's
responses to the issues raised? *

◯ Yes

◯ No

◯ N/a

70

The AC reviews the annual internal audit opinion and associated annual report? *

○ Yes

○ No

○ N/a

71

The AC assesses the performance of internal audit against applicable standards, expected performance measures and the results of any internal or external quality assurance assessments? *

○ Yes

○ No

○ N/a

Other assurance activity
The AC frames the work of internal audit in the context of other assurance activity that takes place in the first and second lines of defence? *

○ Yes

○ No

○ N/a

Recommendations
The AC is proactive in tracking that the recommendations agreed by management are actually implemented? *

○ Yes

○ No

○ N/a

74

Coverage
The AC challenges whether the effectiveness of the risk, compliance and finance functions is evaluated as a part of its internal audit strategy? *

○ Yes

○ No

○ N/a

75

Overall opinion
The AC considers how the individual components of the annual internal audit plan provide reasonable assurance on governance, risk and control for the College in totality? *

○ Yes

○ No

○ N/a

76

Any further comments?

[   ]

External Audit

External audit is a significant source of independent and objective assurance for ACs to utilise. Audit Scotland and the Auditor General is responsible for external audit. The work of external audit is normally primarily conducted for the benefit of the Scottish Government – but the process and conclusions are a significant source of assurance

77

The AC considers and makes relevant enquiries about the external auditor's planned audit approach and considers the impact of the results of external audit work? *

◯ Yes

◯ No

◯ N/a

78

The AC promotes cooperation between the external auditor and internal audit to maximise overall audit efficiency, capture opportunities to derive a greater level of assurance and minimise unnecessary duplication of work? *

◯ Yes

◯ No

◯ N/a

The AC reviews and considers any implications for the College of the wider work carried out by the external auditor, for example, value-for-money reports or good practice findings? *

◯ Yes

◯ No

◯ N/a

Review of adequacy of scope
The AC reviews the scope of external audit work and – if not satisfied as to its adequacy – challenges whether additional work should be undertaken by the external auditor? *

◯ Yes

◯ No

◯ N/a

Review of audit representation letters
The AC reviews the audit representation letters before they are signed by
the accounting officer and gives particular consideration to matters where
representation has been requested that relates to non-standard issues? *

◯ Yes

◯ No

◯ N/a

Quality of information provided to external audit
The AC takes steps to ensure external audit receives quality, robust and
timely audit evidence from the finance function? *

◯ Yes

◯ No

◯ N/a

83

Support for external audit
The AC is supportive of external audit's challenge of management and does not act as management's advocate? *

○ Yes

○ No

○ N/a

84

Findings and recommendations
The AC reviews and monitors management's responsiveness to the external auditor's findings and recommendations? *

○ Yes

○ No

○ N/a

85

Any further comments?

[   ]

Communication and Reporting

To be successful, the Audit Committee (AC) must have clear lines of communication with the Board and other key stakeholders. Establishing an effective mechanism for working with the Board is particularly important. Communication should be tailored to the requirements and preferences of key stakeholders – and should be a way to ensure that the AC can perform at its optimum effectiveness.

The AC should be clear on reporting expectations and requirements. The reports received by the AC to exercise its responsibilities should be at the right level of detail, and presented in a manner which makes it easy for members to review and challenge. Reports from the AC to the Board should meet its expectations in terms of content

86

The AC produces a report after each meeting for the Board covering:

- the key business taken by the AC, and
- the AC's views and advice on any issues they believe the Board or accounting officer should take action on.

*

○ Yes

○ No

○ N/a

87

The AC has effective communications with those it seeks briefings from the executive and internal and external audit and those it provides assurance to the Board? *

○ Yes

○ No

○ N/a

88

The AC provides an open and honest Annual Report timed to support the preparation of the Governance Statement? *

○ Yes

○ No

○ N/a

The AC's Annual Report summarises the AC's work for the past year and how it discharges its responsibilities in accordance with Audit and Assurance Committee Handbook? *

◯ Yes

◯ No

◯ N/a

There are mutual rights of access between each of the chair of the AC, the accounting officer, head of risk management (if a separate function), head of internal audit and the external auditor? *

◯ Yes

◯ No

◯ N/a

91

There are periodic discussions with key attendees outside of the formal meetings to help ensure that expectations are managed and there is mutual understanding of current risks and issues? *

◯ Yes

◯ No

◯ N/a

92

Reports to the ARAC
The reports received by the AC are at the right level of detail and presented in a manner which makes it easy for members to review and challenge? *

◯ Yes

◯ No

◯ N/a

93

Any further comments?

[   ]

Continual Improvement

As the challenges and requirements of Audit Committees (ACs) evolve, a high-per-
forming AC will strive for continual improvement. It is important that the AC adopts a
positive attitude to learning and development, regularly appraises its performance

94

AC members' performance
The chair assesses the performance of the individual members of the AC,
discusses their training and development needs and agrees a training and
development plan? *

◯ Yes

◯ No

◯ N/a

95

Periodic reviews
The chair ensures a periodic review of the overall effectiveness of the AC? *

◯ Yes

◯ No

◯ N/a

Assessment of outcomes
After completing an effectiveness review, there is sufficient time and effort devoted to discussing results, and agreeing an action plan based on the outcomes? *

◯ Yes

◯ No

◯ N/a

Feedback from key stakeholders
The chair considers ways in which to obtain feedback from the executive and other key stakeholders – for example, internal and external audit – on the performance of the AC? *

◯ Yes

◯ No

◯ N/a

98

Objectivity and rigour
The evaluation of performance is objective and rigorous enough for
meaningful conclusions to be drawn? *

○ Yes

○ No

○ N/a

99

Are there any other matters which you would like to raise which were not
covered in the above questions?

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100

How would you rate the effectiveness of the Audit Committee? *

☆ ☆ ☆ ☆ ☆

Evaluation of the internal audit function

Internal audit can have a positive impact on the control environment of the College and the effective design and operation of internal control. Internal audit can also play a significant role in supporting the Audit Committee through the provision of assurance as to whether the controls implemented by management are fit for purpose and working as intended. Part of the Audit Committee's role is to annually review the need for an internal audit function and, where such a function exists, its effectiveness.

This assessment process focuses on your personal perception of the internal audit function as a whole - it does not seek to evaluate individuals and their personalities.

Please answer Yes or No as appropriate and N/a can be used where you don't have a view on the matter in question. All responses will be treated as anonymous unless the individual completing the questionnaire wishes otherwise.

* Required

1. Your Name

2. Your Role

○ Committee Member

○ Senior Management

POSITIONING

3. Internal audit have a comprehensive strategic plan, developed in collaboration with the Audit Committee and the Senior Management Team; and aligned to the College's strategy and medium term risk profile? *

○ Yes

○ No

○ N/a

4. Internal audit is recognised by the Senior Management Team as a function providing quality challenge (for example by telling them things they did not already know, identifying root causes of control breakdowns and opportunities for improving control design, and trends in risks and controls)? *

○ Yes

○ No

○ N/a

5. Internal audit have a sound understanding of the College Strategy and the associated risks, and be able and willing to challenge the control environment and infrastructure supporting the strategy and be able to read across from one part of the College to another? *

○ Yes

○ No

○ N/a

6. Internal audit have an integral role in the governance structure (as the "third line of defence") which is clearly aligned with its stakeholders, clearly articulated in its mandate and widely understood throughout the College? *

○ Yes

○ No

○ N/a

7. Internal audit are independent from the College and have clear and unfettered reporting into the Audit Committee and direct access to the Chair of the Board? *

○ Yes

○ No

○ N/a

8. Internal audit are structured so as to enable both the maintenance of independence and objectivity on the one hand, and proximity to the College (so as to establish and maintain relationships with and comprehensive understanding of the business) on the other? *

○ Yes

○ No

○ N/a

9. Internal audit is characterised by strong relationships at the highest levels (for example, does the head of internal audit and senior colleagues have direct and strong relationships with board members, business heads and senior management)? *

○ Yes

○ No

○ N/a

10. Internal audit regularly attend Senior Management Team meetings to present audit findings, trends and current views of the control environment? *

○ Yes

○ No

○ N/a

11. Internal audit regularly attend Audit Committee meetings to present audit findings, trends and current views of the control environment? *

○ Yes

○ No

○ N/a

12. Through its activities, internal audit is able to articulate to senior management the risks of their actions in a structured and balanced manner, and provide credible recommendations to mitigate the risks? *

○ Yes

○ No

○ N/a

13. Internal audit have strong relationships with key external stakeholders in particular, external auditors and any relevant regulators? *

○ Yes

○ No

○ N/a

14. Internal audit proactively manages relationships with its key stakeholders? *

○ Yes

○ No

○ N/a

PEOPLE

15. Internal audit have the standing, credibility and impact to present its views in Audit (and risk) Committee, and influence the College? *

   ○ Yes

   ○ No

   ○ N/a

16. Internal audit includes sufficient individuals who are senior and experienced enough, with sufficient business understanding, to apply judgement and challenge the College on a broad array of topics? *

   ○ Yes

   ○ No

   ○ N/a

17. Internal audit includes individuals recognised (by the College) as experts in governance, control and risk mitigation? *

○ Yes

○ No

○ N/a

18. Internal audit is characterised by a culture of continuous improvement in the internal audit process? *

○ Yes

○ No

○ N/a

PROCESSES

19. Internal audit have a risk based audit plan based on a risk assessment accepted and approved by the board? *

   ○ Yes

   ○ No

   ○ N/a

20. Internal audit is forward looking when determining the audit plan and is nimble enough to adapt its planned activities, sometimes rapidly, in the case of new and emerging risks? *

   ○ Yes

   ○ No

   ○ N/a

21. Internal audit submits its plan to the Audit Committee for approval on a timely basis (at least annually) and as appropriate when updates are required? *

   ○ Yes

   ○ No

   ○ N/a

22. Internal audit reflects on and adapts its methodology to ensure that it remains fresh and relevant, through integrated quality assurance and learning programmes? *

○ Yes

○ No

○ N/a

23. Internal audit conducts end-to-end/College wide audit activities which enable it to obtain a holistic view (for example, within and across business units, functions, processes, and jurisdictions) as to whether the primary risks facing the College are appropriately mitigated? *

○ Yes

○ No

○ N/a

24. Internal audit harness technology throughout its audit and administrative processes to maximise efficiencies and improve audit effectiveness? *

○ Yes

○ No

○ N/a

25. Internal audit produce reports for individual audits with a clear rating scale which identify both root causes and consequences of issues and which are delivered on a timely basis with clarity and impact, and include credible recommendations to management? *

○ Yes

○ No

○ N/a

26. Internal audit produce reports for the Audit Committee which present information in a clear, concise and impactful manner, including the identification of themes and trends, and their consequences for the organisation as a whole? *

○ Yes

○ No

○ N/a

27. Internal audit have rapid and effective mechanisms in place for the escalation of issues requiring senior management attention? *

○ Yes

○ No

○ N/a

28. Internal audit has added value to the College? *

○ Yes

○ No

○ N/a

○   Other

29. Any further comments / queries?

[   ]

Microsoft Forms

Meeting	Audit Committee
Date	27 March 2023
Location	MS Teams
Title of Paper	Risk Management Policy Update
Presented By	Amy McDonald Vice Principal Operations
Recommendation to Members	For Approval
Appendix Attached	Yes – Risk Management Policy

PURPOSE

The purpose of this paper to provide a proposal for a structure of risk management – taking cognisance of the current risk management framework and expanding on this.

The paper is presented in line with the Audit Committee Terms of Reference 'To review the Risk Management Strategy and recommend to the Board for approval.'

The paper is submitted For Approval of this updated approach to Strategic Risk Management.

1. BACKGROUND

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

1.2   The Policy document (**Appendix A**) reflects the current operation of risk management.

2. FURTHER DETAIL ON THE REPORT TOPIC

2.1.   The main emphasis of the Policy has not changed:

   'To monitor and report on risk management arrangements to the Board of Management on at least a 6 monthly basis with engagement from the Audit Committee overseeing the College risk management process and adherence to the Colleges Risk Management Policy in compliance with the Scottish Public Finance Manual.'

2.2.   The Policy document has been updated as follows:

- Previously the document was referred to the Strategic Risk Management Strategy. It is felt to be more appropriate to refer to the document as a Policy as it is more operational in nature. This change in wording has been reflected through the document.

- Section 4.7 has been updated to reflect the approved Risk Register template – the order and definitions have been brought in line with the risk template.

- Section 4.8 has been updated to take account of the agreed risk scoring thresholds and final scoring grid (4.14).

2.3 The structure below provides an outline of the continuing risk management framework currently in place with the addition of an overarching risk setting out the environment within which the College operates.
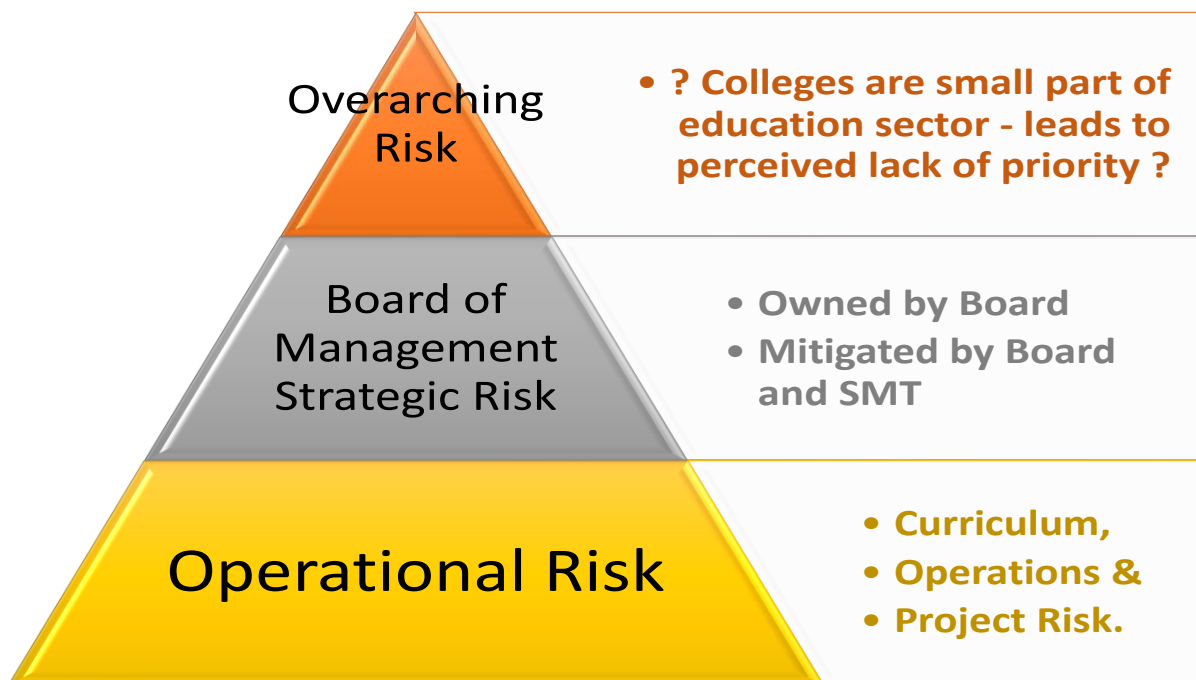
2.4 Board members will continue to consider strategic risk at regular intervals during the year. The approach to managing risk is to continue to be more action focused, using the risk card to drive forward necessary risk mitigations for strategic risk.

2.5 The capturing of the required actions on the software system Pentana requires to be further developed as this will enable the actions to be effectively managed. Pentana assists action owners in articulating progress against target and generates the necessary reporting updates for Committee and Board.

2.6 It is proposed the College risk appetite is initially reviewed by the Audit Committee before fuller consideration by the Board of Management. For example, given the level of financial risk the College is carrying is the risk appetite averse rather than the current minimalist status?

Risk Appetite

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

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

3.   FINANCIAL IMPLICATIONS

3.1.   There are no direct 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 potential reputational implications associated with this paper.

7.2. Failing to manage risk can have reputational issues if risks are not appropriately recognised and mitigated.

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.

RECOMMENDATIONS

The Audit Committee is requested to:

- Consider and comment upon the College Risk Appetite categories.

- Approve the updated Risk Management Policy.

Policy & Procedure	Risk Management Policy
Policy Area	Risk
Version Number	4
Approved by	Board of Management
Date of Approval	April 2023
Date of Equality Impact Assessment	March 2021
Date of Review	April 2026
Responsible Senior Manager	Director of Finance

History of Amendments

Version	Date	Review	Summary of changes made
V3.0	14-12-20	A Ritchie	Approved by the Board of Management
V3.1	11-03-21	A Ritchie	Amended for new committee names
V4.0	19-1-23	A Ritchie	Updated based on revised process and changes in management structure

Policy Statement

The Risk Management Policy is a document to that outlines the College's approach to identifying, assessing, and mitigating potential risks that could negatively impact the College in a well-managed and controlled way. The purpose of the Risk Management Policy is to ensure the College is aware of the potential risks and has a plan in place to mitigate their impact. The intention is to ensure the College is therefore able to operate more efficiently and effectively and also protect the College assets and reputation whilst continuing to provide high quality learning. This Policy supports a structured and focused approach to managing risk. In this way the College will better achieve its corporate objectives and enhance the value of services it provides to the community.

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

Equality Statement

The College is committed to providing equal opportunities to ensure its students, staff, customers and visitors are treated equally regardless of gender reassignment, race, religion or belief; disability; age; marriage and civil partnerships; pregnancy and maternity; sexual orientation; sex. Managing the College's risk will be carried out in a manner of no bias or exclusion.

Please note this document is available in other formats, to request another format please email info@wcs.ac.uk

CONTENTS

1.   Introduction

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

- The College has an effective policy of risk management and risk management arrangements.
- The College Audit Committee supports the Board and Principal with regard to their responsibilities for risk, control and governance and associated assurance through a process of constructive challenge.
- Internal audit must provide the governing body and senior management of the College with an objective assessment of adequacy and effectiveness of risk management, internal control, governance, and value for money.
- The College undertakes careful appraisal of the risks before accepting any contingent liability.

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

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

1.4   In addition to the above requirements the internal auditor must produce an Annual Report to the Board of Management on their activities during the year. The report must include an opinion on the adequacy and effectiveness of the College's risk management, internal control and governance. This Policy therefore forms a key component in allowing the internal auditors to be able to report without qualification that the College is complying with these requirements.

1.5   The Risk Management Policy is a key document in ensuring that the four Strategic Priorities of Personalisation, Collaboration, Agile and Adaptive and Digital contained within the [College Corporate Strategy 2019-2025]() are delivered. The Risk Management Policy aims to ensure that the College community is aware of the level of risk that the organisation is willing to accept; that some risks will always exist and will never be eliminated, however mitigation can be put in place to minimise their impacts.

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

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

1.8   The College's risk framework is illustrated below:
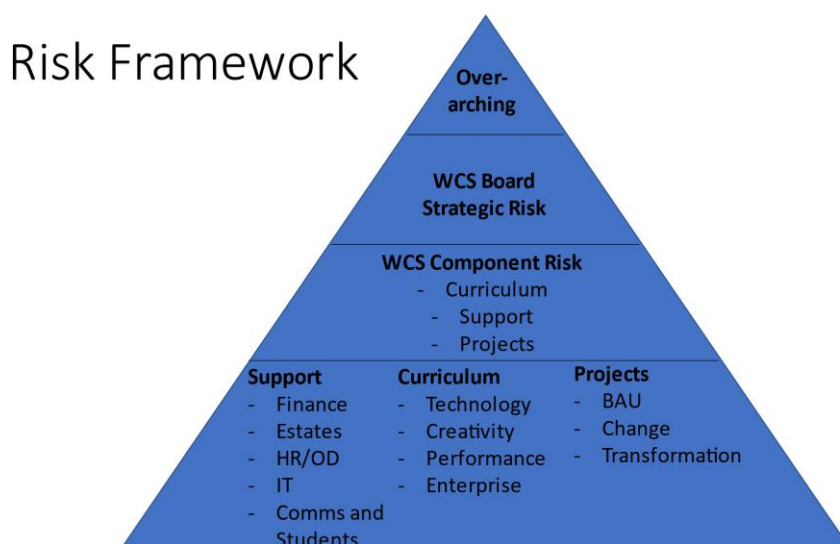
1.9   The College's Risk Management Policy objectives are to:
- Integrate risk management into the operational processes and culture of the College.
- Manage risk in accordance with best practice recognising and mitigating risk to a controllable level which does not interrupt the operation of the College.
- Anticipate and respond to changing requirements through regular horizon planning.
- Prevent injury, damage, losses and reduce the cost of risk nitrating risk management as part of everyday operational management; and
- Raise awareness of the need for risk management by all those connected with delivering the College's Strategic Priorities daily.

1.9   These objectives will be achieved by:

- Establishing clear roles, responsibilities, and reporting lines within the College for risk management from strategic through to operational risk.
- Providing opportunities for shared learning on risk management across the College.
- Reinforcing the importance of effective risk management as part of everyday work by offering training.
- Monitoring and reporting on strategic risk quarterly and operational risk monthly recorded through the maintenance of risk registers.
- Incorporating risk management considerations into the annual internal audit plan and any internal / external audit work conducted.
- Monitoring arrangements on an on-going basis.

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

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

2.   Risk Management Overview

Purpose

2.1   The purpose of the Risk Management Policy is to:

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

Objectives

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

- To undertake a review every three years of the College Risk Management Policy. The review will ensure clear roles, responsibilities, and a reporting framework for the managing of risk across the College is maintained and developed.
- To develop operational planning guidance on risk identification and its translation into strategic risk as appropriate.

- To monitor and report on risk management arrangements to the Board of Management on at least a 6 monthly basis with engagement from the Audit Committee overseeing the College risk management process and adherence to the Colleges Risk Management Policy in compliance with the Scottish Public Finance Manual.
- To continue to integrate risk management into the culture of the College and to raise awareness of the need to manage risk effectively throughout the College.
- To comply with corporate governance requirements and integrate effective processes to allow the Board of Management to approve the annual Accountability Report including the section on Risk Management and Internal Controls.

Terminology

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

- **Risk Management:** The coordinated activities, systems, and processes in place to direct and control the College regarding the management of risk.

- **Risk:** The potential 'effect of uncertainty on objectives,' where an effect is a deviation from an intended or expected outcome. A risk will be considered as either a threat (negative) to the College's ability to achieve any given objective or as uncertainty resulting from an opportunity (positive) which offers potential benefits to the institution.

- **Issue**: A certain event which is known and will impact upon the achievement of the College's Priorities and Objectives.

- **Risk Appetite:** This refers to the level of risk the College is willing to tolerate or accept in the pursuit of its objectives. When considering threats, risk appetite defines the acceptable level of exposure deemed tolerable or justifiable by the College; when considering opportunities, risk appetite defines how much the College is prepared to actively put at risk to realise potential or expected benefits.

- **Risk Score:** The calculated level of risk which the organisation is exposed to in pursuit of its objectives.

- **Risk Owner:** this is the person, persons or entity in authority who is accountable for the effective management of a risk.

Roles and Responsibilities

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

Owner	Role
Board of Management *Has a fundamental role to play in the management of risk.*	• Provide authority and responsibility for the establishment, maintenance, support, and evaluation of the Risk Management Policy. • Set the tone and promote a positive risk and control culture within the College. • Delegate the overall implementation of risk management and review of risk to the SMT. • Have knowledge of the significant risks facing the College.
Audit Committee *Has a fundamental role to play in the oversight of the College management of risk.*	• To ensure compliance with corporate governance requirements. • To review the process of risk management and approve for presentation to the Board. • To review internal processes and systems and work closely with internal and external auditors to obtain reports on these.
Corporate Development Committee *Oversee significant strategic and operational risk management and mitigation.*	• To review the College's significant strategic and operational risks. • Ensure the mitigating actions for such risks are addressing the risk factors and work to mitigate risk is progressing in line with agreed timelines.
Senior Management Team *Support and implement policies approved by the Board of Management. The Senior Management Team consists of the Principal, Vice Principals, Assistant Principals and Directors.*	• Implementation of Risk Management Policy. • Overall co-ordination of risk management. • Promotion of a comprehensive approach to risk management. • To review the probability and impact assessments of risks on a regular basis. • To ensure appropriate levels of awareness throughout the College.

| Owner	Role
	• Ensure risk mitigation are being managed in line with agreed plans and updates to such risks are updated quarterly for strategic risk and monthly for operational risk. • That such risk registers (Strategic and Operational) are regularly reviewed.
College Management Team *Encouraging and embedding good risk management practice within their area of activity.* *The College Management Team consists of all those managers who are directly line managed by SMT.*	• Co-ordinating and ensuring that the operational objectives are implemented in line with the Risk Management Policy. • Have an awareness and understanding of risks which fall into their area of responsibility, the impacts these may have, and monitor outcomes against the risks identified ensuring that response plans detail corrective action to minimise risk. • Ensure that operational risk for College departmental areas is recorded and managed by way of risk register and reported on monthly. • Report any new risks identified or failures of existing control measures to SMT. • Report on current 'active' risks highlighting mitigating actions and effect towards risk reduction.
College Staff *Encouraging and embedding good risk management practice within their area of activity.*	• Understand their accountability for individual risks as noted in the risk register. • Understand how they can enable continuous improvement of risk management and risk awareness. • Report systematically and promptly to a member of the College Management Team or Senior Management Team any perceived new risks or failures of existing control measures.
Internal/External Audit *Ensuring the effectiveness of organisational and financial control systems, including monitoring performance against quality assurance standards.*	• To review risks and limitations of existing control measures. • To review the adequacy of internal control systems designed to minimise risk. • To make appropriate recommendations following on from any internal / external audit reports to the SMT, which will effectively improve systems of control.

Partnership and Projects

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

3. Risk Management Framework

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

Risk Management Framework
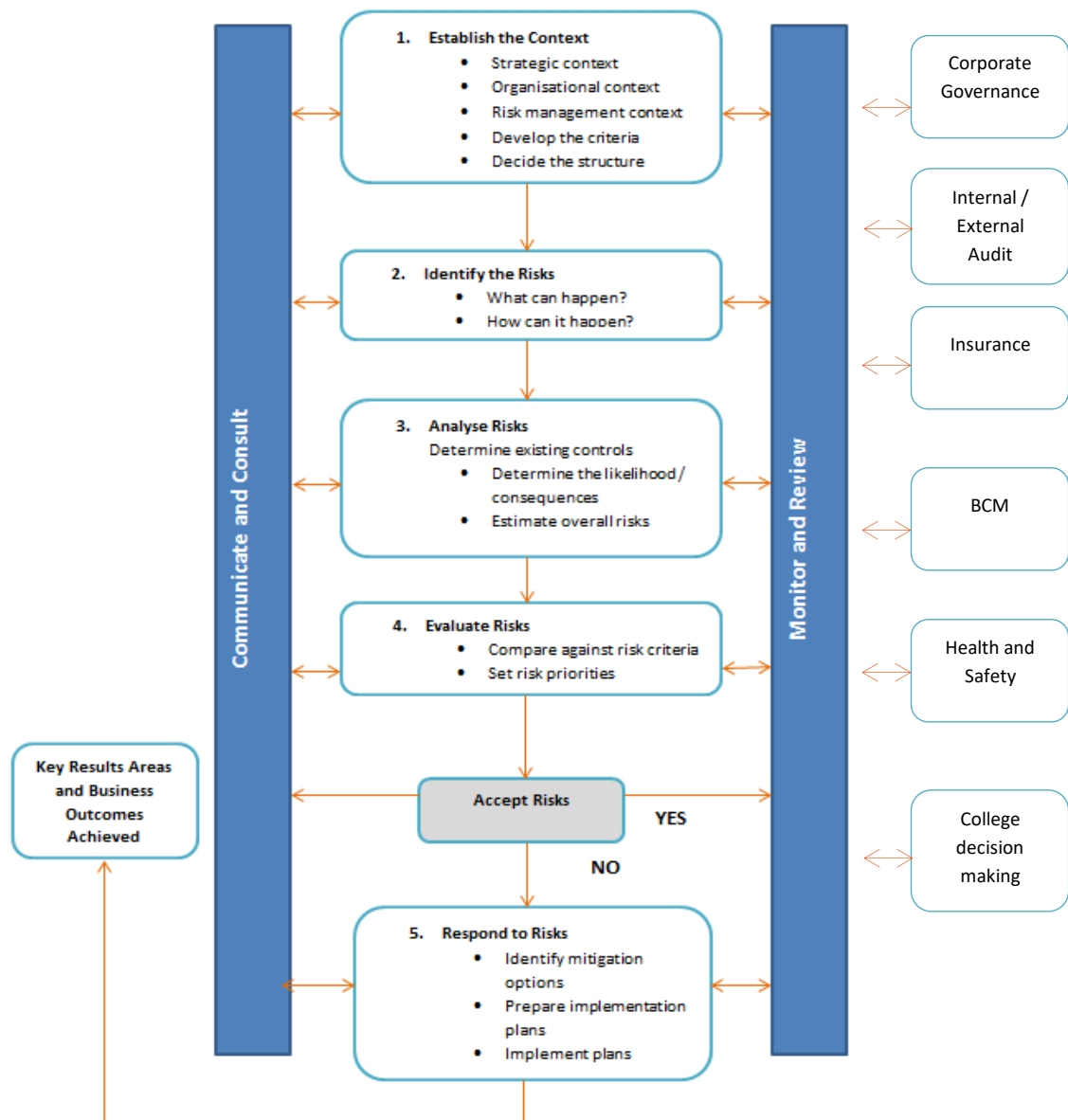
Code of Corporate Governance

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

3.3 The Board of Management has delegated the day-to-day responsibility to the Principal, as Chief Executive, for maintaining an adequate system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and asset.

Internal / External Audit

3.4 Internal audit will assess the effectiveness of the College's internal controls and review risk management as part of the Corporate Governance arrangements. Internal audit will use the information on the Strategic Risk Register to inform their annual audit plan.

3.5 External audit will annually undertake an overall review of the corporate governance arrangements and processes of internal control in place at the College. Based on their audit work and the findings made by the internal auditors they will form an opinion on adequacy of the systems in place to comply with corporate governance requirements.

Insurance

3.6 Insurance is one method the College uses to transfer risk. The implementation of an effective Risk Management Policy will have an impact upon the premiums paid by the College as does external environmental factors which the College have no control over. The prevalence of insurance claims will need to be monitored as these will have a bearing on how well the College is mitigating and managing risk and therefore could impact on the Strategic and Operational Risk Registers.

Business Continuity Management (BCM)

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

Health and Safety

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

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

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

Risk Implications – Decision Making Process

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

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

4.   Risk Management Process and Approach

4.1   Risk management is a cyclical process – new risks emerging while old risks become obsolete – and is based upon the following basic workflow:
        a)   Identification of Risks
        b)   Risk Assessment and Evaluation
        c)   Plan Mitigations
        d)   Monitor and Control

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

Identification of Risks

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

4.4   A variety of methods can be used for identifying risks. For example, sessions or workshops involving key stakeholders are common approaches however risk of failing to achieve an operational or strategic objective is the approach adopted to identify key risks At project level, risk identification may be conducted using standardised checklists which identify risks commonly associated with achievement of project activities, or by benchmarking against similar projects undertaken in the past.

4.5   The risk management process is cyclical and therefore risk identification is not a one-off exercise; it is a continuous process which is necessary to identify new risks that had not previously arisen, but which might affect the College's ability to achieve its objectives in the area under consideration. Regular review, particularly of Operational risk is therefore necessary. Strategic risk changes less frequently however it is necessary to review and keep well managed on a quarterly basis.

Recording the Identified Risks

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

4.7   Each risk should have:

a)   **Risk Number and Name:** A title which should be concise but contain enough information to distinguish it from the others.

b)   **Link to Objectives**: A list of which of the College Strategic Objectives are impacted by the identified risk.

c)   **Risk Description:** The description should contain information on the three composite parts of a risk; the cause, the risk event, and the impact on the College Strategic Priorities.

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

d)   **Risk Owned and Managed By:** A member of the Senior Management Team that has been given the responsibility and authority to manage a risk/set of risks and is accountable for doing so. The risk owner could be the Principal or Vice Principal – particularly in the management of Strategic Risk.

e)   **Risk Scoring:** Risk scoring will be undertaken in the first instance to prioritise risks using a standard 5 by 5 semi-quantitative scale (shown in 4.8 below) for risk probability and impact.

f)   **Risk Mitigation:** Actions taken to reduce the probability and impact of the risk occurring.

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

Risk Scoring Thresholds

Probability	Score	Impact	Score
Very Likely	5	Severe	5
Likely	4	Significant	4
Possible	3	Moderate	3
Unlikely	2	Minor	2
Very Unlikely	1	Negligible	1

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

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

4.11   Each risk should be allocated two risk scores, as follows:
   - Current Risk Score
   - Target Risk Score

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

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

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

Probability		Result				
Very likely	5	5	10	15	20	25
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Very unlikely	1	1	2	3	4	5
		1	2	3	4	5
Impact		Negligible	Minor	Moderate	Significant	Severe

4.15   Risks with low probability (1 to 3) but high impact scores (4 or 5) will be elevated for attention of the Board. Risk response plans will be developed from the Risk Probability Impact Grid which seek to reduce the potential impact of the identified risk(s).

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

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

Risk Assessment and Evaluation

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

Risk Appetite

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

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

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

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

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

Classification	Description
HUNGRY	Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.

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

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

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

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

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

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

Plan Mitigations

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

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

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

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

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

Risk Mitigation Measures

| Risk Response	Commentary
Tolerating or Accepting the Risk:	It is rarely possible or economically desirable to remove all risks entirely, all risks can be accepted at some level. In addition, there are some risks over which the College has little or no control and some for which any management actions would be prohibitive in terms of resource; yet for valid reasons the College will continue with the activity. The important point is that these risks are identified, clearly understood, and monitored. This option is frequently

Risk Response	Commentary
	accompanied by a contingency plan for dealing with the impact that will arise if the risk is realised.
Transferring or Sharing the Risk:	Some risks can be transferred to another body or organisation, for example insurance, contractual arrangements, outsourcing and partnerships. Realistically, transferring all a risk is extremely difficult to achieve effectively and is often confused with action ownership (where the risk is owned by entity A (who feels the pain if the risk comes about) but action to mitigate or control the risk lies with entity B. If the risk is Transferred, then care needs to be taken that the risk is transferred. However, some risks (for example reputation) cannot be transferred. It is important that how (to whom) the risk has been transferred and what element of risk is reduced as a result.
Terminating or Avoiding the Risk:	Although unusual, it may be that a particular risk cannot be adequately controlled or transferred and the consequence or likelihood of such a risk being realised is such that it cannot be accepted. In this case the only course of action may be to eliminate the risk by ending all or part of a particular activity. In some instances, this may involve temporary suspension of an activity until the likelihood and/or impact of the risk has reduced for external reasons.
Treating or Controlling the Risk:	It is usually possible to control a risk to an acceptable level and this is achieved by building control mechanisms into operational activities. Whichever Policy is adopted it is important that the controls are proportionate and cost effective. Where the decision is taken to mitigate a risk by introducing control measures it is also important that the operation is not impeded by over controlling to eliminate a threat risk or realise an opportunity.

Monitor and Control

4.33   Risks should be monitored and controlled on an ongoing basis as part of the Risk Management Process. Responsibility for monitoring and control lies with the Risk Owner and should be ongoing at the appropriate levels.

4.34   Each of element of the Strategic and Operational Risk Registers should be revisited on an ongoing basis; for example, mitigating actions should be regularly reviewed for their impact and effectiveness in controlling the risk and in reducing the risk score. Where a mitigating action is complete, it should be removed from the relevant column and where appropriate, referred to under Controls. Where a risk score has escalated, action should be taken to identify and implement control measures to reduce the risk score.

4.35   Reporting arrangements also provide an additional level of monitoring and control. At College level, the Board of Management will receive a high-level report on risk at each meeting. The report will provide a summary update on the risks included in the Strategic Risk Register, giving current risk scores and notification of any significant changes.

4.36   Each Board Committee will receive a report on all strategic and key operational risks for their consideration and review based upon the business undertaken at each Committee meeting. The Audit Committee will maintain responsibility for the process of risk management.

4.37   The College Senior Management Team will receive reports on risk for the Strategic and Operational Risk Registers. Operational risk will be managed and monitored at departmental level and controlled as part of the operational planning process.

4.38　It is the responsibility of the SMT to highlight risks within their Directorates that are considered to have strategic significance. The College reporting framework is outlined below:
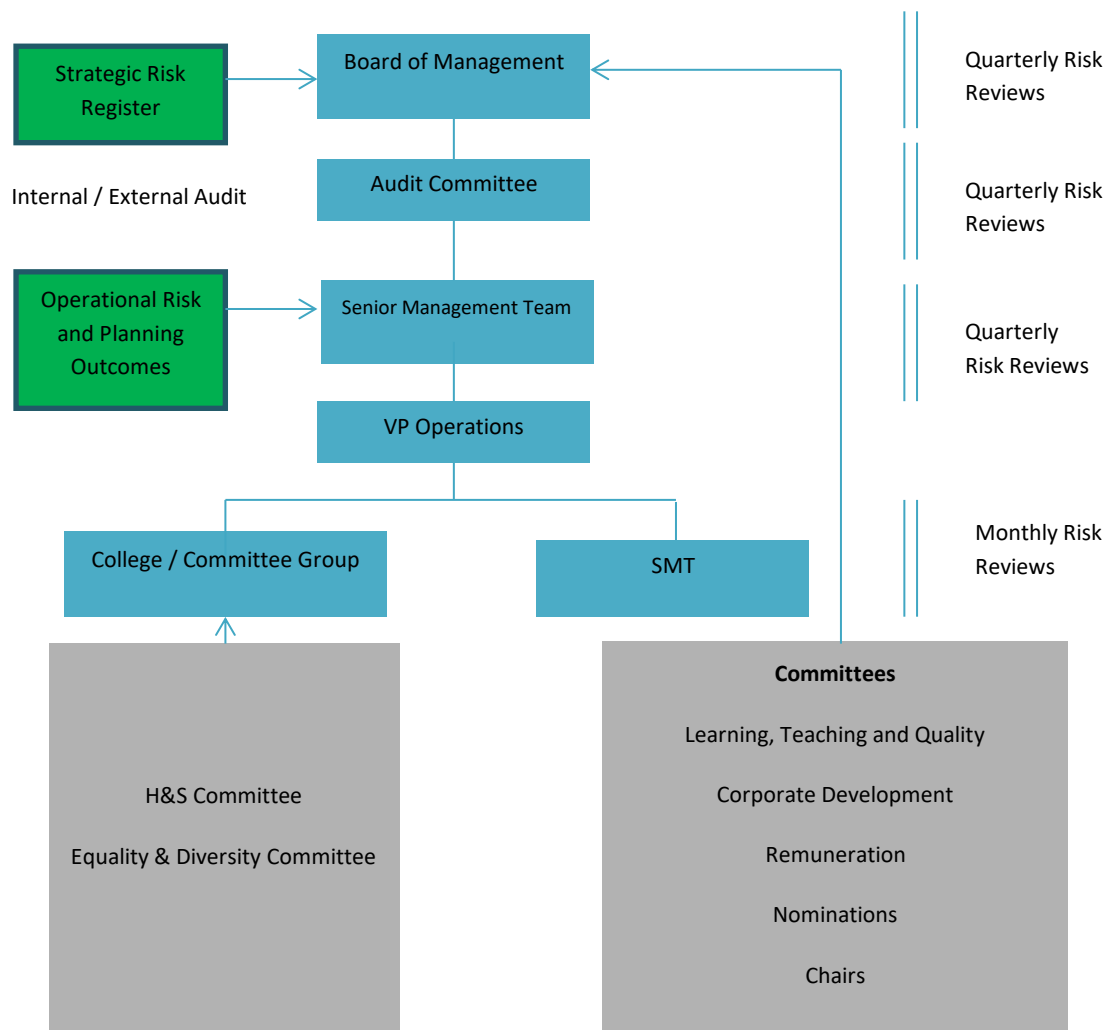
5.   Measuring the Effectiveness of the Risk Management Process

Internal Audit

5.1   As indicated, the Audit Committee must be satisfied as to the College's risk management arrangements are being carried out effectively. To ensure this is evidenced the Audit Committee will receive the Strategic Risk Register and top operational risks at each of its meetings and ensure actions are taken to progress the management of risk. Supporting Committees hold responsibility for ensuring the adequacy of risk mitigation. The overall College risk management framework (of which this document is part) is also subject to review by the College's internal auditors both formally through the internal audit process and through the auditor's reliance on the College Strategic Risk Register in formulating Audit Needs Assessment. The College's external auditor also take account of the College Strategic Risk Register in planning their work.

Review of Procedures

5.2   This Policy will be reviewed at every three years and presented to the Board of Management for approval after consideration by the Audit Committee.

Appendix 1: Categories of Risk

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

Appendix 2: Format of College Strategic Risk Register Entry

RI01 - Strategic Risk Card

Risk No and Name	01		Financial Sustainability (SR01)	
Link to Objective(s)	1.1		Delivering bespoke solutions fast	
	3.1		Developing new income opportunities	
Risk Description	There is a risk that a lack of funding afforded to the College by the Scottish Funding Council will result in a diminution in the education provision and ability to deliver strategic change and maintain operational delivery at current levels.			
Risk Managed By	Chief Executive and Principal			
Current Risk Score	Probability x Impact		Score	Risk Matrix
	5	5	25	
Target Risk Score	2	3	6	
Planned Mitigating Actions	Code and Title		Assigned to	Due Date
	RA01/S/RI01 Develop internal efficiencies over 3 year period		Director of Finance	30-Jun-2025
	RA02/S/RI01 Clarify efficiency targets across all areas of the college by assigning specified actions which are overseen by Programme Board		Chief Executive and Principal	30-Jun-2025
	RA03/S/RI01 Engage with SFC on regular basis to ensure College requirements are clear and recognised		Chief Executive and Principal	30-Jun-2025
	RA04/S/RI01 Develop investment plans for all areas of the College focusing on IT, curriculum delivery and infrastructure		Chief Executive and Principal	30-Jun-2025
	RA05/S/RI01 Work with BoM and College Committees to strengthen financial approach		Chief Executive and Principal	30-Jun-2025
Target Change in Risk Score	Probability		Impact	
	- 1		- 2	
Risk Appetite	Averse			
Controls Confidence	Medium		The ability to fully mitigate this risk lies largely out with the control of WCS – the budget allocation for the whole of Scottish Colleges is determined by Scottish Government. WCS must ensure that robust budgeting and planning is in place with clear alignment to the benefits that investment in WCS will bring further and higher education. Requirement to ensure the College activity is shaped to reflect available budget.	

RI01 - Strategic Risk Card (cont.)

How would this risk happen?	Budget allocation for WCS not aligned with budgeting to deliver business as usual service delivery and implementation of WCS strategy.
What would the potential impact/outcome be?	Failure to deliver strategic objectives and meet targets set out in annual business plan, lack of required investment.
What early warning indicators exist?	Allocation of annual budget to WCS lower than requirements set out. Three year indicative budget allocation from SFC does not allow sufficient funding allocation to WCS for investment - current one year settlement. Requirement to re-plan timing and intent of delivery of strategic objectives due to limited available funding - the impacts of reduced funding with additional overview to short term work necessary to ensure continued presence of College.

	Code and Title	Description
What controls are in place?	IC14 WCS Strategy approved by Board of Management	WCS Strategy approved by Board of Management which gave approval for the future delivery of Strategy.
	IC17 College Development Committee & Educational Leadership Team scrutiny of strategic delivery	CDC and ELT scrutinising the WCS requirements and benefits realisation through strategic delivery – which justifies investment.
	IC16 Annual budgeting and expenditure review by College Development Committee	Annual budgeting and expenditure review cycle by CDC Committee to ensure statutory requirements of WCS to deliver a service.
	IC01 Audit Committee overview of risk mitigation approach	Audit Committee overview of risk mitigation approach.
	IC24 Decision making to be endorsed by College Development Committee and approved by Board of Management	All decision making to be endorsed by CDC Committee and approved by Board of Management.

What indicators will require the risk to be escalated?	• Budget settlement is less than budget requirement. • Highlighting areas of operational pressures to CDC Committee and Board of Management. • Failure to fully deliver Strategic Outcomes – requirement to fully understand what the impact, overviewed by Board and Committee's.
What indicators will require the risk to be de-escalated?	• No issues reported, risk mitigating actions complete and indicative budgets aligned with requirements.

Appendix 3: Risk Appetite Statement

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

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

(3) Finance

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

(1) Political

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

(10) Governance

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

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

(2) Competitive Environment

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

(4) Staffing and HR

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

(5) Student

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

(6) Reputational / External

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

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

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

(9) Learning and Teaching

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

(7) Digital

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

Appendix 4: Equality Impact Assessment

Name of policy/procedure/decision: Risk Management Policy

Provide a brief summary of the aims of the policy/procedure/decision and main activities: This Policy has been developed to integrate risk management into the culture of the College and to manage risk in accordance with best practice.

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

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

1. Who will benefit from this (students/staff/stakeholders)? Is there likely to be a positive impact on people who share protected characteristics, and if so, how? <u>Or</u> is it clear at this stage that it will be equality "neutral"? i.e. will not have a differential impact on any equality group/s?   This Policy has limited relevance to equality, diversity and inclusion and there is no indication of a differential impact on protected groups.

2. Is there likely to be an adverse impact on people who share protected characteristics? If so, who may be affected and why? <u>Or</u> is it clear at this stage that it will be equality "neutral"?   There is no likelihood of an adverse impact – equality neutral.

3. What action will you take to ensure that you are monitoring the impact of this policy?   In the event of any risks involving equality and diversity, the Director OD & HR and/or the EDI Manager will be involved to ensure that best practice guidelines are followed.

WEST COLLEGE SCOTLAND

	Agenda Item 14

Meeting	Audit Committee
Date	27 March 2023
Location	MS Teams
Title of Paper	National Fraud Initiative Update
Presented By	Vivienne Mulholland Head of Finance and Student Funding
Recommendation to Members	For Approval
Appendix Attached	Appendix A: Self-Assessment Checklist

PURPOSE

This paper provides the Audit Committee with a report 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.

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. Introduction

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

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

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

2. Data request and submission

2.1 The NFI review is undertaken every two years and the 2022 exercise was the fourth such request from Audit Scotland for the College to participate. The required data was limited to payroll / purchase ledger transaction / standing data. In the case of payroll data, this consisted of current employee standing data including national insurance (NI) numbers along with year to date (YTD) earnings. For purchase ledger information, the College supplied current address and standing data for trade creditors, and transaction histories for the period October 2019 to 30 September 2022. In line with the Audit Scotland timetable the required data was submitted by the 18 November 2022 deadline.

3.   Privacy Notice

3.1   The Cabinet Office uses the term "Fair Processing Notices" to refer to informing individuals that their data is being shared. The Information Commissioner's Office promotes the use of the term 'privacy notice' to describe the provision of this information, and this is the terminology that we use. The College follows the guidance from Audit Scotland's website and duly published a privacy notice on the College Intranet on 17 August 2022.

4.   Outcome

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

Outcome – Payroll

4.2   The Acting Director of Organisational Development and HR, with guidance from the Head of Finance and Student Funding, completed a review exercise during March 2022 for matched payroll information.

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

Payroll	
High	1
Medium	1
Low	4
Nil	1
Total	7

4.4   Of the 7 payroll matches, 1 was categorised as 'High' risk; this match reported that an employee has a full-time position working for the College as well as a full-time position with another College. We shared our comments on the NFI portal with the other body and they have responded that they left their employment before starting with West College Scotland, but failed to record this data on their data upload.

4.5   The remaining 6 Nil to Medium risk matches were investigated and related to employees having another job. The one Nil risk match works full-time with the College and substantial hours with another public sector body. We have shared with the other body, and this is still being investigated by them and we await a response. After investigation none of the other matches were deemed an issue.

4.6   Six of the payroll outcomes have been marked as Closed – No Issue on the NFI website, with 1 remaining Open while we await a response from the other body.

Outcomes – Purchase Ledger

4.7   The Head of Finance and Student Funding assisted by the Purchase Ledger Team carried out the review exercise for matched information during March 2023. The NFI process is to look at supplier name, addresses and invoice details to identify instances where there is a match in the data sets submitted by the College. The outcome of the exercise, as noted below, was reported to the Head of Finance and Student Funding with an overall review being carried out by the Director of Finance.

4.8   There were a total of 267 matches, of which 260 relate to purchase ledger data as listed in the table below. The remaining 7 related to payroll and were dealt with in section 4.2 above.

ID ▲	REPORT TITLE	TOTAL ALL
66	⇄ 🔑 Payroll to Payroll	7
80	↺ 🔑 Payroll to Creditors	3
81	↺ 🔑 Payroll to Creditors	1
701	↺ Duplicate creditors by creditor name	21
702	↺ Duplicate creditors by address detail	3
703	↺ Duplicate creditors by bank account number	10
708	↺ 🔑 Duplicate records by amount and creditor reference	194
709	↺ VAT overpaid	2
710	↺ 🔑 Duplicate records by name, invoice number and amount but different creditor reference	2
711	↺ 🔑 Duplicate records by invoice number and amount but different creditor reference and name	15
750	↺ 🔑 Procurement - Payroll to Companies House (Director)	7
752	↺ 🔑 Procurement - Payroll to Companies House (Director)	2
TOTAL		267

Filters shown above the table: Reports by FRAUD RISK | MATCHES | INFORMATION ONLY | MY MATCHES | SEARCH | OUTSTANDING ACTIO; Release Date (Run): Any; Report Status: Any; Match State: All; Dataset - From Any To Any; Level: Any; Submit Filters.

4.9   Of the 260 purchase ledger matches identified for investigation, 254 were reviewed with reference to the supplier account on the finance system with no errors or frauds being identified.

4.10   Six errors were found when investigating matches in the categories entitled:
- Duplicate records by amount and creditor reference – 3
- Duplicate records by invoice number and amount but different creditor reference and name – 3

4.11   The errors arose due to input error relating to the input of the invoice document details onto the finance system. The errors total £15,227 of monies which the College is now in the process of recovering. We have contacted each supplier and at the time of writing, 2 suppliers have acknowledged the error and are processing refunds. We fully anticipate that the £15,227 will be recovered.

4.12   Recently the College has implemented a module on the finance system called OCR (Optical Character Recognition). This optically reads the information on the invoice and posts the information to the corresponding supplier account with reference to the unique purchase order number. This enhancement will eliminate the manual input errors we have seen in the errors noted above and significantly reduce the likelihood of duplicate payments.

4.13   It is worth noting that the error rate represents approximately 0.02% of the total purchase ledger transactions processed in the 2-year period.

4.14   There is only one outstanding match being pursued with another public body, relating to a Payroll match and all others, having been reviewed, are marked as closed on the NFI website. There are no instances of fraud to report.

5.   Self-Appraisal Checklist

5.1.   One of the actions arising from the Audit Scotland report 'The National Fraud Initiative in Scotland 2022' is for public bodies to carry out a self-appraisal to ensure that their organisation's planning, approach, and progress during the NFI exercise is appropriate.

5.2.   The College's NFI Self-Appraisal Checklist 2022-23 (relevant section on Planning) is attached at **Appendix A**. Part A of the appendix is designed to assist Audit Committee members when reviewing, seeking assurance over or challenging the effectiveness of the College's participation in the NFI. Part B of the appendix is for staff involved in planning and managing the NFI exercise.

5.3.   Assurances about the initial planning, resourcing and data submissions associated with the College's participation in the NFI 2022-23 exercise can be taken from the updates and self-appraisal outcomes contained within this report.

External Audit Review

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

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

6.   FINANCIAL IMPLICATIONS

6.1.   There are no direct financial implications in this report.

7.   STUDENT EXPERIENCE

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

8.   HUMAN RESOURCES IMPLICATIONS

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

9. LEGAL IMPLICATIONS

9.1. There are no legal implications in this paper.

10. REPUTATIONAL IMPLICATIONS

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

11. COMMUNITY/PARTNERSHIP IMPACT

11.1. There are no community implications associated with this paper.

12. EQUALITIES IMPLICATIONS

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

13. ENVIRONMENT IMPLICATIONS

13.1. There are no environmental implications associated with this paper.

RECOMMENDATIONS

The Audit Committee is requested to:

a) Approve the actions taken by the College to address the outcomes of the 2022-23 NFI exercise.

b) 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.

Appendix A: Audit Scotland - NFI Self-Appraisal 2022-23 Checklist

	Yes/No/Partly	Is action required?	Who by and when
Part A: For those charged with governance			
Leadership, commitment and communication			
1. Are we aware of emerging fraud risks, e.g. due to Covid-19, and taken appropriate preventative and detective action?	Yes Previous Audit Committee meetings have expressed support for the NFI exercise and endorsed at subsequent Board meetings.	No	
2. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?	Yes Senior Management Team are supportive of the exercise and privacy notice published to all staff indicating the College is willingly participating in the exercise.	No	
3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?	Yes Referenced in Anti-Fraud and Corruption Policy.	No	
4. Have we considered using the point of application data matching service offered by the NFI team, to enhance assurances over internal controls and improve our approach to risk management?	Yes Considered as part of previous NFI exercise and discounted due to level of College data not justifying time / resource investment in setting up system.	No	

	Yes/No/Partly	Is action required?	Who by and when
5. Are NFI progress and outcomes reported regularly to senior management and elected/board members (e.g., the audit committee or equivalent)?	Yes The Audit Committee will be updated on progress of the 2022-23 NFI exercise as part of the update reports provided to the Committee. Any actions arising from the 2022-23 NFI exercise will be reported to the Senior Management Team and actions allocated as required.	No	
6. Where we have not submitted data or used the matches returned to us, e.g., council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?	Not applicable The College has submitted the requested data.	N/a	
7. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	Yes The external auditors were requested at the end of the previous process to assess the Colleges response to the initiative. It is assumed that a similar review will take place at the end of the 2022-23 initiative.	No	

	Yes/No/Partly	Is action required?	Who by and when
8. Do we review how frauds and errors arose and use this information to improve our internal controls?	Yes In previous instances of fraud, the College has carried out a full review and where necessary has updated its operational procedures to reduce the risk of future frauds i.e., bank change procedure. The College continues to review its operating procedures to reduce errors. The introduction of OCR is one example of a system development designed to reduced input error.	No	
9. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (e.g., successful prosecutions)?	Yes Where the College has previously detected fraudulent activity, it has complied with the required reporting guidance from the Scottish Funding Council and Audit Scotland.	No	

	Yes/No/Partly	Is action required?	Who by and when
Part B: for the NFI key contacts and users			
Planning and Preparation			
1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action?	Yes The College has a robust Risk Management Strategy including a review of emerging risks. Ongoing discussions with internal and external auditors as well as a variety of other key stakeholders ensures the College is aware of emerging risks.	No	
2. Are we investing sufficient resources in the NFI exercise?	Yes The College is investing sufficient resource through the involvement of the Director of Finance, the Head of Finance and appropriate HR and Payroll staff.	No	
3. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.	Yes This is now the fourth time the College has taken part in the NFI exercise and there was a detailed plan as to how the exercise was initiated and concluded.	No	

	Yes/No/Partly	Is action required?	Who by and when
4. Is our NFI Key Contact the appropriate officer for that role and do they oversee the exercise properly? Are our Key Contact's details up to date on the NFI system?	Yes Key contact is Head of Finance and Student Funding and up to date details are correct on the NFI database.	No	
5. Do KCs have the time to devote to the exercise and sufficient authority to seek action across the organisation?	Yes The planning for the NFI exercise is detailed, with all parties aware of timescales and responsibilities.	No	
6. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?	Yes Each exercise is treated as a separate incidence and will be resourced accordingly.	No	
7. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?	Yes This was addressed timeously and submitted by the deadline of 28 August 2022.	No	

Audit Committee / National Fraud Initiative Update / 27 March 2023

	Yes/No/Partly	Is action required?	Who by and when
8. Do we plan to provide all NFI data on time using the secure data file upload facility properly?	**Yes** The College has met all previous deadlines and will continue to do so.	No	
9. Have we considered using the point of application data matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management?	**Yes** Not felt to be required due to low volume of data required to be submitted. This is a chargeable service.	No	
Effective follow up of matches			
10. Do all departments involved in NFI start the follow-up of matches promptly after they become available?	**Yes** Discussions have taken place with Finance and HR on timescales for undertaking matches once released and subsequent reporting to Committee.	No	
11. Do we give priority to following up high-risk matches, those that become quickly out-of-date and those that could cause reputational damage if a fraud is not stopped quickly?	**Yes** Once matches are available, those marked as high-risk are dealt with first and by appropriate senior staff.	No	

Audit Committee / National Fraud Initiative Update / 27 March 2023

	Yes/No/Partly	Is action required?	Who by and when
12. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?	<mark>Yes</mark> Each match is investigated fully.	No	
13. (In health bodies) Are we drawing appropriately on the help and expertise available from NHS Scotland Counter Fraud Services?	<mark>Not applicable</mark>	N/a	
Part B: for the NFI key contacts and users			
14. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively?	<mark>Yes</mark> If required any action taken would be in line with the College Anti-Fraud and Corruption Policy.	No	
15. Do we avoid deploying excessive resources on match reports where early work (e.g., on high-risk matches) has not found any fraud or error?	<mark>Yes</mark> Each match is investigated fully in line with the NFI requirements.	No	

	Yes/No/Partly	Is action required?	Who by and when
16. Where the number of high-risk matches is very low, are we adequately considering the medium and low risk matches before we cease our follow-up work?	Yes Each match is investigated fully in line with the NFI requirements.	No	
17. Do we follow up matches which indicate a customer may be eligible for a benefit or service which they currently do not receive?	Not applicable	N/a	
18. Overall, are we deploying appropriate resources on managing the NFI exercise? Recording and reporting	Yes The resources deployed by the College are proportionate to the risk level and number of matches.	No	
Recording and Reporting			
19. Are we recording outcomes properly in the secure website and keeping it up to date?	Yes The result of all matches are reported on via the secure website and comments shared with 3rd parties where appropriate.	No	
20. Do staff use the online training modules and guidance on the secure website, and do they consult the NFI team if they are unsure about how to record outcomes (to be encouraged)?	Yes Staff have reviewed the online training and will, where required, consult the NFI team	No	

	Yes/No/Partly	Is action required?	Who by and when
21. If, out of preference, we record some or all outcomes outside the secure website, have we made arrangements to inform the NFI team about these outcomes?	<mark>Not applicable</mark> All data will be uploaded via the secure website	N/a	

WEST COLLEGE SCOTLAND

	Agenda Item 15

Meeting	Audit Committee
Date	27 March 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. BACKGROUND

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.

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 note the report and consider
whether there are any further assurances required.

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					
• Risk Management Policy Update				Y	
• Review of Strategic Risk Register	Y				Y
• Corporate Governance Statement - Financial Statements		Y	Y		Y
• Internal audit reports (see section 2)					
• External audit report (see section 3)					
• Remit of Committee reviewed against best practice and governance requirements	Y				
• Assurance Map Update					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.					
• Internal Audit Annual Report 2021-22	Y				
• Internal Audit Plan 2023-24				Y	Y
• Assurance Map Update					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)					
• Internal Audit Annual Report 2021-22	Y	Y			
• External Audit Management Letter as of 31 July		Y			
• Internal and external audit reports as received.	Y		Y	Y	Y
• Report on National Fraud Initiative 2022	Y			Y	

Audit Committee / 2022-23 Schedule of Business / 27 March 2023

REMIT	DELIVERABLES				
	21 Sept 2022	22 Nov 2022 (Joint Meeting)	25 Jan 2023	27 Mar 2023	24 May 2023
• 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**				**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.					
• Annual Report on Whistleblowing • Anti-Fraud and Corruption Policy • Committee to be made aware of any issues arising during the year (ongoing as required)	**Y** **Y**				
To consider and advise the Board accordingly on any arrangements for special investigations and the outcomes of such investigations					
• Reports to be received as requested (ongoing as required)					
To advise the Board on its compliance with corporate governance requirements and good practice guidance, and in particular its compliance with the Financial Memorandum with SFC, the SPFM and the Code of Good Governance for Scotland's Colleges					
• Review of Audit Committee effectiveness • Internal Audit Annual Report 2021-22 • External Audit management letter as of 31 July 2022 • Report on compliance with SFC FM and SG SPFM • Assurance Map Update • Draft Performance and Accountability Report	**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
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					
2021-22 • 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 2022-23 • External Audit Engagement Strategy 2022-23 including audit fee.		Y Y Y Y Y Y		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					
• Annual report to Board of Management from the Audit Committee	Y	Y			
To report to the Board after each meeting					
• Minutes and verbal update 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					
• 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

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					
• Review of effectiveness of internal audit function				**Y**	**Y**
• Review internal audit service contract extension				**Y**	
To advise the Board on the terms of reference for the Internal Auditors					
• Internal Audit Plan Update 2022-23	**Y**		**Y**	**Y**	**Y**
• Internal Audit Plan 2023-24				**Y**	**Y**
To review the scope, efficiency, and effectiveness of the work of the Internal Auditors and to advise the Board on these matters					
• Annual Report to Board of Management from the Audit Committee	**Y**	**Y**			
• Review of effectiveness of internal audit function				**Y**	**Y**
To agree the Internal Audit Plan and review the Internal Audit Annual Report					
• Internal Audit Annual Report 2021-22	**Y**	**Y**			
• Internal Audit Update Report 2022-23	**Y**		**Y**	**Y**	**Y**
• Assurance Map Update					**Y**
• Internal Audit Plan 2023-24				**Y**	**Y**
To review the Internal Audit reports, the management response to them and to review implementation of the actions required					
2022-23					
• Safeguarding, Wellbeing and Counselling			**Y**		
• IT Strategy			**Y**		
• Curriculum Strategy				**Y**	

REMIT	DELIVERABLES				
	21 Sept 2022	22 Nov 2022 (Joint Meeting)	25 Jan 2023	27 Mar 2023	24 May 2023
• Payroll Review				**Y**	
• Estate Strategy					
• Budget / Financial Planning					**Y**
• Curriculum Planning and Timetabling					**Y**
• Whistleblowing					**Y**
To review the Rolling Audit Action Plan at each meeting					
• Report on Rolling Audit Action Plan	**Y**		**Y**	**Y**	**Y**
To encourage appropriate liaison and co-ordination between internal and external audit					
• Invite / attendance at all Committee meeting by both internal and external auditors.	**Y**	**Y**	**Y**	**Y**	**Y**
To establish appropriate performance measures and indicators to monitor the effectiveness of the Internal Auditors					
• Annual review of internal audit function				**Y**	**Y**
• Annual meeting with internal auditor excluding College staff.					**Y**
3) External Audit					
To receive information on the general terms and conditions of appointment of the External Auditors who are engaged by Audit Scotland to provide audit services to the College					
• Year end audit update by external auditors	**Y**				
• Introduction of new external auditors (Azets)				**Y**	
• Annual external audit appointment terms and conditions					**Y**
• Approval of External Auditors Audit Planning Memorandum 2022-23				**Y**	**Y**

Audit Committee / 2022-23 Schedule of Business / 27 March 2023

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		Y	Y		Y
To review the External Audit strategy and plan					
• SFC Accounts Direction for Scotland's colleges	Y				
• External Audit 2022-23 Engagement Strategy					Y
To establish appropriate performance measures and indicators to monitor the effectiveness of the External Auditors.					
• Annual review of effectiveness of external audit function			Y		
• Annual meeting with external auditor excluding College staff		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	

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					
• Review of Strategic Risk Register	Y	Y			Y
• Assurance Map					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.					
• Review of strategic risk faced by the College.		Y	Y	Y	Y
• Update report on management of cyber attack				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					
• As required.					
To procure ad-hoc specialist advice at the expense of the College as appropriate and when necessary, subject to budgets being agreed by the Board					
• As required					

Audit Committee / 2022-23 Schedule of Business / 27 March 2023