



AUDIT & RISK COMMITTEE

NOTICE

There will be a meeting of the Audit & Risk Committee on Wednesday 25 September 2019 at 1030 hours in the Boardroom, G10, at Aberdeen City Campus.

	AGENDA	
Agenda Item		Paper
27-19	Apologies for Absence	
28-19	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items	
29-19	Minute of Previous Meeting – 10 July 2019	Χ
30-19	Matters Arising from the Previous Meeting	Χ
	Matters for Decision	
31-19	Committee Terms of Reference	Χ
32-19	Programme of Business AY2019-20	Χ
33-19	Internal Audit Annual Plan 2019-20	Χ
34-19	Risk Management Policy	Χ
35-19	Fixed Asset Management	Χ
	Matters for Discussion	
36-19	Draft Annual Report of the Audit & Risk Committee to the Regional Board, 2019	Χ
37-19	Strategic Risk Register	Χ
38-19	Any Other Business	
39-19	Summation of Business and Date of Next Meeting	



AUDIT & RISK COMMITTEE

Draft Minutes of the meeting of the Audit & Risk Committee held on 10 July 2019 at 1030 hours in G10, Aberdeen City Campus.

Agenda	
Item	Present: David Anderson – Chair Abdul Elghedafi (by phone) Andrew Russell – Vice Chair Adrian Smith In attendance: Ken Milroy, Regional Chair Peter Smith, Vice Principal Finance & Resources Pauline May, Secretary to the Board Stuart Inglis, Henderson Loggie Stephen Pringle, Wylie & Bisset Stephen Reid, EY
14-19	Apologies: Apologies were presented for Ann Bell and Anne Simpson.
15-19	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items No potential conflicts of interest were declared
16-19	Minutes of Previous Meeting – 17 April 2019 The minutes were approved as a true and accurate record, subject to the correction of a typo under Agenda Item 07-19.
	A Smith joined the meeting at this time.
	Matters Arising from the Previous Meeting Members noted the matters arising report.
	S Pringle confirmed that the feedback in relation to the Member questionnaire issued as part of the Corporate Governance audit had been provided to colleagues as requested.
17-19	P Smith reconfirmed, in line with an email previously circulated to Committee Members, that the last year for which negative goodwill will be recognised is 2019-20.
	P May advised that the requested information would be included in future iterations of the Strategic Risk Register, adding that the Register would now be a standing item at meetings of the Audit & Risk Committee.
	P Smith advised the two outstanding NFI investigations were now closed.
	No further matters were raised.

Matters for Decision

Reports on Internal Audit Reviews

Members noted a summary paper highlighting the outcomes of eleven internal audit reviews undertaken by Wylie and Bisset. The Committee thanked College staff for their efforts contributing to the positive outcomes of the audits.

In relation to the audit of Enrolments, Attendance & Applications, confirmation was requested regarding GDPR compliance of the student information system, and the status of the new system for weekly attendance reports planned for implementation by the start of AY2019-20.

In relation to the audit of Estates Management, P Smith provided clarification regarding actual spend against budget and the combined role of the Head of the Mitie Team and the Head of Facilities & Estates. Required corrections to the Vice Principal's job title and the end date of the facilities contract were noted.

In relation to the audit of Fixed Assets, Members noted their concern regarding the number of missing assets and commenting that it was disappointing to see that no work had been undertaken to keep asset registers up-to-date since this responsibility was transferred to Mitie in 2017. P Smith advised that a new procedure had recently been implemented which would ensure that equipment is logged appropriately, and that work was ongoing to locate as many missing items as possible. A lengthy discussion followed with Members assured that the missing items had no negative impact on the College's financial reporting position, and that NESCol's approach to asset management, when correctly implemented, is in line with other colleges. It was agreed that an audit required to be undertaken to establish a new baseline of assets. It was also agreed that the requirement to keep up-to-date asset registers should be included as a KPI in the new facilities management contract. Members requested to be provided with assurance on the controls in place before approval is given to the implementation of recommendation four - increasing the threshold value for items to be included on asset registers. P Smith confirmed that recommendations one, two and three had been implemented.

18-19

At the request of Members, P Smith agreed to prepare a report for the next meeting of the Committee on asset management, including information on:

- the new baseline
- the newly implemented procedure, including definitions, categories and disposal practices.

Members commented that the audit should have been titled asset management, rather than fixed asset management given that its scope was wider than only fixed assets.

In relation to the audit of NESCol @ Fraserburgh, Members commented that it was positive to see that the new operating model at the Campus was working well.

In relation to the audit of Marketing, a discussion was held regarding any potential ink between the decreased spend per enrolment and the decrease in enrolments coupled with the challenge in recruiting students. The recent £50,000 marketing campaign and its minimal impact on enrolments for AY2019-20 was noted. It was agreed that assurance would be sought from the Marketing & Communications Department on their budget and any related issues comprising the effectiveness of marketing activities. It was also agreed that the student feedback referred to in recommendation one would be

shared with the Committee. S Pringle agreed to clarify bullet point four of recommendation one.

In relation to the audit of Payroll, Members noted the positive outcome commenting on the significant amount of work undertaken regarding the implementation of the new system.

In relation to the audit of Risk Management, it was noted that the responsible officer and implementation deadline required to be added for recommendation one. P May advised that the College's Risk Management Policy would be updated in line with recommendation one and shared with the Committee at its next meeting.

A Elghedafi left the meeting at this time.

Members noted the internal audit reports for Staff & Room Utilisation, Strategic & Business Planning, and Student Records.

In relation to the audit of NESCol @ Altens, it was noted that it would be beneficial for recorded feedback on the management team being stretched to be considered by senior management. A short discussion was held regarding the different approach to the working day and timetabling currently followed at the Altens Campus, with current discussions regarding possible changes to the working day at all Campuses due to National Collective Bargaining noted. P Smith clarified the response to recommendation three was at this stage to consider rather than implement a change to the Altens timetable to bring it in line with other campuses. It was confirmed that the implementation of recommendation four was underway.

Members approved the management responses contained in the eleven internal audit review reports as presented, with the exception of delaying the possible change of threshold value for items to be included on asset registers.

Internal Audit Annual Report 2018-19

The Committee considered the Annual Report presented by Wylie and Bisset on the programme of internal audit work undertaken in AY2018-19.

Members approved the Annual Report and approved its incorporation into the Committee's Annual Report to the Regional Board.

Staff were again thanked for their contribution for the overall positive outcome of the AY2018-19 Internal Audit Programme. The Committee also expressed its thanks and appreciation to Wylie & Bisset for their work during their time as the College's Internal Auditors.

External Audit Annual Plan, Year Ending 31 July 2019

Members considered a draft plan for the external audit of the College's financial statements for the year to 31 July 2019.

Members were advised that at this stage the Plan was for noting rather than decision. S Reid advised that amendments would be made, if required, once the College had shared, in due course, its Financial Statements for the year ended 31 July 2019 with EY. S Reid explained the significant and inherent risk to be audited, confirming that EY had no concerns to draw to the attention of Committee Members at this stage.

20-19

S Reid reported that the timetable for the audit had been discussed with College management, and advised that if fee variation was required this would initially be discussed with P Smith.

In response to a query regarding the valuation of property and background maintenance and its impact on valuation, S Reid advised that EY were comfortable with the College's position following valuations concluded the previous year and confirmed that NESCol's approach to property valuation was in line with the FREM.

S Pringle left the meeting at this time. S Inglis joined the meeting at this time.

Draft Internal Audit Plan 2019-20

The Committee noted a paper providing an opportunity for Members to contribute to the setting of the Plan for the College's internal audit assignments for the year 01 August 2019 to 31 July 2022.

D Anderson noted that Henderson Loggie had consulted with him in his role as Chair of the Committee and with a number of key College managers to inform the preparation of the initial draft of the Plan.

S Inglis introduced himself to the Committee advising that Henderson Loggie had been pleased to be appointed as the new Internal Auditors building on previous work carried out for Aberdeen College, Banff & Buchan College and NESCol.

Members were advised that the Plan would be finalised to incorporate feedback received from the Committee at this meeting, following which detailed scopes for the audits to be undertaken in year one of the Plan would be prepared.

21-19

S Inglis summarised the approach undertaken to develop the draft Plan and presented each section. Members commented on the clear cross-referencing of the Strategic Risk Register contained within the Plan. It was noted that consideration to the scheduling of audits had included a review of when they had last been undertaken at the College.

It was highlighted that the priority scorings contained in the Strategic Plan would be revisited on an annual basis over the three-year Plan period.

It was agreed that given the outcome of the recent internal audit of Fixed Asset Management, that asset management should be included as part of the 2020-21 programme. It was also agreed that further consideration would be given to the three-year Programme by P Smith and Henderson Loggie and that it would be discussed again at the next meeting of the Committee.

It was noted that the Plan may need to be reconsidered following the upcoming appointment of a new Principal and Chief Executive.

S Reid left the meeting at this time.

	Matters for Discussion
22-19	Strategic Risk Register The Committee noted a paper providing information on a recent review of the College's Strategic Risk Register and discussed the current version of the document.
	P May summarised the approach taken to the review with Members agreeing with the amendments, with the exception of the removal of Risk 5.9. A discussion followed on the impact of the College retaining or losing the ISO14001 Standard and if this should be identified as a strategic risk. Members agreed that Risk 5.9 should be reinstated.
	It was also agreed that it would be beneficial for a review of external accreditations to be undertaken and for the Board to consider which should be maintained, reflecting upon required resources and benefits gained.
	Members were advised that the Senior Executive Team had identified that a risk relating to the appointment of the new Principal should be added to the Register in due course. Members agreed that this was appropriate.
	Code of Good Governance for Scotland's Colleges – Review of Compliance
23-19	Members noted a paper providing information on the Board's performance and compliance with the Code of Good Governance for Scotland's Colleges over the last 12 months.
	The Committee agreed that the information recorded in the compliance check provided an accurate summary.
	Matter for Information
	Scotland's Colleges 2019 The Committee noted a paper providing Members with an opportunity to consider the recently published Audit Scotland Report – Scotland's Colleges 2019. In particular Members commented in the references to NESCol contained in the Report.
24-19	It was noted that some statements contained in the publication could be misleading due to a lack of contextualisation, with P Smith providing further information regarding the reasons for the College's reported deficit position stated on page 12 of the Report.
	It was also noted that key findings in the Report could provide evidence for future funding negotiations for the section. K Milroy advised that the Report had helped frame Colleges Scotland's budget proposal to the Scottish Government.
	Any Other Business
25-19	Under Any Other business, A Smith made further comment on the College's approach to asset management. The need to clarify definitions and treatments of assets was restated by Members.
26-19	Summation of Business and Date of Next Meeting The Secretary gave a summation of the business conducted. The next meeting of the Audit & Risk Committee will be held at 10.30am on Wednesday 25 th

Meeting ended	1305	hours
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Agenda Item	Actions from Audit & Risk Committee 10/07/19	Responsibility	Deadline
18-19	Confirm GDPR compliance status of student information system.	P. May with J. Gillanders	As soon as possible
18-19	Confirm status of the new system for weekly attendance reports planned for implementation by the start of AY2019-20.	P. May with P. Smith	As soon as possible
18-19	Correct errors in Estates Management Internal Audit Report.	Wylie & Bisset	As soon as possible
18-19	Prepare report on College's approach to fixed asset management.	P. Smith	13 September 2019
18-19	Include KPI regarding maintenance of up-to-date asset registers in new facilities management contract.	P. Smith	13 September 2019
18-19	Consider if Marketing & Communications budget is compromising effectiveness of activities.	P. May with R. Fraser	As soon as possible
18-19	Share student feedback gathered in relation to NESCol Prospectuses.	P. May with R. Fraser	As soon as possible
18-19	Clarify bullet point in recommendation one of Marketing Internal Audit Report regarding the availability of the part-time questionnaire on the staff intranet.	Wylie & Bisset	As soon as possible
18-19	Add in missing information to recommendation one of Risk Management Internal Audit Report.	Wylie & Bisset	As soon as possible
18-19	Update College's Risk Management Policy as agreed.	P. May	13 September 2019
21-19	Revisit Draft Internal Audit Plan 2019-22 to ensure asset management is included in the Programme.	P. Smith with Henderson Loggie	13 September 2019
22-19	Reinstate Risk 5.9 of the Strategic Risk Register.	P. May	As soon as possible
22-19	Prepare summary of College's current external accreditations for discussion by Regional Board.	P. May	18 October 2019

Signed:	Date:
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AUDIT & RISK COMMITTEE

An update on matters arising from the meeting of the Audit & Risk Committee held on 10 July 2019.

Agenda Item	
	Action: At the meeting of the Committee held in April 2019 the following action was note – "Ensure future updates of Strategic Risk Register to be considered by the Committee include information on progress against mitigating actions."
17-19	Update: The Senior Executive Team has considered this request and has agreed that progress against mitigating actions is already provided to the Regional Board and its Committees through key items of business, for example, credit reports, budget updates. The mitigating actions are also addressed through the College Enhancement Plan which the Board and Curriculum & Quality Committee receive updates on. Therefore seeking to add this information to the Register is felt to be unnecessary.
	Action: Confirm GDPR compliance status of student information system.
18-19	Update: The College has in place a number of formal data sharing agreements in relation to its student information systems. GDPR compliance is also assured as part of the College's contracts with system software suppliers.
	Action: Confirm status of the new system for weekly attendance reports planned for implementation by the start of AY2019-20.
18-19	Update: A process mapping to support the development of the new system has been undertaken. There has been no further progress to date due to Developers time being prioritised for the Student Information Portal Project (SIP). Work on the new attendance system is expected to be included in the Developers' Work Plan for Block 2 of AY2019-20.
	Action: Correct errors in Estates Management Internal Audit Report.
18-19	Status: Complete – a corrected final version of the Report was received from Wylie & Bisset.
18-19	Action: Prepare report on College's approach to fixed asset management.
	Status: Complete – See Agenda Item 35-19.
18-19	Action: Include KPI regarding maintenance of up-to-date asset registers in new facilities management contract.
	<u> </u>

	Update: This will be considered when the facilities contract is reviewed in
	at the beginning of 2020.
	Action: Consider if Marketing & Communications budget is compromising effectiveness of activities.
18-19	Update: The Senior Executive Team accepts that current approaches to the evaluation of the effectiveness of marketing activity are insufficient to provide a response to the committee's question. Changes in spend can be affected by decisions on the balance of print media versus social media, decisions regarding TV and Radio campaigns and decisions around the number, scope and character of promotional events. In planning a recruitment strategy to support enrolments for AY2019-20 a number of activities were undertaken. These included reviewing the appropriateness of the curriculum offer across all faculties, building improved relationships with schools, employers and other stakeholders, analysing trends and patterns of enrolment, conversion and recruitment and increasing the spend on a marketing and media campaign. At the time of writing, it would appear that across the College full-time enrolments are at a similar level to last year. The highly ambitious desired growth has not been achieved but we have not experienced a further significant decline in full-time enrolments. It is difficult to say if this is due to marketing spend or other factors. Going forward, a revised approach to assessing the effectiveness of marketing activities has been built into the job description for the new Director of Marketing and Communication, a post that will be appointed to in November 2019. Also built in to the new job description is an improved approach to the use of social media in promoting the College and the opportunities offered. In addition, the new College website, due to go live in November 2019, will provide us with a greater range of data which can be used to analyse the behaviours of visitors to the site and applicants to the College. The Senior Executive Team would suggest that the Committee receives a full report on what is achievable in terms of measuring effectiveness of marketing spend from the new Director of Marketing and Communications in July 2020.
	Action: Share student feedback gathered in relation to NESCol Prospectuses.
18-19	Status: This has been made available in the Committee's Collaborative Space on COLIN.
10.15	Action: Clarify bullet point in recommendation one of Marketing Internal Audit Report regarding the availability of the part-time questionnaire on the staff intranet.
18-19	Update: This was an error – reference should have been made to the student intranet rather than the staff intranet. A corrected final version of the report has been received from Wylie & Bisset.
18-19	Action: Add in missing information to recommendation one of Risk Management Internal Audit Report.
10-17	Status: Complete – a corrected final version of the Report was received from Wylie & Bisset.

	Action: Update College's Risk Management Policy as agreed.
18-19	Status: Complete – See Agenda Item 34-19.
20-19	Issue: At the last meeting of the Committee Members considered the draft plan for the external audit of the College's financial statements for the year to 31 July 2019, and were advised that the Plan was for noting rather than decision. S Reid advised that amendments would be made, if required, once the College had shared, in due course, its Financial Statements for the year ended 31 July 2019 with EY.
	Update: Following the provision of the required information by the College to EY the Plan did not require to be amended. The Plan therefore did not require to be reconsidered by the Committee.
21-19	Action: Revisit Draft Internal Audit Plan 2019-22 to ensure asset management is included in the Programme.
	Status: Complete – See Agenda Item 33-19.
	Action: Reinstate Risk 5.9 of the Strategic Risk Register.
22-19	Status: Complete – See Agenda Item 37-19.
22-19	Action: Prepare summary of College's current external accreditations for discussion by Regional Board.
	Update: This will be prepared for the meeting of the Regional Board scheduled for October 2019.





AUDIT & RISK COMMITTEE				
Meeting of 25 September 2019				
Title: Committee Te	rms of Reference			
Author: Pauline May		Contributor(s):		
Type of Agenda Ite	m:			
For Decision				
For Discussion				
For Information				
Reserved Item of B	usiness 🗆			
Purpose: To enable	the Committee to r	eview its Terms of Reference.		
Linked to Strategic	Goal:			
Linked to Annual Pr	iority:			
Attached as Appe	Executive Summary: Attached as Appendix 1 to this paper is the Committee's current Terms of Reference. The Terms were last considered by the Committee in October 2017.			
Members are asked to review the attached and consider if the Committee's Specific Duties accurately reflect its main areas of focus.				
Recommendation: It is recommended that the Committee review its Terms of Reference.				
Previous Committee Recommendation/Approval (if applicable): None				
Equality Impact Assessment:				
Positive Impact				
Negative Impact				
No Impact				
Evidence:				

AUDIT AND RISK COMMITTEE TERMS OF REFERENCE 1.1 Membership A minimum of 6 Members, one of whom shall be appointed Committee Chair. The Chair of the Audit and Risk Committee is precluded from serving on the Finance and General Purposes Committee. The internal audit service provider and representatives of the external auditor will be expected to attend meetings of the Audit and Risk Committee and to be provided with the agenda and papers for meetings. 1.2 Quorum No less than one half of the members entitled to vote.

1.3 Remit

General

The Audit and Risk Committee shall make its recommendations to the Regional Board as appropriate. The Committee shall make its decisions and report these to the Regional Board. The Audit and Risk Committee shall observe the Standing Orders in all its business.

The Audit and Risk Committee is established in accordance with the Financial Memorandum between the Scottish Funding Council (SFC) and the Regional Board of North East Scotland College.

The Audit and Risk Committee is an advisory body with no executive powers, and will adopt and ensure compliance with Audit Scotland's Code of Audit Practice.

Specific Duties

The following provides a summary of the main duties of the Audit and Risk Committee

Internal Control

Reviewing and advising the Regional Board of the Internal Audit Services (IAS)
and the external auditor's assessment of the effectiveness of the College's
financial and other internal control systems, including controls specifically to
prevent or detect fraud or other irregularities as well as those for securing
economy, efficiency and effectiveness reviewing and advising the Regional
Board on its compliance with corporate governance requirements and good
practice guidance.

Internal Audit

- Advising the Regional Board on the selection, appointment or reappointment and remuneration, or removal of the IAS provider where the service is contracted-out
- Advising the Regional Board on the terms of reference for the IAS; reviewing the scope, efficiency and effectiveness of the work of internal audit, considering the adequacy of the resourcing of internal audit and advising the Regional Board on these matters
- Advising the Regional Board of the Audit and Risk Committee's approval of the basis for and the results of the internal audit planning process

- Reviewing the IAS's monitoring of management action on the implementation of agreed recommendations reports in internal audit assignment reports and internal audit annual reports
- Considering salient issues arising from internal audit assignment reports, progress reports, annual reports and management's response thereto and informing the Regional Board thereof
- Informing the Regional Board of the Audit and Risk Committee's approval of the IAS's annual report
- Ensuring establishment of appropriate performance measures and indicators to monitor appropriate liaison and co-ordination between internal and external audit
- Ensuring good communication between the Committee, the Head of IAS and the external auditor
- Responding appropriately to notification of fraud or other improprieties received from the Head of IAS or other persons.

External Audit

- In conjunction with the Finance & Resources Committee, considering and approving the College's annual financial statements and the external auditor's report prior to submission to the Regional Board. (This should include consideration of the external audit opinion, the Statement of Member's Responsibilities and any relevant issue raised in the external auditor's management letter)
- Reviewing the external auditor's annual Management Letter and monitoring management action on the implementation of the agreed recommendations contained therein
- Advising the Regional Board of salient issues arising from the external auditor's management letter and any other external audit reports and of management's response thereto
- Reviewing the statement of corporate governance as part of the consideration of the College's annual financial statements
- Reviewing the external audit strategy and plan
- Holding discussions with external auditors and ensuring their attendance at Audit and Risk Committee and Regional Board meetings as required
- Considering the objectives and scope of any non-statutory audit work undertaken or to be undertaken, by the external auditor's firm and advising the Regional Board of any potential conflict of interest
- Securing appropriate liaison and co-ordination between external and internal audit.

Value for Money

- Establishing and overseeing a review process for evaluating the effectiveness
 of the College's arrangements for securing the economical, efficient and
 effective management of the College's resources and the promotion of best
 practice and protocols, and reporting to the Regional Board thereon
- Advising the Regional Board on potential topics for inclusion in a programme to undertake individual assignments considering the required expertise and experience
- Advising the Regional Board of action that it may wish to consider in the light of national value for money studies in the further education sector.

Risk Management

- Reviewing the Risk Management Policy, ahead of its consideration by the Regional Board
- The Committee will be responsible for satisfying itself that risks are being managed and will seek assurance on the adequacy of their management, including from Internal and External Auditors and the Senior Executive Team.

Governance

• Reviewing the College's governance arrangements in line with the Code of Good Governance for Scotland's Colleges.

Advice to the Board

- Reviewing the College's compliance with the Code of Audit Practice and advising the Board on this
- Producing an annual report for the Regional Board
- Advising the Board of significant, relevant reports from the SFC, Audit Scotland and the Auditor General and, where appropriate, management's response thereto
- Reviewing reported cases of impropriety to establish whether they have been appropriately handled.

1.4 | Meetings / Reporting

The Audit and Risk Committee will normally meet at least four times per year.

The Chair of the Finance and General Purposes Committee may attend meetings of the Audit and Risk Committee in an observer's role.

Once a year, subsequent to a meeting of the Audit and Risk Committee, Lay members of the Audit and Risk Committee will meet with the internal audit service provider and representatives of the external auditor. The Chair of the Board of Management may elect to attend this meeting.

At its discretion, the Audit and Risk Committee may sit privately without any non-Members present for all or part of a meeting if they so decide.

The Audit and Risk Committee will report to the Regional Board on a regular basis, and the Audit Chair will produce an Annual Report for submission to the Board following the end of the financial year.

1.5 | Senior Management Support

The following member of the Senior Executive Team provides objective, specialist advice to support the Committee to discharge its remit:

• Vice Principal – Finance & Resources



Agenda Item 32-19

AUDIT & RISK COMMITTEE			
Meeting of 25 September 2019			
Title: Programme of Busi	ness AY2019-20		
Author: Pauline May		Contributor(s): Peter D Smith, Vice Principal – Finance & Resources	
Type of Agenda Item:			
For Decision	\boxtimes		
For Discussion			
For Information			
Reserved Item of Busine	ess 🗆		
Purpose: To enable the AY2019-20.	Committee to d	consider its Programme of Business for	
Linked to Strategic Goa	l:		
Linked to Annual Priority	/ :		
-		gramme of Business details the proposed siness throughout academic year 2019-20.	
Recommendation: It is recommended that the Committee set the Programme of Business for AY2019-20.			
Previous Committee Recommendation/Approval (if applicable): None			
Equality Impact Assessment:			
Positive Impact \Box			
Negative Impact \Box			
No Impact			
Evidence:			

AUDIT & RISK COMMITTEE - DRAFT PROGRAMME OF BUSINESS AY2019-20

Please note that the Programme of Business will be amended as required to include agenda items that arise throughout the academic year.

25 SEPTEMBER 2019
For Decision
Committee Terms of Reference
Programme of Business AY2019-20
Internal Audit Plan 2019-20
Risk Management Policy
Fixed Asset Management
For Discussion
Draft Annual Report of the Audit & Risk Committee to the Regional Board, 2019
Strategic Risk Register
For Information

28 NOVEMBER 2019		
For Decision		
Draft Audited Financial Statements, 12 months to 31 July 2019 (Reserved Item with Finance		
& Resources Committee)		
For Discussion		
Meeting with External and Internal Auditors		
Strategic Risk Register		
For Information		
Procurement Annual Report		

19 FEBRUARY 2020			
For Decision			
Reports on Internal Audit Reviews			
For Discussion			
Strategic Risk Register			
For Information			

20 MAY 2020		
For Decision		
Reports on Internal Audit Reviews		
For Discussion		
Draft External Audit Plan		
Draft Internal Audit Plan		
Strategic Risk Register		
Code of Good Governance for Scotland's Colleges – Review of Compliance		
For Information		
National Fraud Initiative		

Red denotes Reserved Item of Business





AUDII & RISK COMMITTEE				
Meeting of 25 September 2019				
Title: Internal Audit Annuc	Title: Internal Audit Annual Plan 2019-20			
Author: Peter D Smith, Vice Finance & Resources	e Principal –	Contributor(s): MHA Henderson Loggie		
Type of Agenda Item:				
For Decision	\boxtimes			
For Discussion				
For Information				
Reserved Item of Business				
Purpose: To enable the Co Academic Year 2019-20.	ommittee to d	approve the Internal Audit schedule for		
Linked to Strategic Goal:				
_		ources to deliver financial and		
Linked to Annual Priority:				
Executive Summary: The Internal Audit Plan attached as Appendix 1 was created following feedback from the Committee and after my further discussions with the internal auditors, MHA Henderson Loggie.				
This Plan follows on from the Audit Needs Assessment (ANA) presented to the Committee in July 2019. The ANA has been updated following feedback from the Committee and an updated version is also attached for information as Appendix 2.				
A total of 50 days have been allocated to assignments in AY2019-20.				
Recommendation: It is recommended that the Committee approve the internal assignments, as detailed in the Annual Plan.				
Previous Committee Recommendation/Approval (if applicable): July 2019				
Equality Impact Assessme	ent:			
Positive Impact \Box				

Negative Impact	
No Impact	
Evidence:	

North East Scotland College

Internal Audit Annual Plan 2019/20

Internal Audit Report No: 2020/02

Draft issued: 19 August 2019 2nd Draft issued: 30 August 2019 Final issued: 10 September 2019



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Introduction

- 1.1 The purpose of this document is to present for consideration by management and the Audit and Risk Committee the annual operating plan for the year ended 31 July 2020. The plan is based on the proposed allocation of audit days for 2019/20 set out in the Audit Needs Assessment and Strategic Plan 2019 to 2022. The preparation of the Strategic Plan involved dialogue with management, and the Audit and Risk Committee approved the plan at its meeting on 10 July 2019.
- 1.2 A copy of the Strategic Plan is included at Section 2 of this report.
- 1.3 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2019/20, together with the proposed audit approach. These have been arrived at following consideration by the Senior Executive Team. The outline scopes will be refined and finalised after discussion with responsible managers in each audit area.
- 1.4 Separate reports will be issued for each assignment with recommendations graded to reflect the significance of the issues raised. In addition, audit findings will be assessed and graded on an overall basis to denote the level of priority that should be given to each report.



Strategic Plan 2019 to 2022

Proposed Allocation of Audit Days

			Planned	Planned	Planned
	Category	Priority	19/20	20/21	21/22
			Days	Days	Days
Reputation					
Publicity and Communications	Gov	M			
Health and Safety	Gov	M			
·					
Student Experience					
Curriculum planning	Perf	M		5	
Quality	Perf	L			
Student support	Perf	M		5	
Student recruitment and retention	Fin/Perf	Н			
Students Association	Gov	M			
Staffing Issues	_ ,				
Staff recruitment and retention	Perf	M/L			
Staff development	Perf	M			
Workforce planning	Perf	M		4	
Payroll	Fin	M			4
Estates and Facilities					
	Cin/Dowf	H/M			
Building maintenance	Fin/Perf				-
Estates and facilities contract VFM	Fin/Perf	M			5
Estates strategy / capital projects	Fin/Perf	H/M			
Space management	Perf	Н		_	
Asset / fleet management	Perf	M		5	
Financial Issues					
Budgetary control	Fin	Н		4	
Financial planning	Fin	H	4		
Student fees and contracts / registry	Fin	M	4		
	Fin	M			
General ledger					4
Procurement and creditors / purchasing	Fin	M			4
Debtors/Income	Fin	M			
Cash & Bank / Treasury management	Fin	M			
Commercial Issues					
Business Development	Fin/Perf	H/M	5		
International Activities	Gov/Fin/Perf	M	3		
ASET	Gov/Fin/Peri				E
ASET	Gov/Fin/Pen	H/M			5



Proposed Allocation of Audit Days (Continued)

			Planned	Planned	Planned
	Category	Priority	19/20	20/21	21/22
			Days	Days	Days
Organisational Issues					
Risk Management*	Perf	M			5
Business Continuity*	Perf	M			
Corporate Governance	Gov	M			
Corporate Planning	Perf	М			
Performance reporting / KPIs	Perf	M	5		
Partnership Working	Gov/Perf	M			
Equalities	Gov	М			
Information and IT					
IT network arrangements**	Perf	М		5	
BYOD VFM	Perf/Fin	M	5	Ū	
Data protection**	Gov	H	ŭ		
FOI	Gov	L			
Systems development / implementation	Perf	M			
IT strategy	Perf	М			
IT operations	Perf	М	5		
Other Audit Activities					
Credits audit		Required	7	7	7
Student Support Funds		Required	8	8	8
Management and Planning)			5	5	5
External audit / SFC)					
Attendance at Audit & Risk Committee)					
Follow-up reviews		Various	3	2	2
Audit Needs Assessment			3		
Business Process Review (TBC)					5
Total			50	50	50
			====	====	====

Key

Category: Gov – Governance; Perf – Performance; Fin – Financial

Priority: H – High; M – Medium; L – Low

*, ** these assignments will be linked



Outline Scope and Objectives

Audit Assignment:	Financial Planning
Priority:	High
Fieldwork Timing	2 March 2020
Audit and Risk Committee Meeting:	20 May 2020
Days:	4

Scope

The scope of the audit will be to review the College's long-term financial planning arrangements to consider whether these are in line with good practice.

Objectives

The objectives of the audit will be to obtain reasonable assurance that:

- the College has developed a long-term financial strategy, which includes long-term financial forecasts;
- the College is engaged with the Scottish Funding Council (SFC) to develop its approach to longterm financial forecasting;
- assumptions used in the financial forecasting returns submitted to the SFC are robust, realistic and applied consistently; and
- any departure from the SFC guidance on common sector assumptions is justified to the Regional Board, auditors and to the SFC.

Our audit approach will be:

From discussion with the Vice Principal – Finance & Resources and the Financial Controllers, and review of financial plans and forecasts, we will assess compliance with the above objectives.



Audit Assignment:	Business Development
Priority:	High / Medium
Fieldwork Timing	11 November 2019
Audit and Risk Committee Meeting:	19 February 2020
Days:	5

Scope

This audit will consider the key risks in relation to the College's commercial and external funding activities, excluding ASET Limited, which will be covered separately on the internal audit programme.

Objectives

The primary objective of this audit will be to establish whether procedures in place within the College are sufficient to maximise income generation and margin from commercial (non-SFC) activities.

Secondary objectives will be to ensure that:

- an effective strategic and operational planning process has been established, including identification of key markets and courses;
- there is appropriate support in place to identify and promote commercial and external funding opportunities;
- key risks and opportunities are identified and mitigated / exploited;
- there is effective pricing in the marketplace, with full cost recovery as the target and careful consideration being given to activity which does not meet this target;
- management information, including financial information on each specific activity, is adequate and easily accessible to all relevant staff;
- there is regular review of activities by the Regional Board and its committees;
- feedback is sought from customers and acted upon;
- appropriate systems and procedures are in place to manage intellectual property risks covering areas such as: ownership; identification; application approval; and maintenance; and
- adequate arrangements have been put in place to prevent and respond to external claims against the College for breach of contract and robust agreements are signed with partners.

Our audit approach will be:

From discussion with the Vice Principal – Access, Outcomes & Partnerships, Vice Principal – Finance & Resources, Director of Business Development, Director of Marketing & Communications, Head of External Funding, and other relevant staff, and review of relevant documents, we will establish the key controls in place within the above areas and consider their adequacy.

Where relevant, sample testing will be carried out to establish whether key controls in place within the above areas are operating effectively in practice.



Audit Assignment:	Performance Reporting / KPIs
Priority:	Medium
Fieldwork Timing	30 March 2020
Audit and Risk Committee Meeting:	20 May 2020
Days:	5

Scope

This audit will consider the format, content and timeliness of management information, both financial and non-financial (although excluding budget monitoring as this will be covered separately as part of the internal audit programme), provided to senior management and to the Regional Board.

Objectives

The objective of the audit will be to obtain reasonable assurance that:

- the management information needs of users have been identified and the information provided meets those needs;
- management information is clearly set out, easily accessible, accurate, provided on a timely basis and readily understood by users;
- management information is available which:
 - reports on appropriate key performance indicators and, where applicable, on outputs, outcomes and impacts;
 - enables the impacts of key strategic and operational decisions to be measured;
 - assists in forecasting; and
- processes in place to provide and disseminate management information are efficient.

Our audit approach will be:

A sample of senior managers and Regional Board members will be interviewed, and the College's management reports, and management reporting procedures, will be reviewed to assess compliance with the above objectives.



Audit Assignment:	BYOD VFM
Priority:	Medium
Fieldwork Timing	9 March 2020
Audit and Risk Committee Meeting:	20 May 2020
Days:	5

Scope

The College has a significant number of Bring Your Own Device (BYOD) programmes, which require students to have access to their own laptop or netbook computer in class each day. To enable this, students have the option of being provided with a laptop at induction that will be theirs to keep throughout their time at College. Having access to their own personal device enables students to access appropriate materials during classes and also allows them to undertake effective self-study both in the College, and at home. Bringing their own device also provides students with unlimited access to Blackboard, the College's virtual learning environment. For non-advanced students, the devices are either funded via bursary or directly by the students. There is a large stock of short-term loan devices available from the College library that students can borrow on a short-term basis should they experience a problem with their own device.

In order to support the use of mobile devices, the College has invested significantly in the facilities and infrastructure necessary to allow students to use these effectively. Such developments include a robust and ubiquitous wireless internet network at all campuses, device charging points and easily accessible IT Helpzone support.

This audit will consider whether the BYOD initiative in its current form is the best use of resources and is being appropriately managed.

Objectives

The objective of the audit will be to establish whether the College is obtaining value for money from its spend on the BYOD initiative. To conclude on this objective, we will establish whether:

- there is a formal BYOD Policy in place which clearly sets out respective responsibilities for all parties;
- there is a process in place to control the issue and return of laptops provided to students (including devices issued on short-term loan);
- an exercise has been conducted to identify the number of BYOD users and to forecast demand on College services;
- the College's IT Support resource is configured to effectively deliver the IT support required to sustain BYOD devices across all campuses;
- BYOD enquires made to the IT Helpzone, and the subsequent utilisation of the IT team, are
 monitored to ensure compliance with the BYOD Policy and to assess the cost and the impact of
 this service provision on the learner experience;
- there are sufficient wireless access points across all campuses to allow all users to obtain and maintain access via their individual devices; and
- information security risks relating to the management of BYOD devices have been identified and effectively mitigated.



Audit Assignment:	BYOD VFM (Continued)

Our audit approach will be:

Through discussion with the Director of Learning, the Director of Student Access & Information, members of the Learning Enhancement team and student support staff, the Director of IT & Technical Services and IT staff and the Credit Manager, and review of relevant documentation, we will establish the current arrangements and evaluate the extent to which they deliver value for money against the objectives listed above.



Audit Assignment:	IT Operations
Priority:	Medium
Fieldwork Timing	9 March 2020
Audit and Risk Committee Meeting:	20 May 2020
Days:	5

Scope

The College is currently implementing ITIL (formerly an acronym for Information Technology Infrastructure Library), which is a globally recognised best practice methodology for IT service management. The newest iteration of ITIL (ITIL 4) was launched in January 2019.

This audit will review the processes in place within IT Operations against the ITIL framework.

Objectives

The objectives of this audit will be to gain reasonable assurance that:

- the processes in place within IT Operations are in line with ITIL best practice guidance; and
- service users are satisfied with the level of service provided by the IT Operations team.

Our audit approach will be:

From discussion with the Director of IT & Technical Services and IT staff, and review of documentation, we will establish the key processes and procedures in place within IT Operations and benchmark against the ITIL framework. Where relevant, we will carry out compliance testing to confirm whether procedures and target timescales for resolving IT problems are being followed in practice.

From discussion with service users including Student Records and MIS, we will obtain feedback on their level of satisfaction with the service provided by the IT Operations team.



Audit Assignment:	Credits Audit
Priority:	Required audit
Fieldwork Timing	12 August 2019
Audit and Risk Committee Meeting:	28 November 2019
Days:	7

Scope

Credits Audit Guidance, issued by SFC, requests that colleges obtain from their auditors assurances as to the reasonableness of procedures used in the compilation of the Credits related element of the FES return.

Objectives

To obtain reasonable assurance that:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data;
 and
- the FES return contains no material misstatements.

Our audit approach will be:

Through discussion with College staff, and review of relevant documents, we will record the systems and procedures used by the College in compiling the returns and assess and test their adequacy. We will carry out further detailed testing, as necessary, to enable us to conclude that the systems and procedures are working satisfactorily as described to us.

Detailed analytical review will be carried out obtaining explanations for significant variations from previous year's activity.

Our testing will be designed to cover the major requirements for recording and reporting fundable activity identified at Annex C to the Credits Audit Guidance and the key areas of risk identified in Annex D.

We will also review the final error report from the FES on-line checks.



Audit Assignment:	Student Support Funds
Priority:	Required audit
Fieldwork Timing	19 August 2019
Audit and Risk Committee Meeting:	28 November 2019
Days:	8

Scope

We will carry out an audit on the College's student support funds for the year ended 31 July 2019 and provide an audit certificate. Three specific fund statements will require an audit:

- Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education Discretionary Fund; and
- Education Maintenance Allowance (EMA) Return.

Objectives

The audit objectives will be to obtain reasonable assurance that:

- the College complies with the terms, conditions and guidance notes issued by the SFC, SAAS and the Scottish Government;
- payments to students are genuine claims for hardship, childcare, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- the information disclosed in each of the returns for the year ended 31 July 2019 is in agreement with underlying records.

Our audit approach will be:

- Reviewing new guidance from the SFC, SAAS and the Scottish Government and identifying internal procedures through discussion with College staff, and review of relevant documents;
- Agreeing income to letters of award;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing for large or unusual items, obtaining explanations where necessary; and
- Carrying out detailed audit testing, on a sample basis, on expenditure from the funds.

Audit guidance issued by SFC will be utilised. This includes 'Areas of risk and audit considerations' for bursaries and for the discretionary funds and childcare, and 'Guidance on the audit requirements for EMA.'



Audit Assignment:	Follow-Up Reviews
Priority:	Various
Fieldwork Timing	30 March 2020
Audit and Risk Committee Meeting:	20 May 2020
Days:	3

Scope

This review will cover reports from the 2018/19 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding.

Objectives

To establish the status of implementation of recommendations made in previous internal audit reports.

Our audit approach will be:

- for the recommendations made in previous reports ascertain by enquiry or sample testing, as appropriate, whether they have been completed or what stage they have reached in terms of completion and whether the due date needs to be revised; and
- prepare a summary of the current status of the recommendations for the Audit and Risk Committee.



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North East Scotland College

Audit Needs Assessment and Strategic Plan 2019 to 2022

Internal Audit Report No: 2020/01

Draft issued: 27 June 2019 2nd Draft issued: 2 July 2019

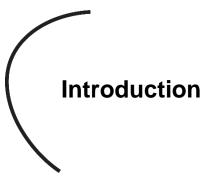
Final issued: 10 September 2019



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Audit Needs Assessment and Strategic Plan 2019 to 2022



Introduction

We have been appointed as Internal Auditors of North East Scotland College ('the College') for the period from 1 August 2019 to 31 July 2022, with an option available to the College to extend for a further two one-year periods.

Internal audit primarily provides an independent and objective opinion to the Regional Board and to the Principal on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the College's agreed objectives. In addition, internal audit's findings and recommendations are beneficial to line management in the audited areas. Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the College.

Internal audit also provides an independent and objective consultancy service specifically to help line management improve the College's risk management, control and governance.

Audit Needs Assessment

The Audit Needs Assessment (ANA) has been prepared following discussion with a number of College managers and the Chair of the Audit and Risk Committee, and review of College documents together with previous internal and external audit reports.

The assessment covers the main areas where the College is exposed to risk that can be managed through internal control, and which therefore should be considered for examination by internal audit. The assessment has taken no account of the resources available to carry out the work.

The ANA is based on the College's Strategic Risk Register and also on the risk prompt list for higher education institutions issued as a guide by the Higher Education Funding Council for England (HEFCE). The prompt list was compiled by HEFCE from information provided by several institutions that had carried out a full risk identification process. Risks were split into eight categories: reputation; student experience; staffing issues; estates and facilities; financial issues; commercial issues; organisational issues; and information and IT. These categories have been used in this ANA. The above is then supplemented by our own assessment of the risks faced by the College.

Following identification of the key controls and associated risks we have assessed the different areas of risk using the following criteria:

Risk Impact
Risk Likelihood
Present Controls

Where an area of risk is covered by the College's own Strategic Risk Register, we have used the assessment of impact and likelihood set out in that document.



Audit Needs Assessment and Strategic Plan 2019 to 2022

Audit Needs Assessment (Cont'd)

From the combination of results of these three criteria, the work required, and the resource recommended to test whether the controls are in place and operating effectively has been assessed, together with a recommendation of the frequency of audit testing. Previous audit coverage has also been taken into consideration.

Strategic Plan

Following on from the ANA the Strategic Plan has been formulated to cover the 2019/20 to 2021/22 financial years. The Strategic Plan places the risk based planned coverage under three main strands: Governance, Financial and Performance. The planned coverage should be reviewed annually prior to finalisation of the Annual Plan and detailed audit planning of individual assignments.

There is an expectation by external auditors that some element of review is included in the internal audit programme each year in relation to core financial systems; budgetary processes and controls. This has been taken into consideration in formulating the Strategic Plan.

Value for Money

Value for Money (VFM) is an integral part of all audits and has been mentioned at key points within this ANA. Specific VFM reviews will be carried out in areas agreed with management and the Audit and Risk Committee although VFM is considered as an integral part of any audit work that we are undertaking.

Business Improvement

We will draw on the experience within our team to provide input on the use of a wide range of business improvement tools, including the use of lean systems and methodologies, where this is appropriate and relevant to the specific audit assignment.



Executive Summary

There are a number of regulatory, operational and financial risks faced by any organisation. There are also risks that are specific to individual institutions, and which vary over time. All of these risks need to be managed effectively since they cannot be eliminated entirely.

The purpose of this ANA is to identify these risks and assess the audit coverage required to provide the Regional Board and the Principal with assurances that the control environments operated centrally (and in Faculties and Support Services) are effective in reducing the identified risks to an acceptable level.

Information from ANA interviewees and various documents that have been subject to detailed review identified the following issues as being the main strategic, operational and financial issues facing the College at this time.

ensuring the continuing financial security and sustainability of the College. This is impacted by factors such as: the significant reduction in central government funding over recent years; challenges in meeting the College's credits target; and national pay bargaining and other increases in recurring costs;
diversification and improvement of alternative College income streams to reduce reliance on SFC Grant-in-aid;
the drive to continually improve the quality of the learning and teaching experience for the students and to improve levels of learner retention and attainment;
removing barriers to ensure that courses are accessible to the widest spectrum of learners;
within the context of the Outcome Agreement, delivering a relevant and valued curriculum that is aligned with national priorities and meets the needs of the region, employers and students;
promoting excellence through research and innovation;
investment in the development of the workforce;
investing in a high quality, efficient, and sustainable Estates and ICT infrastructure which is capable of adapting to changing curriculum and business needs. Availability of funds for capital projects;
providing the highest standards of governance for the College through the high-quality operation of a skilled and diverse Regional Board;
further opportunities for partnership working with public and private sector partners to deliver positive and sustainable change for individuals, communities and businesses in the region; and
contribution by the College to the social, economic and cultural life of its local community.



Audit Needs Assessment and Strategic Plan 2019 to 2022

Executive summary (Cont'd)

Where risks arising from these issues can be impacted by internal control and subjected to internal audit these have been identified in the ANA and prioritised in the Strategic Plan with reference to the combined risk factors identified in the ANA and the resources allocated by the College to internal audit. Prioritisation affects frequency of visits, the number of days allocated, and the position in the audit cycle.

Risks associated with these, and other issues, do not exist in isolation but are inter-dependent. We will therefore ensure that audit projects are linked where necessary, and results from relevant previous projects will be taken into consideration at the detailed planning stage of each project.



Audit Needs Assessment and Strategic Plan 2019 to 2022

Audit Needs Assessment

This assessment covers all the main areas of risk where internal audit can provide assurances regarding control environments. Numbers in brackets below represent cross-referencing to the College's Strategic Risk Register.

Our assessment of risk impact and risk likelihood, and prioritisation in the Strategic Plan, has been arrived at after taking into consideration our own knowledge and experience of the College, discussion with College managers and the Chair of the Audit and Risk Committee as part of the ANA process and review of College documents, including the Strategic Risk Register.

Present Controls are defined as follows:

Good – the key controls in place in this area, if operated as designed, should mitigate against the risk arising.

Satisfactory – the key controls in place in this area, if operated as designed, should substantially mitigate against the risk arising although further improvements could be made.

The assessment covers the following areas where risk arises (pages 7 to 13 provide a summary of risk assessment for each risk category, with pages 14 to 52 providing further detail on each category, including key controls and associated risk):



	Risk Category		Risk Likelihood	Present Controls	Priority
Repu	tation				
	Loss of Reputation Resulting in Negative Perceptions – Loss of Business IF an individual is harmed or property is damaged THEN the College may face litigation or criminal prosecution and reputational damage (4.8) IF key statutory obligations and legislative requirements, including the Equality Act 2010, Freedom of Information (Scotland) Act 2002, General Data Protection Regulation (GDPR), are not adhered to THEN the College may face significant financial penalties and/or reputational damage may occur (6.1)	Significant Critical Significant	Unlikely Unlikely Very unlikely	Good Good	Medium Medium Medium



	Risk Category	Risk Impact	Risk Likelihood	Present Controls	Priority
Stud	dent Experience				
	IF national priorities conflict with local needs, THEN the College may not be able to effectively meet regional needs (1.1)	Moderate	Unlikely	Good	Medium
	IF the College is not effectively aligned with regional need, THEN this will lead to decreases in demand, successful outcomes and positive feedback (1.3)	Moderate	Unlikely	Good	Medium
	IF students are not enrolled on the most appropriate programme, THEN they may be less likely to succeed (1.4)	Significant	Unlikely	Good	Medium
	IF the impact of Brexit decreases the number of international students in the region THEN the College may face increased competition with the two local Universities (3.4)	Significant	Unlikely	Good	Medium
	IF the College does not have sufficient capacity to address the wide- ranging needs of the student body, THEN the learner experience and	Moderate	Likely	Satisfactory	Medium
	learner outcomes will be diminished (4.1) IF students are not engaged in driving the learner experience, THEN the College may not develop an appropriate learner experience (4.2)	Moderate	Unlikely	Good	Medium
	IF robust self-evaluation processes are not implemented and adhered to, THEN the College will not benefit from an effective improvement planning process (4.4)	Moderate	Very unlikely	Good	Low
	IF the Students' Association (SA) does not continue to be pro-active in engaging with the College, THEN the learner experience will likely be diminished (2.4)	Moderate	Likely	Satisfactory	Medium
	Management of Disciplinary / Appeals Procedures Risks Associated with Examination Marking	Minor Minor	Very unlikely Very unlikely	Good Good	Low Low



	Risk Category	Risk Impact	Risk Likelihood	Present Controls	Priority
Staf	fing Issues				
	Failure to Comply with Employment Legislation	Moderate	Very unlikely	Good	Low
	Negative Impact on Employee Relations (e.g. National Bargaining,	Significant	Unlikely	Good	Medium
	Industrial Action, Local Consultation) IF the College is not able to recruit and develop appropriately qualified staff, THEN this will adversely impact on the student experience (2.1)	Moderate	Unlikely	Good	Medium
	IF staff are not fully motivated and engaged in delivering the best learner experience, THEN students may not achieve desired outcomes (2.2)	Minor	Unlikely	Good	Low
	IF staff do not deliver teaching methods that are engaging and effective, THEN students are less likely to achieve a successful outcome (2.3)	Moderate	Unlikely	Good	Medium
	Failure to Develop and Implement Succession Planning Controls Over Payroll	Significant Moderate	Unlikely Likely	Good Satisfactory	Medium Medium



	Risk Category	Risk Impact	Risk Likelihood	Present Controls	Priority
Est	ates and Facilities				
	IF the SFC does not provide sufficient capital maintenance funding to maintain modern fit-for-purpose buildings, THEN the quality of the student experience will be reduced (4.6)	Moderate	Very likely	Satisfactory Good	High Medium
	Physical Security Disruption to Operations Following Loss or Breakdown of Key Equipment	Moderate Moderate	Unlikely Likely	Satisfactory Good	Medium Medium
	Fleet / Asset Management Failure to Meet All Regulatory Requirements	Moderate Significant	Unlikely Unlikely	Good	Medium
	Selection and Management of Third-Party Contractors Projects Over Time	Significant Significant	Unlikely Likely	Good Good	Medium Medium
	Capital Authorisation / Control Procedures Projects Over Budget	Significant Significant	Very unlikely Unlikely	Good Good	Medium Medium
_	Use of Space Within Estate and Lack of Suitable Accommodation for Development of Academic and Support Activities	Significant	Likely	Satisfactory	High



	Risk Category	Risk Impact	Risk Likelihood	Present Controls	Priority
Fina	ncial Issues				
	Failure to Achieve Financial Sustainability Adverse Funding Changes Changing Economic Environment IF student outcomes do not improve as planned THEN the College's ability to achieve its SFC activity target will be reduced (4.3)	Critical Critical Significant Moderate	Unlikely Very likely Likely Likely	Good Good Good	High High High Medium
	IF insufficient students enrol at the College, THEN the College's ability to achieve a balanced budget will be adversely affected and future credits targets may be reduced (5.2)	Significant	Likely	Satisfactory	High
	IF regional demand reduces, THEN the credit target may not be achieved resulting in clawback and reduced funding in future years (5.7)	Significant	Likely	Satisfactory	High
	IF candidate numbers are insufficient to meet SDS targets in relation to foundation apprenticeships (FAs), THEN the allocation of future places may be reduced (5.8)	Significant	Likely	Satisfactory	High
	Potential Impacts of National Bargaining Process	Significant	Likely	Good	High
	Budgetary Control of the College's Financial Resources	Critical	Unlikely	Good	High
	Cashflow Issues	Significant	Unlikely	Good	Medium
	Student Fee Income is Not Raised or Recorded	Moderate	Unlikely	Good	Medium
	Financial Fraud, Abuse	Moderate	Unlikely	Good	Medium
	Main Financial Systems				
	General Ledger	Moderate	Unlikely	Good	Medium
	 Procurement and creditors / purchasing 	Moderate	Unlikely	Good	Medium
	Debtors / Income	Moderate	Unlikely	Good	Medium
	Cash and Bank / Treasury Management	Moderate	Unlikely	Good	Medium



	Risk Category	Risk Impact	Risk Likelihood	Present Controls	Priority
Com	mercial Issues				
	Prevention and Response to External Claims Against the College for Breach of Contract Identification and Response (Positively and Creatively) to Opportunities as they Arise Financial Control Over Other Income Generating Activities IF sufficient income levels are not achieved THEN the College will not be able to financially invest in innovation, staff and facilities (5.5)	Moderate Significant Moderate Significant	Unlikely Likely Unlikely Likely	Good Satisfactory Good Satisfactory	Medium High Medium High
Orga	IF an emergency/disaster/significant systems failure occurs THEN the learner experience will be negatively impacted upon should an emergency or disaster occur (4.7) IF the Regional Board fails to maintain the highest standards for governance and comply with the 'Code of Good Governance for Scotland's Colleges', THEN the terms and conditions of grant will not be met (2.5) Effective Corporate Planning Risk Management IF employers do not successfully engage with NESCol, THEN the College will not be able to identify and meet their needs (3.1) IF local schools do not work closely with NESCol, THEN effective learner pathways will not be delivered throughout the region (3.2) IF university partners do not work closely with NESCol, THEN improvements to widening access, improving articulation and increasing the efficiency and effectiveness of the learner journey In the region will not be achieved (3.3)	Critical Moderate Critical Significant Moderate Moderate Moderate	Unlikely Unlikely Unlikely Unlikely Likely Likely Unlikely	Good Good Good Satisfactory Satisfactory Good	Medium Medium Medium Medium Medium Medium Medium



Risk Category	Risk Impact	Risk Likelihood	Present Controls	Priority
Information and IT				
☐ Catastrophic Failure of ICT Systems or Infrastructure ☐ IF IT security arrangements are inadequate, THEN the College may experience data security breaches, cyber-attacks and/or major IT outages (6.2)	Critical	Unlikely	Good	Medium
	Critical	Unlikely	Good	Medium
 □ Breach of Data Protection Legislation □ Non-Compliance with Freedom of Information Legislation □ Non-Compliance with User Licence Requirements □ Management of Systems Implementation □ Failure to Achieve Ambitions of IT Strategy 	Significant	Likely	Satisfactory	High
	Moderate	Very unlikely	Good	Low
	Moderate	Unlikely	Good	Low
	Significant	Unlikely	Good	Medium
	Significant	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
REPUTATION						
LOSS OF REPUTATION RESULTING IN NEGATIVE PERCEPTIONS – LOSS OF	Marketing & Communication Strategy.	Failure to actively manage positive and negative publicity.	Significant	Unlikely	Good	Medium
BUSINESS	Positive marketing approaches. Dedicated public relations staff.	Lost opportunities / students due to tarnished reputation.				
	Policy for responding to press comment.	Fail to maximise benefits from positive publicity.				
	Regular review of press.					



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
IF AN INDIVIDUAL IS HARMED OR PROPERTY IS DAMAGED THEN THE COLLEGE MAY FACE LITIGATION OR CRIMINAL PROSECUTION AND REPUTATIONAL DAMAGE (4.8)	Robust health and safety management system. Regular review of arrangements. Strict adherence to processes, policies and procedures. Effective monitoring systems. Staff training. Health & Safety Committee. Compliance with BSI Standards. Head of Health, Safety & Security and Team.	Failure to effectively manage health and safety, with consequent risk or damage to staff and students. Damage to the College's good standing. Financial penalties and / or loss of income.	Critical	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
REPUTATION (CONT'D) IF KEY STATUTORY OBLIGATIONS AND LEGISLATIVE REQUIREMENTS, INCLUDING THE EQUALITY ACT 2010, FREEDOM OF INFORMATION (SCOTLAND) ACT 2002, GENERAL DATA PROTECTION	Legal advice. Comprehensive policies and procedures. Internal audits. Staff training. Data Protection Officer.	Damage to the College's good standing. Financial penalties and / or loss of income.	Significant	Very unlikely	Good	Medium
REGULATION (GDPR), ARE NOT ADHERED TO THEN THE COLLEGE MAY FACE SIGNIFICANT FINANCIAL PENALTIES AND/OR REPUTATIONAL DAMAGE MAY OCCUR (6.1)	Engagement with key external stakeholders (Advance HE, SPSO & Scottish Information Commissioner).					



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STUDENT EXPERIENCE						
IF NATIONAL PRIORITIES CONFLICT WITH LOCAL NEEDS, THEN THE COLLEGE MAY NOT BE ABLE TO EFFECTIVELY MEET REGIONAL NEEDS (1.1)	Outcome Agreement process and engagement with SFC. Curriculum planning process. Engagement with CPPs and industry.	Failure to provide the range and structure of courses that meet the expectations of students and employers / poor product offering. Poor student achievement and learning experience. Lower student recruitment and retention. Reduction in income, and so need to find funding from other sources.	Moderate	Unlikely	Good	Medium
IF THE COLLEGE IS NOT EFFECTIVELY ALIGNED WITH REGIONAL NEED, THEN THIS WILL LEAD TO DECREASES IN DEMAND, SUCCESSFUL OUTCOMES AND POSITIVE FEEDBACK (1.3)	Curriculum Area Development Planning process. Curriculum Approval process. Partnership working with local schools, universities and employers. Student and stakeholder feedback.	Failure to provide the range and structure of courses that meet the expectations of students and employers / poor product offering. Poor student achievement and learning experience. Lower student recruitment and retention. Reduction in income, and so need to find funding from other sources.	Moderate	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STUDENT EXPERIENCE (CONT'D)						
IF STUDENTS ARE NOT ENROLLED ON THE MOST APPROPRIATE PROGRAMME, THEN THEY MAY BE LESS LIKELY TO SUCCEED (1.4)	Admissions procedures and interviews. Programme review. Student and academic support. Student Advice Centres. KPI analysis. Recruitment Strategies.	Poor student achievement and learning experience. Lower student recruitment and retention. Reduction in income, and so need to find funding from other sources.	Significant	Unlikely	Good	Medium
IF THE IMPACT OF BREXIT DECREASES THE NUMBER OF INTERNATIONAL STUDENTS IN THE REGION THEN THE COLLEGE MAY FACE INCREASED COMPETITION WITH THE TWO LOCAL UNIVERSITIES (3.4)	Monitoring of Brexit developments. College's Brexit Action Log. Guidance from SFC Brexit Team. Partnership working.	Lower student recruitment and retention. Reduction in income, and so need to find funding from other sources.	Significant	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STUDENT EXPERIENCE (CONT'D)						
IF THE COLLEGE DOES NOT HAVE SUFFICIENT CAPACITY TO ADDRESS THE WIDE-RANGING NEEDS OF THE STUDENT BODY, THEN THE LEARNER EXPERIENCE AND LEARNER OUTCOMES WILL BE DIMINISHED (4.1)	Access & Inclusion Strategy. Whole-College Student Support Model. Student feedback. Staff training. Regular review of policies and procedures.	Poor student achievement and learning experience. Lower student recruitment and retention. Reduction in income, and so need to find funding from other sources.	Moderate	Likely	Satisfactory	Medium
IF STUDENTS ARE NOT ENGAGED IN DRIVING THE LEARNER EXPERIENCE, THEN THE COLLEGE MAY NOT DEVELOP AN APPROPRIATE LEARNER EXPERIENCE (4.2)	Student feedback. Partnership Agreement.	Poor student achievement and learning experience. Lower student recruitment and retention. Reduction in income, and so need to find funding from other sources.	Moderate	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STUDENT EXPERIENCE (CONT'D) IF ROBUST SELF- EVALUATION PROCESSES ARE NOT IMPLEMENTED AND ADHERED TO, THEN THE COLLEGE WILL NOT BENEFIT FROM AN EFFECTIVE IMPROVEMENT PLANNING PROCESS (4.4)	Staff briefings. Clear templates with accompanying guidance for completion. Annual Quality Review Timeline. Enhancement Plans. Annual Priorities. Monitor teaching KPIs across all subject areas. Action taken to address areas of concern. Curriculum and Quality Committee. Quality Team. Staff recruitment and staff appraisal and development policies.	Failure to meet teaching quality expectations of the students. Fail to attract sufficient high-quality students. Poor Education Scotland inspection / external assessments damaging reputation or failing to improve reputation.	Moderate	Very unlikely	Good	Low



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STUDENT EXPERIENCE (CONT'D)						
MANAGEMENT OF DISCIPLINARY / APPEALS PROCEDURES	Policies and procedures manual. Appeals committee.	Inaccurate assessment of student academic performance and / or unfair appeals and disciplinary process.	Minor	Very unlikely	Good	Low
RISKS ASSOCIATED WITH EXAMINATION MARKING	Training for staff involved in assessment process. Use of markers with a proven track record and if using markers for the first time check made on qualifications and thorough vetting carried out. Exam scripts are held securely and properly handled to ensure robust marking and result recording. Review procedures, including external examiners reports. Student support processes. Open complaints and appeals process.	Potential litigation, resulting in poor publicity.	Minor	Very unlikely	Good	Low



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STAFFING ISSUES						
FAILURE TO COMPLY WITH EMPLOYMENT LEGISLATION	Staff committees. HR policies and procedures are regularly reviewed. Individual Training and Development Plan system. Equality and Diversity policies and procedures. Board HR Committee.	Failure to adhere to employment legislation and standards of good practice. Industrial action / employment tribunals / damage to reputation. Potential litigation including punitive damages.	Moderate	Very unlikely	Good	Low



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STAFFING ISSUES (CONT'D)						
NEGATIVE IMPACT ON EMPLOYEE RELATIONS (E.G. NATIONAL BARGAINING, INDUSTRIAL ACTION, LOCAL CONSULTATION)	Focussed work with Trade Unions, specific and regular meetings with senior management, ensuring good flow of information and ongoing communications. Regular direct communication with staff e.g. staff briefings, focus groups. Representation made through Employers Association Group, Colleges Scotland, Principals Forum and with national bargaining process. Emphasis being made nationally on imperative of financial sustainability and affordability issues. Discussion with Unions on impact on College financial sustainability and organisational impacts. Business continuity planning used to ensure all stakeholders appropriately communicated with in any potential industrial action	Impact on reputation and finances of continual industrial action.	Significant	Unlikely	Good	Medium



RISK CATEGORY	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STAFFING ISSUES (CONT'D)						
IF THE COLLEGE IS NOT ABLE TO RECRUIT AND DEVELOP APPROPRIATELY QUALIFIED STAFF, THEN THIS WILL ADVERSELY IMPACT ON THE STUDENT	People Strategy. Recruitment & Selection Policy, Strategy & Procedure. Induction arrangements.	Failure to attract, develop and retain academic staff of sufficient calibre and standing. Inability to attract and retain specialist non-academic staff.	Moderate	Unlikely	Good	Medium
IF STAFF ARE NOT FULLY MOTIVATED AND ENGAGED IN DELIVERING THE BEST LEARNER EXPERIENCE, THEN STUDENTS MAY NOT ACHIEVE DESIRED OUTCOMES (2.2)	Organisational development activities. CPD. Staff consultation events. College meetings and briefings. All Staff Development Days.	Loss of capacity, key skills and experience. Disruption to operations / services. Fail to attract sufficient high-quality students.	Minor	Unlikely	Good	Low



RISK CATEGORY	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STAFFING ISSUES (CONT'D)						
IF STAFF DO NOT DELIVER TEACHING METHODS THAT ARE ENGAGING AND EFFECTIVE, THEN STUDENTS ARE LESS LIKELY TO ACHIEVE A SUCCESSFUL OUTCOME (2.3)	Learning & Teaching Strategy. Lesson observations. CPD and organisational development. Internal audits. Programme review. Student feedback. Digital Futures Project.	Poor student outcomes. Fail to attract sufficient high-quality students. Reduction in income, and so need to find funding from other sources.	Moderate	Unlikely	Good	Medium



RISK CATEGORY	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STAFFING ISSUES (CONT'D)						
FAILURE TO DEVELOP AND IMPLEMENT SUCCESSION PLANNING	Individual Training and Development Plan system. Annual training programme undertaken. Cover arranged as required for absence of key staff members. Appropriate CPD provided for staff to meet identified skills gaps. Good terms and conditions. Develop succession planning strategy.	Failure to attract, develop and retain academic staff of sufficient calibre and standing. Inability to attract and retain specialist non-academic staff. Loss of capacity, key skills and experience. Disruption to operations / services. Fail to attract sufficient high-quality students.	Significant	Unlikely	Good	Medium



RISK CATEGORY	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STAFFING ISSUES (CONT'D)						
CONTROLS OVER PAYROLL	Appropriate segregation between HR and payroll staff. HR notify Payroll timeously of all matters affecting the payment of emoluments. Approval required for new posts or removal of existing posts. Staff appointed to the salary scales approved by the Regional Board. Salaries and other benefits for senior management determined by the Remuneration Committee. All payroll variances (sick leave, timesheets etc.) authorised by line manager. Senior staff sign-off payroll. The College's external auditors review severance settlements for senior staff. Any severance scheme, and any special severance payment over £1,000, must be approved by the SFC.	Employees are paid incorrect amounts. Payments are made for non-existent employees or for work not actually performed.	Moderate	Likely	Satisfactory	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
IF THE SFC DOES NOT PROVIDE SUFFICIENT CAPITAL MAINTENANCE FUNDING TO MAINTAIN MODERN FIT-FOR-PURPOSE BUILDINGS, THEN THE QUALITY OF THE STUDENT EXPERIENCE WILL BE REDUCED (4.6)	Outcome agreement process and engagement with SFC. Business cases for capital projects. Resource planning. Regular condition and structural surveys. Estates Strategy. Finance and Resources Committee.	Failure to identify, prioritise and fund maintenance needs. Deterioration of property. Significant costs incurred not included in financial plans. Disruption to teaching.	Moderate	Very likely	Satisfactory	High
PHYSICAL SECURITY	Regular review of security arrangements, including consulting with police. Regular property condition surveys. Finance and Resources, and HR committees. Health and Safety Team, and Health and Safety Committee.	Poor physical security of buildings, leading to theft or damage to equipment / IT hardware and compromising safety of staff and students.	Moderate	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ESTATES AND FACILITIES (CONT'D)						
DISRUPTION TO OPERATIONS FOLLOWING LOSS OR BREAKDOWN OF KEY EQUIPMENT	Appropriate security system / staff. Regular review of security arrangements, including consulting with police.	Loss of movable assets. Inability of the College to function properly.	Moderate	Likely	Satisfactory	Medium
FLEET / ASSET MANAGEMENT	Insurance arrangements.	Fail to provide services to students.	Moderate	Unlikely	Good	Medium
Items > £10,000 in value are capitalised in the accounts.	Maintenance of inventory of assets and regular physical inspection.	Inappropriate use may be made of College assets.				
	Adequate control over the use of assets for College business, especially portable, desirable items	Unauthorised expenditure may be made on assets.				
	(e.g. computer equipment). Proper authorisation for asset	Old / valuable assets may not be maintained adequately resulting in financial loss.				
	acquisition. Proper processing and recording of	Non-compliance with Health and Safety regulations.				
	expenditure on acquisitions and income from disposals.					
	Proper maintenance of assets and testing of electrical items.					
	Business Continuity Plans.					



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ESTATES AND FACILITIES (CONT'D) FAILURE TO MEET ALL REGULATORY REQUIREMENTS	Regular review of legislation requirements, such as the Fire Precautions (Workplace) Regulations 1997 and the Equal Opportunities and Disability Discrimination Legislation. Individual Training and Development Plan system. Health and Safety Team, and Health and Safety Committee. Regular inspection by authorities. Realistic Estates Strategy.	Failure to comply with statutory requirements leads to prosecution or close down of some buildings. Disruption to teaching. Damage to reputation.	Significant	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ESTATES AND FACILITIES (CONT'D)						
SELECTION AND MANAGEMENT OF THIRD- PARTY CONTRACTORS PROJECTS OVER TIME	Policies and procedures. Responsibility for planning and implementation of projects assigned to Project Manager. Regular reporting to management and review by Finance and Resources Committee. Checks on contractor insurance cover.	Contractor under performance. Fail to complete new projects / maintenance on schedule. Disruption to teaching. Deterioration of property stock.	Significant	Unlikely	Good	Medium
CAPITAL AUTHORISATION / CONTROL PROCEDURES PROJECTS OVER BUDGET	Policies and procedures. Approval of major capital projects by the Senior Executive Team; Regional Board and relevant committees. Good quality information presented to Regional Board and committees. Regular monitoring of expenditure on capital projects against budget and reporting to management. Review by Finance and Resources Committee. Advice from external consultants.	Poor investment decisions leading to overspend on capital projects and stretching financial resources on an ongoing basis. Failure to identify and take action against overspends on capital projects.	Significant Significant	Very unlikely Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ESTATES AND FACILITIES (CONT'D)						
USE OF SPACE WITHIN ESTATE AND LACK OF SUITABLE ACCOMMODATION FOR DEVELOPMENT OF ACADEMIC AND SUPPORT ACTIVITIES	Space utilisation surveys. Estates Strategy. Outcome Agreement and Curriculum and Estates Proposals.	Efficient estates' planning is an integral part of the Outcome Agreement. Poor use of existing space restricts the ability to develop teaching activities and leads to higher than necessary costs. Fail to expand and offer suitable courses. Fail to attract sufficient students.	Significant	Likely	Satisfactory	High



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
FINANCIAL ISSUES						
FAILURE TO ACHIEVE FINANCIAL SUSTAINABILITY	Financial plans developed by College senior management and monitored within framework of available activity funding through	Adverse effect on the College's funding settlement and autonomy to generate non-core income.	Critical	Unlikely	Good	High
ADVERSE FUNDING CHANGES	teaching, student support funds and capital. Regular reporting to the	Fail to meet financial liabilities.	Critical	Very likely	Good	High
CHANGING ECONOMIC ENVIRONMENT	Capital. Regular reporting to the Regional Board and its committees. Continue to aim to inform and influence funding allocations through Principals' Forum, MSPs and other appropriate bodies. Projects progressed to address priority items as per College Estates Strategy based on affordability.	future viability. Recovery plan. orm and cations through SPs and other o address College Estates	Significant	Likely	Good	High
IF STUDENT OUTCOMES DO NOT IMPROVE AS PLANNED THEN THE COLLEGE'S ABILITY TO ACHIEVE ITS SFC ACTIVITY TARGET WILL BE REDUCED (4.3)	Effective student information. Advice, guidance and support. Course design. Engaged and motivated staff. Appropriate staffing levels, Reporting and monitoring of KPIs.	Loss of income. Fail to meet financial liabilities. Recovery plan.	Moderate	Likely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
FINANCIAL ISSUES (CONT'D)						
IF INSUFFICIENT STUDENTS ENROL AT THE COLLEGE, THEN THE COLLEGE'S ABILITY TO ACHIEVE A BALANCED BUDGET WILL BE ADVERSELY AFFECTED AND FUTURE CREDITS TARGETS MAY BE REDUCED (5.2)	Outcome Agreement process and engagement with SFC. Activity planning and reporting processes. Recruitment Strategy and supporting Marketing Campaign. Applications monitoring. Early Withdrawal target. Forecasting model incl. risk matrix.	Loss of income. Fail to meet financial liabilities. Recovery plan.	Significant	Likely	Satisfactory	High
IF REGIONAL DEMAND REDUCES, THEN THE CREDIT TARGET MAY NOT BE ACHIEVED RESULTING IN CLAWBACK AND REDUCED FUNDING IN FUTURE YEARS (5.7)	Marketing & Communications Strategy. Engagement with CPPs. Schools and employers. Data analysis. Effective marketing.	Loss of income. Fail to meet financial liabilities. Recovery plan.	Significant	Likely	Satisfactory	High



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
FINANCIAL ISSUES (CONT'D)						
IF CANDIDATE NUMBERS ARE INSUFFICIENT TO MEET SDS TARGETS IN RELATION TO FOUNDATION APPRENTICESHIPS (FAS), THEN THE ALLOCATION OF FUTURE PLACES MAY BE REDUCED (5.8)	Effective marketing. Good relationships with key stakeholders e.g. local authorities schools, universities and employers. Effective forward planning.	Loss of income. Fail to meet financial liabilities. Recovery plan.	Significant	Likely	Satisfactory	High
POTENTIAL IMPACTS OF NATIONAL BARGAINING PROCESS	Make representations to Colleges Scotland, Principals' Forum and national negotiating group. Emphasis on financial sustainability imperative and affordability issues, particularly given increased pension and NI costs and reduced SFC funding. Discussion with unions on impact on College financial sustainability and organisational impacts.	Staff costs rise ahead of funding inflation. Fail to meet other liabilities. Staff cuts result in inadequate teaching and other resource.	Significant	Likely	Good	High



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
FINANCIAL ISSUES (CONT'D)						
BUDGETARY CONTROL OF THE COLLEGE'S FINANCIAL RESOURCES	Annual revenue budget and capital programme considered by the Finance and Resources Committee (FRC) before submission to the Regional Board. Detailed budgets	Failure of Faculties and Support Services to exercise budgetary control, leading to overstretching expenditure commitments.	Critical Significant	Unlikely	Good	High Medium
	are prepared and communicated to budget holders. Budget reports issued to budget holders by Finance, who meet with budget holders regularly.	Steps are not taken to manage unexpected increases in costs or decreases in income to minimise the impact on the final out-turn, and achievement of strategic aims.		,		
	During the year, the College is responsible for submitting any significant revisions to budgets to the FRC for consideration before submission to the Regional Board for approval. Regular reporting of budget v actual spend to senior management and the FRC with explanation for variances.	Loss making College. Inability to meet liabilities as they fall due. Adverse impact on College operations and growth. Inability to fund future capital expenditure.				
	Cashflow forecasts submitted monthly to SFC as required. Cash planning undertaken on a detailed basis with SFC funding transfers dependent on forecasts.	Damage to reputation.				



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
FINANCIAL ISSUES (CONT'D)						
STUDENT FEE INCOME IS NOT RAISED OR RECORDED	 Enrolment procedures are sufficient to ensure accuracy of student records information. All fees are fully and correctly invoiced and processed. All fee income is received. Receipts are properly processed and recorded. Adequate debt management and recovery procedures are in place. 	The risk here is that all fee income will not be raised, or that receipts will not be properly recorded and banked.	Moderate	Unlikely	Good	Medium
FINANCIAL FRAUD, ABUSE	Financial Regulations and clearly defined fraud policies. Anti-Bribery and Corruption Policy and Whistle-blowing Policy. Segregation of duties. Internal audit visits throughout College.	Fraud and theft. Loss of assets, financial loss to the College. Adverse publicity.	Moderate	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
FINANCIAL ISSUES (CONT'D)						
MAIN FINANCIAL SYSTEMS: General Ledger	Ledger structure such that it allows data to be extracted per cost centre and give meaningful figures to the budget holders. Control account reconciliations, clearance of suspense accounts and review of journal entries. Controls over, and reconciliation of, the main feeder systems to the General Ledger. Annual accounts prepared in accordance with statutory requirements.	Financial management information is not available to inform management decisions. Annual accounts preparation is un-necessarily time consuming, or proper accounts cannot be produced. Financial returns are time consuming to produce or deadlines are missed.	Moderate	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
FINANCIAL ISSUES (CONT'D)						
MAIN FINANCIAL SYSTEMS (CONT'D): Procurement and creditors / purchasing	Process for procurement, ordering, receipt of goods / services and authorisation of invoice for payment set out in Financial Regulations and detailed financial procedures. Nominated authorised signatory approves Purchase Order and ensures adequate budgetary resources available. Quotes / tenders obtained above set thresholds. Approval required from the SFC for certain expenditure above thresholds set out in the Financial Memorandum. Procurement Policy in place. Online purchase order requisitioning and goods receipting system in place. Purchasing Manager in post. APUC and other consortium contracts used where these provide 'best value'. Monthly reconciliation of accounts balances and supplier statements.	Costs of goods and services may be higher than necessary. Payment may be made for goods and services not received or authorised by the College.	Moderate	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
FINANCIAL ISSUES (CONT'D)						
MAIN FINANCIAL SYSTEMS (CONT'D): Debtors / Income	Process for raising sales invoices and income handling set out in Financial Regulations. Particulars of all work done, or services provided notified to Finance and invoices raised promptly. Any credits granted must be properly authorised. All monies received by Faculties and Departments must be recorded on a daily basis and passed to Finance promptly for banking. Aged debt listing reviewed on a monthly basis and standard reminder letters produced. Vice Principal – Finance & Resources authorises bad debt write-offs < £3,000, with Finance and Resources Committee approval required for amounts above that figure. Write-offs above thresholds set out in the Financial Memorandum to be reported to SFC.	All income due may not be received. Receipts may not be properly processed and banked.	Moderate	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
FINANCIAL ISSUES (CONT'D) MAIN FINANCIAL SYSTEMS (CONT'D): Cash and Bank / Treasury Management	Treasury Management Policy and process for receipt of cash set out in Financial Regulations. Process for authorising, controlling and recording cheque and BACS payments; credit card and petty cash expenditure set out in Financial Regulations. Bank accounts can only be opened or closed by the Vice Principal — Finance & Resources, with the prior formal approval of the Finance and Resources Committee. All monies received are paid into the College's bank accounts promptly in accordance with the timetable laid out by the Vice Principal — Finance & Resources. All bank accounts are subject to monthly reconciliation and these are reviewed and signed by senior Finance staff. Claims for funding made to the SFC monthly based on forecast cash requirements.	All receipts and payments may not be properly recorded. All income may not be banked or properly accounted for. Treasury management may not be as efficient as possible.	Moderate	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
COMMERCIAL ISSUES						
PREVENTION AND RESPONSE TO EXTERNAL CLAIMS AGAINST THE COLLEGE FOR BREACH OF CONTRACT	Goods / services provided to external bodies are the subject of a binding and clearly worded legally contractual agreement. Review by legal advisers prior to signing. Expertise of Business Development staff. Regular monitoring of progress. Regular liaison with funders.	Breach of commercial contracts. Potential litigation, possible punitive damages. Damage to reputation, jeopardising future income.	Moderate	Unlikely	Good	Medium
IDENTIFICATION AND RESPONSE (POSITIVELY AND CREATIVELY) TO OPPORTUNITIES AS THEY ARISE	Advice from Business Development and Finance staff. Procedure for identifying income generating opportunities. Engagement with external organisations. Staff training. High priority in Strategic Plan. Regular review of activities by the Regional Board and relevant committees.	Failure to realise full commercial value of strengths. Fail to maximise all potential sources of income for College. Poor management could lead to financial or reputational loss. Expenditure may be incurred in ventures that represent poor value for money.	Significant	Likely	Satisfactory	High



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
COMMERCIAL ISSUES (CONT'D) FINANCIAL CONTROL OVER OTHER INCOME GENERATING ACTIVITIES Oth must vice Res are Proboti accords compared over the compared ove	nancial Regulations require other come-generating activities to be elf-financing or surplus-generating aless it is intended that a new purse be launched as a loss leader. There income-generating activities ust be costed and agreed with ince Principal — Finance & esources before any commitments are made. To vision must be made for charging oth direct and indirect costs in accordance with the College's posting and pricing policy, in articular for the recovery of verheads. The egular monitoring of non-SFC commercial activity against agreed and arketing effort to maintain current usiness but also to open and grow ew income streams. To read of activity across a range of reas to reduce risk of one large ontract failure to overall surplus. The property of the	Research and other contracts may over-spend irrecoverably. Cash flow may be adversely affected through slow collection of income after expenditure has been incurred. All income of the College is not recorded and banked. Income raising activities may not cover their costs. Balances are incorrectly carried forward resulting in either overspend or recognition of profits in the wrong period. Staff cuts.				Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
COMMERCIAL ISSUES (CONT'D)						
IF SUFFICIENT INCOME LEVELS ARE NOT ACHIEVED THEN THE COLLEGE WILL NOT BE ABLE TO FINANCIALLY INVEST IN INNOVATION, STAFF AND FACILITIES (5.5)	Business Development Strategy. Employer / client engagement. Save Well-Spend Well initiative.	The College will not be able to financially invest in innovation, staff and facilities.	Significant	Likely	Satisfactory	High
ORGANISATIONAL ISSUES						
IF AN EMERGENCY / DISASTER / SIGNIFICANT SYSTEMS FAILURE OCCURS THEN THE LEARNER EXPERIENCE WILL BE NEGATIVELY IMPACTED UPON SHOULD AN EMERGENCY OR DISASTER OCCUR (4.7)	Regular review of Business Continuity Plan. Scenario and desktop training exercises. Insurance on buildings and equipment. IT disaster recovery arrangements.	Major disaster. Unable to operate. Disruption to teaching and / or support services.	Critical	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ORGANISATIONAL ISSUES (CONT'D)						
IF THE REGIONAL BOARD FAILS TO MAINTAIN THE HIGHEST STANDARDS FOR GOVERNANCE AND COMPLY WITH THE 'CODE OF GOOD GOVERNANCE FOR SCOTLAND'S COLLEGES', THEN THE TERMS AND CONDITIONS OF GRANT WILL NOT BE MET (2.5)	Governance Manual and Code of Conduct. Financial Regulations College Fraud Policy and Whistle-blowing Policy. Compliance with Financial Memorandum, SPFM and FE Code of Good Governance. Board recruitment and induction processes. Internal audit. External Effectiveness Review. NESCol Governance Steering Group. Regional Chair's national/sector roles. Board Member training and development. Annual self-assessment process. Audit & Risk Committee's Annual Review of operation of Board against Code.	Inadequate corporate governance, resulting in poor management and possible financial loss. Press criticism arising from perceived corporate governance weakness or non-compliance. Fall in public perception of the College.	Moderate	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ORGANISATIONAL ISSUES (CONT'D)						
EFFECTIVE CORPORATE PLANNING	Corporate planning process involving Leadership Team and the Regional Board. Supporting strategies, Selfevaluation & Enhancement plans and Annual Priorities have been produced to support and inform the achievement of Outcome Agreement and Strategic Plan aims and objectives. Strategic Risk Register cross-referenced to the strategic goals. Monitoring of the Strategic Plan by senior management and the Board.	Fail to determine and communicate an appropriate and focused strategy. Unable to react positively and timeously to sector changes or influences. Fail to attract sufficiently high-quality student intake. Fail to attract and retain high quality staff. Fail to secure investment.	Critical	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ORGANISATIONAL ISSUES (CONT'D)						
RISK MANAGEMENT	Risk Management Policy. Financial Regulations outlining high-level procedures for Risk Management. Strategic Risk Register. Monitoring and review by the Leadership Team, Audit and Risk Committee and the Regional Board.	If risk has not been adequately assessed, unexpected and unplanned situations could develop, for which no adequate insurance or contingency plan is in place.	Significant	Unlikely	Good	Medium
IF EMPLOYERS DO NOT SUCCESSFULLY ENGAGE WITH NESCOL, THEN THE COLLEGE WILL NOT BE ABLE TO IDENTIFY AND MEET THEIR NEEDS (3.1)	Business Development Strategy. Engagement with industry groups and employers. Employer engagement events. Stakeholder consultations.	Poor partnership working and relationships. Failure to provide the range and structure of courses that meet the expectations of students and employers / poor product offering. Lower student recruitment and retention. Reduction in income, and so need to find funding from other sources.	Moderate	Likely	Satisfactory	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ORGANISATIONAL ISSUES (CONT'D)						
IF LOCAL SCHOOLS DO NOT WORK CLOSELY WITH NESCOL, THEN EFFECTIVE LEARNER PATHWAYS WILL NOT BE DELIVERED THROUGHOUT THE REGION (3.2)	Schools Liaison Team. Partnership Agreements. Regional Learning & Skills Partnership. Mapping of learner pathways.	Poor partnership working and relationships. Effective learner pathways will not be delivered throughout the region.	Moderate	Likely	Satisfactory	Medium
IF UNIVERSITY PARTNERS DO NOT WORK CLOSELY WITH NESCOL, THEN IMPROVEMENTS TO WIDENING ACCESS, IMPROVING ARTICULATION AND INCREASING THE EFFICIENCY AND EFFECTIVENESS OF THE LEARNER JOURNEY IN THE REGION WILL NOT BE ACHIEVED (3.3)	Articulation Agreements. Engagement activities. TWO PLUS Alliance with RGU. LOIP and Locality Plans.	Poor partnership working and relationships. Improvements to widening access, improving articulation and increasing the efficiency and effectiveness of the learner journey in the region will not be achieved.	Moderate	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
INFORMATION AND IT						
CATASTROPHIC FAILURE OF ICT SYSTEMS OR INFRASTRUCTURE	Infrastructure designed not to have single points of failure. ICT backup procedures and Disaster Recovery planning. Uninterruptible power supply in comms. rooms. Fire extinguishers in comms. rooms. Hardware support and maintenance agreements in place.	Major IT disaster – loss of information or use of central hardware. Disruption to teaching and / or support services.	Critical	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
INFORMATION AND IT (CONT'D)						
IF IT SECURITY ARRANGEMENTS ARE INADEQUATE, THEN THE COLLEGE MAY EXPERIENCE DATA SECURITY BREACHES, CYBER ATTACKS AND/OR MAJOR IT OUTAGES (6.2)	IT Strategy. Information Systems Security Policy. Internal audits. Robust systems testing. Appropriate physical security and use of preventative technologies. Resilient architecture of links between sites. Monitoring of threat levels through partners. Use of cloud-based repository. Staff training.	Network security breached with consequent damage to mission-critical operations and theft of IPR. Disruption to access to network.	Critical	Unlikely	Good	Medium



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
INFORMATION AND IT (CONT'D)						
BREACH OF DATA PROTECTION LEGISLATION NON-COMPLIANCE WITH FREEDOM OF INFORMATION LEGISLATION	Effective management of ICT arrangements. Staff training. Awareness sessions held. Policies and procedures in place. Data Protection and Freedom of Information (FoI) Officers appointed. Publication Scheme.	Non-compliance with Data Protection Act and Fol (Scotland) Act. Shadow information held at department level. Damage to reputation. Potential litigation.	Significant Moderate	Likely Very unlikely	Satisfactory	High Low
NON-COMPLIANCE WITH USER LICENCE REQUIREMENTS	All software purchases must be agreed by the appropriate line manager and authorised by the IT Resources Group. No software loaded onto any College systems without the prior approval of the Change Advisory Board. No copies of software made, other than for authorised purposes. Any unsolicited software received by users must be checked and verified by IT Support prior to installation and use. College Acceptable Use Policy.	Non-compliance with user licence requirements, leading to possible financial penalties.	Moderate	Unlikely	Good	Low



Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
INFORMATION AND IT (CONT'D)						
MANAGEMENT OF SYSTEMS IMPLEMENTATION	Proper procedures for development and implementation of new systems. Regular review of current and future requirements. Currently creating a PRINCE 2 based project management framework. Use of external consultants and expertise to manage major projects and to ensure services are fit for purpose and future proofed.	Failure to properly address all steps in the systems development life cycle can have serious consequences on the effectiveness of the system performance and can be costly in financial and time allocation terms. Failure to provide accurate and complete operational / student management information. Loss of efficiency and effectiveness.	Significant	Unlikely	Good	Medium
FAILURE TO ACHIEVE AMBITIONS OF IT STRATEGY	IT Strategy. Steer by Senior Executive Team.	Ineffective development and utilisation of information, learning and communication technology. Hinders the aim of increasing participation and promoting social inclusion. Hinders improvement in the learning process.	Significant	Unlikely	Good	Medium



Audit Needs Assessment and Strategic Plan 2019 to 2022

Strategic Plan

The Strategic Plan covers the financial years 2019/20 to 2021/22. Audit days have been allocated to the categories identified in the ANA to produce a rolling programme of work. Where relevant, these have been further split into sub-categories. Frequency of visits, the number of days allocated, and the position in the audit cycle has been determined with reference to the combined risk factors identified in the ANA, and previous internal and external audit coverage.

To clarify the linkage between the ANA and Strategic Plan we have included at pages 54 to 61 a listing of all risk categories, grouped by 'Priority'. On these schedules we have indicated the timing of our audit work, if any, across the three-year period of the Strategic Plan, the number of days allocated and the project title as it appears on the Strategic Plan at pages 62 and 63.

Audit Methodology

Prior to commencement of the work each year the Strategic Plan will be reviewed in advance of the production of the Annual Plan. The Annual Plan will provide additional detail on the risks to be covered and the work to be carried out in each area. The process will include discussion with management, the College's external auditors and the Audit and Risk Committee as appropriate.

Once the Annual Plan has been agreed an audit timetable will be drawn up and detailed planning will be carried out for each area.

The n	nainstream audit work falls into three categories: Governance; Financial; and Performance.
In all	cases the audit work involves:
	Identification of the expected controls. Review of systems to identify actual controls.
	Consideration of established Best Practice in the area.
	Testing of controls to ensure they are operating effectively.
	Consideration of VFM issues where appropriate on all audit assignments and conducting specific VFM reviews as agreed with College management and the Audit and Risk Committee.
	Consideration of the relevance of business improvement tools, including lean systems and methodologies, to individual audit assignments.
	Discussion of findings and our likely recommendations with the relevant managers and staff involved with the systems. Recommendations will be graded to help management prioritise their importance.
	Issue of a draft report to confirm factual accuracy and obtain official management responses for inclusion in the final report.
	Issue of a final report that summarises audit objectives, work carried out, the implications of the findings for internal control, and an action plan with areas for improvement. The action plan will allocate responsibility for the implementation and give a timeframe for completion.
	Follow-up of action plans in future years.



Audit Needs Assessment and Strategic Plan 2019 to 2022

North East Scotland College – linkage between Strategic Plan and Audit Needs Assessment

High Priority

Risk Category	Coverage	Comment
Estates and Facilities		
IF the SFC does not provide sufficient capital maintenance funding to maintain modern fit-for-purpose buildings, THEN the quality of the student experience will be reduced (4.6)		Aspects covered by previous review of Estates Management in 2018/19.
Use of Space Within Estate and Lack of Suitable Accommodation for Development of Academic and Support Activities		Staff and Room Utilisation previously reviewed in 2018/19.
Financial Issues		
Failure to Achieve Financial Sustainability	2019/20, 2020/21	Previously covered by review of Budgetary & Financial Controls in 2017/18. Proposed reviews of Financial Planning in 2019/20 and Budgetary Control in 2020/21.
Adverse Funding Changes	2019/20, 2020/21	As above
Changing Economic Environment	2019/20, 2020/21	As above.
IF insufficient students enrol at the College, THEN the College's ability to achieve a balanced budget will be adversely affected and future credits targets may be reduced (5.2)		Aspects covered by previous review of Student Records and Enrolment, Attendance & Applications in 2018/19 and Course Viability in 2016/17.
IF regional demand reduces, THEN the credit target may not be achieved resulting in clawback and reduced funding in future years (5.7)		As above.
IF candidate numbers are insufficient to meet SDS targets in relation to foundation apprenticeships (FAs), THEN the allocation of future places may be reduced (5.8)		



Audit Needs Assessment and Strategic Plan 2019 to 2022

High Priority

Risk Category	Coverage	Comment
Potential Impacts of National Bargaining Process		
Budgetary Control of the College's Financial Resources	2019/20, 2020/21	Previously reviewed in 2017/18. Proposed reviews of Financial Planning in 2019/20 and Budgetary Control in 2020/21.
Commercial Issues		
Identification and Response (Positively and Creatively) to Opportunities as they Arise	2019/20, 2021/22	ASET previously reviewed in 2018/19. Proposed reviews of Business Development in 2019/20 and ASET in 2021/22.
IF sufficient income levels are not achieved THEN the College will not be able to financially invest in innovation, staff and facilities (5.5)	2019/20, 2021/22	As above.
Information and IT		
Breach of Data Protection Legislation	2020/21	Previously covered by Data Protection review in 2017/18 and IT Systems review in 2018/19. Proposed review of IT network arrangements / Data Protection in 2020/21.



Audit Needs Assessment and Strategic Plan 2019 to 2022

Risk Category	Coverage	Comment
Reputation		
Loss of Reputation Resulting in Negative Perceptions – Loss of Business		Marketing previously reviewed in 2018/19.
IF an individual is harmed or property is damaged THEN the College may face litigation or criminal prosecution and reputational damage (4.8)		Aspects covered by previous review of Estates Management in 2018/19.
IF key statutory obligations and legislative requirements, including the Equality Act 2010, Freedom of Information (Scotland) Act 2002, General Data Protection Regulation (GDPR), are not adhered to THEN the College may face significant financial penalties and/or reputational damage may occur (6.1)	2020/21	Considered where applicable during all audits. GDPR previously reviewed in 2017/18 and 2018/19. Proposed review of Data Protection in 2020/21.
Student Experience		
IF national priorities conflict with local needs, THEN the College may not be able to effectively meet regional needs (1.1)	2020/21	Aspects covered by previous review of Student Records and Enrolment, Attendance & Applications in 2018/19. Proposed review of Curriculum Planning in 2020/21.
IF the College is not effectively aligned with regional need, THEN this will lead to decreases in demand, successful outcomes and positive feedback (1.3)	2020/21	As above.
IF students are not enrolled on the most appropriate programme, THEN they may be less likely to succeed (1.4)	2020/21	As above. Also proposed review of Student Support in 2020/21.
IF the impact of Brexit decreases the number of international students in the region THEN the College may face increased competition with the two local Universities (3.4)		
IF the College does not have sufficient capacity to address the wideranging needs of the student body, THEN the learner experience and learner outcomes will be diminished (4.1)	2020/21	Aspects covered by previous review of Student Records and Enrolment, Attendance & Applications in 2018/19. Proposed review of Student Support in 2020/21.



Audit Needs Assessment and Strategic Plan 2019 to 2022

Risk Category	Coverage	Comment
IF students are not engaged in driving the learner experience, THEN the College may not develop an appropriate learner experience (4.2)	2020/21	As above.
IF the Students' Association (SA) does not continue to be pro-active in engaging with the College, THEN the learner experience will likely be diminished (2.4)		
Staffing Issues		
Negative Impact on Employee Relations (e.g. National Bargaining, Industrial Action, Local Consultation)		
IF the College is not able to recruit and develop appropriately qualified staff, THEN this will adversely impact on the student experience (2.1)	2020/21	Human Resources previously reviewed in 2017/18. Proposed review of Workforce Planning in 2020/21.
IF staff do not deliver teaching methods that are engaging and effective, THEN students are less likely to achieve a successful outcome (2.3)		Virtual Learning Environment previously reviewed in 2017/18.
Failure to Develop and Implement Succession Planning	2020/21	Proposed review of Workforce Planning in 2020/21.
Controls Over Payroll	2021/22	Previously reviewed in 2018/19.
Estates and Facilities		
Physical Security		Aspects covered by previous reviews of Fixed Asset Management and Estates Management in 2018/19.
Disruption to Operations Following Loss or Breakdown of Key Equipment	2021/22	As above. Proposed review of Business Continuity in 2021/22.
Fleet / Asset Management	2020/21	Fixed Asset Management previously reviewed in 2018/19 and Value for Money – Transport reviewed in 2017/18.



Audit Needs Assessment and Strategic Plan 2019 to 2022

Risk Category	Coverage	Comment
Failure to Meet All Regulatory Requirements		
Selection and Management of Third-Party Contractors	2021/22	Purchasing & Procurement previously reviewed in 2018/19 and Review of Fraserburgh Estates project carried out in 2016/17. Proposed review of Procurement in 2021/22.
Projects Over Time		Review of Fraserburgh Estates project carried out in 2016/17.
Capital Authorisation / Control Procedures	2021/22	Purchasing & Procurement previously reviewed in 2018/19 and Review of Fraserburgh Estates project carried out in 2016/17. Proposed review of Procurement in 2021/22.
Projects Over Budget	2020/21	Review of Fraserburgh Estates project carried out in 2016/17. Proposed review of Budgetary Control in 2020/21.
Financial Issues		
IF student outcomes do not improve as planned THEN the College's ability to achieve its SFC activity target will be reduced (4.3)		
Cashflow Issues	2020/21	Proposed review of Budgetary Control in 2020/21.
Student Fee Income is Not Raised or Recorded		Income Collection & Credit Control previously covered in 2017/18.
Financial Fraud, Abuse		Considered where applicable during all audits.
General Ledger		Previously reviewed in 2017/18.
Procurement and creditors / purchasing	2021/22	Purchasing & Procurement previously reviewed in 2018/19. Management of Contract Managed Services previously reviewed in 2017/18.
Debtors / Income		Income Collection & Credit Control previously covered in 2017/18.



Audit Needs Assessment and Strategic Plan 2019 to 2022

Risk Category	Coverage	Comment
Cash and Bank / Treasury Management		As above.
Commercial Issues		
Prevention and Response to External Claims Against the College for Breach of Contract	2019/20, 2021/22	ASET previously reviewed in 2018/19. Proposed reviews of Business Development in 2019/20 and ASET in 2021/22.
Financial Control Over Other Income Generating Activities	2019/20, 2021/22	As above.
Organisational Issues		
IF an emergency/disaster/significant systems failure occurs THEN the learner experience will be negatively impacted upon should an emergency or disaster occur (4.7)	2021/22	Proposed review of Business Continuity in 2021/22.
IF the Regional Board fails to maintain the highest standards for governance and comply with the 'Code of Good Governance for Scotland's Colleges', THEN the terms and conditions of grant will not be met (2.5)		Previously covered by Board external effectiveness review and internal audit review in 2018/19.
IF employers do not successfully engage with NESCol, THEN the College will not be able to identify and meet their needs (3.1)		
Effective Corporate Planning	2019/20	Previously reviewed in 2018/19. Proposed review of Performance Reporting / KPIs in 2019/20.
Risk Management	2021/22	Previously reviewed in 2018/19.
IF local schools do not work closely with NESCol, THEN effective learner pathways will not be delivered throughout the region (3.2)		



Audit Needs Assessment and Strategic Plan 2019 to 2022

Risk Category	Coverage	Comment
IF university partners do not work closely with NESCol, THEN improvements to widening access, improving articulation and increasing the efficiency and effectiveness of the learner journey In the region will not be achieved (3.3)		
Information and IT		
Catastrophic Failure of ICT Systems or Infrastructure	2020/21	Aspects covered by IT Systems review in 2018/19. Proposed review of IT network arrangements in 2020/21.
IF IT security arrangements are inadequate, THEN the College may experience data security breaches, cyber-attacks and/or major IT outages (6.2)	2020/21	Previously covered by IT Systems review in 2018/19. Proposed review of IT network arrangements in 2020/21.
Management of Systems Implementation		
Failure to Achieve Ambitions of IT Strategy		



Audit Needs Assessment and Strategic Plan 2019 to 2022

Low Priority

Risk Category	Coverage	Comment
Student Experience		
IF robust self-evaluation processes are not implemented and adhered to, THEN the College will not benefit from an effective improvement planning process (4.4)		
Management of Disciplinary / Appeals Procedures		
Risks Associated with Examination Marking		
Staffing Issues		
Failure to Comply with Employment Legislation		Human Resources previously reviewed in 2017/18.
IF staff are not fully motivated and engaged in delivering the best learner experience, THEN students may not achieve desired outcomes (2.2)	2020/21	As above. Proposed review of Workforce Planning in 2020/21.
Information and IT		
Non-Compliance with Freedom of Information Legislation		Previously reviewed in 2017/18.
Non-Compliance with User Licence Requirements	2020/21	Proposed review of IT network arrangements in 2020/21.



Audit Needs Assessment and Strategic Plan 2019 to 2022

Strategic Plan 2019/20 to 2021/22

Proposed Allocation of Audit Days

•			Planned	Planned	Planned
	Category	Priority	19/20	20/21	21/22
			Days	Days	Days
Reputation					
Publicity and Communications	Gov	M			
Health and Safety	Gov	M			
Student Experience					
Curriculum planning	Perf	M		5	
Quality	Perf	L			
Student support	Perf	M		5	
Student recruitment and retention	Fin/Perf	Н			
Students Association	Gov	M			
Staffing Issues					
Staff recruitment and retention	Perf	M/L			
Staff development	Perf	M			
Workforce planning	Perf	М		4	
Payroll	Fin	М			4
Estates and Facilities					
	Fin/Perf	H/M			
Building maintenance					_
Estates and facilities contract VFM	Fin/Perf	M			5
Estates strategy / capital projects	Fin/Perf	H/M			
Space management	Perf	Н		_	
Asset / fleet management	Perf	M		5	
Financial Issues					
Budgetary control	Fin	Н		4	
Financial planning	Fin	Н	4		
Student fees and contracts / registry	Fin	M			
General ledger	Fin	M			
Procurement and creditors / purchasing	Fin	M			4
Debtors/Income	Fin	M			
Cash & Bank / Treasury management	Fin	M			
Commercial Issues					
Business Development	Fin/Perf	H/M	5		
International Activities	Gov/Fin/Perf	М			
ASET	Gov/Fin/Perf	H/M			5
Organisational Issues					
Risk Management*	Perf	М			5
Business Continuity*	Perf	M			J
Corporate Governance	Gov	M			
Corporate Planning	Perf	M			
Performance reporting / KPIs	Perf	M	5		
Partnership Working	Gov/Perf	M			
Equalities	Gov	M			
- частио	Gov	171			



Audit Needs Assessment and Strategic Plan 2019 to 2022

Proposed Allocation of Audit Days (Cont'd)

			Planned	Planned	Planned
	Category	Priority	19/20	20/21	21/22
			Days	Days	Days
Information and IT					
IT network arrangements**	Perf	M		5	
BYOD VFM	Perf/Fin	M	5		
Data protection**	Gov	Н			
FOI	Gov	L			
Systems development / implementation	Perf	M			
IT strategy	Perf	M			
IT operations	Perf	M	5		
Other Audit Activities					
Credits audit		Required	7	7	7
Student Support Funds		Required	8	8	8
Management and Planning)			5	5	5
External audit / SFC)					
Attendance at Audit & Risk Committee)					
Follow-up reviews		Various	3	2	2
Audit Needs Assessment			3		
Business Process Review (TBC)					5
Total			50	50	50
			====	====	====

Key

Category: Gov – Governance; Perf – Performance; Fin – Financial

Priority: H – High; M – Medium; L – Low

*, ** these assignments will be linked



Aberdeen	Dundee	Edinburgh	Glasgow
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Aberdeen	20 Greenmarket	11-15 Thistle Street	Glasgow
AB15 4ZN	Dundee	Edinburgh	G2 1PP
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AUDIT & RISK COMMITTEE					
Meeting of 25 September 2019					
Title: Risk Management Policy					
Author: Pauline May, Directory & Planning	tor of	Contributor(s):			
Type of Agenda Item:					
For Decision	\boxtimes				
For Discussion					
For Information					
Reserved Item of Business					
Purpose: To provide the Coversion of the College's Str		h an opportunity to consider the latest egister.			
Linked to Strategic Goal:					
Linked to Annual Priority:					
Audit of Risk Management Annual Internal Audit Progr A recommendation from the	conducted ramme.	tee considered the report of the Internal by Wylie & Bisset as part of the AY2018-19 s "We recommend that the College			
update the Risk Management Policy to ensure that it outlines the current approach to identifying and monitoring operational risks." The management response to the recommendation was "The College acknowledges that the refreshed approach to risk management adopted following the establishment of the new Strategic Risk Register is not currently accurately documented in its Risk Management Policy. The Policy will therefore be reviewed and updated to ensure that the College's approach to identifying and monitoring operational risks is clearly explained."					
Attached as Appendix 1 to this paper is a track-changed version of the Policy showing the proposed amendments to address the above recommendation. The amendments have been considered by the Senior Executive Team who agreed that they are accurate.					
Recommendation: It is recommended that the Committee approve the amendments to the College's Risk Management Policy.					

Previous Committe None	e Recommendation/Approval (if applicable):	
Equality Impact Assessment:		
Positive Impact		
Negative Impact		
No Impact		
Evidence:		



Agenda Item 34-19 Appendix 1

FA3.5

Risk Management Policy

Review Date: September 2020



1.0 Introduction

- 1.1. The Risk Management Policy (the Policy) forms part of the College's internal control and corporate governance arrangements.
- 1.2. The Policy explains the College's underlying approach to risk management, documents the roles and responsibilities of the Regional Board, the Senior <u>Executive Management</u> Team, and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures.
- 1.3. In addition, it describes the process the Regional Board will use to evaluate the effectiveness of the College's internal control procedures.

2.0 Definitions

2.1 <u>Risk</u>

An uncertain event or set of events which, should it/they occur, will have an effect upon the achievement of objectives.

2.2 Risk Management

The activities required to identify, understand and control exposure to uncertain events which may threaten the achievement of objectives.

2.3 Risk Appetite

A statement of an organisation's attitude towards risk. The College has adopted a six point scale: Avoid, Averse, Cautious, Moderate, Open, Hungry.

2.4 Risk Control

The process by which an organisation reduces the likelihood of a risk event occurring or mitigates the effects that risk should it occur.

The College has adopted four possible actions: Terminate, Transfer, Treat, Tolerate.



3.0 Risk Appetite Statement

3.1 The Regional Board has adopted the following Risk Appetite Statement:

The College must take risks in order to achieve its aims and deliver beneficial outcomes to owners/stakeholders.

Risks will be taken in a considered and controlled manner.

Exposure to risks will be kept to a level deemed acceptable by the Board.

The acceptable level may vary from time to time.

Some particular risks above the agreed acceptable level may be accepted because of the reward/benefit that might arise, the cost of controlling them, or the period of exposure.

No risks will be acceptable (and therefore must always be controlled) if they have the potential to cause significant harm, compromise severely the College's reputation, have financial consequences that could endanger the College's viability, jeopardise substantially the College's ability to deliver its core purpose or threaten the College's compliance with law and regulation.

4.0 Underlying Approach to Risk Management

- 4.1. The following key principles outline the College's approach to risk management and internal control:
 - a) the Regional Board has responsibility for overseeing risk management within the College as a whole;
 - b) an open and receptive approach to solving risk problems is adopted by the Regional Board;
 - c) the Principal and the Senior <u>Executive</u> Management Team supports, advises and implements policies approved by the Regional Board;
 - d) the College makes conservative and prudent recognition and disclosure of the financial and nonfinancial implications of risks;



- e) College managers are responsible for encouraging good risk management practice within their Sectors/Teams;
- f) risk is considered and addressed as an integral part of the strategic and operational planning and review process; and,
- g) key risk indicators will be identified and closely monitored on a regular basis.

5.0 Role of the Regional Board

- 5.1 The Regional Board has a fundamental role to play in the management of risk. Its role is to:
 - a) Set the tone and influence the culture of risk management within the College. This includes:
 - i. determining whether the College is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue;
 - ii. determining what types of risk are acceptable and which are not; and,
 - iii. setting the standards and expectations of staff with respect to conduct and probity.
 - b) Determine the appropriate risk appetite or level of exposure for the College.
 - c) Approve major decisions affecting the College's risk profile or exposure.
 - d) Monitor the management of significant risks to reduce the likelihood of unwelcome surprises.
 - e) Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
 - f) Annually review the College's approach to risk management and approve changes or improvements to key elements of its processes and procedures.



6.0 Role of the Senior Executive Management Team

- 6.1 Key roles of the Senior Executive Management Team are to:
 - a) Act as the College's Risk Management Team.
 - b) Implement policies on risk management and internal control.
 - c) Identify and evaluate the significant risks faced by the College for consideration by the Regional Board.
 - d) Provide adequate information in a timely manner to the Regional Board and its committees on the status of risks and controls.
 - e) Provide confirmation of the operational effectiveness of the controls, processes and procedures in place within the College to enable the Principal to provide an annual Certificate of Assurance to the Accountable Officer of the Scottish Funding Council.

7.0 Risk management as part of the system of internal control

- 7.1 The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the College to respond to a variety of operational, financial, and commercial risks. These elements include:
 - a) Policies and procedures

The College maintains a series of policies that underpin the internal control process. The policies are set by the Regional Board and implemented and communicated by senior management to staff. Written procedures support the policies where appropriate.

b) Monthly reporting

Comprehensive regular reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the Senior <u>Executive-Management</u> Team and the Regional Board if appropriate.

c) Business planning and budgeting

The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.



d) Strategic themes, goals and objectives (significant risks only)

The Regional Board considers risks significant to the College in establishing the College's strategic themes, goals and objectives. The Senior <u>Executive</u> Management Team assists the Board's consideration by providing information to facilitate the identification, assessment and ongoing monitoring of significant risks. Information is provided to the Board to address emerging risks as required, and improvement actions and risk indicators are monitored regularly.

e) <u>Strategic</u> Risk Registers

The Regional Board, in conjunction with the Senior Executive Management Team, maintains a Strategic Risk Register. The Register identifies, against each Strategic Theme, actual critical risks that the College is facing. An overall strategic risk appetite is detailed along with a risk appetite for each Strategic Theme. Details of current controls and further actions to be taken to mitigate each risk along with the current level of risk control are also provided alongside risk scorings. The Senior Management Team also maintains an Operational Risk Register which identifies potential risks that could impact upon the successful operation of the College, along with early warning mechanisms, potential contributing factors, and mitigating factors. The Strategic Risk Registers are is reviewed regularly by the Senior Executive Management Team, with the Audit & Risk Committee informed of any significant changes to either. The Regional Board or relevant Committee are also advised of new risks or changes to risks assigned to them in the Strategic Risk Register. The College addresses operational risks through its Team and Faculty Enhancement Plans, which cross reference relevant risks included in the Strategic Risk Register. The Plans are 'live' documents which are key to the College's quality enhancement and improvement planning processes and are referred to and reported on throughout the academic year. Individual risk registers and risk assessments are also completed for significant College projects.

f) Audit and Risk Committee

The Audit and Risk Committee is required to report to the Regional Board on internal controls and alert Board of Members to any emerging issues. In addition, the Committee oversees internal audit, external audit and



Risk Management Policy

management as required in its review of internal controls. The Committee is therefore well-placed to provide advice to the Board on the effectiveness of the internal control system, including the College's system for the management of risk.

g) Internal audit programme

Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation.

h) External audit

External audit provides feedback to the Audit and Risk Committee on the operation of the internal financial controls reviewed as part of the annual audit.

i) Third party reports

From time to time, the use of external consultants will be necessary in areas such as health and safety and quality assurance. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

8.0 Annual review of effectiveness

- 8.1 The Regional Board is responsible for reviewing the effectiveness of internal control of the College, based on information provided by the Senior Executive-Management Team. Its approach is outlined below.
- 8.2 For each significant risk identified, the Board will, as part of the strategic planning and review process:
 - i) review the previous year and examine the College's track record on risk management and internal control; and
 - ii) consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.



Risk Management Policy

- 8.3 In making its decision the Board will consider the following aspects.
 - a) Control environment:
 - i) the College's objectives and its financial and non-financial targets
 - ii) organisational structure and calibre of the Senior Executive Management Team
 - iii) culture, approach, and resources with respect to the management of risk
 - iv) delegation of authority
 - v) public reporting.
 - b) On-going identification and evaluation of significant risks:
 - i) timely identification and assessment of significant risks
 - ii) prioritisation of risks and the allocation of resources to address areas of high exposure.
 - c) Information and communication:
 - i) quality and timeliness of information on significant risks
 - ii) time it takes for control breakdowns to be recognised or new risks to be identified.
 - d) Monitoring and corrective action:
 - i) ability of the College to learn from its problems
 - ii) commitment and speed with which corrective actions are implemented.

Status Approved

Approved By Regional Board

Date of Version September 20189

Responsibility for Policy Principal
Responsibility for Implementation Principal
Responsibility for Review Principal

Date for Review September 2020 EIA Date September 2018





AUDIT & RISK COMMITTEE				
Meeting of 25 September 2019				
Title: Fixed Asset Manag	gement			
Author: Peter D Smith, Vice Principal – Finance & Resources Contributor(s): David Simpson, Head of Facilities and Estates, Mike Wilde, Facilities Client Services Manager				
Type of Agenda Item:				
For Decision	\boxtimes			
For Discussion				
For Information				
Reserved Item of Busine	ess 🗆			
Purpose: To enable the Committee to consider the updates to the management response to the Internal Audit of Fixed Asset Management and approve the increase to the de minimis fixed asset value. Linked to Strategic Goal: 5. Optimise the use of our available resources to deliver financial and environmental sustainability.				
Linked to Annual Priority:				
Executive Summary: At the meeting of 10 July 2019, the Committee asked for further details on management's approach to managing fixed assets in response to two high priority internal audit recommendations. The Committee agreed no change should be made to the de minimis limit of £200 meantime. The full internal audit report is attached as Appendix 1 to this paper. Considerable work has now been undertaken to identify small assets purchased since the register was last updated in 2017, and to trace those assets which were				
not accounted for. As	ummary of the o	current position is attached as Appendix 2. e, the procedure has also been clarified		
and updated, merging three former procedures into the new one shown as				

Recommendation:

Appendix 3.

It is recommended that the Committee note the updated position and agree to raise the de minimis limit on the value of registered small assets to £500.

Previous Committee Recommendation/Approval (if applicable): July 2019					
Equality Impact As	sessment:				
Positive Impact					
Negative Impact					
No Impact					
Evidence:					



Agenda Item 35-19 Appendix 1

North East Scotland College

Internal Audit 2018-19

Fixed Asset Management March 2019

Overall Conclusion

Weak

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В	ASSIGNMENT PLAN	22

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

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

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

Overview

Purpose of review

The purpose of this assignment was to review the systems and procedures in place for fixed assets, compliance with the systems and procedures in place and the overall controls in relation to the physical safeguarding of assets.

This assignment is part of the agreed 2018/19 Annual Internal Audit Plan for the College.

Scope of review

Our objectives for this review were to ensure:

- > The College's asset registers are accurate and up to date and provide sufficient information to assist with and enhance the security of assets.
- An inventory of "attractive" items (i.e. those vulnerable to theft) whose value falls below the capitalisation thresholds is maintained by the College.
- > There are appropriate security arrangements in place to ensure safeguarding of the College's assets and equipment.
- Any new assets or attractive items of equipment are tagged and added to inventory lists as soon as practically possible on delivery.
- Appropriate authorisation is granted prior to any of the College's assets being disposed of.
- > There are procedures in place to ensure that data is wiped prior to any IT equipment being disposed of.
- There is due consideration given to the environmental impact when disposing of electronic and electrical equipment.
- > The College holds adequate insurance cover to protect against the loss, theft or damage of its assets.

Where the fixed asset register is independent of the accounting system, there are processes in place to ensure that the information contained in the accounting system is accurate.

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

Limitation of scope

There was no limitation of scope.

Background

In order to operate efficiently, the College uses both IT equipment and non-IT equipment throughout all campuses. The College has ensured that all equipment, both non-IT and IT, is maintained and monitored within equipment registers. The Facilities Management (FM) Team are responsible for managing the non-IT equipment and the College's IT Team are responsible for managing the IT equipment.

Facilities Management - non-IT equipment

The FM Team has been responsible for maintaining the non-IT equipment registers since taking it over from the Purchasing Manager in 2017. The FM Team record 5 equipment registers for the College for the following campuses:

- City Campus;
- Altens Campus;
- Fraserbugh & Peterhead Campuses;
- Clinterty Campus; and
- > Ellon Campus.

There is a standardised format for each equipment register. The FAR includes the following information:

- College Asset Number;
- Mitie Asset Number;
- Description of the asset;
- Serial number;
- Value Cost of asset;
- Location; and
- Department.

Upon receiving the responsibility of maintaining the equipment register, the FM Team completed a 100% audit of equipment on the register. The audit was completed by 31st July 2017 and the equipment register was updated to record the status of each item of equipment. The audit found the following:

- The total items of equipment within the City Campus was 4,036 while 324 items were not found.
- The total items of equipment within the Altens Campus was 917 while 226 items were not found.
- The total items of equipment within the Fraserburgh & Peterhead Campuses was 732 while 75 items were not found.
- All 35 items equipment at the Clinterty Capus were found.
- All 18 items of equipment at the Ellon Campus were found.

Following the audit, the FM Team then contacted members of faculties to locate the items. However, no further action had been taken since 2017 to locate the items as the equipment register highlights a total of 625 items not located within the College with a purchase cost of £316,568. The FM Team are planning a further 100% audit of equipment items during the College down time in 2019 (Easter holidays, Summer holidays and October holidays) and have made the 625 items priority during this audit. We have raised a high-grade recommendation regarding the missing equipment items, please see section 3 for further information.

The purchasing of non-IT equipment is the responsibility of the department making the purchase. When the purchase of equipment is over £200, the department should complete an Asset Entry Form and pass this to Facilities Management who will then tag and record the item on the equipment register. However, we were informed by the FM Team that they have not received any Asset Entry Forms since taking over responsibility of the equipment registers in 2017. We have raised a high-grade recommendation regarding the recording of equipment additions as a result, please see section 3 for further information.

IT Team – IT equipment

The College's IT Team are responsible for the management of IT equipment within the College. The IT Team use the ManageEngine software to monitor IT equipment which includes what software is currently being used, the age of the equipment and its end of life. The ManageEngine software shows all active IT equipment within the College and what equipment is connected to the network. As with non-IT equipment all items over £200 are recorded on the equipment register. However, due to the nature of IT equipment, there are items below this recorded such as tablets/notebooks/laptops that require maintenance and monitoring. The ManageEngine equipment register records the following:

- Machine name:
- Manufacturer;
- Model;
- Service Tag;
- Barcode;
- Asset state;
- User;
- Site;
- Location;
- Department;
- Device Category; and
- Warranty Expiry date.

The ManageEngine system is used by the IT Team to plan budgets and maintenance work for the year. All IT additions are made by the IT Team either as part of the planned maintenance or by requests from staff members. The IT Team receive all IT equipment deliveries and record the appropriate information on the device prior to deployment. The IT Team are also responsible for all IT equipment disposals. When assets are disposed of an electrical waste recycling company is used who offer fair value for any equipment or part of equipment that is still usable. The recycling company also provide a certificate of destruction to confirm that all data has been disposed of.

Work Undertaken

Our work for this review included the following:

- > A review of the Colleges security arrangements with regards to fixed assets and equipment.
- A review of the processes in place at the College for recording equipment.
- > Sample testing of 5 IT equipment additions to ensure the appropriate approval of purchases and that details have been accurately entered onto the equipment registers in a timely manner. We were unable to test non-IT equipment additions to the asset register, please see section 3 for further information.
- > Testing of 5 IT equipment and 5 non-IT equipment disposals undertaken by the College to ensure appropriate approval of disposal and their details have been removed from the equipment registers in a timely manner.
- A review of the process in place for recording the location of movable assets.
- Physical verification testing of 6 (2 equipment each from 3 classrooms) IT equipment assets and 6 (2 equipment each from 3 classrooms) non-IT equipment assets listed on the College's equipment registers listings to ensure accuracy of details recorded.
- A review of the controls in place over the allocation of keys within the College and sample testing of 5 key allocation to ensure the College procedures were adhered to.

- > A review of the security arrangements in place throughout each College campus to determine the adequacy of the safeguarding of assets.
- > A review of the insurance cover in place at the College to ensure it provides adequate cover for the replacement of fixed assets in the event of loss, damage or theft.

Conclusion

Overall conclusion

Overall Conclusion: Weak

From our review, we can only provide a weak level of assurance over the systems and procedures in place at the College for managing equipment. We have raised 4 recommendations for improvement including 2 high grade recommendations regarding the recording of non-IT equipment. Please see section 3 for further information.

Summary of recommendations

Grading of recommendations					
	High	Medium	Low	Total	
Fixed Asset Management	2	0	2	4	

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

- Equipment Additions
- Missing non IT items

Areas of good practice

The foll	lowing is a list of areas where the College is operating effectively and following good practice.
1.	The College has appropriate and sufficient insurance cover for the replacement of fixed assets and equipment in the event of loss, damage or theft.
2.	The IT Team has a robust stock management process in place which ensures information for IT equipment such as make, model, software, useful life is captured and recorded. All IT equipment purchases, and disposal pass through the IT Team who appropriately record the details of the equipment before deployment or disposal.
3.	There are appropriate security arrangements in place at the College to ensure the physical security of equipment, including CCTV and security staff on site 24 hours a day. All IT equipment is tagged, and their location stored and recorded which allows for the asset to be monitored. The College procedure ensures that all non-IT equipment is tagged and recorded. However, for new non-IT equipment additions this has not been the case, see section 3 for further information.
4.	For a staff member to be provided a key to a room within the College, they must complete a Key Authorisation Form which must be signed by their line manager and submitted to the Health & Safety Team at the College. This is then approved by the Head of Health & Safety and Security prior to the key being issued. The Health & Safety Team maintain a register of keys issued by the College. We completed sample testing of the key register to ensure that all keys issued where done after the completion of the Key Authorisation Form and approval by the Health & Safety Team. We can confirm that all keys were issued in line with College procedures.
5.	The IT Team purchase all IT equipment while the Director of IT & Technical Services approves all purchases. When IT equipment is received, the IT & Technical Services Co-ordinator records the purchase and tags the equipment which allows for it to monitored.

The following	The following is a list of areas where the College is operating effectively and following good practice.					
6.	The College has an electronic disposal form for the disposal of equipment. This form ensures that the disposal receives the appropriate approval before being authorised and disposed of. We completed sample testing of disposals of non-IT & IT equipment and found that all were disposed of in line with College procedures. We also found that all disposals were completed in line with the College Waste Electrical and Electronic Equipment (WEEE) ensuring they were disposed of in an environmentally friendly manner.					
7.	The responsibility for recording, monitoring and maintaining equipment in the College is split with the Facilities Management Team who maintain the equipment register for each campus and the College's IT Team that maintains the IT equipment register. Both registers are detailed and include asset numbers, location, description of the asset, serial number, departments.					
8.	We completed sample testing of the equipment asset register and the IT asset register to ensure that they recorded the correct information such as asset number, location and description. No issues were highlighted in our sample testing and we can confirm that the College are recording the correct information.					

2 BENCHMARKING

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

Fixed Asset Management

Benchmarking					
	High	Medium	Low	Total	
Average number of recommendations in similar audits	0	1	2	3	
Number of recommendations at North East Scotland College	2	0	2	4	

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

Equipment Additions						
Ref.	Finding and Risk	Grade	Recommendation			
1.	When making a purchase of equipment of over members are required to complete an Asset Entry submit this to the Facilities Management Team to inform the purchase. This would then allow the Facilities M Team to record the item on the equipment register item. During our review, we were informed by the Management Team that there have been no an equipment register since January 2017 when the Management Team took over the maintenance of the register and that they have not received an Asset Entry As a result, we reviewed the College's "Materials, Maintenance, Rental" nominal code from 1 August 20 2019 from the finance system to test if this was actesting consisted of a review of the 45 highest priced they were equipment purchases and recorded on the register. Our testing found that there were 11 items of tested (25%) that should be recorded on the equipment we note that the "Materials, Equipment, Maintenar nominal code had 334 items purchased over £200 judging by our sample there could be a total of 84	r Form and orm them of lanagement and tag the e Facilities dditions to be Facilities equipment ry Form. Equipment, 18 to March curate. Our items and if equipment but of the 45 ent register. Ince, Rental" of therefore	We recommend that the College remind all staff members of the procedure to complete and return an Asset Entry Form for all equipment purchases over £200. We also recommend that the College complete a review of the relevant nominal codes from the finance system for 2017/18 & 2018/19 such as "Materials, Equipment, Maintenance, Rental" to find equipment purchased and update the equipment register as required. The College should also find the location of the equipment and tag the item in line with College procedures. We also recommend that the College consider implementing a further control through PECOS. When a purchase is made a notification should be sent to staff members such as the Facilities Client Services Manager or the Operations Manager, who will then make a decision, on a purchase, to chase the relevant staff members for the Asset Entry Form.			

	purchases to be added to the equipment register for 2018/19. We note that we did not review the code for 2017/18. There is the risk that equipment purchased could be stolen or misplaced as the College have not kept up to date records.		
Manageme	nt response		Responsibility and implementation date
Agreed. (A) E mail sent to all key stakeholders responsible for assets to remind them of the procedure and review and advise of any new purchased to March 2019 for inclusion in asset register & tagged. (B) PECOS will changed to ensure the Facilities Client Manager is notified of all purchases and will scrutinise and forward appropriate assets for inclusion in the asset register and the item tagged.		/ (B) Facilities Client Manager	

Missing non-l	Missing non-IT items					
Ref.	Finding and Risk	Grade	Recommendation			
2.	The Facilities Management Team carried out a 100% audit of the College's non-IT equipment in 2017 and were unable to find 625 of the 5,685 items listed on the equipment register. The Facilities Management Team then contacted the departments to source the items. During our review, we were informed that no further work had been undertaken to find the missing items. We note that the Facilities Management Team are planning to complete another 100% audit of the equipment register during the College down time (Easter, Summer & October week) and have made finding these items a priority. We were also informed that portable equipment is stored in classrooms and is moved regularly depending on where it is required. We do note that during our sample testing of an asset's physical location, all assets were located in their recorded location. There is the risk that College equipment has been stolen or is lost.	High	We recommend that the College ensure further checks are carried out on all items not found during the previous 100% audit by the Facilities Management. We also recommend that where items are not subsequently found, the College consider removing these from the equipment register.			
Management	response		Responsibility and implementation date			
Agreed. Stake holders with missing items all instructed to report with an end date of the 30/04/19 to ensure assocrectly removed from asset list.		assets are	Responsible Officer: Head of Estates and Facilities Implementation Date: April 2019			

Removal	Removal of Equipment Disposals				
Ref.	Finding and Risk	Grade	Recommendation		
3.	The equipment register is maintained by the Facilities Management Team and includes information such as asset numbers, cost, location, description of the asset, serial number, departments. During our review, we found that the equipment registers document 96 assets that have been disposed of without removing the item from the register. All equipment disposed of should be removed from the register ensuring it only records items held by the College. There is the risk that the College register does not provide a full current listing of the equipment held by the College.	Low	We recommend that the College ensure all equipment disposed of is removed from the equipment register. The College could keep a list of items disposed of on a different excel sheet or tab within the asset register for completeness.		
Managem	nent response		Responsibility and implementation date		
Agreed. Disposals list will be created within the master control document.			Responsible Officer: Head of Estates and Facilities		
			Implementation Date: July 2019		

Equipment register limit					
Ref.	Finding and Risk	Grade	Recommendation		
4.	All equipment purchased of £200 or above should be included within the College's asset register. During our review, we discussed the £200 limit with Management at the College, and we believe that the limit of £200 is low and could be increased to £500 for example. However, we do recognise that IT equipment below this value such as laptops and iPads should continue to be included due to the nature of the equipment. There is the risk that nominal equipment items are included within the asset register.	Low	We recommend that the College increase the value of equipment to be included within the asset register.		
Managemer	nt response		Responsibility and implementation date		
Agreed. De Minimis of £500 per item will be applied.		Responsible Officer: Vice Principal Finance and Resources			
			Implementation Date: July 2019		

4 AUDIT ARRANGEMENTS

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

Audit stage	Date
Fieldwork start	4 March 2019
Closing meeting	15 March 2019
Draft report issued	26 March 2019
Receipt of management responses	17 April 2019
Final report issued	23 April 2019
Audit & Risk Committee	10 July 2019
Number of audit days	4

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

5 KEY PERSONNEL

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

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Senior Manager	Stephen Pringle	Senior Internal Audit Manager	stephen.pringle@wyliebisset.com
Auditor	Scott McCready	Internal Audit Senior	scott.mccready@wyliebisset.com
Auditor	Damian Gray	Internal Audit Assistant	damian.gray@wyliebisset.com

North East Scotland Co	llege				
Key Contacts:	Pete Smith	Vice Principal: Finance & Resources	pe.smith@nescol.ac.uk		
	Michael Wilde	Facilities Client Services Manager	m.wilde@nescol.ac.uk		
	Paul Smith	Director of IT & Technical Services	p.smith@nescol.ac.uk		
	David Simpson	Head of Facilties & Estates	d.simpson@nescol.ac.uk		
Mulio 9 Disset appropriates the time provided by all the individuals involved in this review and would like to then be them for their assistance					

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

APPENDICES

A GRADING STRUCTURE

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

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

A GRADING STRUCTURE

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

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

B ASSIGNMENT PLAN

Purpose of review

The purpose of this assignment is to review the systems and procedures in place for fixed assets, compliance with the systems and procedures in place and the overall controls in relation to the physical safeguarding of assets.

This assignment is part of the agreed 2018/19 Annual Internal Audit Plan for the College.

Scope of review

Our objectives for this review are to ensure:

- > The College's asset registers are accurate and up to date and provide sufficient information to assist with and enhance the security of assets.
- An inventory of "attractive" items (i.e. those vulnerable to theft) whose value falls below the capitalisation thresholds is maintained by the College.
- > There are appropriate security arrangements in place to ensure safeguarding of the College's assets and equipment.
- Any new assets or attractive items of equipment are tagged and added to inventory lists as soon as practically possible on delivery.
- Appropriate authorisation is granted prior to any of the College's assets being disposed of.
- There are procedures in place to ensure that data is wiped prior to any IT equipment being disposed of.
- There is due consideration given to the environmental impact when disposing of electronic and electrical equipment.
- > The College holds adequate insurance cover to protect against the loss, theft or damage of its assets.
- Where the fixed asset register is independent of the accounting system, there are processes in place to ensure that the information contained in the accounting system is accurate.

B ASSIGNMENT PLAN

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

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

- Discussion with key staff to obtain documentation of the Colleges guidelines regarding procedures and controls, relating to fixed asset management.
- > Discussion with key staff to identify the College's procedures and controls in place. To verify they are in compliance with the College's guidelines;
- > Sample Testing of controls in place regarding the physical safeguarding of assets;
- > Testing to confirm fixed assets are correctly stated in the financial records;

Potential key risks

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

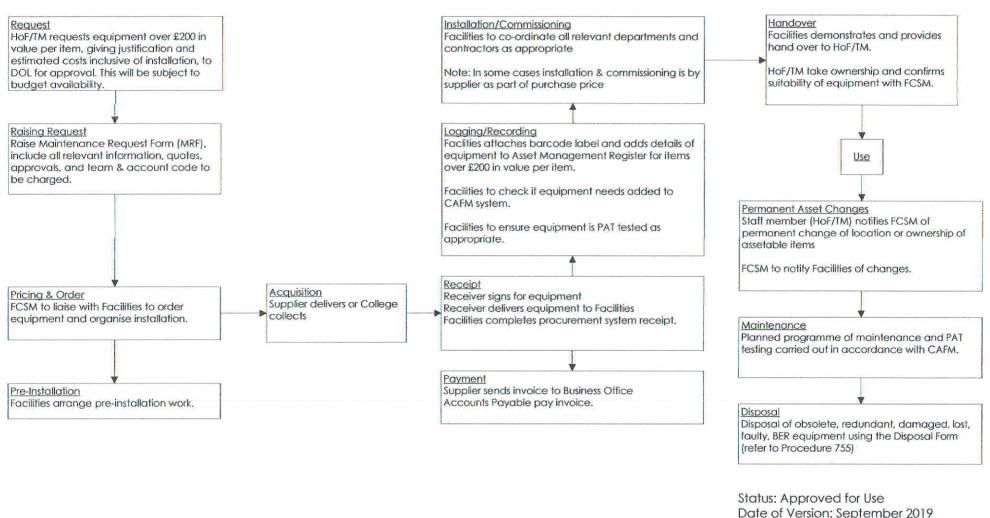
- Where asset registers are not accurate or up to date, there is no comprehensive list of the assets controlled by the College. There is therefore a risk that the College is unaware of what assets it holds and where these are held. and may therefore be unaware of any loss or theft.
- There is no record of "attractive" items which fall below the capitalisation threshold. The College may therefore be unaware of the theft of any of these items.

B ASSIGNMENT PLAN

- > The security arrangements in place are inadequate. As a result there is a lack of control maintained, increasing the risk of loss or theft to the College.
- New assets or attractive items of equipment are subject to loss or theft prior to being formally recorded on the College's systems.
- > Assets are disposed of despite still being of use or value to the College.
- Where IT equipment is not wiped prior to being disposed of, confidential data may fall into the hands of unauthorised individuals. This could lead to a potential breach of the General Data Protection Regulations.
- > Electrical and electronic equipment is not disposed of in an environmentally friendly manner.
- Where adequate insurance cover is not held, the College may not be fully recompensed in the event of loss, theft or damage to any of its assets.
- The fixed asset balances held within the accounting system are inaccurate.

Sites	College Assets	College Assets	New Purchase	College Assets	Total Assets	Items not found	College Assets	% Not Found
	Register 2017	Value		Value	at Sep 2019	Under Investigation	Not Found Value	
ABERDEEN CITY CAMPUS	939	£751,511.00	74	TBC	1013	52	£63,257.00	5
ALTENS CAMPUS	816	£1,818,857.00	48	ТВС	864	112	£62,505.00	13
	Abcol Plant £900k	, ,					·	
FRASERBURGH CAMPUS	535	£597,675.00	45	TBC	580	32	£35,322.00	6
PETERHEAD CAMPUS	23	£12,950.00	0		23	3	£2,250.00	13
ELLON CAMPUS	8	£3,650.00	0		8	2	£400.00	25
CLINTERTY CAMPUS	26	£31,000.00	0		26	1	£500.00	4
Total	2347	£3,215,643.00	167		2514	202	£164,234.00	8

Procedure 310: Flowchart for Management of Equipment - applicable to Teaching sectors and Support teams



HoF - Head of Faculty
TM - Team Manager
DOL - Director of Learning
MRF - Maintenance Request Form
CAFM - Computer Aided Facilities Management
BER - Beyond Economical Repair
FCSM - Facilities Client Services Manager
HOFE - Head of Facilities and Estates

Date of Version: September 2019 Responsibility for Procedure: HOFE Responsibility for Implementation: HOS/FM/

FCSM/HOFE

Responsibility for Review: FCSM/HOFE

Date of EIA: January 2017 Review Date: September 2020





AUDIT & RISK COMMITTEE				
Meeting of 25 September 2019				
Title: Draft Annual Report of the Au 2019	& Risk Comn	nittee to the Regional Board,		
Author: Peter D Smith, Vice Principo Finance & Resources	Strategy a	r(s): Pauline May, Director of nd Planning, Wylie and Bisset, lerson Loggie		
Type of Agenda Item:				
For Decision				
For Discussion				
For Information				
Reserved Item of Business $\ \square$				
Purpose: To enable the Committee Committee to the Regional Board.	consider the	draft Annual Report of the		
Linked to Strategic Goal:				
5. Optimise the use of our available environmental sustainability.	sources to de	eliver financial and		
Linked to Annual Priority:				
Executive Summary: It is a requirement of the Financial I prepares an annual report on its ac				

It is a requirement of the Financial Memorandum that the Audit & Risk Committee prepares an annual report on its activities for approval by the governing body. The report should include the Audit & Risk Committee's assessment of the adequacy and effectiveness of the College's internal control systems. This assessment should be based on the results of the work of the internal audit service (IAS) as reported in the IAS annual report, and the external auditors' opinion on the Financial Statements as well as the management letter and report issued to those charged with governance of the College.

A draft of the 2018-19 Report is attached for consideration. Note that the report still requires to be updated for the opinions of the external auditors.

A final draft will be presented for approval at the meeting of the Committee scheduled for 28 November 2019.

Recommendation:

It is recommended that the Committee discuss the contents of the draft report and propose any amendments to be made before finalisation.

Previous Committee Recommendation/Approval (if applicable):		
None		
Equality Impact As	sessment:	
Positive Impact		
Negative Impact		
No Impact		
Evidence:		

NORTH EAST SCOTLAND COLLEGE

Annual Report of the Audit and Risk Committee to the Regional Board – Activities Undertaken for the year ended 31 July 2019

1. Introduction

- 1.1. Effective from 14 October 2008, current arrangements for Audit and Accounting are incorporated in the Financial Memorandum issued by the Scottish Further and Higher Education Funding Council (SFC).
- 1.2. The current Financial Memorandum was issued, effective 01 December 2014. This requires the preparation of an Annual Report from an institution's audit committee to the Regional Board.
- 1.3. This report details the activities of the Audit and Risk Committee for the year ended 31 July 2019.

2. Committee Constitution and Terms of Reference

2.1. The following Committee members served during the year, together with possible and actual number of meetings attended: -

Name	Possible	Actual	Percentage
	Attendance	Attendance	Attendance
David Anderson	4	4	100%
Ann Bell	4	1	25%
Doug Duthie*	1	1	100%
Ian Gossip**	2	2	100%
Abdul Elghedafi	4	3	75%
Andrew Russell	4	3	75%
Anne Simpson	4	1	25%
Adrian Smith	4	2	50%

^{*}Term of office ended 31 October 2018

Committee Chair – Ian Gossip until 28 February 2019, David Anderson appointed 01 March 2019

Committee Vice Chair – David Anderson until 01 March 2019, Andrew Russell appointed 01 March 2019

- 2.2. The following Members of the Regional Board may attend and participate in meetings, but may not vote: -
 - Chair of the Regional Board;
 - · Chair of the Finance and Resources Committee; and
 - Principal and Chief Executive.

^{**}Term of office ended 28 February 2019

2.3. The Terms of Reference for the Audit and Risk Committee were reviewed by the Regional Board at its meeting on 19 June 2019, having due regard to the provisions of the Code of Good Governance for Scotland's Colleges. The Terms of Reference are attached at **Appendix A**.

3. Internal Audit Service

- 3.1. The Regional Board appointed Wylie and Bisset as internal audit service provider in 2014. The contract provided that the appointment could be extended (for a further 2 years) after a period of 3 years. The Committee decided to exercise the option to extend the appointment and Wylie and Bisset continued to provide internal audit services until 31 July 2019.
- 3.2. The internal audit work carried out during the year was based on the College's Strategic Plan, Enhancement Plan and Strategic Risk Register, and approved at Audit and Risk Committee in September 2018. The Plan was systematically followed and the areas addressed during the year were: -

Purchasing and Procurement Corporate Governance IT Systems Aberdeen Skills and Enterprise Training Ltd Fixed Asset Management Student Records Marketina Estates Management Enrolment, Attendance and Applications Strategic and Business Planning Staff and Room Utilisation Pavroll Risk Management NESCol@Fraserburgh NESCol@Altens Follow-up on Previous Audit Recommendations

- 3.3. Summaries of the issues arising in relation to each system or activity by the internal audit work in 2018-19 have been reported separately to the Audit and Risk Committee. All reports contained action plans detailing responsible officers and implementation dates. The reports were discussed and agreed with management prior to submission to the Audit and Risk Committee.
- 3.4. The internal auditor grades the areas reviewed as: -
 - Strong controls were satisfactory, no significant weaknesses were found, some minor recommendations were identified;
 - Substantial controls were largely satisfactory although some weaknesses were identified, recommendations for improvement were made;
 - Weak controls were unsatisfactory and major systems

- weaknesses were identified that require to be addressed immediately.
- 3.5. In 2018-19, the internal auditor reviewed 16 areas (2017-18 15 areas) and graded the areas reviewed as: 'strong' in 13 areas (2017-18 11 areas); 'substantial' in 2 areas (2017-18 2 areas); and 1 area was graded as 'weak' (2017-18 2 areas).
- 3.6. The Committee and the internal audit service provider have established arrangements for grading recommendations arising from the programme of internal audit review. Recommendations are graded as 'high', 'medium' and 'low' priority (with 'high' representing matters requiring urgent attention).
- 3.7. In 2018-19, the internal auditor made 21 audit recommendations (2017-18 34 findings) and graded those as: 'high' in 2 areas (2017-18 3); 'medium' in 8 areas (2017-18 18); and 'low' in 11 areas (2017-18 13).
- 3.8. In addition, the internal audit service highlighted the existence of areas of good practice across all areas reviewed.
- 3.9. Overall input to the audit assignments was 70 days, including those for Audit Management, and Wylie and Bisset presented their Annual Report 2018-19 to the Audit and Risk Committee on 10 July 2019. A copy of that report is attached as **Appendix B**.
- 3.10. The auditors have reported that: -

"We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes.

In our opinion North East Scotland College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money. We have however raised a weak level of assurance around the Fixed Asset Management arrangements in place which should be followed up during the follow up review for 2019/20.

Our fieldwork was carried out between February 2019 and May 2019."

3.11. Following a competitive tendering exercise, Henderson Loggie LLP have been appointed as internal auditors for the period from 01 August 2019 to 31 July 2022. The College will have an option to extend this arrangement for a further two years, subject to satisfactory performance.

4. External Audit Service

4.1. With effect from 01 January 2002, Audit Scotland has been responsible for the audit of all incorporated further education colleges in Scotland. External audit services for the financial year ended 31 July 2019 were provided by their appointees, Ernst and Young LLP. This was the third year of Ernst and Young's appointment term. The audit started in early October, as planned. The auditors presented their Annual Report to the College's Audit and Risk Committee on 28 November 2019. No audit qualifications were necessary to the financial statements for the year to 31 July 2019. Their conclusions stated: -

$\{XXX\}$

- 4.2. The Board retains authority to appoint the external auditor of its wholly owned trading subsidiary Aberdeen Skills and Enterprise Training Limited (ASET). Henderson Loggie LLP was appointed as external auditor of ASET for 3 years to 31 July 2020 as a result of the process agreed at the Annual General Meeting in 2018.
- 4.3. Henderson Loggie carried out the external audit of ASET, the Board's wholly owned subsidiary company, for the 12-month reporting period to 31 July 2018. As in previous years, Henderson Loggie issued an unqualified audit opinion on the financial statements of ASET.

5. Value for Money Programme

- 5.1. The College had an approved Procurement Strategy covering the period to 31 July 2019, encompassing the principles of Value for Money assurance, including: -
 - Collaborative Procurement
 - Competitive Tendering
 - Use of e-Procurement
 - Contracts Register Maintenance
 - Active Supplier Management
 - Internal Audit Studies
 - Performance and Practice Review
- 5.2. The internal audit programme for the period 1 August 2018 to 31 July 2019 also addressed value for money issues. The programme was designed to address arrangements to ensure that the College secures economy, efficiency and effectiveness in carrying out its activities. Most internal audit assignments contain an element of value for money review.
- 5.3. The Committee considered the College's Annual Procurement Report at its meeting of 17 April 2019.
- 5.4. The Committee is content that these measures enable the College to demonstrate achievement of value for money in its activities.

6. Risk Management

6.1. The Committee reviewed the College's Risk Management Policy at its meeting of 26 September 2018 and discussed the College's Risk Register at subsequent meetings.

7. Governance

7.1. The Committee reviewed compliance with the Code of Good Governance for Scotland's Colleges at its meeting of 10 July 2019.

8. Fraud and Impropriety

8.1. No instances of fraud, theft or impropriety have been brought to the Committee's attention during the year or up to the date of approval of this report.

9. Self-Evaluation

- 9.1 The Regional Board undertakes an annual self-evaluation, including a review of its effectiveness against the Code of Good Governance for Scotland's Colleges which is considered by the Committee.
- 9.2 The Committee undertakes an annual self-evaluation reflecting upon performance against remit and the provision of Executive support which also feeds into the Board's annual self-evaluation (still to be completed).
- 9.3 The Committee Chair is annually evaluated by the capturing of Members' observations of the office bearer's performance through the use of an anonymous online questionnaire. The questionnaire feedback is discussed at the Committee Chair's Annual Development Meeting with the Regional Chair.

10. Events since 31 July 2019

10.1. There are no other matters which have been brought to the Committee's attention which would impact on the opinion expressed in this report.

11. Conclusion

11.1. The Committee has obtained assurance that internal control systems are adequate and effective. This is based on the evidence provided by the results of the internal audit service provider in the 12 months to 31 July 2019 and the external auditor's unqualified opinion on the financial statements for the 12-month reporting period to 31 July 2018.

- 11.2. The Committee is satisfied that, on the basis of the information provided to it by internal auditors, arrangements operate to allow the College to secure value for money.
- 11.3. The Committee is satisfied that the Regional Board has complied with the 'mandatory requirements' set by the Scottish Further and Higher Education Funding Council and has discharged its responsibilities in relation to audit and accounting.
- 11.4. The Committee is satisfied with the performance of Ernst and Young as external auditor to the College for the 12-month reporting period to 31 July 2019 and Wylie and Bisset as internal auditor to the College for the 12 months to 31 July 2019.
- 11.5. The various reports and Committee minutes have been circulated to Board members.

David Anderson
Chair
Audit and Risk Committee
28 November 2019

1.1 Membership A minimum of 6 Members, one of w

Membership A minimum of 6 Members, one of whom shall be appointed Committee Chair.

The Chair of the Audit and Risk Committee is precluded from serving on the Finance and General Purposes Committee.

The internal audit service provider and representatives of the external auditor will be expected to attend meetings of the Audit and Risk Committee and to be provided with the agenda and papers for meetings.

1.2 Quorum

No less than one half of the members entitled to vote.

1.3 Remit

General

The Audit and Risk Committee shall make its recommendations to the Regional Board as appropriate. The Committee shall make its decisions and report these to the Regional Board. The Audit and Risk Committee shall observe the Standing Orders in all its business.

The Audit and Risk Committee is established in accordance with the Financial Memorandum between the Scottish Funding Council (SFC) and the Regional Board of North East Scotland College.

The Audit and Risk Committee is an advisory body with no executive powers, and will adopt and ensure compliance with Audit Scotland's Code of Audit Practice.

Specific Duties

The following provides a summary of the main duties of the Audit and Risk Committee

Internal Control

Reviewing and advising the Regional Board of the Internal Audit Services (IAS)
and the external auditor's assessment of the effectiveness of the College's
financial and other internal control systems, including controls specifically to
prevent or detect fraud or other irregularities as well as those for securing
economy, efficiency and effectiveness reviewing and advising the Regional
Board on its compliance with corporate governance requirements and good
practice guidance.

Internal Audit

- Advising the Regional Board on the selection, appointment or reappointment and remuneration, or removal of the IAS provider where the service is contracted-out
- Advising the Regional Board on the terms of reference for the IAS; reviewing the scope, efficiency and effectiveness of the work of internal audit, considering the adequacy of the resourcing of internal audit and advising the Regional Board on these matters
- Advising the Regional Board of the Audit and Risk Committee's approval of the basis for and the results of the internal audit planning process

- Reviewing the IAS's monitoring of management action on the implementation of agreed recommendations reports in internal audit assignment reports and internal audit annual reports
- Considering salient issues arising from internal audit assignment reports, progress reports, annual reports and management's response thereto and informing the Regional Board thereof
- Informing the Regional Board of the Audit and Risk Committee's approval of the IAS's annual report
- Ensuring establishment of appropriate performance measures and indicators to monitor appropriate liaison and co-ordination between internal and external audit
- Ensuring good communication between the Committee, the Head of IAS and the external auditor
- Responding appropriately to notification of fraud or other improprieties received from the Head of IAS or other persons.

External Audit

- In conjunction with the Finance & Resources Committee, considering and approving the College's annual financial statements and the external auditor's report prior to submission to the Regional Board. (This should include consideration of the external audit opinion, the Statement of Member's Responsibilities and any relevant issue raised in the external auditor's management letter)
- Reviewing the external auditor's annual Management Letter and monitoring management action on the implementation of the agreed recommendations contained therein
- Advising the Regional Board of salient issues arising from the external auditor's management letter and any other external audit reports and of management's response thereto
- Reviewing the statement of corporate governance as part of the consideration of the College's annual financial statements
- Reviewing the external audit strategy and plan
- Holding discussions with external auditors and ensuring their attendance at Audit and Risk Committee and Regional Board meetings as required
- Considering the objectives and scope of any non-statutory audit work undertaken or to be undertaken, by the external auditor's firm and advising the Regional Board of any potential conflict of interest
- Securing appropriate liaison and co-ordination between external and internal audit.

Value for Money

- Establishing and overseeing a review process for evaluating the effectiveness
 of the College's arrangements for securing the economical, efficient and
 effective management of the College's resources and the promotion of best
 practice and protocols, and reporting to the Regional Board thereon
- Advising the Regional Board on potential topics for inclusion in a programme to undertake individual assignments considering the required expertise and experience
- Advising the Regional Board of action that it may wish to consider in the light of national value for money studies in the further education sector.

Risk Management

- Reviewing the Risk Management Policy, ahead of its consideration by the Regional Board
- The Committee will be responsible for satisfying itself that risks are being managed and will seek assurance on the adequacy of their management, including from Internal and External Auditors and the Senior Executive Team.

Governance

• Reviewing the College's governance arrangements in line with the Code of Good Governance for Scotland's Colleges.

Advice to the Board

- Reviewing the College's compliance with the Code of Audit Practice and advising the Board on this
- Producing an annual report for the Regional Board
- Advising the Board of significant, relevant reports from the SFC, Audit Scotland and the Auditor General and, where appropriate, management's response thereto
- Reviewing reported cases of impropriety to establish whether they have been appropriately handled.

1.4 | Meetings / Reporting

The Audit and Risk Committee will normally meet at least four times per year.

The Chair of the Finance and General Purposes Committee may attend meetings of the Audit and Risk Committee in an observer's role.

Once a year, subsequent to a meeting of the Audit and Risk Committee, Lay members of the Audit and Risk Committee will meet with the internal audit service provider and representatives of the external auditor. The Chair of the Board of Management may elect to attend this meeting.

At its discretion, the Audit and Risk Committee may sit privately without any non-Members present for all or part of a meeting if they so decide.

The Audit and Risk Committee will report to the Regional Board on a regular basis, and the Audit Chair will produce an Annual Report for submission to the Board following the end of the financial year.

1.5 | Senior Management Support

The following member of the Senior Executive Team provides objective, specialist advice to support the Committee to discharge its remit:

• Vice Principal – Finance & Resources





North East Scotland College

Internal Audit 2018/19 **Annual Report** July 2019

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1. Introduction

The IAS objectively examines, evaluates and reports on the adequacy of internal control thus contributing to the economic, efficient and effective use of resources and to the reduction of the potential risks faced by the College. Also, the operation and conduct of the IAS complies with the Public Sector Internal Audit Standards and is carried out in accordance with the standards and guidelines set down by the Chartered Institute of Internal Auditors.

The provision of Internal Audit Services is covered by the Financial Memorandum issued by the Scottish Funding Council ("SFC").

The Financial Memorandum sets out that the internal auditors are required to produce an Annual Report on the internal audit activities addressed to the Regional Board and the Principal.

The Financial Memorandum also sets out that the Annual Report should be considered by the Audit Committee prior to the Audit Committee producing its annual report to the Regional Board.

This Annual Report has been drawn up in accordance with the Financial Memorandum.

A copy of this report requires to be submitted to SFC not later than 31 December following the financial year end to which it relates.

2. Executive Summary

Overall Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes.

In our opinion North East Scotland College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money. We have however raised a weak level of assurance around the Fixed Asset Management arrangements in place which should be followed up during the follow up review for 2019/20.

Our fieldwork was carried out between February 2019 and May 2019.

The overall findings and conclusion of each report are highlighted in Section 3. As can be seen from the summary in Section 3 all areas included in the Operational Plan for 2018/19 are complete.

In forming our opinion above, we have carried out the following work:

- > a review and appraisal of financial and other controls operated by the College;
- a review of the established policies and procedures adopted by the College;
- an assessment of whether or not the internal controls are reliable as a basis for producing the financial accounts;
- a review of accounting and other information provided to management for decision making;
- compliance and substantive audit testing where appropriate;
- > a review of the College's procedures in place to promote and secure value for money.

The analysis of performance indicators for the internal audit work carried out in the year is included at section 5.

2. Executive Summary

Basis of Opinion

As the Head of Internal Audit at North East Scotland College we are required to provide the Regional Board and the Principal with an opinion on the adequacy and effectiveness of the College's risk management, control and governance processes. In giving our opinion it should be noted that assurance can never be absolute.

The most that we can provide to the Regional Board is reasonable assurance that there are no major weaknesses in the College's risk management, control and governance processes. In assessing the level of assurance given, we have taken into account:

- All audits undertaken during the period ended 31 July 2019;
- Any follow-up action taken in respect of audits from previous periods;
- Any significant recommendations not accepted by management and the consequent risks;
- > The effects of any significant changes in the College's objectives or systems;
- Matters arising from previous reports to the Board of Management;
- > Any limitations which may have been placed on the scope of internal audit;
- > The extent to which resource constraints may impinge on the head of Internal Audit's ability to meet the full audit needs of the College;
- > What proportion of the College's audit need has been covered to date;
- The outcomes of our quality assurance processes.

Summary of Work Undertaken

The following table summarises the audit work undertaken in 2018/19. The grading structure used in our reports can be found in Appendix A.

Area	Planned Days	Actual Days	Status	Overall Conclusion	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
Follow Up	3	3	Complete	Substantial	-	4	3
Purchasing & Procurement	4	4	Complete	Strong	-	-	2
Corporate Governance	3	3	Complete	Strong	-	-	-
IT Systems	5	5	Complete	Strong	-	-	-
Aberdeen Skills and Enterprise Training Ltd	5	5	Complete	Strong	-	-	-
Fixed Asset Management	4	4	Complete	Weak	2	-	2
Student Records	4	4	Complete	Strong	-	-	-
Marketing	3	3	Complete	Strong	-	1	-
Total Carried forward	31	31			2	5	7

Summary of Work Undertaken

Area	Planned Days	Actual Days	Status	Overall Conclusion	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
Total Brought Forward	31	31			2	5	7
Estates Management	4	4	Complete	Strong	-	-	-
Enrolment, Attendance & Applications	4	4	Complete	Strong	-	-	-
Strategic & Business Planning	4	4	Complete	Strong	-	-	-
Staff & Room Utilisation	5	5	Complete	Strong	-	-	-
Payroll	4	4	Complete	Strong	-	-	-
Risk Management	2	2	Complete	Strong	-	0	3
NESCOL@Fraserburgh	5	5	Complete	Strong	-	-	-
NESCOL@Altens	5	5	Complete	Substantial	-	3	1
Audit Management	6	6	N/A	N/A	N/A	N/A	N/A
Total	70	70			2	8	11

HIGH PRIORITY RECOMMENDATION 1: FIXED ASSET MANAGEMENT

Area	Finding	Recommendation	Management Response
Fixed Asset Management, March 2019 Equipment Additions	When making a purchase of equipment of over £200, staff members are required to complete an Asset Entry Form and submit this to the Facilities Management Team to inform them of the purchase. This would then allow the Facilities Management Team to record the item on the equipment register and tag the item. During our review, we were informed by the Facilities Management Team that there have been no additions to equipment register since January 2017 when the Facilities Management Team took over the maintenance of the equipment register and that they have not received an Asset Entry Form. As a result, we reviewed the College's "Materials, Equipment, Maintenance, Rental" nominal code from 1 August 2018 to March 2019 from the finance system to test if this was accurate. Our testing consisted of a review of the 45 highest priced items and if they were equipment purchases and recorded on the equipment register. Our testing found that there were 11 items out of the 45 tested (25%) that should be recorded on the equipment register. We note that the "Materials, Equipment, Maintenance, Rental" nominal code had 334 items purchased over £200, therefore judging by our sample there could be a total of 84 equipment purchases to be added to the equipment register for 2018/19. We note that we did not review the code for 2017/18. There is the risk that equipment purchased could be stolen or misplaced as the College have not kept up to date records.	We recommend that the College remind all staff members of the procedure to complete and return an Asset Entry Form for all equipment purchases over £200. We also recommend that the College complete a review of the relevant nominal codes from the finance system for 2017/18 & 2018/19 such as "Materials, Equipment, Maintenance, Rental" to find equipment purchased and update the equipment register as required. The College should also find the location of the equipment and tag the item in line with College procedures. We also recommend that the College consider implementing a further control through PECOS. When a purchase is made a notification should be sent to staff members such as the Facilities Client Services Manager or the Operations Manager, who will then make a decision, on a purchase, to chase the relevant staff members for the Asset Entry Form.	Agreed. (A) E mail sent to all key stakeholders responsible for assets to remind them of the procedure and review and advise of any new purchased to March 2019 for inclusion in asset register & tagged. (B) PECOS will changed to ensure the Facilities Client Manager is notified of all purchases and will scrutinise and forward appropriate assets for inclusion in the asset register and the item tagged. Responsible Officer: (A) Head of Estates and Facilities / (B) Facilities Client Implementation Date: (A) July 2019 / (B) April 2019

HIGH PRIORITY RECOMMENDATION 2: FIXED ASSET MANAGEMENT

Area	Finding	Recommendation	Management Response
Fixed Asset Management, March 2019 Missing Non-IT Items	The Facilities Management Team carried out a 100% audit of the College's non-IT equipment in 2017 and were unable to find 625 of the 5,685 items listed on the equipment register. The Facilities Management Team then contacted the departments to source the items. During our review, we were informed that no further work had been undertaken to find the missing items. We note that the Facilities Management Team are planning to complete another 100% audit of the equipment register during the College down time (Easter, Summer & October week) and have	Recommendation We recommend that the College ensure further checks are carried out on all items not found during the previous 100% audit by the Facilities Management. We also recommend that where items are not subsequently found, the College consider	Agreed. Stake holders with missing items all instructed to report with an end date of the 30/04/19 to ensure assets are correctly removed from asset list. Responsible Officer: Head of Estates and Facilities Implementation Date: April 2019
	made finding these items a priority. We were also informed that portable equipment is stored in classrooms and is moved regularly depending on where it is required. We do note that during our sample testing of an asset's physical location, all assets were located in their recorded location. There is the risk that College equipment has been stolen or is lost.	removing these from the equipment register.	

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the previous financial year.

Area	High	Medium	Low	Total
Payroll				
Average number of recommendations in similar audits	-	1	1	2
Recommendations at North East Scotland College	-	-	-	-
Purchasing & Procurement				
Average number of recommendations in similar audits	-	1	2	3
Recommendations at North East Scotland College	-	-	2	2
Corporate Governance				
Average number of recommendations in similar audits	-	2	3	5
Recommendations at North East Scotland College	-	-	-	-
IT Systems				
Average number of recommendations in similar audits	1	3	2	6
Recommendations at North East Scotland College	-	-	-	-
Summary c/f				
Average number of recommendations in similar audits c/f	1	7	8	16
Recommendations at North East Scotland College c/f	-	-	2	2

Area	High	Medium	Low	Total
Summary b/f				
Average number of recommendations in similar audits b/f	1	7	8	16
Recommendations at North East Scotland College b/f	-	-	2	2
Fixed Asset Management				
Average number of recommendations in similar audits	-	1	2	3
Recommendations at North East Scotland College	2	-	2	4
Student Records				
Average number of recommendations in similar audits	-	1	3	4
Recommendations at North East Scotland College	-	-	-	-
Marketing				
Average number of recommendations in similar audits	-	2	-	2
Recommendations at North East Scotland College	-	1	-	1
Summary c/f				
Average number of recommendations in similar audits c/f	1	11	13	25
Recommendations at North East Scotland College c/f	2	1	4	7

Area	High	Medium	Low	Total
Summary b/f				
Average number of recommendations in similar audits b/f	1	11	13	25
Recommendations at North East Scotland College b/f	2	1	4	7
Estates Management				
Average number of recommendations in similar audits	2	5	1	8
Recommendations at North East Scotland College	-	-	-	-
Enrolment, Attendance & Applications				
Average number of recommendations in similar audits	-	1	3	4
Recommendations at North East Scotland College	-	-	-	-
Strategic & Business Planning				
Average number of recommendations in similar audits	-	1	2	3
Recommendations at North East Scotland College	-	-	-	-
Summary c/f				
Average number of recommendations in similar audits c/f	3	18	19	40
Recommendations at North East Scotland College c/f	2	1	4	7

Area	High	Medium	Low	Total
Summary b/f				
Average number of recommendations in similar audits b/f	3	18	19	40
Recommendations at North East Scotland College b/f	2	1	4	7
Staff & Room Utilisation				
Average number of recommendations in similar audits	-	-	3	3
Recommendations at North East Scotland College	-	-	-	-
Risk Management				
Average number of recommendations in similar audits	-	2	2	4
Recommendations at North East Scotland College	-	-	3	3
Summary				
Average number of recommendations in similar audits	3	20	24	47
Recommendations at North East Scotland College	2	1	7	10

As highlighted above, North East Scotland College has an overall lower number of recommendations in comparison with the colleges it has been benchmarked against.

5. Key Performance Indicators

Analysis of Performance Indicators

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

Appendix A - Grading Structure

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

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

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

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





	AUDIT & RIS	SK COMMITTEE
	Meeting of 25	September 2019
Title: Strategic Risk	Register	
Author: Pauline Ma Strategy & Planning	•	Contributor(s): Senior Executive Team
Type of Agenda Ite	m:	
For Decision		
For Discussion	\boxtimes	
For Information		
Reserved Item of Bu	usiness 🗆	
<u> </u>	e the Committee wit ge's Strategic Risk R	h an opportunity to consider the latest egister.
Linked to Strategic This Agenda Item re		ement of all five Strategic Goals.
Linked to Annual Pr	iority:	
Strategic Risk Regis	ndix 1 to this paper is ter. As reported at t	s the latest version of the College's he last meeting of the Committee, the utive Team (SET) on a monthly basis.
_		ET on 04 September 2019 when two
changes were mad • Risk 5.1 – Cui	de: rrent Rating decreas	sed from 12 to 6
	rrent Rating increase	
Recommendation: It is recommended	that the Committee	e consider the Strategic Risk Register.
Previous Committee None	e Recommendation,	/Approval (if applicable):
Equality Impact Ass	sessment:	
Positive Impact		
Negative Impact		
No Impact		
Evidence:		

Approved by: Regional Board 20/06/18 Last considered by Audit & Risk Committee: 10/07/19 Last reviewed by SET: 04/09/19

Strategic Risk Appetite - Cautious

		Strategic Risk Appetite - Cautious																
Ref	Movement since last review	Objectives and Risks	Risk Owner	Original Likelihood (1 - 5)	Original Impact (1 - 5)	Original Rating (max=25)	Current Controls	Current Likelihood (1 5)	Current Impact (1 - 5)	Current Rating (max=25)	Target Likelihood (1 - 5)	Target Impact (1 - 5)	Target Total (max=25)	Above/ On Target	Further Actions	Action Owner	Planned Action Completion Date	Reported to
1		Strategic Goal 1: Deliver high quality, accessible and inclusive	learning and training oppo	rtunities, which t	ransform liv	ves and whi	ch support the economic and social develo	pment of our re	egion. Risk	Appetite - Cau	ifious							
1.1	\longleftrightarrow	IF national priorities conflict with local needs, THEN the College may not be able to effectively meet regional needs.	Principal	3	3	9	Outcome Agreement process and engagement with SFC, Curriculum planning process, Engagement with CPPs and industry	2	2 3	6	2	3	6	On Target	TOLERATE - Build on good reputation of the College to foster genuine partnerships and solutions to regional challenges, Continue to promote positive PR and success stories.	SET	Continuous	Regional Board
1.2		IF the College is not effectively aligned with regional need, THEN this will lead to decreases in demand, successful outcomes and positive feedback.	Directors of Learning/Director of Business Development	2	3	6	Curriculum Area Development Planning process, Curriculum Approval process, Partnership working with local schools, universities and employers, Student and stakeholder feedback	2	2 3	6	2	3	6	On Target	IREAT - Implement strengthened curriculum planning process with refreshed timeline and improved monitoring & reporting.	Directors of Learning/Director of Business Development/Director of Strategy & Planning	Continuous	Curriculum & Quality Committee
1.3	\longleftrightarrow	IF students are not enrolled on the most appropriate programme, THEN they may be less likely to succeed.	VP C&L/Directors of Learning/Director of Business Development/Director of Student Access & Information	2	4	8	Admissions procedures and interviews, Programme review, Student and academic support, Student Advice Centres, KPI analysis, Recruitment Strategies	2	2	1 8	1	3	3	Above Target	TREAT - Continue to have clear entry requirements understood by those interviewing and suggest alternative provision when applicant doesn't match original course.	VP C&L/Directors of Learning/Director of Business Development/Director of Student Access & Information	Continuous	Curriculum & Quality Committee
2		Strategic Goal 2: Develop the skills, talents and potential of all c	of the people who come to	college either to	o learn or to	o work. Risk	Appetite - Moderate											
2.1	\longleftrightarrow	IF the College is not able to recruit and develop appropriately qualified staff, THEN this will adversely impact on the student experience.	Principal	3	4	12	People Strategy, Recruitment & Selection Policy, Strategy & Procedure, Induction arrangements, Organisational development activities	2	2 3	8 6	2	2	4	Above Target	TREAT - Implement refreshed approach to organisational development, Continue to promote College successes through proactive marketing and PR campaigns to increase attractiveness to employers.	Principal with Director OD & HR	Continuous	Human Resources Committee
2.2		IF staff are not fully motivated and engaged in delivering the best learner experience, THEN students may not achieve desired outcomes.	Principal	3	3	9	CPD and organisational development, Staff consultation events, College meetings and briefings, All Staff Development Days	2	2 2	2 4	2	2	4	On Target	TOLERATE - Continue to influence external policy on National Bargaining and Workforce for the Future, Communicate regularly with staff, and students, where appropriate, regarding National Collective Bargaining, Approach to Employee Engagement.	Principal	Continuous	Curriculum & Quality Committee, Human Resources Committee
2.3	←→	IF staff do not deliver teaching methods that are engaging and effective, THEN students are less likely to achieve a successful outcome.	Directors of Learning	2	3	6	Learning & Teaching Strategy, Lesson observations, CPD and organisational development, Internal audits, Programme review, Student feedback, Digital Futures Project	2	2 3	6	2	2	4	Above Target	TREAT - Implement refereshed approach to organisational development, Continue Digital Futures Project, Refreshed approach for learning and teaching organisational development.	Directors of Learning	Continuous	Curriculum & Quality Committee
2.4	\longleftrightarrow	IF the Students' Association (SA) does not continue to be pro-active in engaging with the College, THEN the learner experience will likely be diminished.	Director of Learning (Enterprise, Innovation and Aberdeen Futures)	4	3	12	Financial and SET support to SA, Partnership Agreement, Clear SA Constitution and Strategic Plan, Student feedback, SA contributions at Board and Committee meetings and Board Strategy Events	3	3	9	2	2	4	Above Target	TOLERATE - Ensure SA is effectively supported, and continues to be engaged through the Regional Board and the appropriate College Action Teams, Student Engagement Framework.	Director of Learning (Enterprise, Innovation and Aberdeen Futures)	Continuous	Curriculum & Quality Committee
2.5	\longleftrightarrow	IF the Regional Board fails to maintain the highest standards for governance and comply with the 'Code of Good Governance for Scotland's Colleges', THEN the terms and conditions of grant will not be met.	Regional Chair	3	3	9	Board recruitment and induction processes, Internal audit, External Effectiveness Review, NESCoI Governance Steering Group, Regional Chair's national/sector roles, Board Member training and development, Audit & Risk Commitee's Annual Review of operation of Board against Code	2	2 3	3 6	1	3	3	Above Target	TREAT - Strengthen Board's evaluation processes	Regional Chair with Secretary to the Board	Continuous	Regional Board
3		Strategic Goal 3: Work with our partners to deliver positive and s	sustainable change for the	individuals, com	nmunities a	and business	es in our region. Risk Appetite - Open											
3.1	← →	IF employers do not successfully engage with NESCoI, THEN the College will not be able to identify and meet their needs.	VP C&L/Director of Business Development/Directors of Learning	3	4	12	Business Development Strategy, Engagement with industry groups and employers, Employer engagement events, Stakeholder consultations	3	3	3 9	2	2	4	Above Target	TREAT - Strengthen partnership working to address regional skills shortages and to deliver the Regional Economic and Skills Strategies, Promote successes to employers.	VP C&L/Director of Business Development/Directors of Learning	Continuous	Curriculum & Quality Committee
3.2		IF local schools do not work closely with NESCol, THEN effective learner pathways will not be delivered throughout the region.	VP C&L/Directors of Learning/Director of Business Development	4	3	12	Schools Liaison Team, Partnership Agreements, Regional Learning & Skills Partnership, Mapping of learner pathways	3	3	9	1	3	3	Above Target	IREAT - Strengthen curriculum planning process for schools provision, Develop model with schools for co-creation of pathways, Lobbying senior local authority partners re: need for closer alignment of FA provision.	VP C&L/Directors of Learning/Director of Business Development	Continuous	Curriculum & Quality Committee
3.3	, ,	IF partners do not work closely with NESCoI, THEN improvements to widening access, improving articulation and increasing the efficieny and effectiveness of the learner journey In the region will not be achieved.	VP C&L/Directors of Learning/Director of Business Development	3	3	9	Articulation Agreements, Engagement activities, TWO PLUS Alliance with RGU, LOIP and Locality Plans,	2	2 3	8 6	1	2	2	Above Target	TOLERATE - Ensure external relationships are maintained during transition to new Principal.	VP C&L/Directors of Learning/Director of Business Development	Continuous	Curriculum & Quality Committee
3.4	←→	IF the impact of Brexit decreases the number of international students in the region THEN the College may face increased competition with the two local Universities	Principal	2	5	10	Monitoring of Brexit developments, College's Brexit Action Log, Guidance from SFC Brexit Team, Partnership working			0			0	On Target	TOLERATE - Continue to monitor Brexit developments.	Principal		

4		Strategic Goal 4: Deliver an excellent learning enviroment and	experience leading to succe	essful outcome	for all lear	nore Piek	Appetite - Cautious										
4.1	←→	IF the College does not have sufficient capacity to address the wideranging needs of the student body, THEN the learner experience and learner outcomes will be diminished.	1	4	4	lieis. Risk	Access & Inclusion Strategy, Whole-College Student Support Model, Student feedback, Staff training, Regular review of policies and procedures	3	3	9 2	3		Above arget	TREAT - Review operation of the Whole- College Support Model, Mentally Healthy College intiative.	VP C&L/Directors of Learning/Director of Student Access & Information	Continuous	Curriculum & Quality Committee
4.2	←	IF students are not engaged in driving the learner experience, THEN the College may not develop an appropriate learner experience.	Director of Learning (Enterprise, Innovation and Aberdeen Futures)	2	3		6 Student feedback, Partnership Agreement	2	3	6 2	2		Above arget	TREAT - New Student Engagement Framework.	Directors of Learning/Director of Business Development	Continuous	Curriculum & Quality Committee
4.3	← →	IF student outcomes do not improve as planned THEN the College's ability to achieve its SFC activity target will be reduced.	WEG/Director of Student Access & Information/Director of Quality	4	3	1	Effective student information, advice, guidance 2 and support, Course design, Engaged and motivated staff, Appropriate staffing levels, Reporting and monitoring of KPIs	3	3	9 2	3		Above arget	TREAT - Strengthen KPI monitoring and reporting process, Develop approaches to reducing early withdrawal.	WEG/Director of Student Access & Information/Director of Quality	Confinuous	Curriculum & Quality Committee
4.4	←→	IF robust self-evaluation processes are not implemented and adhered to, THEN the College will not benefit from an effective improvement planning process.	VP C&L	2	3		Staff briefings, Clear templates with accompanying guidance for completion, Annual Quality Review Timeline, Enhancement Plans, Annual Priorities	1	3	3 1	3	3 7	On arget	TREAT - Review self-evaluation templates for AY2019-20.	VP C&L	31/07/2019	Curriculum & Quality Committee
4.5	← →	IF the SFC does not provide sufficient capital maintenance funding to maintain modern fit-for-purpose buildings, THEN the quality of the student experience will be reduced.	VP F&R/Director of Quality	4	4	1	Outcome agreement process and engagement with SFC, Business cases for capital projects, Resource planning, Regular condition and structural surveys	4	3 1:	2 2	3		Above arget	TREAT - Develop new College Estates Strategy to implement a phased approach to improving the College estate.	VP F&R	31/07/2019	Finance & Resources Committee
4.6	←	IF an emergency/disaster/significant systems failure occurs THEN the learner experience will be negatively impacted upon should an emergency or disaster occur.	Principal	3	5	1	Regular review of Business Continuity Plan, Scenario and desktop exercises, Desktop training exercises, Insurance on buildings and equipment, IT disaster recovery arrangements	2	5 1	0 1	5		Above arget	TREAT - Improve staff awareness of College Business Continuity Plan and emergency responses.	Principal	31/07/2019	Regional Board
4.7	←→	IF an individual is harmed or property is damaged THEN the College may face litigation or criminal prosecution and reputational damage.	Principal/VP F&R	3	5	1	Robust health and safety management system, Regular review of arrangements, Strict adherence to processes, policies and procedures, Effective monitoring systems, Staff training, Health & Safety Committee, Compliance with Bsi Standards, Staff training	2	5 1	0 1	5		Above arget	TREAT - Continue staff training and awareness raising.	VP F&R	Continuous	Regional Board
5		Strategic Goal 5: Optimise the use of our available resources to	deliver financial and environ	nmental sustair	nability. Ris	sk Appetite	- Averse										
5.1	<u> </u>	IF the College fails to achieve a balanced budget will be adversely affected and future credits targets may be reduced.	WEG	4	4	1	Outcome Agreement process and engagement with SFC, Activity planning and reporting processes, Recruitment Strategy and	2	3	6 1	3		Above arget	TREAT - Contingency planning for the College failing to meet its credits target, Develop approaches to reduce early withdrawal.	ND 540		Finance & Resources Committee
							supporting Marketing Campaign, Applications monitoring, Early Withdrawal target, Forecasting model incl. risk matrix						. 0	approaches to reduce early withdrawai.	VP F&R	Continuous	
5.2	\longleftrightarrow	IF sufficient income levels are not achieved THEN the College will not be able to financially invest in innovation, staff and facilities.	VP F&R/VP C&L/Director of Business Development	3	4	1	monitoring, Early Withdrawal target, Forecasting	3	4 1:	2 1	4	4	Above	TREAT - Work with BCD and Faculties to to increase commercial engagements and wider funding opportunities, Continue to explore alternative funding streams.		Continuous	Curriculum & Quality Committee Regional Board
5.2	<u> </u>			3	4	1	monitoring, Early Withdrawal target, Forecasting model incl. risk matrix Business Development Strategy, Employer/client	3	4 1	2 1	4	4 1	Above	TREAT - Work with BCD and Faculties to to increase commercial engagements and wider funding opportunities, Continue to explore	VP F&R/VP C&L/Director of		Curriculum & Quality Committee Regional Board Finance & Resources Committee
5.3	<u> </u>	be able to financially invest in innovation, staff and facilities. IF regional demand reduces, THEN the credit target may not be	Business Development WEG	4	4 4	1	monitoring, Early, Withdrawal target, Forecasting model incl. risk matrix Business Development Strategy, Employer/client engagement, Save Well-Spend Well initiative Marketing & Communications Strategy, Engagement with CPPs, schools and employers,	4	4 1	2 1 6 2 6 2	3 3	4 ⁷ 1	Above Farget Above arget	TREAT - Work with BCD and Faculties to to increase commercial engagements and wider funding opportunities, Continue to explore alternative funding streams. TREAT - Contingency planning for the College	VP F&R/VP C&L/Director of Business Development VP F&R VP F&R/VP C&L/Director of	Continuous	Curriculum & Quality Committee Regional Board Finance & Resources Committee Curriculum & Quality Committee
5.3	← → ↑ ↑ ← →	be able to financially invest in innovation, staff and facilities. IF regional demand reduces, THEN the credit target may not be achieved resulting in clawback and reduced funding in future years. IF candidate numbers are insufficient to meet SDS targets in relation to Foundation Apprenticeships (FAs), THEN the allocation of future places	Business Development WEG	4 4 3	4 4 4	1	monitoring, Early Withdrawal target, Forecasting model incl. risk matrix Business Development Strategy, Employer/client engagement, Save Well-Spend Well initiative Marketing & Communications Strategy, Engagement with CPPs, schools and employers, Data analysis, Effective marketing Effective marketing, Good relationships with key stakeholders e.g. local authorities, schools, universities and employers, Effective forward	3 4 4	4 1 1 4 1 3 3	2 1 6 2 6 2	3 3 3	4 T	Above Above arget	TREAT - Work with BCD and Faculties to to increase commercial engagements and wider funding opportunities, Continue to explore alternative funding streams. TREAT - Contingency planning for the College failing to meet its credits target. TREAT - Continue promotion of benefits of undertaking an FA to school pupils and their parents, and employers. Develop model with schools for co-creation of pathways, Lobbying senior local authority partners re: need for	VP F&R/VP C&L/Director of Business Development VP F&R VP F&R/VP C&L/Director of	Continuous	Curriculum & Quality Committee
5.2 5.3 5.4	<u>†</u>	be able to financially invest in innovation, staff and facilities. IF regional demand reduces, THEN the credit target may not be achieved resulting in clawback and reduced funding in future years. IF candidate numbers are insufficient to meet SDS targets in relation to Foundation Apprenticeships (FAs), THEN the allocation of future places may be reduced.	Business Development WEG VP F&R/VP C&L/Director of Business Development	4 4 3	4 4 4	1	monitoring, Early, Withdrawal target, Forecasting model incl. risk matrix Business Development Strategy, Employer/client engagement, Save Well-Spend Well initiative Marketing & Communications Strategy, Engagement with CPPs, schools and employers, Data analysis, Effective marketing Effective marketing, Good relationships with key stakeholders e.g. local authorities, schools, universities and employers, Effective forward planning Robust monitoring and reporting processes, Staff	4	4 1	2 1 6 2 6 2 3 1	3 3 3	4 T	Above rarget Above rarget Above rarget	TREAT - Work with BCD and Faculties to to increase commercial engagements and wider funding opportunities, Continue to explore alternative funding streams. TREAT - Contingency planning for the College failing to meet its credits target. TREAT - Continue promotion of benefits of undertaking an FA to school pupils and their parents, and employers. Develop model with schools for co-creation of pathways, Lobbying senior local authority partners re: need for closer alignment of FA provision. TOLERATE - Continue staff training and	VP F&R/VP C&L/Director of Business Development VP F&R VP F&R/VP C&L/Director of Business Development	Continuous	Curriculum & Quality Committee Regional Board Finance & Resources Committee Curriculum & Quality Committee Curriculum & Quality Committee

6.2 IF IT security arrangements are inadequate, THEN the College may experience data security breaches, cyber attacks and/or major IT outages.	3 5	IT Strategy, Internal audits, Robust systems testing, Appropriate physical security and use of preventative technologies, Resilient architecture of links betweem sites, Moitoring of threat levels through partners, Use of cloudbased repository, Staff training	2	5 10	1	5		TREAT - Complete work to improve IT business continuity and disaster receovery arrangements, Completion of actions to Achieve Cyber Essentials Plus Accreditation.	VP E8 P	Continuous	Regional Board
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Appetite							
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Likelihood	1						
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		Impa	act				

Likelihood		Impact	Risk Control
Almost 5 certain 80% +	5 Critical	Substantial effect upon the objective, thus making it extremely difficult/costly to achieve	TERMINATE - Eliminates the risk completely
4 Very likely 60% - 80%	4 Significant	Considerable effect on the objective, making it more difficult /costly to achieve	TRANSFER - Passes the Risk to a third party, who bears or shares the impact
3 Likely 40% - 60%	3 Moderate	Evident and material effect on the objective, making it fully achievable only with some moderate additional difficulty or cost	TREAT - Containment, Reduces the likelihood and/or the impact. Contingent, Establishes a contingency to be enacted should the Risk happen
2 Unlikely 20% - 40%	2 Minor	Small but noticeable effect on the objective, making it fully achievable but with some minor difficulty/cost	TOLERATE- Accept the Risk, subject to monitoring
Very 1 unlikely Less than 20%	1 Marginal	Peripheral effect upon the objective, impacting only in minor way upon achievement	