

**NORTH EAST
SCOTLAND
COLLEGE**



AUDIT & RISK COMMITTEE

Meeting of 02 December 2020

AUDIT & RISK COMMITTEE

NOTICE

There will be a meeting of the Audit & Risk Committee on Wednesday 02 December 2020 at 1000 hours through the use of Microsoft Teams.

AGENDA

Agenda Item		Paper
79-20	Apologies for Absence	
80-20	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items	
81-20	Minute of Previous Meeting – 23 September 2020	X
82-20	Matters Arising from the Previous Meeting	X
	Matters for Decision	
83-20	Internal Audit Annual Report AY2019-20	X
84-20	Annual Report of the Audit & Risk Committee to the Regional Board	X
	Matters for Discussion	
85-20	Committee Evaluation Feedback	X
86-20	Audit Certification of Student Activity & Support Fund Year-End Returns	X
87-20	Strategic Risk Register	X
88-20	Any Other Business	
89-20	Summation of Business and Date of Next Meeting	
	Reserved Item of Business	
	Matter for Decision (To be considered in conjunction with the Finance & Resources Committee)	
90-20	Financial Statements for the Year to 31 July 2020	



AUDIT & RISK COMMITTEE

Draft Minutes of the meeting of the Audit & Risk Committee held on 23 September 2020 at 1000 hours through the use of Microsoft Teams.

Agenda Item	
	<p>Present: David Anderson – Chair Ann Bell Abdul Elghedafi Sheena Ross Andrew Russell – Vice Chair Anne Simpson</p> <p>In attendance: Ken Milroy, Regional Chair Peter Smith, Vice Principal Finance & Resources David Archibald, MHA Henderson Loggie Stuart Inglis, MHA Henderson Loggie Stephen Reid, EY Pauline May, Secretary to the Board Susan Lawrance, Minute Secretary</p>
66-20	<p>Apologies: There were no apologies.</p>
67-20	<p>Declaration of any Potential Conflicts of Interest in relation to any Agenda Items No potential conflicts of interest were declared.</p>
68-20	<p>Minutes of Previous Meeting – 20 May 2020 The minutes were approved as a true and accurate record.</p>
69-20	<p>Matters Arising from the Previous Meeting Members noted the Matters Arising Report. Additional information was provided on proposals for this year’s Board Strategy Event, including the Event being held virtually for the first time, and the delivery of risk management training by Henderson Loggie to Regional Board and Leadership Team members, potentially as part of the Board Meeting scheduled for December 2020. P Smith highlighted the provision of an Appendix to provide a progress update for outstanding internal audit recommendations.</p> <p>No further matters were raised.</p>
	<p>Matters for Decision</p>
70-20	<p>Committee Terms of Reference Members reviewed the Committee’s Terms of Reference and confirmed the specific duties continued to accurately reflect the main areas of the Committee’s focus. Two required amendments were highlighted – updating a reference to the Board of Management to the Regional Board, and amending</p>

	<p>the frequency of Committee meeting to three times a year. The Committee readopted the Terms, subject to the agreed amendments.</p>
71-20	<p>Programme of Business AY2020-21 Members considered the proposed Programme of Business for AY2020-21. The Committee approved the Programme of Business as presented, noting that additional items would be added as required.</p>
72-20	<p>Internal Audit Annual Plan 2020-21 The Committee noted a paper providing information on the development of the Internal Audit Plan for 2020-21 and considered a number of amendments made to the document since it was considered at the last meeting of the Committee.</p> <p>P Smith thanked MHA Henderson Loggie for the work undertaken to review the Plan in line with feedback provided by Members at the last Committee meeting and feedback sought from the Leadership Team.</p> <p>S Inglis highlighted and explained proposed changes to the Plan made to original allocations detailed in the Audit Strategic Plan.</p> <p>Members were advised that deferred audits days that could not be utilised in AY2019-20 due to the COVID-19 pandemic had been carried forward into the AY2020-21 Plan. It was highlighted that the impact of all of the proposed changes to the Plan was a net gain of 6 days to enable the College's internal auditors to undertake the Regional Board's next External Effectiveness Review which requires to be undertaken by April 2021.</p> <p>A discussion was held around the new audit assignments and related allocated days.</p> <p>A discussion was also held around the proposal to not audit student recruitment and retention given that it is a high risk area. S Inglis noted that this area had been recently reviewed by the College's previous internal auditors. The number of days allocated to the Value for Money audit of the College's new website was queried, however following discussion and agreement that the work undertaken required a significant level of investment it was agreed that the allocation was correct. To ensure the rationale behind the areas of focus contained in the Plan is clear Members agreed that the final version of the Plan should include a statement to explain the omission of some high priority areas from this year's Audit Plan and to note the dates of when these areas were last audited.</p> <p>The Committee approved the Internal Audit Plan for AY2020-21, subject to the agreed additions.</p> <p>It was noted that the Plan would be revisited, if required, to reflect any arising significant areas of concern the Committee may have during AY2020-21.</p>
	<p>Matters for Discussion</p>
73-20	<p>Draft Annual Report of the Audit and Risk Committee to the Regional Board 2020 Members noted a paper providing information on the preparation of the Annual Report and considered the initial draft document.</p>

	<p>P Smith summarised the information contained in the Report, noting a required correction to the Board Member attendance information and missing information that would be added once available in due course.</p> <p>S Reid advised that it would be important to align COVID-19 related considerations in the Annual Report to information that is included in the College's Financial Statements and the accompanying EY Report. It was agreed that it would be helpful for the Committee Chair to provide some additional narrative around the Committee's considerations, including the consideration of key COVID-19 external reports. P Smith agreed to initially draft this additional information for consideration by the Committee Chair.</p> <p>Members were advised that a final version of the Report would be submitted for approval by the Committee at its meeting on 02 December 2020 ahead of its consideration at the Board Meeting on 16 December 2020.</p>
74-20	<p>Draft External Audit Plan 2020-21 – Year end 31 July 2020 – Addendum</p> <p>The Committee noted a paper providing information on the requirement to consider an addendum to the Plan for the external audit of the College's financial statements for the year to 31 July 2020, in light of particular circumstances in relation to the impact of the COVID-19 pandemic.</p> <p>S Reid explained the need for the addendum and EY's approach to reassessing risk and subsequent required changes to the External Audit Plan.</p> <p>It was confirmed that materiality levels would be maintained at 2%.</p> <p>It was reported that due to the ongoing COVID-19 pandemic the audit would be carried out online.</p> <p>Members noted their support for the addendum, acknowledging the challenging circumstances in which the planning and undertaking of external audit work would be carried out.</p> <p>S Reid was thanked for the clarity of the information provided.</p>
75-20	<p>External Reports – Audit and Risk Committees and Covid-19 Related Considerations</p> <p>Members noted two external reports (from Audit Scotland and The National Audit Office) which highlight key considerations by audit & risk committees in relation to the COVID-19 pandemic.</p> <p>D Anderson advised that he and P Smith had discussed the best approach to ensure that the Committee considers and then, if required, implements any subsequent changes or additional considerations the Committee should consider in light of recommendations from either report.</p> <p>Members were advised by the Committee Chair that the outcomes of the additional work planned by EY and completed and planned internal audit work would enable a gap analysis against the recommendations contained in the external reports to be undertaken. It was noted that this approach would avoid any potential duplication with existing monitoring and reporting processes and the need for significant additional work to be carried out.</p> <p>It was agreed that the gap analysis would be included as an agenda item for the meeting of the Committee scheduled for December 2020. P Smith suggested that, ahead of the next Committee meeting, Members review the</p>

	<p>EY Report whilst comparing it to the external reports to ascertain if the work undertaken provides the Committee with required reassurance that NESCol has addressed the recommendations appropriately, or if further work is required to address considerations or recommendations included in the reports. Members supported this proposal.</p> <p>The Committee Chair commented that it had been beneficial that the Regional Board and its Committee's had continued to operate throughout the COVID-19 pandemic and that Board Members continued to be kept up-to-date on appropriate developments out with meetings.</p>
76-20	<p>Strategic Risk Register The Committee noted a paper providing information on the proposed updating of the College's Strategic Risk Register.</p> <p>Members considered the latest version of the Strategic Risk Register which had been reviewed and amended by members of the College's Leadership Team. P May summarised both work undertaken to date and a timeline for further planned work to the document. It was noted that a number of COVID-19 related risks had been added to the Register, and that these risks had been identified through the scenario planning undertaken by the Leadership Team and consideration of the current challenging external circumstances and their ongoing impact on the College.</p> <p>P May confirmed that the review and comprehensiveness of the document was collectively owned by the Leadership Team. Members were provided with assurance that the consideration of risk remains a key consideration of the Executive and Leadership Teams.</p> <p>Following a short discussion, the Committee Chair and D Russell requested that consideration be given to the inclusion of Strategic Risk Register as an item for group discussions at the upcoming Board Strategy Event. K Milroy noted that the proposed agenda for the Event would address a number of themes already highlighted in the Strategic Risk Register and that this would aid further discussion around risk and future iterations of the document.</p> <p>A discussion was held around delays with the completion of the GDPR Action Plan, with P Smith advising that the Plan would never be fully completed since actions will continue to be added. It was agreed that the wording of Further Actions information of risk 6.5 should be revisited to improve clarity.</p> <p>Members confirmed that they were comfortable with the proposed timeline for planned risk related work and activities.</p>
77-20	<p>Any Other Business Referring to earlier discussion regarding the undertaking of the Board's External Effectiveness Review by MHA Henderson Loggie, D Archibald highlighted that the College would be charged at their standard day rate adopted for the Internal Audit Plan rather than a higher day rate for a separate specified piece of work (APUC rate).</p> <p>In relation to the general issue of costs, the Committee Chair noted that negotiations would be requested where appropriate to reconsider charges if work is to be undertaken online rather than in person, in part due to the removal of costs related to travel and/or accommodation.</p>

78-20	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 is scheduled to take place on 02 December 2020 at 1000 hours.
	Meeting ended 1115 hours

Agenda Item	Actions from Audit & Risk Committee 23/09/20	Responsibility	Deadline
69-20	Confirm arrangements for provision of risk management training by MHA Henderson Loggie	P May	As soon as possible
70-20	Finalise Committee Terms of Reference	P May	As soon as possible
72-20	Update Internal Audit Plan 20-21 to explain omission of some high priority areas and to add dates of when areas were last audited	P Smith with Internal Auditors	As soon as possible
73-20	Correct attendance information in Annual Report to the Board	P Smith	20 November 2020
73-20	Draft additional narrative for Annual Report on Committee's COVID-19 considerations	P Smith with D Anderson	20 November 2020
75-20	Include gap analysis between EY work and two external reports as agenda item for Committee meeting of 02 December 2020	P May	20 November 2020
76-20	Consider if Strategic Risk Register should be reviewed and discussed at Strategy Event in November 2020	N Cowie with K Milroy & P May	16 October 2020

Signed:.....

Date:



Agenda Item 82-20

AUDIT & RISK COMMITTEE

An update on matters arising from the meeting of the Audit & Risk Committee held on 23 September 2020.

Agenda Item	
69-20	Action: Confirm arrangements for provision of risk management training by MHA Henderson Loggie.
	Status: Complete – a session will be provided by David Archibald at the Regional Board Meeting scheduled for 16 December 2020. Leadership Team members will also be invited to attend this training.
70-20	Action: Finalise Committee Terms of Reference.
	Status: Complete – approved Terms available in Audit & Risk Committee Channel of the Regional Board Team Space.
72-20	Action: Update Internal Audit Plan 20-21 to explain omission of some high priority areas and to add dates of when areas were last audited.
	Status: The Plan has been updated as agreed and has been made available in the Audit & Risk Committee Channel in the Regional Board Team Space – see 'Key' section of page 3.
73-20	Action: Correct attendance information in Annual Report to the Board.
	Status: Complete – see Agenda Item 84-20.
73-20	Action: Draft additional narrative for Annual Report on Committee's COVID-19 considerations.
	Status: Complete – see Agenda Item 84-20.
75-20	Action: Include gap analysis between EY work and two external reports as agenda item for Committee meeting of 02 December 2020.
	<p>Update: Members are asked to consider the EY Report included as part of Agenda Item 90-20 in line with the key recommendations highlighted in the external reports considered by the Committee at its last meeting. (Copies of the Reports can be accessed in the meeting folder for 23 September 2020 in the Audit & Risk Committee Channel of the Regional Board Team Space).</p> <p>Members will be asked at the meeting of 02 December 2020 to advise if the work undertaken provides the Committee with required reassurance that the College has addressed the recommendations appropriately, or if further work is required to address considerations or recommendations included in the reports.</p>

	Action: Consider if Strategic Risk Register should be reviewed and discussed at Strategy Event in November 2020.
76-20	Update: Due to the format of the Event and time constraints it was not possible to include a session on the Risk Register. Following the Event the Risk Register has however reviewed by the Executive and Leadership Teams to ensure that it reflects key Event discussions.



AUDIT & RISK COMMITTEE Meeting of 02 December 2020	
Title: Internal Audit Annual Report AY2019-20	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s): MHA Henderson Loggie
Type of Agenda Item: For Decision <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to consider the Annual Report presented by MHA Henderson Loggie on the programme of internal audit work undertaken in Academic Year 2019-20.	
Linked to Strategic Goal: 5. Optimise the use of our available resources to deliver financial and environmental sustainability.	
Linked to Annual Priority:	
Executive Summary: The Regional Board's Internal Audit Programme for AY2019-20 was set in September 2019. The internal auditor's Annual Report on the reviews undertaken is attached as Appendix 1. The Report is to be incorporated into the Audit & Risk Committee's Annual Report to the Regional Board.	
Recommendation: It is recommended that the Committee consider the Report and approve its incorporation into the Committee's Annual Report to the Regional Board.	
Previous Committee Recommendation/Approval (if applicable): None	
Equality Impact Assessment: Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact <input checked="" type="checkbox"/> Evidence:	



North East Scotland College

**Annual Report to the Board of Management and
Principal on the Provision of Internal Audit
Services for 2019/20**

Internal Audit Report No: 2020/10

Draft issued: 15 September 2020

Final issued: 15 September 2020



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1. Annual Report and Opinion

Introduction

- 1.1 We were appointed as internal auditors of North East Scotland College ('the College') for the period 1 August 2019 to 31 July 2022, with an option available to the College to extend for a further two one-year periods. This report summarises the internal audit work performed during 2019/20.
- 1.2 An Audit Needs Assessment (ANA), based on the areas of risk that the College is exposed to, was prepared (Internal Audit Report 2020/01, issued June 2019). The ANA was prepared following discussion with a number of College managers and the Chair of the Audit and Risk Committee, and review of College documents including the College's Strategic Risk Register, together with previous internal and external audit reports. This was supplemented by our own assessment of the risks faced by the College. Following on from the ANA, a Strategic Plan was formulated covering the three-year period to 31 July 2022 and this was approved by the Audit and Risk Committee, together with the ANA, at its meeting on 10 July 2019.
- 1.3 The internal audit work undertaken in the year followed that set out in the Strategic Plan for 2019/20 with the exception of the Performance Reporting / KPIs review which, due to the impact of the COVID-19 pandemic, was deferred until 2020/21.
- 1.4 The reports submitted during 2019/20 are listed in Section 2 of this report and a summary of results and conclusions from each finalised assignment is given at Section 3.
- 1.5 An analysis of time spent against budget is included at Section 4.

Public Sector Internal Audit Standards (PSIAS) Reporting Requirements

- 1.6 The College has responsibility for maintaining an effective internal audit activity. You have engaged us to provide an independent, risk-based assurance and consultancy internal audit service. To help you assess that you are maintaining an effective internal audit activity we:
 - Confirm our independence;
 - Provide information about the year's activity and the work planned for next year in this report; and
 - Provide quality assurance through self-assessment and independent external review of our methodology and operating practices.

Public Sector Internal Audit Standards (PSIAS) Reporting Requirements (Continued)

- 1.7 Self-assessment is undertaken through:
- Our continuous improvement approach to our service. We will discuss any new developments with management throughout the year;
 - Ensuring compliance with best professional practice, in particular the PSIAS;
 - Annual confirmation from all staff that they comply with required ethical standards and remain independent of clients;
 - Internal review of each assignment to confirm application of our methodology which is summarised in our internal audit manual; and
 - Annual completion of a checklist to confirm our PSIAS compliance. This is undertaken in April.
- 1.8 External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie LLP is a member of MHA, a national association of independent accountancy firms. Continued membership of MHA is dependent on maintaining a high level of quality and adhering to accounting and auditing standards in the provision of our services. Annual quality reviews are conducted to confirm our continuing achievement of this quality. The independent MHA review conducted in March 2019 included our internal audit service. Overall, the review confirmed that the firm's policies and procedures relating to internal audit were compliant with the PSIAS in all material respects.
- 1.9 The results of our self-assessment are that we are able to confirm that our service is independent of the College and complies with the PSIAS.

Significant Issues

- 1.10 There were no issues identifying major internal control weaknesses noted from the internal audit work carried out during the year. In general, procedures were operating well in the areas selected, but a few areas for further strengthening were identified and action plans have been agreed to address these issues. The agreed actions will be followed-up as part of our planned activity in 2020/21.

Opinion

- 1.11 In our opinion, the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2019/20 including follow-up of recommendations made in reports prepared by the College's previous internal auditors.

2. Reports Submitted

Number	Title	Overall Grade	Recommendations	High / Priority 1	Medium / Priority 2	Low / Priority 3
2020/01	ANA and Strategic Plan	N/A	N/A	N/A	N/A	N/A
2020/02	Annual Plan	N/A	N/A	N/A	N/A	N/A
2020/03	2018/19 Student Activity Data (Credits Audit)	Audit opinion unqualified	1	-	1	-
2020/04	Student Support Funds	A number of observations and one reservation was made	3	-	2	1
2020/05	Business Development	Satisfactory	4	-	-	4
2020/06	Financial Planning	Good	-	-	-	-
2020/07	BYOD VFM	Satisfactory	3	-	1	2
2020/08	IT Operations	Satisfactory	3	-	2	1
2020/09	Follow-Up Reviews	N/A	4 recommendations required further action	-	3	1

Internal Audit Annual Report 2019/20

Overall gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

MHA Henderson Loggie reports from 2019/20

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

College's previous Internal Auditors to 2018/19 (Follow-Up Reviews only)

High	Major weakness that we consider needs to be brought to the attention of the Audit and 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.

3. Summary of Results and Conclusions

2020/01 – Audit Needs Assessment (ANA) and Strategic Plan 2019 to 2022

Final Issued – September 2019

A comprehensive ANA, based on the areas of risk that the College is exposed to, was issued in June 2019 and finalised in September 2019. A Strategic Plan to cover the three-year internal audit cycle was then formulated (refer paragraph 1.2 above).

2020/02 – Annual Plan 2019/20

Final Issued – September 2019

The purpose of this document was 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 was 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.

Internal Audit Annual Report 2019/20

2020/03 – 2018/19 Student Activity Data

Final Issued – November 2019

In accordance with the Credits Audit Guidance we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Dominant Programme Group (DPG) and dominant Price Group.

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

Our report was submitted to the SFC on 25 October 2019. We reported that, in our opinion:

- 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
- On the basis of our testing we can provide reasonable assurance that the FES return contains no material mis-statement.

One recommendation was made in our internal audit report, that the College should ensure that all enrolment data that confirms student eligibility for Credits funding, including confirmation of residency status, is captured during the enrolment process and that the data is retained for audit purposes and in line with the College's data retention policy.

Internal Audit Annual Report 2019/20

2020/04 – Student Support Funds

Final Issued – December 2019

We carried out an audit on the following fund statements for the 2018/19 academic year: Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return; and Education Maintenance Allowance (EMA) Return. The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, 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 ending 31 July 2019, is in agreement with underlying records.

We were able to certify the HE Discretionary Fund and EMA Return for the year and submit these to the appropriate bodies, without reservation.

From our testing one reservation was raised in our Auditors' Report to the SFC on the Discretionary Fund, Childcare Fund and Bursary Return. This was in relation to the expenditure recorded for the FE Childcare Fund. Our audit testing identified one student for whom a charge of £12,198 had been made to the fund in error for two children who used the College nursery at the Fraserburgh campus. The student had applied to the FE Childcare Fund but was assessed as ineligible for that fund and was subsequently awarded £3,827 from the FE Discretionary Fund (payable to the College) after demonstrating evidence of hardship. Our sample testing of students using the College nursery did not identify any others where a charge had been made in error.

We also noted that the total Bursary Fund Spend of £7,764,992 showed a small unexplained difference of £4,201 from the expenditure recorded in the financial ledger (£7,760,791).

We made one observation in relation to the College's claim for Study Expenses. Annex B of the SFC Bursary Award Assessment guidance for 2018/19 provides details of average sector levels of spend on study costs, at an individual subject level and at overall sector level. Overall, the average sector spend on study costs is around 6% of the overall student support budget. The SFC expects colleges which exceed sector average levels of spend on study costs to be able to provide evidence of the reasons for high levels of spend. For 2018/19 the College's total study costs were £794,809, representing 10.24% of total bursary expenditure. This comprises of: Payments made to students to cover course study costs £170,875; Course materials / equipment etc. purchased directly by the College for bursary students £144,534; Laptops purchased directly by the College for issue to bursary students under the College's Bring Your Own Device programme £288,960; and internal costs incurred by the College for the printing of essential texts £190,440 (£60 per student). No detailed breakdown between staff costs, use of equipment, materials etc. was available to support the current level of print costs charged and the College has undertaken to review this area during 2019/20.

We also made an observation in relation to the disclosure of FE and HE childcare payments between lone parent and other. The SFC '*FES 4 Guidance notes 2018-19*', issued on 20 April 2018, require that the total amount awarded to students who are lone parents should be disclosed under the FE or HE childcare, lone parent headings. Awards to students not classified as a lone parent should be disclosed as FE or HE childcare, other. We noted that the lone parent expenditure disclosed on the FES student support funding report includes only the Lone Parent Childcare Grant element of up to £1,215 per student, with the balance of payments to students who are lone parents being included under the 'other' headings.

Internal Audit Annual Report 2019/20

2020/05 – Business Development

Final Issued – December 2019

The scope of this audit was to 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).

The table opposite notes the objectives for this review and records the results.

Strengths

- The College had a dedicated Business Development Team which was well supported by Marketing and Finance Teams.
- A new Business Development Strategy 2018 to 2021 was approved in October 2019, which clearly set out how the College planned to increase its commercial activity and described how the delivery of the College's Strategic Goals would be supported.
- The College's Business Development Team had a specific focus on developing excellent working relationships with key commercial partners, which helped the College to develop tailored training and course content for these customers.
- Feedback was regularly obtained from commercial customers and was used to refine and adapt the training / courses offered to meet the changing needs of these customers.

Objective	Findings			Actions already underway	
	1	2	3		
The specific objectives of this audit were to obtain reasonable assurance that:	No. of Agreed Actions				
1. Procedures in place within the College are sufficient to maximise income generation and margin from commercial (non SFC) activities.	Good	0	0	0	
2. An effective strategic and operational planning process has been established, including identification of key markets and courses.	Good	0	0	0	
3. There is appropriate support in place to identify and promote commercial and external funding opportunities.	Satisfactory	0	0	1	✓
4. Key risks and opportunities are identified and mitigated / exploited.	Satisfactory	0	0	3	✓
5. 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.	Good	0	0	0	
6. Management information, including financial information on each specific activity, is adequate and easily accessible to all relevant staff.	Good	0	0	0	
7. There is regular review of activities by the Regional Board and its committees.	Good	0	0	0	

Internal Audit Annual Report 2019/20

2020/05 – Business Development (Continued)		Findings				Actions already underway
Objective		1	2	3		
The specific objectives of this audit were to obtain reasonable assurance that:		No. of Agreed Actions				
8.	Feedback is sought from customers and is acted upon.	Good	0	0	0	
9.	Appropriate systems and procedures are in place to manage intellectual property risks covering areas such as: ownership; identification; application approval; and maintenance.	Good	0	0	0	
10.	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.	Good	0	0	0	
Overall Level of Assurance		Satisfactory	0	0	4	
		System meets control objectives with some weaknesses present				

Weaknesses

- There was an opportunity to explore the benefits which could accrue from the deployment of additional resources in the Business Development Team to assist in the identification of further opportunities for commercial activity / income for the College.
- The College was not maximising the potential to provide training / courses to customers which could not be serviced by the wholly owned subsidiary company, ASET.
- Academic faculties had limited responsibilities for achieving and reporting on commercial activity targets in their area.
- There was an opportunity to provide supplementary information, advice and guidance to Heads of Faculties to assist them in maximising the potential commercial activity / revenue in their areas.

Internal Audit Annual Report 2019/20

2020/06 – Financial Planning

Final Issued – April 2020

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

The table opposite notes the objectives for this review and records the result.

Strengths

- The College had developed a long-term Financial Strategy, which supported the achievement of the College's Strategic Plan. A Financial Plan had also been developed which contained forecasts for six years;
- Each year the College prepared a Forecast Financial Return (FFR) using the standard SFC template;
- The College applied the SFC assumptions for the FFR, unless there was a sound rationale for departing from these SFC assumptions. Any variation from the SFC assumptions was communicated to the Regional Board and the SFC; and
- The College was aware of the risks impacting the achievement of future Credits targets and was proactively considering actions to mitigate against these.

Weaknesses

- There were no significant weaknesses identified during our review.

Objective		Findings		
		1	2	3
The specific objectives of this audit were to obtain reasonable assurance that:		No. of Agreed Actions		
1. The College has developed a long-term financial strategy, which includes long-term financial forecasts.	Good	0	0	0
2. The College is engaged with the Scottish Funding Council (SFC) to develop its approach to long-term financial forecasting.	Good	0	0	0
3. Assumptions used in the financial forecasting returns submitted to the SFC are robust, realistic and applied consistently.	Good	0	0	0
4. Any departure from the SFC guidance on common sector assumptions is justified to the Regional Board, auditors and to the SFC.	Good	0	0	0
Overall Level of Assurance		0	0	0
		System meets control objectives		

2020/07 – BYOD VFM

Final Issued – May 2020

The scope of the audit was to consider whether the BYOD initiative (in its current form) is the best use of resources and is being appropriately managed. The overall objective of the audit was to establish whether the College is obtaining value for money from the spend on the BYOD initiative. The table opposite notes the objectives for this review and records the result.

Strengths

- The College offered a range of services for students which could be accessed using BYOD, including Wi-Fi internet access, institutional email, mobile access to the VLE, access to working desktop with applications (e.g. Microsoft Office), allowing users to make use of their own connectivity (e.g. phone 3G / 4G / 5G).
- Robust procedures and controls were in place regarding the award, distribution and collection of returned BYOD devices.
- The procurement process for BYOD devices ensured value for money was obtained through utilisation of national frameworks. Value for money was maximised from such frameworks through use of mini competitions in the tender process.
- IT Services and Estates were involved in decisions regarding the curriculum resources and monitored any impact that the growth of BYOD courses may have had on the configuration of learning spaces and technology infrastructure.
- The use of the student led Help Zone in the distribution and return of BYOD devices, and in handling student enquiries regarding connectivity of BYOD, and student personal devices, to College services was deemed to be an efficient model as it allowed IT Operations resources to focus on supporting staff and corporate systems.

Objective	Findings			Actions already planned
	1	2	3	
The specific objectives of this audit were to obtain reasonable assurance that:	No. of Agreed Actions			
1. There is a formal BYOD Policy in place which clearly sets out respective responsibilities for all parties.	Requires Improvement	0	1	0
2. There is a process in place to control the issue and return of laptops provided to students (including devices issued on short-term loan).	Good	0	0	1
3. An exercise has been conducted to identify the number of BYOD users and to forecast demand on College services.	Good	0	0	0
4. The College's IT Support resource is configured to effectively deliver the IT support required to sustain BYOD devices across all campuses.	Good	0	0	0
5. BYOD enquires made to the IT Help Zone, 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 student experience.	Good	0	0	0

2020/07 – BYOD (Continued)

Strengths (continued)

- IT staff monitored data relating to Wi-Fi utilisation and capacity across the College estate to identify areas of high demand and potential bottlenecks. Discussions with IT and curriculum staff noted that there were no concerns regarding connectivity issues with capacity available to accommodate demand from users during peak times during the College day and within high volume / footfall parts of the College such as the café, canteen and reception areas. The Wi-Fi network was being upgraded to improve the security of access points and to upgrade network switches to ensure that increased capacity was available to accommodate the expected growth in demand for online services and use of mobile devices including smartphones, tablets and laptops.

Weaknesses

- It was important that users connecting their own devices to the College IT systems clearly understood their responsibilities. The College had not established a formal BYOD Policy which outlined users’ and the College’s responsibilities and included which types of personal data could be processed on personal or BYOD devices and types of data which could not. We recommended that a BYOD Policy, supported by a training and awareness program, should be established which outlines to BYOD users the College’s expectations around security, use of the College Wi-Fi network, data protection, BYOD compliance monitoring arrangements and penalty provisions for misuse.

Objective		Findings			Actions already planned
		1	2	3	
The specific objectives of this audit were to obtain reasonable assurance that:		No. of Agreed Actions			
6. There are sufficient wireless access points across all campuses to allow all users to obtain and maintain access via their individual devices.	Good	0	0	0	✓
7. Information security risks relating to the management of BYOD devices have been identified and effectively mitigated.	Satisfactory	0	0	1	
Overall Level of Assurance		0	1	2	
		System meets control objectives with some weaknesses present			

2020/07 – BYOD (Continued)

Weaknesses (continued)

- The main benefit of the BYOD policy was that students had access to laptops which encouraged self-study and provided flexibility of learning and also provided opportunities for the College to reduce some costs associated with teaching delivery, such as print materials. However, a consequence of the policy was that a significant amount of the Finance team resource was utilised in processing BYOD invoices, credit notes, setting up direct debit payment plans and subsequent credit control. Discussion with Finance staff noted that details of students being issued BYODs and where invoices were required to be raised and direct debit payment plans established continued to be received throughout the academic year. This indicated that students that received BYOD devices and were eligible for bursary funding were not being encouraged to apply for bursary funding prior to, or at the start of the course, and that students that were not eligible for bursary funding who pay a deposit for a BYOD device were not encouraged to set up a direct debit payment plan at the start of the year. This created inefficiencies and additional workload for the Finance team.
- Our review found that although IT staff demonstrated a strong awareness of information security risks, the College was unable to demonstrate that the same level of awareness existed amongst the wider student group as there was no structured programme of information security training provided to students. It is good practice for such training to be incorporated into the induction process for students as mandatory training.

Internal Audit Annual Report 2019/20

2020/08 – IT Operations

Final Issued – May 2020

The College was implementing ITIL 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 reviewed the processes in place within IT Operations against the ITIL framework.

The table opposite notes the specific objectives for this review and records the results:

Strengths

- In line with ITIL 3, there were documented processes in place for the Change Management (incorporating event and request management), Incident Management and Request Management.
- The College had deployed and configured appropriate IT service management tools to support the ICT Service Desk.
- Although the IT Operations team were trained in ITIL 3 and the College had implemented several procedures which were aligned with ITIL 3, we identified that in practice the IT Operations team had implemented elements of ITIL 4.
- We found that users were generally satisfied with the quality of service provided by the Service Desk. Service Desk customer feedback surveys had consistently reported high average ratings throughout the period August 2018 to April 2020. A sample of the users interviewed indicated that IT Operations provided a courteous, professional, and knowledgeable service and that their technical issues were being resolved to their satisfaction and that progress during resolution was well communicated.

Objective	Findings			
The specific objectives of this audit were to obtain reasonable assurance that:		1	2	3
1. The processes in place within IT Operations are in line with ITIL best practice guidance.	Satisfactory	0	2	1
2. Service users are satisfied with the level of service provided by the IT Operations team.	Good	0	0	0
Overall Level of Assurance	Satisfactory	0	2	1
		System meets control objectives with some weaknesses present.		

2020/08 – IT Operations (Continued)

Weaknesses and Opportunities

- The purpose, objectives, and scope of the IT Operations team, specifically the ICT Service Desk, had not been formally defined.
- A Service Catalogue had not been defined and all associated ITIL processes that formed the basis of the service, stakeholder engagement and development of SLAs with clear targets and service design performance metrics had not been documented.
- There were no SLAs in place between the IT team and other College departments. We noted during our review that the metrics to be used to monitor and assess the performance of the Service Desk had not been formally agreed with the College. Furthermore, there was not a defined procedure in place to review the performance of the Service Desk and report this to College management. IT Operations did however monitor Service Desk KPI data as part of an ongoing management overview of performance, although results were not shared with the wider College.
- All IT Operations staff were trained to ITIL 3 Foundation level. In order to develop and embed an ITIL 4 based service there was scope for the College to support IT Operations staff in undertaking ITIL 4 training. A move from processes towards practices would allow IT Operations to focus more organically on what exactly the service is tasked with delivering.

2020/09 – Follow-Up Reviews

Final Issued – April 2020

As part of the Internal Audit programme at the College for 2019/20 we carried out a follow-up review of the recommendations made in Internal Audit reports issued during 2018/19 by the College's previous internal auditors, and reports from earlier years that had either not already been subject to follow-up or where previous follow-up identified that recommendations were outstanding. These were:

- Purchasing and Procurement
- Fixed Asset Management
- Marketing
- Risk Management
- NESCol@Altens
- Follow Up Review

The objective of each of our follow-up reviews was to assess whether recommendations made in previous reports had been appropriately implemented and to ensure that where little or no progress had been made towards implementation, that plans were in place to progress them.

We concluded that the College had made good progress in implementing the recommendations followed-up as part of this review with 17 of 21 recommendations being categorised as 'fully implemented'. Two recommendations were assessed as 'partially implemented'; one as showing 'little or no progress'; and one action that was not yet past its completion date. These four recommendations will be subject to follow-up at a later date.

Our findings from each of the follow-up reviews has been summarised below:

Internal Audit Annual Report 2019/20

2020/09 – Follow-Up Reviews (Continued)

Area	From Original Reports		From Follow-Up Work Performed			
	Rec'n Grades	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Not Past Agreed Completion Date
Purchasing and Procurement	High	-	-	-	-	-
	Medium	-	-	-	-	-
	Low	2	2	-	-	-
Total		2	2	-	-	-
Fixed Asset Management	High	2	2	-	-	-
	Medium	-	-	-	-	-
	Low	2	2	-	-	-
Total		4	4	-	-	-
Marketing	High	-	-	-	-	-
	Medium	1	1	-	-	-
	Low	-	-	-	-	-
Total		1	1	-	-	-
Risk Management	High	-	-	-	-	-
	Medium	-	-	-	-	-
	Low	3	2	-	1	-
Total		3	2	-	1	-
NESCol @ Altens	High	-	-	-	-	-
	Medium	3	2	-	-	1
	Low	1	1	-	-	-
Total		4	3	-	-	1
Follow-Up Reveiws	High	-	-	-	-	-
	Medium	4	4	-	-	-
	Low	3	1	2	-	-
Total		7	5	2	-	-
Overall Total		21	17	2	1	1
Percentage		100%	81%	10%	4.5%	4.5%

4. Time Spent – Actual v Budget

	Report number	Planned days	Actual days fee'd	Days to fee at Sep 2020	Days to spend / WIP	Variance
Financial Issues						
Financial Planning	2020/06	4	4	-	-	-
Commercial Issues						
Business Development	2020/05	5	5	-	-	-
Organisational Issues						
Performance reporting / KPIs	-	5	-	-	-	5
Information and IT						
BYOD VFM	2020/07	5	5	-	-	-
IT Operations	2020/08	5	-	5	-	-
Other Audit Activities						
Credits audit	2020/03	7	7	-	-	-
Student Support Funds	2020/04	8	8	-	-	-
Management and Planning)	2020/02	5	4	1	-	-
External audit / SFC)						
Attendance at Audit & Risk Committee)						
Follow-up reviews	2020/09	3	-	3	-	-
Audit Needs Assessment	2020/01	3	3	-	-	-
		_____	_____	_____	_____	_____
Total		50	36	9	-	5
		=====	=====	=====	=====	=====



5. Operational Plan for 2020/21

- 5.1 Following our appointment as Internal Auditors for the period from 1 August 2019 to 31 July 2022, an Audit Needs Assessment and Strategic Plan was prepared for 2019 to 2022 (internal audit report 2020/01, issued June 2019).
- 5.2 The annual operating plan for 2020/21 shows a number of changes to the allocation set out in the above Strategic Plan, which have been requested by College management:
- the planned five-day review of Performance Reporting / KPIs was originally due to be undertaken as part of the internal audit programme for 2019/20. Fieldwork was delayed from March 2020 until late Summer 2020 however, with the ongoing lockdown due to COVID-19, management has now requested that this assignment be deferred into the 2020/21 programme;
 - due to a delay in the College's own review of its Curriculum Plan, the five-day internal audit review of Curriculum Planning, originally planned for 2020/21, has been deferred to 2021/22;
 - the planned four-day review of Workforce Planning has been replaced with a review of Staff Recruitment and Retention;
 - the five-day internal audit review of Risk Management / Business Continuity was originally planned for 2021/22 but has now been brought forward to the 2020/21 internal audit programme;
 - six days have been added to carry out an Externally Facilitated Effectiveness Review (EFER) as required by the Code of Good Governance for Scotland's Colleges, which is due to be submitted to the Scottish Funding Council by 'Spring 2021' in line with the latest advice from the Chair of the Good Governance Steering Group;
 - one day has been added to the planned IT Network Arrangements review to allow more detailed coverage of Data Protection to be included as part of the review;
 - four days have been added to undertake a value for money review of the recent Website Delivery Project; and
 - to balance the number of audit days over the three-year period of the Strategic Plan (excluding the EFER), the planned five-day review of Asset / Fleet Management in 2020/21 has been removed.
- 5.3 An extract from the revised Annual Plan, in relation to 2020/21, is shown below.

Internal Audit Annual Report 2019/20

Allocation of Audit Days

	Category	Priority	Planned 20/21 Days
Student Experience			
<i>Student support</i>	Perf	M	5
Staffing Issues			
<i>Staff recruitment and retention</i>	Perf	M/L	4
Financial Issues			
<i>Budgetary control</i>	Fin	H	4
Organisational Issues			
<i>Risk Management*</i>	Perf	M	5
<i>Business Continuity*</i>	Perf	M	
<i>Corporate Governance</i>	Gov	M	6
<i>Performance reporting /. KPIs</i>	Perf	M	5
Information and IT			
<i>IT network arrangements**</i>	Perf	M	6
<i>Data Protection**</i>	Gov	H	
<i>Website delivery project VFM</i>	Perf / Gov	M	4
Other Audit Activities			
Credits audit		Required	7
Student Support Funds		Required	8
Management and Planning)			5
External Audit / SFC)			
Attendance at Audit & Risk Committee)			
Follow-up Reviews		Various	2
Total			61
			=====

Key

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

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

*, ** these assignments will be linked

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 **mha**
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AUDIT & RISK COMMITTEE Meeting of 02 December 2020	
Title: Annual Report of the Audit & Risk Committee to the Regional Board	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s):
Type of Agenda Item: For Decision <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to approve submission of its Annual Report to the Regional Board.	
Linked to Strategic Goal: 5. Optimise the use of our available resources to deliver financial and environmental sustainability.	
Linked to Annual Priority:	
Executive Summary: The Report attached as Appendix 1 updates the draft presented to the Committee at its meeting of 23 September 2020, incorporating changes approved at that meeting. The opinion of the External Auditor will be inserted once agreed and prior to submission to the Regional Board.	
Recommendation: It is recommended that the Committee approve submission of the Report to the Regional Board.	
Previous Committee Recommendation/Approval (if applicable): 23 September 2020	
Equality Impact Assessment: Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact <input checked="" type="checkbox"/> 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 2020

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 2020.

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 Attendance	Actual Attendance	Percentage Attendance
David Anderson	4	4	100%
Ann Bell	4	1	25%
Abdul Elghedafi	4	3	75%
Sheena Ross	4	3	75%
Andrew Russell	4	3	75%
Anne Simpson	4	3	75%
Adrian Smith*	2	0	0%

*Resigned from Regional Board 31 December 2019

Committee Chair – David Anderson
Committee Vice Chair – Andrew Russell

- 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.
- 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 MHA Henderson Loggie as internal audit service provider, with effect from 01 August 2019.
- 3.2. The internal audit work carried out during the year was based on the Audit Needs Assessment, drawing on the College's Strategic Plan, Enhancement Plan and Strategic Risk Register, and approved at Audit and Risk Committee in September 2019. The Plan was systematically followed and the areas addressed during the year were: -
- Financial Planning (requested audit);
 - Business Development (requested audit);
 - BYOD VFM (requested audit);
 - IT Operations (requested audit);
 - Credits Audit (required audit); and
 - Student Support Funds (required audit).

The planned review of Performance Reporting/KPIs was held over to 2020-21 as a result of the COVID-19 pandemic.

- 3.3. Summaries of the issues arising in relation to each system or activity by the internal audit work in 2019-20 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: -
- Good – System meets control objectives;
 - Satisfactory – System meets control objectives with some weaknesses present;
 - Requires Improvement – System has weaknesses that could prevent it achieving control objectives; and
 - Unacceptable – System cannot meet control objectives.
- 3.5. In 2019-20, of the four requested audits, the internal auditor graded the areas reviewed as: 'good' in one area and 'satisfactory' in three 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 'Priority 1', 'Priority 2' and 'Priority 3' (with 'Priority 1' representing matters requiring urgent attention).
- 3.7. In 2019-20, the internal auditor made 14 audit recommendations across the four requested reviews and two required reviews, with six recommendations being Priority 2 and eight recommendations being Priority 3. There were no Priority 1 recommendations.

- 3.8. In addition, the internal audit service highlighted the existence of significant strengths and good practice across all areas reviewed.
- 3.9. Overall input to the audit assignments was 45 days, including those for Audit Management. The auditors presented their Annual Report 2019-20 to the Audit and Risk Committee on 02 December 2020. A copy of that report is attached as **Appendix B**.
- 3.10. The auditors have reported that: -

"In our opinion, the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2019/20 including follow-up of recommendations made in reports prepared by the College's previous internal auditors."

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 2020 were provided by their appointees, Ernst and Young LLP. This was the fourth 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 02 December 2020. No audit qualifications were necessary to the financial statements for the year to 31 July 2020. 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). MHA Henderson Loggie 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. MHA Henderson Loggie carried out the external audit of ASET for the 12-month reporting period to 31 July 2020. 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 2020, 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 01 August 2019 to 31 July 2020 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 28 November 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 25 September 2019 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 20 May 2020.

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. COVID-19 Pandemic

9.1. The COVID-19 pandemic has had a significant effect on College operations, including the work of both internal and external audit functions, with much work taking place remotely, and one internal audit assignment held over to 2020-21. The 2020-21 Internal Audit Plan has also been amended to take account of the pandemic, including the reprioritization of some assignment work.

9.2. The Committee is content that governance arrangements have remained robust throughout the period of the pandemic to date and that actions going forward are also appropriate.

- 9.3. The Committee has considered the risks arising from the pandemic and is content that these have been appropriately recognised in the College's Risk Register and that management have identified and implemented appropriate mitigating actions wherever possible.

10. Self-Evaluation

- 10.1. 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.
- 10.2. 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
- 10.3. 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.

11. Events since 31 July 2020

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

12. Conclusion

- 12.1. 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 2020 and the external auditor's unqualified opinion on the financial statements for the 12-month reporting period to 31 July 2020.
- 12.2. 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.
- 12.3. 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.
- 12.4. 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 2020 and MHA Henderson Loggie as internal auditor to the College for the 12 months to 31 July 2020.
- 12.5. The various reports and Committee minutes have been circulated to

Board members.

David Anderson
Chair
Audit and Risk Committee
02 December 2020

AUDIT AND RISK COMMITTEE	
1.1	<p>Membership A minimum of 6 Members, one of whom shall be appointed Committee Chair.</p> <p>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.</p>
1.2	<p>Quorum No less than one half of the members entitled to vote.</p>
1.3	<p>Remit</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Specific Duties The following provides a summary of the main duties of the Audit and Risk Committee</p> <p>Internal Control</p> <ul style="list-style-type: none"> • 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. <p>Internal Audit</p> <ul style="list-style-type: none"> • 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.

	<p>Governance</p> <ul style="list-style-type: none"> • Reviewing the College’s governance arrangements in line with the Code of Good Governance for Scotland’s Colleges. <p>Advice to the Board</p> <ul style="list-style-type: none"> • 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	<p>Meetings / Reporting</p> <p>The Audit and Risk Committee will normally meet at least three times per year.</p> <p>The Chair of the Finance and General Purposes Committee may attend meetings of the Audit and Risk Committee in an observer’s role.</p> <p>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 Regional Chair may elect to attend this meeting.</p> <p>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.</p> <p>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.</p>
1.5	<p>Senior Management Support</p> <p>The following member of the Executive Team provides objective, specialist advice to support the Committee to discharge its remit:</p> <ul style="list-style-type: none"> • Vice Principal – Finance & Resources



AUDIT & RISK COMMITTEE Meeting of 02 December 2020	
Title: Committee Evaluation Feedback	
Author: Pauline May, Secretary to the Board	Contributor(s):
Type of Agenda Item: For Decision <input type="checkbox"/> For Discussion <input checked="" type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To provide the Committee with an opportunity to consider Members' feedback relating to the Committee's performance.	
Linked to Strategic Goal:	
Linked to Annual Priority:	
Executive Summary: Attached as Appendix 1 is feedback submitted by Committee Members on the performance of the Committee. The feedback was gathered through the use of an online anonymous questionnaire.	
Recommendation: It is recommended that the Committee discuss the information provided and agree if any actions are required to strengthen the performance of the Committee.	
Previous Committee Recommendation/Approval (if applicable): None	
Equality Impact Assessment: Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact <input type="checkbox"/> Evidence:	

COMMITTEE PERFORMANCE QUESTIONNAIRE

Question One

Meeting arrangements – frequency, timing, structure – are appropriate and support the overall effectiveness of the Committee.

Strongly Agree	4
Agree	1
Disagree	0
Strongly Disagree	0

Supporting comments, including any relating to the operation of meetings during the pandemic

- The meetings are timely and effective.
- Agendas are full and appropriate to the business at hand. Meetings are scheduled in an appropriate manner and are appropriate in frequency/content.

Question Two

Meeting agendas are appropriate and ensure that the remit of the Committee is fully addressed.

Strongly Agree	4
Agree	1
Disagree	0
Strongly Disagree	0

Supporting comments, including any proposed future agenda items/areas of focus for consideration

- No comments.

Question Three

Support and information provided to the Committee by relevant members of the Executive and Leadership Teams is comprehensive, well presented and at the appropriate strategic level.

Strongly Agree	5
Agree	0
Disagree	0
Strongly Disagree	0

Supporting comments, including any suggested improvements

- Executive well prepared at these meetings and are able to answer questions/further clarification as appropriate.

Question Four

Committee Members are fully engaged ensuring there is thorough discussion of agenda items and constructive challenge is provided as appropriate.

Strongly Agree	2
Agree	3
Disagree	0
Strongly Disagree	0

Supporting comments, including suggestions to encourage further engagement of all Members

- The Chair brings in members and allows a full discussion to be had.

Question Five

The collective skills, knowledge and experience of Committee Members allow the Committee to fulfill its governance role and remit.

Strongly Agree	3
Agree	2
Disagree	0
Strongly Disagree	0

Supporting comments, including any gaps that require to be addressed and any suggested areas of development or beneficial training/briefing topics

- Skills of Committee Members is well utilised and appointed to positions such as Vice-Chair and Chair as appropriate.

Question Six

In considering your own skills, knowledge and experience, please comment on how well you believe you contribute to the work of the Committee. Please highlight how this could be enhanced.

- With an accounting background, I am able to look at the financial data provided clearly. Also as I work in accounts, I can see what the internal and external auditors aims are.
- I believe I contribute in an effective and conscientious manner.
- My 30 years of industry experience gives me a strong background from which to bring challenge and support.

Additional Comments – Committee Performance

- Further training is being given to Committee Members and I would highlight any other training should be provided as it is available.

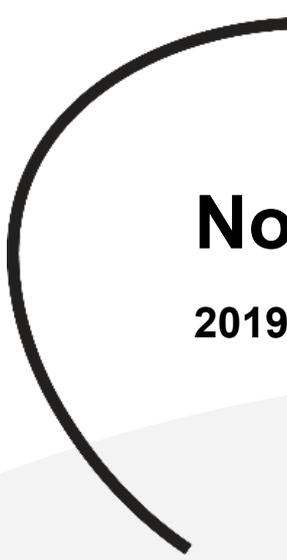


AUDIT & RISK COMMITTEE	
Meeting of 02 December 2020	
Title: Audit Certification of Student Activity & Support Fund Year-End Returns	
Author: Peter D Smith, Vice Principal – Finance and Resources	Contributor(s): MHA Henderson Loggie
Type of Agenda Item:	
For Decision	<input type="checkbox"/>
For Discussion	<input checked="" type="checkbox"/>
For Information	<input type="checkbox"/>
Reserved Item of Business	<input type="checkbox"/>
Purpose: To enable the Committee to consider reports on audit certification of academic year end returns submitted to central authorities by North East Scotland College.	
Linked to Strategic Goal:	
Linked to Annual Priority:	
<p>Executive Summary: The Scottish Funding Council (SFC) and Student Awards Agency Scotland (SAAS) require colleges to submit year- end returns to provide data on measured student activity and to account for a range of student support funds. An independent auditor must certify these returns and the College's internal auditors, MHA Henderson Loggie, undertook this task.</p> <p>Attached to this paper are the returns for the College for the academic year to 31 July 2020, covering:</p> <ul style="list-style-type: none"> • Student Activity Data (Credits) (Appendix 1) • Educational Maintenance Allowance Funding (Appendix 2) • Student Support Funds (Appendix 3) • Higher Education Fund Accounts (Appendix 4). 	
Recommendation:	
It is recommended that the Committee note the submission of returns and discuss contents of the reports.	
Previous Committee Recommendation/Approval (if applicable):	
None	
Equality Impact Assessment:	
Positive Impact	<input type="checkbox"/>

Negative Impact

No Impact

Evidence:



North East Scotland College

2019/20 Student Activity Data

Internal Audit Report No: 2021/02

Draft issued: 10 November 2020

Final issued: 11 November 2020

Now, for tomorrow

 **mha**
HENDERSON LOGGIE



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Management Summary

Introduction

The Guidance Notes issued by the Scottish Funding Council (SFC) on 16 July 2020, '*2019-20 data return for funding purposes (FES return) and audit guidance for colleges*', requested submission by North East Scotland College ('the College') of the FES return for session 2019/20, which includes the Credits data relating to College activity for the academic year 2019/20.

Guidance on completion of the 2019/20 return was issued by the SFC on 3 July 2019.

The Credits Audit Guidance requests that colleges obtain from their auditors their independent opinion on the accuracy of the FES return.

Scope of Audit

In accordance with the Credits Audit Guidance we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

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

Audit Staffing

An Audit Director with 27 years' experience in the further and higher education sectors had overall responsibility for the planning, control and conduct of the audit and supervised and reviewed work performed by a Senior Auditor and Auditor with four and two-years' experience in the sector respectively. A Manager with 15 years' experience in the sector was also involved at the planning, review and reporting stage.

The quality of audit work undertaken by the firm is enhanced through continuous review of procedures and the implementation of individual training programmes designed to address the needs of each team member.

The total number of audit days was 8, split ½ day for the Audit Director, ½ day for the Manager, 4 days for the Senior Auditor and 3 days for the Auditor.

2019/20 Student Activity Data

Audit Findings

The points that we would like to bring to your attention have been grouped together under the following headings to aid your consideration of them:

- Introduction
- Systems and Procedures for Compilation of Returns
- Analytical Review

The action that we consider necessary on each issue is highlighted in the text for clarity and an action plan for implementation of these recommendations can be found in section 2.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

Priority 1	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the College to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Conclusion

Our report was submitted to the SFC on 2 November 2020. We reported that, in our opinion:

- 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
- on the basis of our testing we can provide reasonable assurance that the FES return contains no material mis-statement.

A copy of our Audit Certificate is included at Appendix I to this report.

Acknowledgements

We would like to take this opportunity to thank the staff at the College who helped us during our audit visit.

Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
2.3.1 – 2.3.3	<p>Systems and Procedures for Compilation of Returns</p> <p>Student Eligibility – Residency</p> <p>R1 Ensure that all enrolment data that confirms student eligibility for Credits funding, including confirmation of residency status, is captured during the enrolment process and that the data is retained for audit purposes and in line with the College’s data retention policy.</p>	2	This has been implemented for most categories of enrolments for 2020/21. Our process needs to be refined for one group of online enrolments, to ensure the residency information is collected.	Yes	Linda Taylor, Director of Student Access and Information	31 March 2021



Main Report

1. Introduction

1.1 SFC Guidance

1.1.1 The Credits Audit Guidance issued by the Scottish Funding Council (SFC) on 16 July 2020 sets out, at Annex D, the key areas of risk in relation to the preparation of the FES return. These are:

- identification of non-fundable activity, both courses and students;
- classification as higher education or further education;
- classification as full-time or other than full-time;
- identification and counting of infill students;
- allocation of Price Group code;
- capturing of enrolments and identification and recording of student withdrawals;
- allocation of Credit values;
- claims for related study;
- recording of fee waivers;
- recording of progress for students on open / distance learning programmes;
- claims for non-accredited work experience / placement; and
- claims for collaborative provision.

1.1.2 For academic year 2019/20 we established that there had been no significant changes to the systems and procedures used in the compilation of the returns. We then carried out detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily. Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

1.1.3 As requested by the Credits Audit Guidance this report indicates: the scope of the audit; the approach taken; an indication of analytical review work performed; the extent of checking undertaken; details of any additional testing carried out as a result of errors found in initial sampling; the external data examined; review of prior year recommendations; and the main findings from our audit work. As requested by the guidance, the report also includes a summary of adjusted and unadjusted errors found during the course of the audit.

2019/20 Student Activity Data

2. Systems and Procedures for Compilation of Returns

2.1 Introduction

2.1.1 Detailed testing at the year-end Credits audit included two main tests on courses and individual students.

2.1.2 The following tests were carried out for a sample of 15 courses selected from the UNIT-e system:

- a) Ensured that the course met the criteria for fundable activity set out in the Credits guidance;
- b) Where applicable, ensured that the course met the definition of further or higher education set out in the Credits guidance;
- c) Ensured that courses recorded as full-time met the definition for full-time as set out in the Credits guidance;
- d) Checked the student total for a programme against course / class lists or course / class register. Checked calculation of the required date and ensured that students who had withdrawn prior to this date had been excluded from the Credits count; and
- e) Checked allocation of Credits to courses is in accordance with the Credits guidance.

2.1.3 For a total of 65 students selected from the above courses the following tests were carried out, where applicable:

- a) Ensured that the student met the criteria for fundable activity set out in the Credits guidance;
- b) Checked back to signed enrolment forms, or electronic equivalent, for the 2019/20 academic year;
- c) For infill courses, ensured that Credits were allocated according to the modules attended by individual students rather than by the default value for the courses being infilled;
- d) Checked to student attendance records and, for withdrawals (including a further sample of 15 full-time students who withdrew within two weeks after the Credits qualifying date), checked that the withdrawal date noted on the system was the last date of physical attendance;
- e) For students following courses of open / distance learning vouched to study plan etc. and ensured that required criteria was met; and
- f) For students undertaking work experience ensured that the credits value had been calculated in line with the Credits guidance.

2.1.4 The following tests were carried out by reviewing records for all College courses:

- a) Confirmed that there were no claims for more than one full-time enrolment per student for 2019/20 and ensured that Credits had not been claimed in respect of courses that were related in respect of subject area, unless progression could be clearly established;
- b) Confirmed that there were no claims for overseas students and students enrolled on full cost recovery commercial courses; and
- c) Confirmed that Credits had not been claimed for distance learning student's resident outwith Scotland.

2019/20 Student Activity Data

2. Systems and Procedures for Compilation of Returns (continued)

2.1 Introduction (continued)

- 2.1.5 Collaborative activity undertaken by the College during 2019/20 included an agreement with local partners, including the University of Aberdeen, councils and Skills Development Scotland, to create a Project SEARCH transition programme to provide preparation for employment to young people with disabilities through a mix of education and work experience internships. The agreement was reviewed by us and it was confirmed that the programme met the requirements for eligibility for funding set out in the Credits guidance. The College's roles and responsibilities include: providing an Instructor (1.0 FTE) with transition experience to coordinate the programme and teach the programme employability curriculum; and developing and providing curriculum and instructional materials that encompass employability skills, functional academics, transition, job development and job readiness. A collaboration agreement is also in place in relation to programmes delivered in partnership with the Prince's Trust. This agreement has been reviewed by us in previous years and it was confirmed that the programmes meet the requirements for eligibility for funding set out in the Credits guidance.
- 2.1.6 Before signing our audit certificate, we reviewed the final FES online report and the explanations for remaining errors.
- 2.1.7 From our review and testing of the systems and procedures used in the compilation of the returns, we concluded that overall, they were adequate to minimise risk in the areas identified in Annex D of the Credits Audit Guidance and were working satisfactorily as described to us.
- 2.1.8 The remainder of this report discusses issues identified during our review of the 2019/20 student activity data.

2.2 European Social Funds (ESF)

- 2.2.1 In relation to ESF, for a sample of 10 students selected from the College's ESF funded programmes testing was carried out on the College's systems for administering the additional funding, in line with conditions of grant. This included:
- a) reviewed the eligibility of students flagged for ESF Credits;
 - b) ensured that supporting documentation was held for ESF students, including: a completed participant form; proof of nationality; proof of permanent residence; and appropriate notification issued to the student; and
 - c) ensuring that Credits are only claimed for completed modules.
- 2.2.2 For three students in our sample we found that there was no evidence of the students' ID recorded in the College systems although in each case the participant form had been signed off by the College to confirm certified evidence was held of the student's right to reside and work in the UK. An NI number had been provided by two of the students and supporting evidence was available to confirm that all three students satisfied the residency criteria. At the time of the audit the College was in the process of gathering the remaining evidence however this had not been added to the ESF files due to Covid-19 restrictions and staff not being able to access College premises.
- 2.2.3 One of the above students plus one other had not provided a national insurance (NI) number on their participant form. The College advised that the NI numbers had been chased remotely to no avail and that the forms would be updated to reflect the students' Scottish Candidate Number instead and a copy of the emails requesting the NI number included in the file sent to the SFC, in line with the guidance.

2019/20 Student Activity Data

2. Systems and Procedures for Compilation of Returns (continued)

2.3 Student Eligibility - Residency

- 2.3.1 The Credits guidance sets out the criteria for fundable students, including the requirement that a student is ordinarily resident in Scotland prior to the start of their course, and has been ordinarily resident in the EEA for the three years prior to enrolling at the College, unless one of several exemptions apply, including if the student is an asylum seeker, enrolled on an ESOL course or a school pupil.
- 2.3.2 The information captured on application forms is used by College admissions staff to determine residency status. Included within our sample of students tested we identified three students on one course, SVQ Construction: Painting and Decorating Level 3 (Inc PDA) Stage 2, where we could not verify the residency status. Further review determined that the students had enrolled on the course via their employer and therefore did not apply directly to the College on an individual basis and go through the normal application process. Residential eligibility checks are still undertaken by College staff as part of this recruitment process. Similar issues were also identified in 2018/19 (see **R1** per Appendix V).
- 2.3.3 Although there was nothing to suggest from the other information available and discussion with MIS staff that the above students were not fundable under the Credits guidance, due to residency data not being captured on the enrolment forms we were unable to confirm eligibility on the basis of residency resulting in a potential over claim. Discussions with College management noted that as a result of audit findings in 2018/19 the College reviewed and updated the recruitment and enrolment process for checking student residency status, however this was not implemented until March 2020, just before the Covid-19 lockdown. As these students were enrolled prior to the new process being introduced, evidence of residency checks performed by the College was not documented for the three students highlighted in our sample. We have repeated our previous recommendation from 2018/19 and this will be followed up as part of the 2020/21 Credits audit to confirm that the updated College process is operating effectively.

Recommendation

R1 Ensure that all enrolment data that confirms student eligibility for Credits funding, including confirmation of residency status, is captured during the enrolment process and that the data is retained for audit purposes and in line with the College's data retention policy.

2.4 Fee Waiver

- 2.4.1 We reviewed the systems for recording fee waiver entitlement and carried out an analytical review to ensure the accuracy of the fee waiver element of the FES return. For a random sample of 10 part-time students we confirmed that College staff had verified the entitlement to benefit. In one instance a fee waiver form was not available for audit due to Covid-19 restrictions limiting staff access to College premises, however a screenshot from the Universal Credit portal was provided verifying the student's entitlement.

2.5 Required Dates

- 2.5.1 For 2019/20 the Credits guidance notes that the 'required date' for programmes 'other than full-time' should be calculated as the day on which 25% of the total calendar days between the course start and end have passed.

2019/20 Student Activity Data

2. Systems and Procedures for Compilation of Returns (continued)

2.5 Required Dates (continued)

2.5.2 Included within our sample of 15 courses tested were six courses classed as other than full-time, which were not open / distance learning courses, and therefore required attendance at the College. For each of these six courses we noted that the required date stated in the UNIT-e system had not been calculated in line with the Credits guidance. The College uses the total calendar days for which the course is timetabled in its calculation of the required date and therefore excludes weekends and holidays. The effect of the recalculation in dates was in most instances not significant in terms of days (ranging from -2 to +16) although for a block release course the difference was 47 days. There were however no student withdrawals between the two dates and therefore no impact on the Credits count. Similar issues were identified in previous years and we were advised that the College had sought clarification on this matter from the SFC during 2018/19 and that the College's method for calculation of required dates had been accepted by the SFC.

3. Analytical Review

3.1 Analytical review by Price Group, included at Appendix III of this report, showed significant variances in Price Groups 3 and 5. These were discussed with College management. The explanations we received provided us with additional assurance that the Credits claim does not contain material errors:

- Price Group 3: overall increase of 1,489 Credits (3.9%). There was an increase in Engineering related provision in 2019/20; and
- Price Group 5: overall decrease of 800 Credits (16.3%). There was a reduction in Learning Opportunity programmes offered due to reduction in demand for 2019/20.

Appendix I – Copy of Audit Certificate

ABER296/DA/STI

North East Scotland College
Gallowgate
Aberdeen
AB25 1BN

2 November 2020

Dear Sirs

Auditor's Report to the Members of the Board of Management of North East Scotland College

We have audited the FES return which has been prepared by North East Scotland College under the 'Credits' Guidance issued 3 July 2019 and updated guidance relating to 'one plus' activity and which has been confirmed as being free from material misstatement by the College's Principal in his Certificate dated 6 October 2020. We conducted our audit in accordance with guidance contained in the 2019-20 audit guidance for colleges and updated guidance relating to 'one plus' activity. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. We evaluated the adequacy of these controls in ensuring the accuracy of the data. It also included examination, on a test basis, of evidence relevant to the figures recorded in the student data returns. We obtained sufficient evidence to give us reasonable assurance that the returns are free from material misstatement.

In our opinion:

- 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
- on the basis of our testing we can provide reasonable assurance that the FES return contains no material mis-statement.

Stuart Inglis
Director
For and on behalf of MHA Henderson Loggie
Chartered Accountants
Dundee Office
stuart.inglis@hlca.co.uk

2 November 2020

Date FES returned: 7 October 2020

MHA Henderson Loggie is a trading name of Henderson Loggie LLP

Appendix II – Summary of Adjusted and Unadjusted Errors

Report Para	Error identified	Adjusted/unadjusted	Approx. Value
2.3.1 – 2.3.3	Enrolment information was incomplete, including data which confirms residency status / enrolment.	Unadjusted	-42 Credits

College Funded Target 2019/20 133,490 Credits

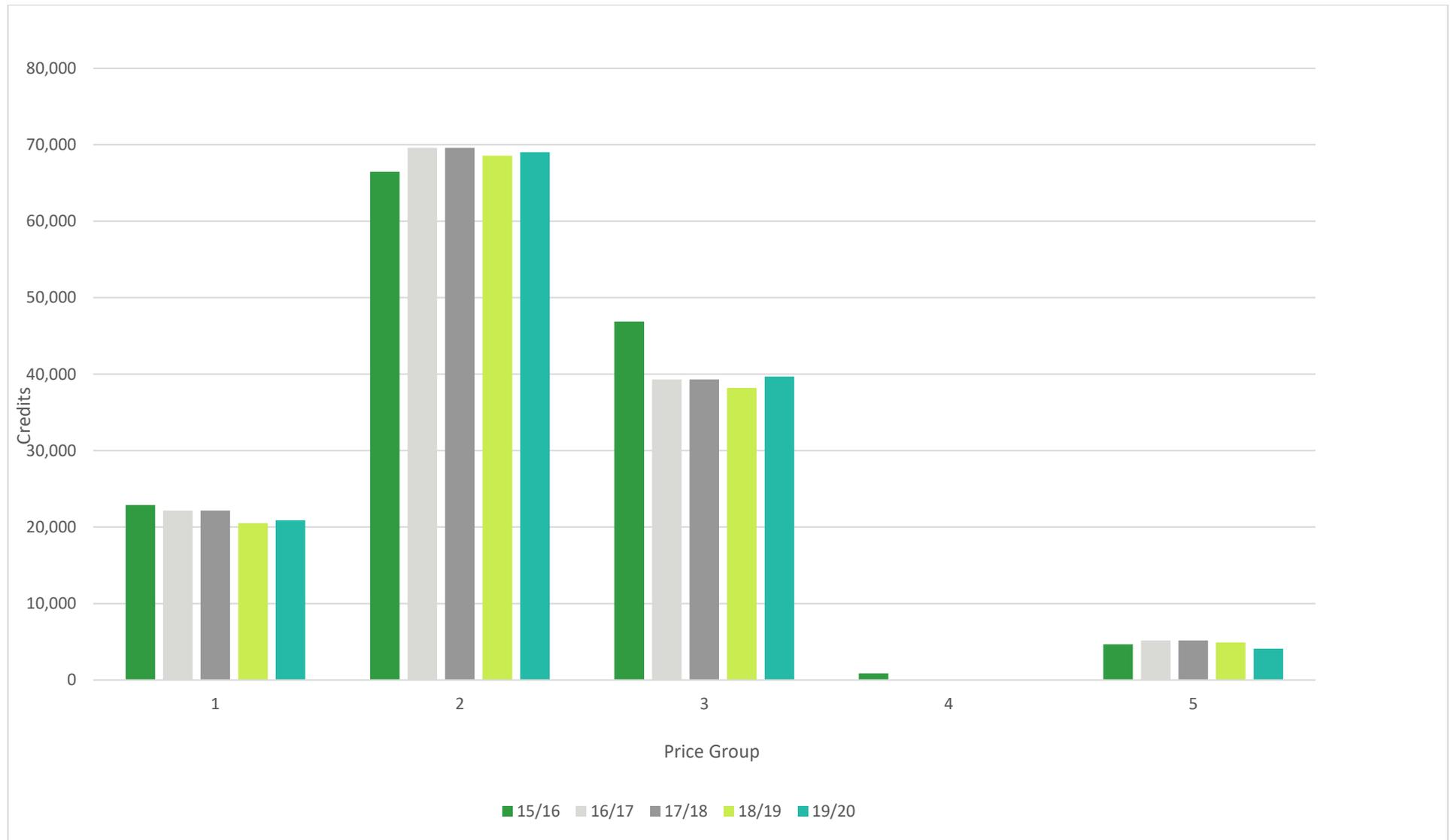
The above target figure includes 131,070 core Credits and 2,420 ESF Credits.

Final claimed 2019/20 133,730 Credits (including 2,418 ESF Credits)

Appendix III – Price Group Analytical Review 2018/19 and 2019/20 – Figures

Price Group	2018/2019		2019/2020		Variance	Variance
	Credits		Credits		Credits	%
1	20,517		20,892		375	1.8
2	68,581		69,023		442	0.6
3	38,213		39,702		1,489	3.9
4	0		0		0	0
5	4,913		4,113		(800)	(16.3)
	132,224		133,730		1,506	1.1

Appendix IV – Price Group Analytical Review 2015/16 to 2019/20 – Graph



Appendix V – Updated Action Plan – Student Activity Data 2018/19

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2020
<p><i>Systems and Procedures for Compilation of Returns</i></p> <p>Student Eligibility – Residency</p> <p>R1 Ensure that all enrolment data that confirms student eligibility for Credits funding, including confirmation of residency status, is captured during the enrolment process and that the data is retained for audit purposes and in line with the College's data retention policy.</p>	2	We will review how residency information is requested and held to support confirmation of student eligibility for Credits funding.	Y	Linda Taylor, Director of Student Access and Information	End Feb 2020	<p>Similar issues noted during audit testing in 2019/20. See paragraphs 2.3.1 – 2.3.3 in main report.</p> <p><i>Partially Implemented</i></p>

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T: 0141 471 9870

Our ref: ABER296/DA/STI

Your ref:

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

11 November 2020

Dear Sirs

**North East Scotland College: Education Maintenance Allowance Return
Auditors' Report to the Scottish Funding Council (SFC) for the period from 1 August 2019 to 31 July 2020**

We have examined the books and records of the above College, including evidence of checks of five per cent of applications and payments, with a sample size appropriate to the size of the institution, and have obtained such explanations and carried out such tests as we considered necessary.

On the basis of our examination and of the explanations given to us we report that, subject to the observation set out in our letter dated 11 November 2020, the information set out in these forms is in agreement with the underlying records.

We also report that, in our opinion, the College used these funds in accordance with the SFC's conditions and the principles of the Education Maintenance Allowance programme.

We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate.

Yours faithfully



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MHA Henderson Loggie is a trading name of Henderson Loggie LLP, which is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of MHA, an independent member of Baker Tilly International Ltd, the members of which are separate and independent legal entities.

Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB.

All correspondence signed by an individual is signed for and on behalf of Henderson Loggie LLP.

Reference to a 'partner' is to a member of Henderson Loggie LLP

A list of members' names is available for inspection at each of these addresses.

Our ref: ABER296/DA/STI/1273523

Your ref:

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

11 November 2020

Dear Sirs

**2019/20 Education Maintenance Allowance
North East Scotland College**

In accordance with the Scottish Funding Council's EMA audit guidance we attach an 'Auditors' Report' in relation to the above College's EMA Academic year-end statement for 2019/20 (copy attached).

Although we have not raised any reservations in our Auditors' Report we have one observation to make arising from our audit work.

In relation to the College's admin claim, we would point out that there has been an underclaim for 2019/20 of up to 36 accepted students (£540) and the College has advised that it will contact the SFC to claim this in 2020/21. College records show that there were 375 students in receipt of EMA during 2019/20 and the admin claim of £5,085 per the year-end statement is based on a headcount of 339 declared in January 2020.

Should you have any queries regarding the attached, please do not hesitate to contact us.

Yours faithfully



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Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB.

All correspondence signed by an individual is signed for and on behalf of Henderson Loggie LLP.

Reference to a 'partner' is to a member of Henderson Loggie LLP

A list of members' names is available for inspection at each of these addresses.

Our ref: ABER296/DA/STI/1276891

Your ref:

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

19 November 2020

Dear Sirs

**North East Scotland College
Discretionary Fund, Childcare Fund and Bursary Return 2019/20**

On behalf of our above named client, we attach the audited Discretionary Fund, Childcare Fund and Bursary Return for the academic year 2019/20.

We make one observation in relation to the College's claim for Study Expenses. Annex B of the SFC Bursary Award Assessment guidance for 2019/20 provides details of average sector levels of spend on study costs, at an individual subject level and at overall sector level. Overall, the average sector spend on study costs is around 6% of the overall student support budget. The SFC expects colleges that exceed sector average levels of spend on study costs to be able to provide evidence of the reasons for high levels of spend. For 2019/20 the College's total study costs were £736,113, representing 9.9% of total bursary expenditure. This is made up of: Payments made to students to cover course study costs £178,441; Course materials / equipment etc. purchased directly by the College for bursary students £154,752; Laptops purchased directly by the College for issue to bursary students under the College's Bring Your Own Device programme £261,120; and internal costs incurred by the College for the printing of essential texts £141,800 (£50 per student). As can be seen from the breakdown, the laptops represent the largest element of the study costs spend. We note that the provision of a laptop to students on a loan basis was included in additional COVID-19 guidance issued by the SFC as an example of how support funds could be used to assist students disadvantaged in their studies due to the lack of access to the appropriate technology required for them to be able to continue their engagement in the remote learning environment.

We noted as an observation last year that no detailed breakdown between staff costs, use of equipment, materials etc. was available to support the level of print costs charged (£60 per student for 2018/19) and the College had undertaken to review this area during 2019/20. This year, the College provided us with a calculation based on an analysis of the photocopy page count for academic year 2017/18 by Teaching and Other codes, with photocopy charges apportioned between Teaching and Non-Teaching. The calculation shows that the total cost apportioned to Teaching divided by the number of Bursary students for 2018/19 was approximately £64 per head, which is in excess of the £60 per head charged to the Bursary Fund in 2018/19. The College has however assumed that all copying charged to the Teaching codes was for study materials (essential texts), where some of these charges may relate to core teaching materials that should be covered by the core grant. Also, the calculation does not take into consideration any costs relating to non-Bursary students. As noted above, the charge per student for 2019/20 has been reduced to £50. Any potential error is not considered to be material in the context of total Bursary expenditure of approximately £7.4 million however it is not possible to quantify this precisely.

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We also have an observation to make in relation to the disclosure of FE and HE childcare payments between lone parent and other. The SFC *FES 4 Guidance notes 2019-20*, issued 12 April 2019, require that the total amount awarded to students who are lone parents should be disclosed under the FE or HE childcare, lone parent headings. Awards to students not classified as a lone parent should be disclosed as FE or HE childcare, other. We noted that the lone parent expenditure disclosed on the FES student support funding report includes only the Lone Parent Childcare Grant element of up to £1,215 per student, with the balance of payments to students who are lone parents being included under the 'other' headings.

Should you have any queries regarding the attached please do not hesitate to contact us.

Yours faithfully



Stuart Inglis
Director
For and on behalf of MHA Henderson Loggie
Chartered Accountants
Dundee Office
stuart.inglis@hlca.co.uk

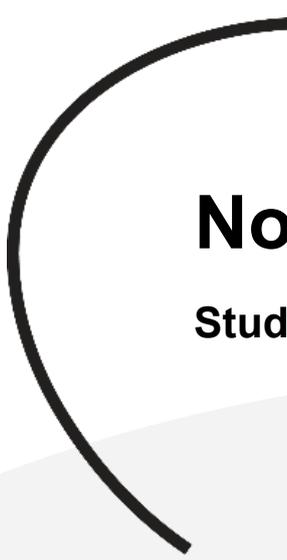
college=5261651 - North East Scotland College report=Student Support Funding

College Name:	North East Scotland College		College Contact:		
				07872420251		
College Number:	5261651		Phone Number:		
	1st August 2019 - 31st July 2020					
	(AAC 1)		(AAC 2)		(AAC 3)	
Bursary Funds Expenditure	Students under 18		Parentally Supported		Self Supporting	
	Headcount	Expenditure (£)	Headcount	Expenditure (£)	Headcount	Expenditure (£)
Maintenance Costs						
At Parental Home	15	91563	473	1157098	9	9061
Away from Parental Home	11	46621	86	311027	1089	3778212
Approved Accomodation or Lodgings	0	0	0	0	0	0
Personal Allowance	0	0	0	0	0	0
Dependents Allowance	0	0	0	0	3	5998
Study Expenses	1299	309145	535	128365	1037	298603
Travel Expenses	1056	531467	539	305677	762	390797
Special Educational Needs	66	47982	19	13813	12	8724
Total Bursary	1299	1026778	685	1915980	1201	4491395
Total Bursary Fund Spend	3185	7434153	[ESF Students to be included in all tables]			
(AAC 1+2+3)						
Discretionary Fund & Childcare Fund Expenditure						
	Headcount	Expenditure (£)				
Total FE Discretionary Fund	155	220920				
Total FE Childcare Fund	117	469845				
Total HE Childcare Fund *	31	102643				
* UHI partner colleges to manually enter data on the CSV version of this report.						
	Part-time		Full-time			
	Headcount	Expenditure (£)	Headcount	Expenditure (£)		
FE childcare, lone parent	1	855	88	91471		
FE childcare, other	1	2206	90	375313		

The SAS System

17:05 Wednesday, October 07, 2020

HE childcare, lone parent	0	0	18	21599
HE childcare, other	0	0	30	81044
We have examined the books and records of the above college and have obtained such explanations and carried out such tests as we consider necessary.				
On the basis of our examination and the explanations given to us, we report that the information set out in these forms is in agreement with the underlying records subject to the observations set out in our letter dated 19 November 2020.				
We also report that in our opinion, the college used these funds in accordance with the Scottish Funding Council conditions.				
We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate. * Delete if not applicable.				
PLEASE RETURN AN ELECTRONIC AND SIGNED PAPER COPY OF THIS FORM TO THE SCOTTISH FUNDING COUNCIL.				
Principals Signature Mr Neil Cowie, 				
Auditors Name (in printed capitals)MHA HENDERSON LOGGIE.....				
Auditors Signature..... 				
DIRECTOR				
FOR AND ON BEHALF OF MHA HENDERSON LOGGIE, CHARTERED ACCOUNTANTS				
Date of Signature..... 19 NOVEMBER 2020.....				
MHA HENDERSON LOGGIE IS A TRADING NAME OF HENDERSON LOGGIE LLP				



North East Scotland College

Student Support Funds 2019/20

Internal Audit Report No: 2021/03

Draft issued: 20 November 2020

Final issued: 24 November 2020

Now, for tomorrow



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Management Summary

Introduction

Colleges receive **Discretionary Funds** from the Scottish Funding Council (SFC) and the Student Awards Agency for Scotland (SAAS) to provide financial help for students where access to, or continuance in, further or higher education would otherwise be denied due to financial hardship. The maximum payable from both the Further Education Discretionary Fund and the Higher Education Discretionary Fund is normally £4,000 however this limit was relaxed for 2019/20 to allow additional support to be given to students financially impacted by COVID-19.

Childcare Funds sit alongside the Discretionary Funds to provide assistance with the cost of formal childcare expenses. From academic year 2011/12, childcare funds for higher education students formerly allocated to colleges by SAAS, were transferred to the SFC which now allocates childcare funding directly to colleges for all eligible further and higher education students. No limit is placed on the amounts individuals can access and colleges have the flexibility to determine award levels themselves. Priority must, however, be given to lone parents, part-time students and mature students when allocating funds from the Further Education Childcare Fund.

The Discretionary and Childcare Funds must be administered, and payments made, in accordance with SFC and SAAS guidelines.

Bursary funds are given to students at the discretion of a college to help maintain that student in their education beyond their compulsory school leaving date. An award can include allowances that cover a student's maintenance, travel and study costs. Colleges can also use bursary funds for allowances to cover costs incurred by a student due to an additional home, their dependants and / or special education needs.

Colleges must apply the terms of the National Policy for Further Education Bursaries, together with applicable legislation and supplementary letters issued by the SFC, when using the funds allocated to them for bursary purposes. The policy sets out the minimum criteria, maximum rates and minimum contribution scales that a college must apply in allocating bursary funds, however, a college may vary the terms of the policy by imposing additional eligibility criteria or conditions. Figures used within the policy to calculate a student's award may be varied, but only in order to reduce the value of an award, although where a college chooses to supplement bursary funds from its own resources it may use the additional resources as it sees fit.

Education Maintenance Allowances (EMAs) provide financial support for 16 to 19 year-olds from low income households who are attending non-advanced full-time education at school, college or are home educated. Eligible students receive £30 per week, which is targeted at young people from the lowest income families.

EMAs must be administered, and payments made, in accordance with SFC and Scottish Government guidelines

Student Support Funds 2019/20

Audit Scope

For the 2019/20 academic year three specific fund statements were required for audit:

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

Audit Objectives

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, 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 ending 31 July 2020, is in agreement with underlying records.

Audit Approach

The audit approach included:

- Reviewing new guidance from SFC, SAAS and the Scottish Government, including additional guidance issued in response to the COVID-19 pandemic, and identifying internal procedures;
- Agreeing income to letters of award or other supporting documents;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing College analysis spreadsheets 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 the SFC was utilised.

Action Plan

The action that we consider necessary on each issue is highlighted in the text for clarity and an action plan for implementation of these recommendations can be found in section 2.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

Priority 1	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the College to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Findings and Conclusions

We were able to certify the HE Discretionary and Childcare Fund and EMA Return for the year and submit these to the appropriate bodies, without reservation.

In our covering letter to SAAS enclosing the audited HE Discretionary and Childcare Fund Return we noted that the College does not operate a separate interest-bearing bank account for the HE Discretionary Fund. Whilst the College does have a student funding bank account, some student funding income and expenditure goes through the main College bank accounts, although this is fully reconcilable. The College uses the Government banking service for all of its financial transactions, on instruction from the Scottish Funding Council, and these accounts do not pay interest.

In our covering letter to the SFC enclosing the EMA Auditor's Report we pointed out that there has been an underclaim on the College's 2019/20 admin claim of up to 36 accepted students (£540) and the College has advised that it will contact the SFC to claim this in 2020/21. College records show that there were 375 students in receipt of EMA during 2019/20 and the admin claim of £5,085 per the year-end statement is based on a headcount of 339 declared in January 2020.

The following observations were raised in our Auditors' Report to the SFC on the FE Discretionary Fund, FE and HE Childcare Fund and Bursary Return.

We made one observation in relation to the College's claim for Study Expenses. Annex B of the SFC Bursary Award Assessment guidance for 2019/20 provides details of average sector levels of spend on study costs, at an individual subject level and at overall sector level. Overall, the average sector spend on study costs is around 6% of the overall student support budget. The SFC expects colleges that exceed sector average levels of spend on study costs to be able to provide evidence of the reasons for high levels of spend. For 2019/20 the College's total study costs were £736,113, representing 9.9% of total bursary expenditure. This is made up of: Payments made to students to cover course study costs £178,441; Course materials / equipment etc. purchased directly by the College for bursary students £154,752; Laptops purchased directly by the College for issue to bursary students under the College's Bring Your Own Device programme £261,120; and internal costs incurred by the College for the printing of essential texts £141,800 (£50 per student). As can be seen from the breakdown, the laptops represent the largest element of the study costs spend. We note that the provision of a laptop to students on a loan basis was included in additional COVID-19 guidance issued by the SFC as an example of how support funds could be used to assist students disadvantaged in their studies due to the lack of access to the appropriate technology required for them to be able to continue their engagement in the remote learning environment.

We noted as an observation last year that no detailed breakdown between staff costs, use of equipment, materials etc. was available to support the level of print costs charged (£60 per student for 2018/19) and the College had undertaken to review this area during 2019/20. This year, the College provided us with a calculation based on an analysis of the photocopy page count for academic year 2017/18 by Teaching and Other codes, with photocopy charges apportioned between Teaching and Non-Teaching. The calculation shows that the total cost apportioned to Teaching divided by the number of Bursary students for 2018/19 was approximately £64 per head, which is in excess of the £60 per head charged to the Bursary Fund in 2018/19. The College has however assumed that all copying charged to the Teaching codes was for study materials (essential texts), where some of these charges may relate to core teaching materials that should be covered by the core grant. Also, the calculation does not take into consideration any costs relating to non-Bursary students. As noted above, the charge per student for 2019/20 has been reduced to £50. Any potential error is not considered to be material in the context of total Bursary expenditure of approximately £7.4 million however it is not possible to quantify this precisely.

Recommendation

R1 The College should refine the print costs re-charge calculation to ensure that the cost of any core teaching materials that should be covered by the core grant and any costs relating to non-Bursary students are excluded.

Findings and Conclusions (continued)

We also made an observation in relation to the disclosure of FE and HE childcare payments between lone parent and other. The SFC *FES 4 Guidance notes 2019-20*, issued 12 April 2019, require that the total amount awarded to students who are lone parents should be disclosed under the FE or HE childcare, lone parent headings. Awards to students not classified as a lone parent should be disclosed as FE or HE childcare, other. We noted that the lone parent expenditure disclosed on the FES student support funding report includes only the Lone Parent Childcare Grant element of up to £1,215 per student, with the balance of payments to students who are lone parents being included under the 'other' headings.

Copies of the fund statements and audit certificates are provided at appendices I to III of this report.

Acknowledgements

We would like to take this opportunity to thank the staff at the College who helped us during our audit visit.



Action Plan

Page Ref.	Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
3	<p>Bursary Fund</p> <p>R1 The College should refine the print costs re-charge calculation to ensure that the cost of any core teaching materials that should be covered by the core grant and any costs relating to non-Bursary students are excluded.</p>	2	Accepted	Yes	Muir Wilson, Financial Controller (External Affairs)	Mid-August 2021



**Appendix I – Further Education Discretionary Fund,
Further and Higher Education Childcare
Fund and Bursary Return and Audit
Certificate**



**Appendix II – Higher Education Discretionary and
Childcare Fund Return and Audit
Certificate**



**Appendix III – Education Maintenance Allowance Return
and Audit Certificate**

Appendix IV – Updated Action Plan – 2018/19

Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2020
<p>Childcare Fund</p> <p>R1 Ensure that the costs of operating the College nursery are allocated proportionately across all children using the nursery and that the amount recharged to the Childcare Fund only reflects the use made by children of students who have applied for, and been awarded, assistance from the Childcare Fund.</p>	2	Accepted.	Y	Katy Gilbert, Student Admissions & Funding Manager	1 August 2020	<p>Representation was received from College management that only the students charged to the Childcare Fund used the College nursery during 2019/20. For a sample of these students we confirmed that a Childcare Fund application had been completed by the students and approved.</p> <p><i>Fully Implemented</i></p>

Student Support Funds 2019/20

Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2020
<p>Bursary Fund</p> <p>R2 The College should provide a detailed breakdown between staff costs, use of equipment, materials etc. to support the level of print costs charged to the Bursary Fund.</p>	2	Accepted.	Y	Muir Wilson, Financial Controller (External Affairs)	31 March 2020	<p>A review of print costs was performed by the College in 2019/20 however the methodology used to support the charge to the Bursary Fund needed to be further refined to exclude the cost of any core teaching materials that should be covered by the core grant and any costs relating to non-Bursary students. See R1 at page 3 of the main report.</p> <p><i>Partially Implemented</i></p> <p>Revised implementation date: Mid-August 2021</p>
<p>EMA</p> <p>R3 The College should ensure that sample testing covers both accepted and rejected applications.</p>	3	Accepted.	Y	Katy Gilbert, Student Admissions & Funding Manager	Mid-August 2020	<p>EMA spot-checks undertaken during 2019/20 again covered accepted applications and payments only and did not include applications that were rejected.</p> <p><i>Little or No Progress Made</i></p> <p>Revised implementation date: 31 January 2021</p>

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 **mha**
HENDERSON LOGGIE

hlca.co.uk | info@hlca.co.uk

Our ref: ABER296/DA/STI/1276634

Your ref:

Student Awards Agency for Scotland
Saughton House
Broomhouse Drive
Edinburgh
EH11 3UT

17 November 2020

Dear Sirs

**North East Scotland College
Higher Education Audited Fund Accounts Return 2019/20**

On behalf of our above named client, we attach the audited HE Fund Accounts Return for the academic year 2019/20.

Although we have not raised any reservations in our Auditor's Report we have one observation to make arising from our audit work. The College does not operate a separate interest bearing bank account for the HE Discretionary Fund. Whilst the College does have a student funding bank account, some student funding income and expenditure goes through the main College bank accounts, although this is fully reconcilable. The College uses the Government banking service for all of its financial transactions, on instruction from the Scottish Funding Council, and these accounts do not pay interest.

Should you have any queries regarding the attached please do not hesitate to contact us.

Yours faithfully



Stuart Inglis
Director
For and on behalf of MHA Henderson Loggie
Chartered Accountants
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stuart.inglis@hlca.co.uk

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AUDITED FUND ACCOUNTS RETURN 2019/20

DISCRETIONARY & CHILDCARE FUND

Income and Expenditure

INSTITUTION

NORTH EAST SCOTLAND COLLEGE

INCOME

- a Initial allocation received for the academic year 2019/20
- b Supplementary allocation received in March 2020
- c COVID-19 additional support in April 2020
- d Bank interest received in the academic year 2019/20
- e Previous year's short -term loans repaid in the academic year 2019/20
- f **Total funds available for disbursement (a+b+c+d+e)=j**

	Undergraduate Discretionary Fund £	Postgraduate Discretionary Fund £	COVID-19 Discretionary Fund £	TOTAL £
a	140,710.00			140,710.00
b	4,888.00			4,888.00
c	-		13,378.00	13,378.00
d	-		-	-
e	-		-	-
f	145,598.00	-	13,378.00	158,976.00

Check

EXPENDITURE

- g Funds disbursed (=grand total of k from Report on Funds Expenditure)
- h Unspent COVID-19 additional support to be returned to SAAS by 31 October 2020
- i 2019/20 remaining funds to be retained to support academic year 2020/21
- j **Total disbursement of funds (g+h+i)=f**

g	116,283.37			116,283.37
h	-		13,378.00	13,378.00
i	29,314.63			29,314.63
j	145,598.00	-	13,378.00	158,976.00

NAME:
(Principal)

Neil Cowie

SIGNED

Neil Cowie

DATE: *06.11.20*

AUDITOR'S REPORT

We have examined the books and records of the above institution and have obtained such explanations and carried out such tests as we considered necessary. On the basis of our examination and of the explanations given to us we report that ~~(subject to the reservations set out in our letter dated _____ which is attached)~~ the information set out above is in agreement with the underlying records and in our opinion is in accordance with the relative statutory requirements. We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate, and that an interest bearing account or accounts was in operation for the Funds which are separate from the Institution's account.

* Delete if not applicable

APPOINTED AUDITOR:

MHA HENDERSON LOGGIE
DIRECTOR
FOR AND ON BEHALF OF MHA HENDERSON LOGGIE, CHARTERED ACCOUNTANTS
MHA HENDERSON LOGGIE IS A TRADING NAME OF HENDERSON LOGGIE LLP

DATE: 17 NOVEMBER 2020

Stuart Le...

AUDITED FUND ACCOUNTS RETURN 2019/20

Report on Funds Expenditure

INSTITUTION

NORTH EAST SCOTLAND COLLEGE

	Undergraduate Discretionary Fund		Postgraduate Discretionary Fund		COVID-19 Discretionary Fund	TOTAL
	Full Time	Part Time	Full Time	Part Time		
	£	£	£	£	£	£
a General living expenses	113,962.40				-	113,962.40
b Travel	600.00				-	600.00
c Childcare	1,180.97				-	1,180.97
d Bursary /scholarship					-	-
e Short-term loans not repaid in the academic year	300.00				-	300.00
f Disability diagnosis costs					-	-
g Equipment	240.00				-	240.00
h Audit					-	-
i Advertising and publicity					-	-
j Other administration costs					-	-
k Total (= grand total of (g) from the Income & Expenditure accounts return)	116,283.37	-	-	-	-	116,283.37

Check

NAME: *Neil Cowie*
(Principal)

SIGNED *Neil Cowie*

DATE: *06.11.20*

Report on Student Numbers

INSTITUTION

NORTH EAST SCOTLAND COLLEGE

SUMMARY OF STUDENT NUMBERS

- a Total number of students applying for assistance ($= b+c$)
- b Total number of students assisted
- c Total number of students refused assistance ($= a-b$)

	Undergraduate Discretionary Fund		Postgraduate Discretionary Fund		COVID-19 Discretionary Fund	TOTAL
	Full Time	Part Time	Full Time	Part Time		
a	94				-	94
b	60				-	60
c	34				-	34

DETAIL OF STUDENT NUMBERS

- d General living expenses
- e Travel
- f Childcare
- g Bursary /scholarship
- h Short-term loans not repaid in the academic year
- i Disability diagnosis costs
- j Equipment

d	58				-	58
e	1				-	1
f	1				-	1
g	-				-	-
h	3				-	3
i	-				-	-
j	1				-	1

SHORT-TERM REPAYABLE LOANS > £500 WRITTEN OFF

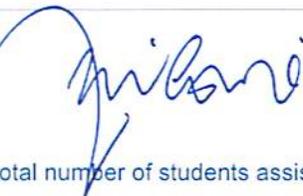
- k Number of short-term loans over £500 written off in the year
- l Monetary value of short-term loans over £500 written off in the year

k	-				-	-
l	-				-	-

Check

NAME: **NEIL COWIE**
(Principal)

SIGNED:



DATE: **06.11.20**

Please note, a student may be assisted in more than one category therefore the total number of students assisted may not equal the sum of students shown in individual categories.



AUDIT & RISK COMMITTEE Meeting of 02 December 2020	
Title: Strategic Risk Register	
Author: Pauline May, Director of Strategy & Planning	Contributor(s): Executive & Leadership Teams
Type of Agenda Item: For Decision <input type="checkbox"/> For Discussion <input checked="" type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To provide the Committee with an opportunity to review the latest version of the College's Strategic Risk Register.	
Linked to Strategic Goal: This Agenda Item relates to the achievement of all five Strategic Goals.	
Linked to Annual Priority:	
Executive Summary: Attached as Appendix 1 is an updated version of the College's Strategic Risk Register. The Register continues to be reviewed by the Leadership Team on a monthly basis. Since the Register was considered at the last meeting of the Committee the following changes have been made: <ul style="list-style-type: none"> • A new risk, 2.2, has been added • Risk 5.7 has been reworded to reflect a change to the Flexible Workforce Development Fund and the risk scorings updated accordingly • Additional 'Further Actions' and 'Current Controls' have been added to a number of risks to ensure that the Register reflects current practice and new considerations. 	
Recommendation: It is recommended that the Committee discuss the Strategic Risk Register.	
Previous Committee Recommendation/Approval (if applicable): None	
Equality Impact Assessment: Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact <input type="checkbox"/>	

NORTH EAST SCOTLAND COLLEGE STRATEGIC RISK REGISTER

Approved by: Regional Board
Last considered by Audit & Risk Committee: 23/09/20
Last reviewed by Leadership Team: 19/11/20

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 opportunities, which transform lives and which support the economic and social development of our region. Risk Appetite - Cautious																		
1.1	COVID-19	IF the future skills needs of the region are not clear THEN ensuring that the College's curriculum contributes to national and regional economic recovery will be challenging	VP C&Q	4	5	20	Engagement with SDS and industry partners, Use of available intelligence and data, Identification of NESCol Business Priorities - Curriculum, Participation in Regional Economic Strategy Group, ACC Socio Economic Rescue Plan, Regional Learning & Skills Partnership, Curriculum Quality & Student Support Committee, Campus Futures	3	5	15	2	2	4	Above Target	TREAT - Improved market intelligence and data sharing with partners, Refreshed curriculum planning process, New Stakeholder Engagement Plan, Continuation of Business Priorities work - Curriculum Area Recovery Plans, Course Discontinuance Criteria, Review College's strategy for distance learning	VP C&Q/Directors of Learning/Director of Business Development	Continuous	Regional Board, Curriculum & Quality Committee
1.2	COVID-19	IF the region continues to experience economic shocks and challenges due to the COVID-19 pandemic and oil & gas downturn THEN the College may face detrimental impacts on its functions and services	Leadership Team	4	4	16	External engagement activities, Scenario planning	4	4	16	4	2	8	Above Target	TREAT - Horizon scanning, Contingency planning, Leadership Team review of lessons learned to date, Curriculum portfolio review - increased flexibility, upskilling & retraining opportunities	Leadership Team	Continuous	Regional Board
2 Strategic Goal 2: Develop the skills, talents and potential of all of the people who come to college either to learn or to work. Risk Appetite - Moderate																		
2.1	↔	IF the College is not able to recruit, retain and develop appropriately qualified staff, THEN this will adversely impact on the learner experience and the College's ability to deliver the curriculum of the future	Principal	3	4	12	People Strategy, Recruitment & Selection Policy, Strategy & Procedure, Induction arrangements, Organisational Development and Learning Technologies activities	2	3	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, Refreshed approaches to Workforce Planning and Talent Management.	Director of People Services	Continuous	Human Resources Committee
2.2	NEW	IF there is a No Deal Brexit THEN the free movement of the workforce could be prevented and the College may not be able to recruit to key roles	VP F&R/Director of People Services	3	3	9	Workforce planning, Talent management, Widening recruitment pools	4	3	12	4	3	12	On Target	TOLERATE - Monitoring of Home Office guidance	VP F&R/Director of People Services	Continuous	Regional Board, Human Resources Committee
2.3	↔	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	Organisational development and Learning Technologies activities, Staff consultation events, College meetings and briefings, All Staff Development Days, Regular LINC meetings, Continued commitment to IIP	3	3	9	2	2	4	Above Target	TREAT - Learning and development activities, Online Leadership Team Q&A sessions, Further enhancement of staff communication mechanisms	Principal	Continuous	Curriculum & Quality Committee, Human Resources Committee
2.4	↔	IF national collective bargaining agreements do not provide required flexibility THEN the College may not be able to meet delivery requirements in AY2020-21	Principal	3	4	12	Effective partnership working with local TU representatives, Engagement with Employers' Association	4	4	16	2	2	4	Above Target	TREAT - Implement temporary local agreements reached with LINC, Implement temporary arrangements for TU Nominees to attend Regional Board Meetings until new legislation is enacted, Enhanced Staff Communication Strategy	Principal with Director of People Services	Continuous	Regional Board, Human Resources Committee
2.5	COVID-19	IF Scottish Government guidance continues to advise for an extended period of time that staff should work from home where possible THEN staff morale, productivity and the quality of the learner experience may be negatively affected	Leadership Team	3	3	9	Extensive staff guidance, Home working procedures, Clear communication methods, College systems to support remote teaching and working, Health & Wellbeing Strategy & Plan, Effective staff consultation and feedback mechanisms, Employers' Association membership, Contributing to national working groups to influence national outcomes where possible	4	3	12	4	1	4	Above Target	TREAT - Revisit homeworking guidance, Consideration of working patterns, Consider potential longer term wellbeing issues	Leadership Team	31/10/2020	Human Resources Committee
2.6	COVID-19	IF there is increased uncertainty and stress due to remote working and teaching, and worries about job security THEN the College may have insufficient staffing levels impacting negatively on the learner experience	Director of People Services	4	4	16	Employee Assistance Programme, Peer Support Programme, Regular communications - emails and staff webinars, Homeworking procedures, Teaching Online @ NESCol Blackboard course	3	3	9	2	2	4	Above Target	TREAT - Issue second Staff Wellbeing Survey to identify any required improvement to staff information, guidance & support, Provision of virtual management skills training	Director of People Services	31/10/2020	Human Resources Committee
2.7	COVID-19	IF teaching staff are lacking in knowledge/experience/confidence to facilitate blended education for a prolonged duration THEN learner engagement and outcomes will be negatively affected	Director of People Services with VP C&Q and Directors of Learning	4	4	16	Curriculum Planning & Delivery Handbook, Staff training for blended delivery, Learning Technologies activities, Formal homeworking procedures, Health & Wellbeing Strategy and Plan	3	4	12	1	2	2	Above Target	TREAT - Ensure teaching staff complete Teaching Online @ NESCol Blackboard Course, Seek student feedback on learning experience (First Impressions Survey)	Directors of Learning, Director of Quality	31/12/2020	Curriculum & Quality Committee
2.8	↔	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, Learning & Development activities, Internal audits, Programme review, Student feedback	2	3	6	2	2	4	Above Target	TREAT - Implement refreshed approach to organisational development	Director of People Services with VP C&Q and Directors of Learning	Continuous	Curriculum & Quality Committee
2.9	↔	IF students do not engage with formal representation processes and activities THEN the learner voice will not be considered as part of the College's quality improvement agenda	Director of Learning (Enterprise, Innovation and Aberdeen Futures), Director of Quality	4	3	12	Student Engagement Action Group (SEAG), Student Engagement Framework, Student induction process, Student focus groups, Student surveys	3	3	9	2	3	4	Above Target	TREAT - Regular communications, SA Action Plan, Review student representation on College Action Teams	Director of Learning (Enterprise, Innovation and Aberdeen Futures)	Continuous	Curriculum & Quality Committee
2.10	↔	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	2	8	Financial and ET support to SA, Partnership Agreement, SA contributions at Board and Committee meetings and Board Strategy Events, Student Engagement Action Group (SEAG), Student Engagement Framework	3	2	6	2	2	4	Above Target	TREAT - Review of SA structure and purpose, Review College's representation models, SA Action Plan	Director of Learning (Enterprise, Innovation and Aberdeen Futures)	Continuous	Curriculum & Quality Committee

3														Strategic Goal 3: Work with our partners to deliver positive and sustainable change for the individuals, communities and businesses in our region. Risk Appetite - Open													
3.1	↔	IF employers do not successfully engage with NESCol, THEN the College will not be able to identify and meet their needs	VP C&Q/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	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 - refreshed Marketing & Communications Strategy. Maximise benefits from AGCC and SCDI membership and events, New Stakeholder Engagement Plan	VP C&Q/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&Q/Directors of Learning/Director of Business Development	4	3	12	Engagement with LAs, Schools Liaison Team, Partnership Agreements, Regional Learning & Skills Partnership, Mapping of learner pathways	3	3	9	1	3	3	Above Target	TREAT - 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&Q/Directors of Learning/Director of Business Development	Continuous	Curriculum & Quality Committee									
3.3	↔	IF universities 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	VP C&Q/Directors of Learning/Director of Business Development	3	3	9	Articulation Agreements, TWO PLUS Alliance with RGU, Ongoing strategic dialogue	2	3	6	1	2	2	Above Target	TREAT - Establishment of Joint Planning & Delivery Board with RGU, Joint marketing campaigns, Enhance opportunities for articulation with universities out with the local region	VP C&Q/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 and experience a decrease in ESOL and nautical applications	Principal	2	5	10	Monitoring of Brexit developments, College's Brexit Action Log, Partnership working, Consideration of SFC and Colleges Scotland guidance, Lobbying of Government	4	3	12	3	2	6	Above Target	TOLERATE - Continue to monitor impacts of Brexit, Marketing campaign on the College's USP	Principal	30/09/2021	Regional Board, Curriculum & Quality Committee									
3.5	↔	IF national agencies seek to strengthen their influence over regional development priorities THEN the College may face increased bureaucracy, capacity pressures related to partnership working and requirements to respond to conflicting priorities	Executive Team	3	4	12	Engagement with national agencies, Reviews of policy changes, Reviews of key external reports and identification of potential impacts on the College	2	4	8	1	3	3	Above Target	TREAT - Strengthening of engagement with agencies - relationship management, sharing of data; challenging and 'push back' when required	Executive Team	Continuous	Regional Board									
4														Strategic Goal 4: Deliver an excellent learning environment and experience leading to successful outcomes for all learners. Risk Appetite - Cautious													
4.1	↔	IF the College does not have sufficient capacity to address the wide-ranging and complex needs of the student body, THEN the health and wellbeing of students will be negatively affected leading to diminished learner experiences and outcomes	VP C&Q/Directors of Learning/Director of Student Access & Information	4	4	16	Access & Inclusion Strategy, Whole-College Student Support Model, Student feedback, Staff training and upskilling, Regular review of policies and procedures, Use of Student Information Portal (SIP) and online referral systems, Promotion of Together All, Student Counselling Service, Signposting to external organisations, Wellbeing, Safeguarding & Support Plan, Framework for Supporting Successful Students	3	3	9	2	3	6	Above Target	TREAT - Review usage of Student Support Services and new online booking system, Monitor effectiveness of current remote student support model, Seek student wellbeing feedback	VP C&Q/Directors of Learning/Director of Student Access & Information	Continuous	Curriculum & Quality Committee									
4.2	↔	IF student outcomes do not improve as planned THEN the College's ability to achieve its SFC activity target will be reduced	Leadership Team	4	3	12	Effective student information, advice, guidance and support, Course design, Engaged and motivated staff, Appropriate staffing levels, Reporting and monitoring of KPIs (KPI Meetings), Improved credits forecasting model, Learning development activities, Framework for Supporting Successful Students, SFC funding to support digital provision	5	4	20	2	3	6	Above Target	TREAT - Additions to AY2020-21 curriculum offer to support regional reskilling & retraining needs - full-time late starts, new part-time courses Strengthen KPI monitoring and reporting process, Develop approaches to reducing early withdrawal.	Leadership Team	Continuous	Curriculum & Quality Committee									
4.3	↔	IF the SFC does not provide sufficient capital maintenance funding to maintain modern fit-for-purpose buildings, infrastructure and equipment, THEN the quality of the student experience will be reduced	VP F&R/Director of Quality	4	4	16	Outcome agreement process and engagement with SFC, Business cases for capital projects, Resource planning, Regular condition and structural surveys	4	3	12	2	3	6	Above Target	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									
4.4	↔	IF an emergency/disaster/significant systems failure occurs THEN the learner experience, learner outcomes, and the generation of credits will be negatively impacted upon	Principal	3	5	15	Business Continuity Plan, Scenario and desktop exercises, Insurance on buildings and equipment, IT disaster recovery arrangements, College systems to support remote teaching and working	4	5	20	1	5	3	Above Target	TREAT - Refresh Business Continuity Plan and supporting documentation, Improve staff awareness of College Business Continuity Plan and emergency responses.	Principal	31/07/2019	Regional Board									
4.5	↔	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	15	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	10	1	5	3	Above Target	TREAT - Continue staff training and awareness raising.	VP F&R	Continuous	Regional Board									
4.6	COVID-19	IF the region experiences a second wave of the COVID-19 pandemic THEN the College may need to revert to a closed campus operating model negatively impacting on delivery of courses and the overall learner experience	Leadership Team	4	4	16	Scenario planning, Weekly Leadership Team meetings, Ongoing review of all available guidance, Refreshed approach to business continuity	3	3	9	3	2	6	Above Target	TREAT - Leadership Team review of lessons learned to date	Leadership Team	31/10/2020	Regional Board									
4.7	COVID-19	IF social distancing requirements are kept in place for an extended period of time THEN the College may not be able to complete delivery for all enrolled students	VP C&Q with Directors of Learning & Director of Business Development	4	5	20	Scenario planning, Ongoing monitoring processes, Ongoing review of available guidance, Risk assessments	4	3	12	4	2	8	Above Target	TREAT - Review of risk assessments and room capacities in line with updated guidance, Review of planned unit delivery and assessment schedule to prioritise key units	VP C&Q with Directors of Learning & Director of Business Development	31/07/2021	Regional Board, Curriculum & Quality Committee									
4.8	COVID-19	IF capacity limitations dictate that courses require content to be condensed and delivered online THEN this may lead to insufficient delivery time and de-motivated or anxious students	VP C&Q with Directors of Learning	5	4	20	Review of Programmes of Study prior to start of AY, Timetabled Academic Guidance, Student Support Services	4	3	12	3	2	6	Above Target	TREAT - Review of planned unit delivery and assessment schedule to prioritise key units, Student feedback	VP C&Q with Directors of Learning & Director of Business Development	31/07/2021	Curriculum & Quality Committee									
4.9	COVID-19	IF the College cannot guarantee the quality of the learning experience for certain cohorts (e.g. schools, FAs, regulated qualifications) THEN it may not be possible/ethical to deliver some courses	VP C&Q with Directors of Learning & Director of Business Development	4	4	16	Engagement with LAs, Schools Liaison Team, Scenario planning	3	4	12	2	2	4	Above Target	TREAT - Identification of alternative qualifications, Joint risk assessment with LAs	VP C&Q with Directors of Learning & Director of Business Development	31/07/2021	Curriculum & Quality Committee									
4.10	COVID-19	IF the College's blended delivery model is unattractive to some learners THEN a decrease in student retention and applications may be experienced	VP C&Q with Directors of Learning	3	4	12	Increased provision of academic guidance, Monitoring of online student attendance and engagement	3	4	12	2	2	4	Above Target	TREAT - Promotion of good news stories/case studies re: learner experience, Sharing of good practice across curriculum teams	Director of M&C, Directors of Learning, Director of Business Development, Director of Quality	30/09/2021	Regional Board, Curriculum & Quality Committee									
4.11	COVID-19	IF Scottish Government guidance does not enable on campus delivery of School Links provision THEN the College is unlikely to achieve its credits target and future enrolment pipelines may be adversely affected	VP C&Q with Directors of Learning & Director of Business Development	4	5	20	Engagement with LAs and headteachers, Schools Liaison Team	4	5	20	3	3	9	Above Target	TREAT - Joint risk assessment with LAs, Communications with school pupils and parents, Identification of additional credit generating activity	VP C&Q with Directors of Learning & Director of Business Development	31/07/2020	Regional Board, Curriculum & Quality Committee									

5														Strategic Goal 5: Optimise the use of our available resources to deliver financial and environmental sustainability. Risk Appetite - Averse													
5.1	↔	IF the College receives insufficient SFC income THEN the College's ability to achieve a balanced budget will be adversely affected and future credits targets may be reduced	Leadership Team		4	5	20	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		5	3	15	1	4	4	Above Target	TREAT - Contingency planning for the College failing to meet its credits target, Seek additional sources of funding, Develop approaches to reduce early withdrawal, Use of Voluntary Severance Scheme, Implementation of Staff Flexible Working, Recruitment Freeze	VP F&R	Continuous	Finance & Resources Committee, Curriculum & Quality Committee, Regional Board							
5.2	↔	IF staff pay awards require to be implemented for AY2020-21 THEN the College is unlikely to achieve a balanced budget	Leadership Team		4	5	20	Membership of Employers' Association, Engagement with SFC and Scottish Government		4	4	16	2	3	6	Above Target	TREAT - Planned reduction in staffing costs - permanent & temporary	Leadership Team	31/07/2021	Regional Board, Finance & Resources Committee							
5.3	↔	IF sufficient non-SFC 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&Q/Director of Business Development		4	5	20	Business Development Strategy, Employer/client engagement, Save Well-Spend Well initiative		5	4	20	1	4	4	Above Target	TREAT - Work with BCD and Faculties to increase commercial engagements and wider funding opportunities, Continue to explore alternative funding streams.	VP F&R/VP C&Q/Director of Business Development	Continuous	Finance & Resources Committee							
5.4	↔	IF regional demand reduces, THEN the credit target may not be achieved resulting in clawback and reduced funding in future years	Leadership Team		4	5	20	Marketing & Communications Strategy, Engagement with CPPs, schools and employers, Data analysis, Effective marketing		4	4	16	2	3	6	Above Target	TREAT - Contingency planning for the College failing to meet its credits target, Refreshed Marketing & Communications Strategy, Improved identification and use of market research and intelligence	VP F&R	Continuous	Curriculum & Quality Committee							
5.5	↔	IF candidate numbers are insufficient to meet SDS targets in relation to Modern Apprenticeships (MAs) and Foundation Apprenticeships (FAs), THEN the allocation of future places may be reduced	VP F&R/VP C&Q/Director of Business Development		4	4	16	Effective marketing, Good relationships with key stakeholders e.g. local authorities, schools, universities and employers, Effective forward planning		4	4	16	2	3	6	Above Target	TREAT - Continue promotion of benefits of undertaking an FA to school pupils, parents & employers, Develop model with schools for co-creation of pathways, Lobbying senior LA partners re: need for closer alignment of FA provision, Continue to promote MA places with employers incl. access to existing FT student cohort who may have already completed parts of MA framework, Promote AAA opportunity as an added incentive to reduce impact of redundancies	VP F&R/VP C&Q/Director of Business Development	Continuous	Curriculum & Quality Committee							
5.6	COVID-19	IF challenges arise around the delivery of undelivered AY2019-20 and AY2020-21 FWFDF activity THEN the College may be unable to retain FWFDF funding and experience reputational damage with employers	Director of Business Development		4	4	16	Effective Marketing, Maintaining strong relationships with existing Apprenticeship Levy payers and identify new, Issue Associate Trainer tender to increase breadth of portfolio and capacity for delivery of commercial programmes		4	4	16	2	3	6	Above Target	TREAT - Sourcing of additional associate assessors, Increase business development resources to support increased employer engagement, Additional targeting of small businesses as now eligible for funding	Director of Business Development	31/07/2021	Regional Board, Finance & Resources Committee							
5.7	↑	IF the opening up of the Flexible Workforce Development Fund to private training providers leads to employers focusing on specialisms rather than general training THEN the College's customer list could diminish leading to increased competition for securing employers and related funding	Director of Business Development		5	3	15	Lobbying Scottish Government through Colleges Scotland & Business Development Directors Network, Portfolio reviews to ensure offer remains relevant, attractive and competitive to employers, Ongoing identification of new employers (incl. SMEs)		3	4	12	1	3	3	Above Target	TREAT - Employer Engagement Strategy, Sourcing of additional associate assessors, Seek to maintain consistent messaging across college sector to protect FWFDF college funding	Director of Business Development	Continuous	Regional Board, Finance & Resources Committee							
6														Other. Risk Appetite - Avoid													
6.1	↔	IF staff do not adhere to key statutory obligations and legislative requirements, including the Equality Act 2010, Freedom of Information (Scotland) Act 2002, General Data Protection Regulation (GDPR) THEN the College may face significant financial penalties and/or reputational damage may occur	Principal		3	4	12	Legal advice, Comprehensive policies and procedures, Internal audits, Staff training, Data Protection Officer, Engagement with key external stakeholders (Advance HE, SPSO & Scottish Information Commissioner)		4	2	8	1	4	4	Above Target	TOLERATE - Provide up-to-date staff training on legislative requirements and related College policies.	Executive Team	Continuous	Regional Board							
6.2	↔	IF the College fails to equality impact assess key decisions and policy changes THEN it may disadvantage those with certain protected characteristics and/or vulnerable groups and individuals and negatively affect the College's reputation regarding access and inclusion	Regional Board/ Executive Team/ Leadership Team		3	4	12	EIA standing item at Leadership meetings, EIA section of Board cover papers		2	4	8	1	4	4	Above Target	TREAT - Establish Equality Impact Assessment Review Group as sub-group of Equalities Committee	Director of Learning (Equalities, Analytics and Altens Futures)	30/09/2020	Regional Board							
6.3	↔	IF the College is the victim of a cyber attack THEN the College may experience IT systems outages and/or data security breaches, both resulting in significant business disruption	VP F&R		3	5	15	IT Strategy, 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		3	3	9	1	5	5	Above Target	TREAT - Complete work to improve IT business continuity and disaster recovery arrangements, Continue working with the HESTIS service to achieve the objectives set out in the Scottish Government Cyber Resilience Framework, Refreshed IT Security Policy with new supporting suite of sub-policies.	Director of IT & Technical Services	Continuous	Regional Board							
6.4	COVID-19	IF COVID-19 and the threat of a no-deal Brexit continue to affect supply the supply chain for equipment THEN the College's ability to procure the necessary equipment for successful delivery of services will be impacted	VP F&R		4	4	16	Working with sector colleagues, vendors, partners and procurement framework providers to understand risk and lead times for key equipment		4	3	12	3	2	6	Above Target	TREAT - Contingency planning, Review of suppliers to identify possible alternatives	VP F&R with relevant Leadership Team members	31/12/2020	Regional Board, Finance & Resources Committee							
6.5	↔	IF staff do not adhere to required data processing arrangements THEN the College may experience unavailability or loss of personal data, with potential for monetary fines of up to 4% of turnover, reputational damage and normal business processes being negatively impacted or ceasing altogether	VP F&R		4	4	16	DPO in place, DP and IT Security policy and procedures in place, GDPR action plan, Staff training		4	3	12	2	2	4	Above Target	TREAT - Complete work on the GDPR action plan; continue the rolling programme of staff training; contribute to the completion of actions to Achieve Cyber Essentials Plus Accreditation; complete data audit work to populate the Register of Processing Activity (RoPA); contribute to records management work (esp. retention and disposal of records)	Director of Student Access & Information	Continuous	Regional Board							
6.6	↔	IF the College experiences a number of positive COVID-19 cases, staff or students, THEN it may be required to operate a temporary closed campus model	Leadership Team		4	5	20	Clear guidance on symptoms, reporting procedures, required behaviours, Implementation of social distancing measures including reconfigured classrooms & public spaces and one way routes, Increased cleaning and hygiene practices, Campus Priority Plans		4	5	20	2	5	10	Above Target	TREAT - Reinforcement of required behaviours, Regular reviews of measures in place to identify any required improvements, Leadership Team review of lessons learned to date, Continue to build relationship with NHS Health Protection Team	Leadership Team	Continuous	Regional Board							
6.7	COVID-19	IF Scottish Government guidance continues to prevent the holding of on Campus meetings and events e.g. Open Days, Career Events THEN the College's ability to deliver key business as usual activities and the meeting of enrolment targets will be negatively impacted	Leadership Team		5	3	15	increased social media presence, press releases and news coverage		4	3	12	4	2	8	Above Target	TREAT - Develop programme of virtual open days and events, Create recorded material for input to schools career activity	Director of M&C	30/09/2021	Regional Board							

Appetite						
	5					
	4					
	3					
	2					
Likelihood	1					
		1	2	3	4	
		Impact				



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	