

AUDIT & RISK COMMITTEE

NOTICE

There will be a meeting of the Audit & Risk Committee on Wednesday 22 September 2021 at 1000 hours through the use of Microsoft Teams.

AGENDA

Agenda Item		Paper
01-21	Apologies for Absence	
02-21	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items	
03-21	Minute of Previous Meeting – 02 June 2021	X
04-21	Matters Arising from the Previous Meeting	X
	Matters for Decision	
05-21	Committee Terms of Reference	X
06-21	Programme of Business AY2021-22	X
07-21	Internal Audit Annual Plan 2021-22	X
08-21	Internal Auditors Annual Report 2020-21	X
09-21	Risk Management Policy	x
10-21	Letter to Those Charged with Governance	x
	Matters for Discussion	
11-21	Draft Annual Report of the Audit & Risk Committee to the Regional Board, 2021	X
12-21	Strategic Risk Register	X
13-21	Any Other Business	
14-21	Summation of Actions and Date of Next Meeting	

Agenda Item 03-21

AUDIT & RISK COMMITTEE

Draft Minutes of the meeting of the Audit & Risk Committee held on Wednesday 02 June 2021 at 1000 hours held virtually via Microsoft Teams

Agenda Item	
	<p>Present: David Anderson – Chair Sheena Ross Andrew Russell – Vice Chair Jim Gifford (Observer)</p> <p>In attendance: James Kirkwood, Financial Controller (on behalf of Pete Smith) Scott Matthew, Director of IT and Technical Services (for agenda item 05-21 IT Network IA only) Stuart Inglis, MHA Henderson Loggie Stephen Reid, EY Grace Scanlin, EY Susan Lawrance, Secretary to the Board Lorraine Garden, Minute Secretary</p> <p>The Chair invited Jim Gifford to give a brief introduction of himself.</p>
01-21	<p>Apologies: Apologies received from Abdul Elghedafi, Ann Bell and Pete Smith.</p>
02-21	<p>Declaration of any Potential Conflicts of Interest in relation to any Agenda Items No potential conflicts of interest were declared.</p>
03-21	<p>Minutes of Previous Meeting – 02 December 2020 The minutes were approved as a true and accurate record.</p>
04-21	<p>Matters Arising from the Previous Meeting Members noted the matters arising report and no further matters were raised.</p>
	<p>Matters for Decision</p>
05-21	<p>Reports on Internal Audits The Committee considered the Annual Report presented by MHA Henderson Loggie on the programme of internal audit work undertaken in AY2020-21.</p> <p>It was previously agreed with Management that all reporting would come to this Committee and that the number of meetings per year were previously dropped from 4 to 3. It was noted that there is a large volume of presentation papers at this meeting. P Smith to continue to review the Internal Audit Plans to ensure a fair number of reports reach each Committee</p>

	<p>S Inglis summarised the Audit Report items as follows:</p> <p>Members noted the Audit Report on Student Support and the Overall Conclusion of Good with only one minor priority 3 recommendation. The cohesive and collective working of student support during the pandemic was highlighted as good practise. It was agreed that, going forward, the Students' Association and individual students are to be involved in the audit feedback.</p> <p>Auditors to seek representation from students and SA members in future Internal Audits</p> <p>Members noted the numerous approaches made to students throughout the year highlighting the available student support funding. D Russell to highlight the wish for future Student Support Internal Audits to include input from Students and SA to C&Q Committee.</p> <p>Members noted the Audit Report on Staff Recruitment and Retention and the Overall "good" Conclusion with no recommendations. Members attention was drawn to the action already underway in relation to succession planning. The Committee were reassured that formal training and staff development is ongoing via Icon2 with training available accessible on COLin.</p> <p>Members noted the Audit Report on Budgetary Control and the Overall "good" Conclusion is good with only one priority 3 recommendation. Members noted the revised timing of Protocol National invoices, but agreed this should be further improved if possible. Timing of PN Invoice and alternative approaches to be investigated. (P Smith).</p> <p>Members noted staff training will be provided on the new P2P purchasing system which will ensure more efficient and easier linkage between finance and ordering systems. Purchasing Audit (planned for AY21/22) will be shared in due course. Members noted the draft Budget for AY21/22 will be presented to the F&R Committee later today.</p> <p>Members noted the Audit Report on Risk Management/Business Continuity and the Overall "satisfactory" Conclusion and the three low level recommendations. Members noted risk management training is planned for Leadership Team members along with guidance for all staff. Improved Risk Maturity Model action plan with clear objectives is to be discussed by the Regional Board at October meeting.</p> <p>S Matthew joined the meeting.</p> <p>Members noted the Audit Report on IT Network Arrangements/Data Protection and the "requires improvement" overall conclusion, along with the seven low level and five medium level recommendations, noting that some of the recommendations may have been caused changes in delivery to in-house. S Matthew assured the Committee that an Action Plan is in place and will be reviewed regularly, ensuring many of the recommendations noted in the Audit Report are addressed.. The need for investment in IT and particularly cyber security, systems, tools and skills was highlighted to Members. IT Project Plan to be shared with Regional Board at October meeting.</p> <p>S Matthew left the meeting.</p>
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	<p>Members noted the Audit Report on Performance Reporting/KPIs and the overall “good” conclusion and the recommendation regarding data presentation to the Regional Board,</p> <p>Members noted the Audit Report on Website Delivery Project (value for money) and the overall “good” conclusion with no recommendations. The Committee acknowledged the ongoing lessons learnt/review of the Website, and thanked the team for their good work.</p> <p>Members noted the Audit Report on Follow-up Review 2020/21 and the overall conclusion that good progress has been made, noting nine recommendations have been fully implemented; three partially implemented and two still requiring some progress.</p> <p>The Committee Chair acknowledged the positive direction of travel and measurable progress and thanked the Auditors and their team for their hard work.</p>
06-21	<p>Draft External Audit Plan</p> <p>S Reid advised the Committee that Grace Scanlin will be taking over as the new Audit Senior Manager</p> <p>The Committee considered the Draft External Audit Plan, and noted this is the fifth year of EY appointment. Members noted the Plan and its wider score (similar to last year), has, in advance of the Meeting, been discussed and agreed with the Vice Principal Finance and the External Financial Manager. The Committee noted the highlighted points regarding materiality and new auditing standards. The Committee's attention was also drawn to the fees within the report. S Reid gave an explanation to Committee on the use of data analytics and its review. The Committee Chair asked the Membership of the Chairs Committee be amended to reflect that the Chair of the Audit and Risk Committee does not sit on the Chairs Committee. S Reid to amend the membership of the Chairs Committee</p> <p>D Anderson thanked S Reid and his team for their work and overall performance preparing the Audit plan.</p>
07-21	<p>Draft Internal Audit Plan</p> <p>The Committee considered the Draft Internal Audit Plan 2021-22 in line with the third year of the Strategic Plan. The amendments to the plan were highlighted to the Committee. Members noted 4 days of Business Process Review have still to be finalised with Management. Committee also noted there is no separate internal audit carried out for ASET. The Committee agreed to take the proposed plan forward. S Inglis to present the final Internal Audit Plan to the next A&R Committee taking on board any feedback, scope and objectives.</p>
08-21	<p>Strategic Risk Register</p> <p>The Committee considered information provided by P Smith in relation to the Register, including amendments/new risks. The Strategic Risk Register was accepted as documented by the Committee</p> <p>The queries to the Register, as highlighted by A Russell to be reviewed and amended ahead of the Register being presented to the next Regional Board Meeting. S Lawrance to share details of amendments with P Smith. Register.</p>

09-21	<p>Code of Good Governance for Scotland's colleges – Review of Compliance</p> <p>The Committee considered the information provided. The Committee noted Board Members' Register of Interest details will be required ahead of the Regional Board Meeting. The Committee also noted Annual appraisals of Committee, Committee Chair, Regional Board and Board Secretary will be carried out in the near future.</p> <p>The Board Secretary advised succession planning is on the Governance Steering Group's agenda for their next meeting and is at the forefront of the Group.</p>
	Matters for Information
10-21	<p>Annual Procurement Report</p> <p>The Committee noted the Report, prior to being presented to Committee, has been approved by the Principal and reviewed by the Leadership Team. Action: The finance committee asked to comment on the threshold figure of £4m contained within the report. P Smith to comment on the query regarding the £4m contract figure given in the report with update for next A&R Committee.</p> <p>J Kirkwood advised major additional estates development and Balgownie site could near the £4m. It was noted this may be raised by the F&R Committee.</p>
11-21	<p>Any Other Business</p> <p>None</p>
12-21	<p>Summation of Business and Date of Next Meeting</p> <p>The next meeting of the Audit & Risk Committee will be published after it has been discussed at the Regional Board Meeting in June 2021</p>
	Meeting ended 1215 hours

Agenda Item	Actions from Audit & Risk Committee 02/06/21	Responsibility	Deadline
05-21	Review Internal Audit Plans to ensure, when possible, equal number of reports for each Committee.	P Smith	1 Sept 2021
05-21	Ensure Student and SA representation in future internal audits.	MHA	1 st September 2021
05-21	Highlight need to ensure Student representation in future internal audits at C&Q Committee.	D Russell	June 2021
05-21	Alternative approaches to timing of PN invoice to be investigated.	P Smith.	1 September 2021
05-21	Purchasing Audit findings (planned for AY21/22) to be shared with Committee.	P Smith	Early 2022
05-21	Risk Maturity Model: Action Plan with clear objectives to be raised at future Regional Board Meeting.	P Smith	October 2021
05-21	IT Project Plan to be shared with Regional Board at October Meeting.	P Smith	October 2021
06-21	Amendments to Charis Committee Membership in External Audit Review.	EY	June 2021

07-21	Final Internal Audit Plan shared at next A&R Committee taking on board any feedback, scope and objectives.	MHA	September 2021
08-21	Strategic Risk Register: Amendments as highlighted to made, with revised Register presented to Regional Board.	P Smith	June 2021
10-21	Annual Procurement Report: Give further details regarding the ceiling contract figure to next A&R Committee.	P Smith	September 2021

Signed:.....

Date:

Agenda Item 04-21

AUDIT & RISK COMMITTEE

An update on matters arising from the meeting of the Audit & Risk Committee held on 02 June 2021.

Agenda Item	
05-21	Action: Review Internal Audit Plans to ensure, when possible, equal number of reports for each Committee.
	Status/Update – timings of assignments to be finalised by Henderson Loggie.
05-21	Action: Ensure Student and SA representation in future internal audits.
	Status: Complete - MHA agreed to ensure Students are included, where appropriate, in future focus groups.
05-21	Action: Highlight need to ensure Student representation in future internal audits at C&Q Committee.
	Update: Complete – highlighted to Members of the Curriculum and Quality Committee by D Russell at their June meeting.
05-21	Action: Alternative approaches to timing of PN invoice to be investigated.
	Status: Complete – Invoice is now being received earlier allowing more timely turnaround for management accounts.
05-21	Action: Purchasing Audit findings (planned for AY21/22) to be shared with Committee.
	Update: Findings from all Audits will be shared at appropriate future A&R Committee meetings.
05-21	Action: Risk Maturity Model: Action Plan with clear objectives to be raised at future Regional Board Meeting.
	Status: Complete – recommendations from Audit have been reflected in revised Risk Management Policy on A&R Committee Agenda for 22.09.21.
05-21	Action: IT Project Plan to be shared with Regional Board at October Meeting
	Status/Update: Please see update to Project Plan as below.
06-21	Action: Amendments to Chairs Committee Membership in External Audit Review.
	Status: Complete – EY have updated their External Audit Review document.
07-21	Action: Final Internal Audit Plan shared at next A&R Committee taking on board any feedback, scope and objectives.
	Status: Complete - on Agenda for A&R Committee meeting on 22.09.21
08-21	Action: Strategic Risk Register: Amendments as highlighted to made, with revised Register presented to Regional Board

	Status: Complete – Risk register approved by Regional Board at their June meeting.
10-21	Action: Annual Procurement Report: Give further details regarding the ceiling contract figure to next A&R Committee.
	Update: P Smith advises the ceiling contract figure is set in line with Public Contracts Scotland regulations.

Audit Committee – IT Network Arrangements/Data Protection Audit - Actions Update

Scott Matthew – Director of ITTS

15/09/21

Audit Action/recommendation	Audit Grading	Progress/Notes	Scheduling/Timeline
Network Security - Ensure that geographic restrictions are applied to the firewall & O365 ruleset so that, where there is no valid business justification for doing so, non-UK IP addresses are blocked at the firewall to deny access to the College network and also O365 should block accounts trying to login from restricted regions.	2	<p>21/06/21 - Helpdesk call 27583</p> <p>10/08/21- Helpdesk have completed procedures on how this would be accomplished.</p> <p>09/09/21 - Ready to move forward with this action, meeting with PS on 10/09 to raise this as a project as part of the Info Sec programme of work, this meeting will agree, comms plan, resource required and target date.</p> <p>14/09/21 – Scheduled project meeting to agree resources required.</p>	<p>Meeting with Program Manager – Project status agreed and added to Info Sec project program.</p> <p>Communication plan – Sept 2021.</p> <p>Implementation completion date – Oct 2021.</p>
Managing User Privileges - Administrator privileges should be reviewed to ensure that there are segregation controls in place with separate administrator accounts created for accessing domain controllers and for accessing back-ups, and in the event of a cyber-attack, to	2	<p>09/09/21 - MG confirmed that ops have been working on this action and that progress has been made.</p> <p>Meeting with PS on 10/09 to raise this as a project as part of the Info sec programme of work.</p> <p>14/09/21 – Scheduled project meeting to agree remaining work and resources required.</p>	<p>Meeting with Program Manager – Project status agreed and added to Info Sec project program.</p> <p>Note – No target date set yet until more feedback received from Operations manager. However, this</p>

reduce the risk of lateral movement across network services and unauthorised encryption of back-up files via malware.			action has been started so only requires setting a complete date, anticipate this will be before December 2021.
User Education and Awareness - Line managers should be reminded of the need to ensure that staff complete all mandatory training in accordance with the College policy. Data on completion rates of the mandatory IT security e-learning module should be provided to the Information Security Lead within the ITTS team each quarter and instances of non-completion followed up with individual staff. Completion data should also be reported to the Information Risk Working Group (IRWG) and trends monitored over time.	2	<p>First meeting to plan actions held with Nicole Cairns (PS) - 08/06/21</p> <p>21/06/21 - Meeting with Lynne L (PS) to discuss mandatory & refresher training requirements.</p> <p>21/06/21 - NCSC training module for refresher training sent to IH for BlackBoard integration.</p> <p>09/09/21 - Info sec have now been scheduled to deliver presentation at all HR induction days.</p> <p>14/09/21 – Scheduled project meeting to agree remaining work and resources required.</p>	<p>Meeting with Program Manager – Project status agreed and added to Info Sec project program.</p> <p>Note - No target date set until the process for monitoring and reporting on this action is agreed with People Services, this will be a process that People services will be the owner of. However, this action has been started so only requires setting a completion date, anticipate this will be before February 2022.</p>
Home and Mobile Working - Full disk encryption should be deployed on all College managed devices to prevent data loss in the event of loss or theft of the devices.	2	<p>Work underway by Ops team on technical requirement and a procedure has been created on how to achieve disk encryption to all College managed devices.</p> <p>09/09/21 - Ready to move forward with this action, meeting with PS on 10/09 to raise this as a project as part of the Info sec programme of work, this meeting will agree, comms plan, resource required and target date.</p> <p>14/09/21 – Scheduled project meeting to agree remaining work and resources required.</p>	<p>Meeting with Program Manager – Project status agreed and added to Info Sec project program.</p> <p>Communication plan – Jan 2022.</p> <p>Implementation completion date – March 2022.</p>

<p>Secure configuration / Removable media - It is recommended that awareness of the risks arising from the use of removable media is re-enforced to staff and students. This should then be followed up with the introduction of a College-wide requirement for all staff and students to use encrypted USBs only, leading to a restriction in the use of USBs enforced by policy (through whitelisting of devices and port restrictions) and to the ultimate full removal of the ability to use such devices.</p>	3	<p>10/08/21 - Initial comm to staff has been carried out regarding MFA, USB lockdown & bitlocker encryption for next AY.</p> <p>09/09/21 - Ready to move forward with this action, meeting with PS on 10/09 to raise this as a project as part of the Info sec programme of work, this meeting will agree, comms plan, resource required and target date.</p> <p>14/09/21 – Scheduled project meeting to agree remaining work and resources required.</p>	<p>Meeting with Program Manager – Project status agreed and added to Info Sec project program.</p> <p>Communication plan – Oct/Nov 2021.</p> <p>Implementation completion date – Dec 2021.</p>
<p>Network Security - Penetration tests of the network infrastructure should be conducted at least annually and simulated cyber-attack exercises undertaken to ensure that all security controls have been implemented correctly and are providing the necessary levels of security.</p>	3	<p>21/06/21 - Info sec have received a pen test scoping doc from Sapphire, individual ITTS depts required to complete details.</p> <p>10/08/21 - Pen test Scoping with Sapphire ongoing</p> <p>09/09/21 - Ready to move forward with this action, meeting with PS on 10/09 to raise this as a project as part of the Info sec programme of work, this meeting will agree target date.</p> <p>14/09/21 – Meeting with Sapphire W/C 06/09/21 who advised on how to reduce the scope of the pen test which will reduce costs as well, further internal discussion required to agree and reduce the scope.</p>	<p>Meeting with Program Manager – Project status agreed and added to Info Sec project program.</p> <p>Implementation complete date – March 2022.</p>

<p>Network Security / Monitoring - Tools such as network intrusion detection and network intrusion prevention should be placed on the network and configured to monitor traffic for unusual or malicious incoming and outgoing activity that could be indicative of an attack or an attempted attack. Alerts generated by the system should be promptly managed by the ITTS team, trends analysed and where significant security issues are identified these should be reported to the ITTS management team.</p>	3	<p>More investigation and leverage of current tools that may be available - O365, MS ATP, Palo Alto.</p> <p>O365 advanced Defender suite to be used as SIEM element for endpoints/workstations. Requires more investigation.</p> <p>Info sec & SDM currently getting details, quotes etc for managed SIEM solutions.</p> <p>10/08/21- SIEM quote received from JISC, follow up required to tighten scope.</p> <p>09/09/21 - Ready to move forward with this action, meeting with PS on 10/09 to raise this as a project as part of the Info sec programme of work.</p> <p>14/09/21 - We have contacted JISC to advise where scope can be reduced to reduce on costs. Awaiting feedback.</p>	<p>Meeting with Program Manager – Project status agreed and added to Info Sec project program.</p> <p>No implementation date set yet, however as this will be a managed service once we have agreed scope with supplier then implementation will be based on supplier availability.</p>
<p>User Education and Awareness - We noted that there is no mandatory programme of refresher training with staff required to repeat the e-learning module. Ensure that annual refresher training around cyber security is categorised mandatory, and this is supported by a risk-based approach to providing supplementary training to staff in high-risk groups/teams.</p>	3	<p>08/06/21 - First meeting to plan actions held with Nicole Cairns -</p> <p>21/06/21 - Meeting with Lynne L to discuss mandatory & refresher training requirements.</p> <p>21/06 - NCSC training module sent to IH for Blackboard integration.</p> <p>10/08 - liaising with HR & IH to have NCSC training module available as refresher to staff/students.</p>	<p>Meeting with Program Manager – Project status agreed and added to Info Sec project program.</p> <p>Implementation completion date – February 2022.</p>

		<p>09/09/21 - Ready to move forward with this action, meeting with PS on 10/09 to raise this as a project as part of the Info sec programme of work.</p> <p>09/09/21 - Info sec have now been scheduled to deliver presentation at all HR induction days.</p>	
<p>User Education and Awareness - Although regular guidance and communications on cyber risks, including phishing emails, are issued to staff, there is no process in place for formally evaluating the impact that training is having on user behaviour. Establish mechanisms, such as ethical phishing testing, to gauge the effectiveness and value of the security training provided to staff. Those areas of the organisation that regularly feature in security reports or achieve the lowest scores or feedback from security testing should be targeted for further tailored training.</p>	3	<p>Info sec - meetings scheduled with suppliers of ethical phishing services.</p> <p>21/06/21 - Sapphire demo & quote (metacompliance) received</p> <p>10/08/21 - HEFESTIS looking into having ethical phishing as a service.</p> <p>14/09/21 – HEFESTIS are still evaluating ethical phishing as a service, we will await their decision before we commit as there will be a cost saving through HEFESTIS.</p>	<p>Meeting with Program Manager – Project status agreed and added to Info Sec project program.</p> <p>No implementation date set yet, however as this will be a managed service with supplier then implementation will be based on supplier availability.</p>
<p>Malware Prevention - A review should be conducted around the need for scripting languages and steps should be taken to disable services that are not required. If the business processes can support it, disable scripting languages such as Windows Scripting, Active X, VBScript, and JavaScript, which are</p>	3	<p>A full comprehensive review will need be completed by all teams within ITTS and scripting services will only be enabled where a specific business need is identified.</p>	TBC

common attack vectors for malware and viruses. We found that there are no restrictions on use of scripting languages, and no risk assessment or review of business need for scripting languages has been undertaken.			
Removable Media / Monitoring - Automated data exfiltration monitoring solutions should be deployed to identify instances of unauthorised removal or transfer of data from the College's systems.	3	Automated data exfiltration solution - Investigation and leverage of current tools that may be available - O365 DLP policies, MS ATP, Palo Alto.	TBC

AUDIT & RISK COMMITTEE	
Meeting of 22 September 2021	
Title: Committee Terms of Reference	
Author: Susan Lawrance	Contributor(s): Peter D Smith, Vice Principal – Finance & Resources
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 review its Terms of Reference.	
Linked to Strategic Goal:	
Linked to Annual Priority:	
Executive Summary: <p>Attached as Appendix 1 to this paper is the Committee's current Terms of Reference. The Terms were last considered by the Committee in September 2020.</p> <p>Members are highlighted to the Membership number change (down from 6 to 5) following A Bell's completion of her term of office.</p> <p>Members are asked to review the attached and consider if the Committee's Specific Duties accurately reflect its main areas of focus.</p>	
Recommendation: <p>It is recommended that the Committee review its Terms of Reference.</p>	
Previous Committee Recommendation/Approval (if applicable): <p>None</p>	
Equality Impact Assessment: Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact <input checked="" type="checkbox"/> Evidence:	

AUDIT AND RISK COMMITTEE		
1.1	Membership	<p>A minimum of 4 5 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	Quorum	No less than one half of the members entitled to vote.
1.3	Remit	<p>General</p> <p>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</p> <p>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.

Governance

- 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 22 September 2021	
Title: Programme of Business AY2021-22	
Author: Susan Lawrance	Contributor(s): Peter D Smith, Vice Principal – Finance & Resources
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 its Programme of Business for AY2021-22.	
Linked to Strategic Goal:	
Linked to Annual Priority:	
Executive Summary: The attached Programme of Business details the proposed schedule of key items of Committee Business throughout Academic Year 2021-22.	
Recommendation: It is recommended that the Committee set the Programme of Business for AY2021-22.	
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:	

AUDIT & RISK COMMITTEE – PROGRAMME OF BUSINESS AY2021-22

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

22 SEPTEMBER 2021
For Decision
Committee Terms of Reference
Programme of Business AY2021-22
Internal Audit Plan 2021-22
Internal Auditors Annual Report 2020-21
Risk Management Policy
Letter to those Charged with Governance
For Discussion
Draft Annual Report of the Audit & Risk Committee to the Regional Board, 2021
Strategic Risk Register (Standing Item)
For Information

01 DECEMBER 2021
For Decision
Draft Audited Financial Statements, 12 months to 31 July 2021 (Reserved Item with Finance & Resources Committee)
For Discussion
Audit Certification of Student Activity & Support Fund Year-End Returns
Strategic Risk Register (Standing Item)
Committee Evaluation Feedback (carried forward from September meeting)
For Information

01 JUNE 2022
For Decision
Reports on Internal Audit Reviews
For Discussion
Strategic Risk Register (Standing Item)
Code of Good Governance for Scotland's Colleges – Review of Compliance
Draft External Audit Plan 2022-23
Draft Internal Audit Plan 2022-23
Meeting with External and Internal Auditors (without management present)
For Information
Annual Procurement Report

Red denotes Reserved Item of Business

AUDIT & RISK COMMITTEE	
Meeting of 22 September 2021	
Title: Internal Audit Annual Plan 2021-22	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s): 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 approve the Internal Audit schedule for Academic Year 2021-22.	
Linked to Strategic Goal: 5. Optimise the use of our available resources to deliver financial and environmental sustainability.	
Linked to Annual Priority: Choose an item.	
Linked to Strategic Risk(s): All	
Executive Summary: <p>The attached Internal Audit Plan was created following feedback from the Committee, and after my further discussions with the internal auditors, Henderson Loggie.</p> <p>This Plan follows on from the Audit Needs Assessment (ANA) presented to the Committee in July 2019.</p> <p>A total of 50 days have been allocated to assignments in Academic Year 2021-22, in accordance with previous plans.</p>	
Recommendation: It is recommended that the Committee approve the internal assignments, as detailed in the Annual Plan.	

Previous Committee Recommendation/Approval (if applicable): July 2019, September 2019, May 2020, September 2020, June 2021.

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:

North East Scotland College

Internal Audit Annual Plan 2021/22

Internal Audit Report No: 2022/01

Draft issued: 25 May 2021

2nd Draft issued: 31 August 2021

Final issued:



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Introduction

- 1.1 The purpose of this document is to present for consideration by management and the Audit and Risk Committee the annual operating plan for the year ended 31 July 2022. The plan is based on the proposed allocation of audit days for 2021/22 set out in the Audit Needs Assessment and Strategic Plan 2019 to 2022. The preparation of the Strategic Plan involved dialogue with management, and the Audit and Risk Committee approved the plan at its meeting on 10 July 2019.
- 1.2 The annual operating plan for 2021/22 shows two changes to the allocation set out in the above Strategic Plan. These changes were requested by College management and discussed with the Audit and Risk Committee when agreeing the 2020/21 annual operating plan:
 - due to a delay in the College's own review of its Curriculum Plan, a five-day internal audit review of Curriculum Planning, originally planned for 2020/21, was deferred to 2021/22; and
 - a five-day internal audit review of Risk Management / Business Continuity was originally planned for 2021/22 but was moved to the 2020/21 internal audit programme.
- 1.3 A copy of the revised Strategic Plan is included at Section 2 of this report.
- 1.4 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2021/22, together with the proposed audit approach. These have been arrived at following discussion with the Vice Principal Finance & Resources. The outline scopes will be refined and finalised after discussion with responsible managers in each audit area.
- 1.5 Separate reports will be issued for each assignment with recommendations graded to reflect the significance of the issues raised. In addition, audit findings will be assessed and graded on an overall basis to denote the level of priority that should be given to each report.

Strategic Plan 2019 to 2022

Proposed Allocation of Audit Days

	Category	Priority	Actual 19/20 Days	Actual 20/21 Days	Planned 21/22 Days
Reputation					
<i>Publicity and Communications</i>	Gov	M			
<i>Health and Safety</i>	Gov	M			
Student Experience					
<i>Curriculum planning</i>	Perf	M			5
<i>Quality</i>	Perf	L			
<i>Student support</i>	Perf	M		5	
<i>Student recruitment and retention</i>	Fin/Perf	H***			
<i>Students Association</i>	Gov	M			
<i>Timetabling and Registers (BPR)</i>	Perf	M			5
Staffing Issues					
<i>Staff recruitment and retention</i>	Perf	M/L		4	
<i>Staff development</i>	Perf	M			
<i>Workforce planning</i>	Perf	M			
<i>Payroll</i>	Fin	M			4
Estates and Facilities					
<i>Building maintenance</i>	Fin/Perf	H/M***			
<i>Estates and facilities contract VFM</i>	Fin/Perf	M			5
<i>Estates strategy / capital projects</i>	Fin/Perf	H/M***			
<i>Space management</i>	Perf	H***			
<i>Asset / fleet management</i>	Perf	M			
Financial Issues					
<i>Budgetary control</i>	Fin	H		4	
<i>Financial planning</i>	Fin	H	4		
<i>Student fees and contracts / registry</i>	Fin	M			
<i>General ledger</i>	Fin	M			
<i>Procurement and creditors / purchasing</i>	Fin	M			4
<i>Debtors/ Income</i>	Fin	M			
<i>Cash & Bank / Treasury management</i>	Fin	M			
Commercial Issues					
<i>Business Development</i>	Fin/Perf	H/M	5		
<i>International Activities</i>	Gov/Fin/Perf	M			
<i>ASET</i>	Gov/Fin/Perf	H/M			5

Internal Audit Annual Plan 2021-22 - DRAFT

Proposed Allocation of Audit Days (Continued)

	Category	Priority	Actual 19/20 Days	Actual 20/21 Days	Planned 21/22 Days
Organisational Issues					
Risk Management*	Perf	M		5	
Business Continuity*	Perf	M			
Corporate Governance	Gov	M		6	
Corporate Planning	Perf	M			
Performance reporting / KPIs	Perf	M		5	
Partnership Working	Gov/Perf	M			
Equalities	Gov	M			
Information and IT					
IT network arrangements**	Perf	M		6	
BYOD VFM	Perf/Fin	M	5		
Data protection**	Gov	H			
FOI	Gov	L			
Systems development / implementation	Perf	M			
Website delivery project VFM	Perf / Gov	M		4	
IT strategy	Perf	M			
IT operations	Perf	M	5		
Other Audit Activities					
Credits audit		Required	7	7	7
Student Support Funds		Required	8	8	8
Management and Planning)			5	5	5
External audit / SFC)					
Attendance at Audit & Risk Committee)					
Follow-up reviews		Various	3	2	2
Audit Needs Assessment			3		
Total					
			45	61	50
			=====	=====	=====

Key

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

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

*, ** these assignments will be linked

*** coverage of these High or Medium / High topics has not been incorporated into the 3-year programme of work based on the analysis of previous internal audit coverage which was conducted as part of our audit needs analysis exercise. This detail was included in internal audit report 2020/01 - ANA and Strategic Plan 2019 to 2020, which was approved by the Audit and Risk Committee in July 2019. The previous internal audit reports which covered these topics were Course Viability and the Review of the Fraserburgh Estates project in 2016/17, and Student Records and Enrolment, Attendance & Applications, Estates Management, Staff and Room Utilisation reviews conducted in 2018/19.



Outline Scope and Objectives

Audit Assignment:	Curriculum Planning
Priority:	Medium
Fieldwork Timing	4 October 2021
Audit & Performance Committee Meeting:	1 December 2021
Days:	5

Scope

This audit will consider the key risks in relation to the College's curriculum planning process.

Objectives

The objective of the audit will be to ensure that:

- the core College curriculum is aligned with national priorities and the needs of regional industry, employers and individual learners;
- there is a process in place to review and refresh existing programmes on a regular basis;
- adequate controls are in place over the development of new programmes including the preparation of a business case, costing and pricing; and
- the curriculum planning process takes sufficient cognisance of the College's Credits target.

Our audit approach will be:

Interviews will be held with the Vice Principal Curriculum & Quality and other relevant managers and staff to assist in documenting the systems and processes in place. Student views will be sought via the Student Engagement Manager. A detailed assessment of the key internal controls will be performed, and an audit testing programme will be devised thereon.

Audit Assignment:	Timetabling and Registers (Business Process Review)
Priority:	Medium
Fieldwork Timing	14 March 2022
Audit & Performance Committee Meeting:	1 June 2022
Days:	5

Scope

The scope of this assignment will be to carry out a review of the College's current procedures for the various stages of the processes for timetabling and the preparation of registers with a view to identifying and removing waste from the current processes, proposing procedural improvements.

The specific focus of the review is to be given further consideration by the Director of Student Access and Information and this will be reflected in the scope and objectives prior to finalisation.

Objectives

To objectives of the review will be to ensure that:

- The anticipated outcomes for all internal stakeholders from the timetabling and registers processes are clearly defined;
- The value of services provided as part of the timetabling and registers processes are quantified from a student perspective and external stakeholders (e.g. compliance with SFC Credits and Student Support Funds guidance);
- The steps in the value chain are identified;
- Steps which do not add value are identified with a view to eliminating them; and
- Steps that create value occur in tight sequence and are reflected in new timetabling and registers processes; and
- Arrangements are in place to deliver consistency in the timetabling and registers processes by embedding any agreed revisions to the processes in updated operating procedures for the College.

Our audit approach will be:

Through a facilitated workshop or interviews with key staff nominated by the College and student representatives we will use a range of business improvement tools to identify internal and external stakeholder and student needs; identify opportunities for removing inefficiency and waste from the current timetabling and registers processes and map out revised processes which will create a flow between value creating steps to improve the processes.

We will then prioritise the issues, in discussion with key College staff, and develop an action plan to drive improvement. This action plan will consider any changes required to existing operating procedures to ensure that any changes to the timetabling and registers processes are deliverable and embedded across the College.

Audit Assignment:	Payroll
Priority:	Medium
Fieldwork Timing	4 October 2021
Audit & Performance Committee Meeting:	1 December 2021
Days:	4

Scope

This audit will consider the key internal controls in place over the College's spend on staff costs of approximately £30m per annum (including ASET). Our audit will cover the procedures in place within both Human Resources (HR) and Finance.

Objectives

The objective of our audit will be to obtain reasonable assurance that systems are sufficient to ensure:

- correct calculation of gross pay and deductions;
- correct calculation of employer national insurance and superannuation contributions;
- part-time lecturers, overtime and staff expenses payments are properly authorised;
- approval and checking of changes to employee standing data;
- starters and leavers are properly treated and enter and leave the system at the correct dates; and
- proper authorisation, processing and recording of payments.

Our audit approach will be:

From discussion with HR and Payroll staff, and review of procedures documentation, we will identify the key internal controls in place within the College's HR / Payroll system and compare these with expected controls. We will report on any areas where expected controls are found to be absent or where controls could be further strengthened.

Compliance testing will then be carried out to ensure that the controls in place are operating effectively, concentrating on starters, leavers and variations to pay.

Audit Assignment:	Estates and Facilities Contract VFM
Priority:	Medium
Fieldwork Timing	7 February 2022
Audit & Performance Committee Meeting:	1 June 2022
Days:	5

Scope

The College has outsourced facilities management services for its main campuses and satellite buildings. The following services are included in the scope of the facilities management contract:

- Management – including provision of a Property & Facilities Manager and on-site support team to provide the services, including the provision of 24-hour emergency call-out services; and the management and monitoring of services provided by external contractors and suppliers;
- Property and Facilities Management Services – including the provision of a manned service desk based within the College; a team of technically trained staff and access to professional services; Revenue Monitoring System; Response Repair and Emergency Repairs; and Planned Maintenance of Plant, Services & Equipment; and
- Cleaning Services -- all daily and periodical cleaning as required.

This audit will review the arrangements in place to monitor the performance of the contractor against the terms of the facilities management contract, with a particular focus on response and emergency repairs and planned maintenance.

Objectives

The objective of the audit will be to determine whether appropriate controls have been put in place to ensure that the contractor is meeting its key responsibilities under the facilities management contract and providing the College with value for money.

Our audit approach will be:

We will review the terms of the facilities management contract to identify the key contractor responsibilities. Through discussion with the Vice Principal Finance & Resources, Property & Facilities Manager and other relevant managers and staff, and review of documentation, we will then establish what systems and controls have been put in place to ensure that these responsibilities are met. We will report on any areas where expected controls are found to be absent or where controls could be further strengthened.

Compliance testing will be carried out where necessary to ensure that the controls in place are operating effectively.

Audit Assignment:	Procurement and Creditors / Purchasing
Priority:	Medium
Fieldwork Timing	6 October 2021
Audit & Performance Committee Meeting:	1 December 2021
Days:	4

Scope

This audit will focus on the systems of internal control in place for the ordering of goods and services and the payment of invoices.

We will also consider whether the procurement strategy followed and procedures in place support best value purchasing across the College in relation to non-pay spend.

Objectives

The specific objectives of the audit will be to ensure that:

- the College's Procurement Policy, Strategy and procurement guidance are comprehensive, kept up-to-date and in line with the Procurement Reform (Scotland) Act 2014 ('the Act') and The Procurement (Scotland) Regulations 2016 ('the Regulations');
- procurement procedures ensure that:
 - ◆ areas of high spend across the College are monitored appropriately;
 - ◆ opportunities for pooling of expenditure are identified in order to achieve best value; and
 - ◆ collaborative procurements and frameworks available to the College are utilised where appropriate;
- purchase orders are completed for relevant purchases and are approved by members of staff with sufficient delegated authority prior to issue to suppliers, with the risk of unauthorised and excessive expenditure being minimised;
- the College's procurement guidance on quotes and tenders are being complied with;
- all liabilities are fully and accurately recorded;
- all payments are properly authorised, processed and recorded; and
- appropriate controls are in place over the amendment of standing supplier data on the finance system.

Our audit approach will be:

From discussions with Procurement staff, and a sample of budget holders, we will establish what procurement strategies, procedures and monitoring arrangements are in place within the College. These will then be evaluated to establish if they follow recognised good practice.

Audit Assignment:

Procurement and Creditors / Purchasing
(Continued)

Our audit approach will be:

Specifically, we will seek to establish whether the procurement procedures ensure that areas of high spend across the College are monitored appropriately, identifying opportunities for pooling of expenditure in order to achieve best value, and ensuring that joint purchasing arrangements available to the College are utilised where appropriate.

We will also document controls in place within the purchasing / payments system through interviews with Finance staff and also seek to establish whether the expected key controls are in place by reference to standard control risk assessment templates. We will also perform compliance testing where considered necessary to determine whether key controls are working effectively, including selecting a sample of items of expenditure from the financial ledger and testing to ensure compliance with the College's Financial Regulations and Procedures.

Audit Assignment:	ASET
Priority:	High / Medium
Fieldwork Timing	7 March 2022
Audit & Performance Committee Meeting:	1 June 2022
Days:	5

Scope

This audit will review and assess the processes and procedures in place within the College's wholly owned subsidiary company **Aberdeen Skills and Enterprise Training Limited (ASET) to generate commercial income** and mitigate key risks in relation to its commercial activities.

Objectives

The scope of this audit will be to provide reasonable assurance that:

- ASET has an effective strategic and operational planning process in place, including for the identification of key markets and training courses;
- The key risks and opportunities are identified (including potential risks arising from contract disputes) and mitigated / exploited;
- There is effective pricing in the marketplace, with full cost recovery as the target and careful consideration being given to activity which does not meet this target;
- Management information, including financial information on each specific activity, is adequate and easily accessible to all relevant staff;
- There is an effective governance and oversight process in place to monitor ASET activities by its Board of Directors and onward to the Regional Board; and
- Appropriate systems and procedures are in place to manage intellectual property risks covering areas such as: ownership; identification; application approval; and maintenance.

Our approach will be:

From discussion with the ASET Chief Executive Officer, the Vice Principal Finance & Resources and other relevant managers and staff, and review of relevant documents, we will establish the key controls in place within the above areas, consider their adequacy and undertake testing to confirm their effectiveness.

Audit Assignment:	Credits Audit
Priority:	Required audit
Fieldwork Timing	9 August 2021
Audit & Performance Committee Meeting:	1 December 2021
Days:	7

Scope

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

Objectives

To obtain reasonable assurance that:

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

Our audit approach will be:

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

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

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

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

Audit Assignment:	Student Support Funds
Priority:	Required audit
Fieldwork Timing	30 August 2021
Audit & Performance Committee Meeting:	1 December 2021
Days:	8

Scope

We will carry out an audit on the College's student support funds for the year ended 31 July 2021 and provide an audit certificate. Three specific fund statements will require an audit:

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

Objectives

The audit objectives will be to obtain reasonable assurance that:

- the College complies with the terms, conditions and guidance notes issued by the SFC, SAAS and the Scottish Government;
- payments to students are genuine claims for hardship, childcare, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- the information disclosed in each of the returns for the year ended 31 July 2021 is in agreement with underlying records.

Our audit approach will be:

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

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

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Fieldwork Timing	4 April 2022
Audit & Performance Committee Meeting:	1 June 2022
Days:	2

Scope

This review will cover reports from the 2020/21 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding.

Objectives

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

Our audit approach will be:

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

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AUDIT & RISK COMMITTEE	
Meeting of 22 September 2021	
Title: Internal Audit Annual Report	
Author: Peter D Smith, Vice Principal – Finance and Resources	Contributor(s): 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 Regional Board to consider the annual report presented by Henderson Loggie on the programme of internal audit work undertaken in Academic Year 2020-21.	
Linked to Strategic Theme: Choose an item.	
Linked to Annual Priority: Choose an item.	
Linked to Strategic Risk(s): All	
Executive Summary: The Board's internal audit programme for 2020-21 was set in September 2020. The internal auditor's annual report on the reviews undertaken is attached. The report is incorporated into the Audit and Risk Committee's Annual Report to the Regional Board.	
Recommendation: I recommend 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): n/a	
Equality Impact Assessment: Positive Impact <input type="checkbox"/>	

Negative Impact ☐

No Impact ☒

Evidence:

North East Scotland College

**Annual Report to the Regional Board and Principal on
the Provision of Internal Audit Services for 2020/21**

Internal Audit report No: 2021/13

Draft issued: 6 September 2021

Final issued: 6 September 2021



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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 2020/21.
- 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 showed a number of changes to the allocation set out in the above Strategic Plan, which were requested by College management:
 - the 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 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, was deferred to 2021/22;
 - the planned four-day review of Workforce Planning was 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 was brought forward to the 2020/21 internal audit programme;
 - six days were added to carry out an Externally Facilitated Effectiveness Review (EFER) as required by the Code of Good Governance for Scotland's Colleges, which was to be submitted to the Scottish Funding Council by 'Spring 2021';
 - one day was 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 were 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 was removed.
- 1.4 The reports submitted during 2020/21 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.
- 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 Prime Global, a global association of independent accountancy firms. Continued membership of Prime Global 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 Internal audit report 2021/07 – IT Network Arrangements / Data Protection, issued in May 2021, was graded as 'Requires Improvement'. The report contained five Priority 2 and seven Priority 3 recommendations. We confirmed that some expected controls were in place to maintain the security of the College's IT network however, using the latest guidance available from the National Cyber Security Centre, we identified several weaknesses across the ICT environment and noted potential for cyber-attack and data loss through multiple avenues. Recommendations were made in our report to help reduce the College's risk position significantly; allow the College to work towards Cyber Essentials Plus re-certification; and enhance the College's ability to manage IT security risks on an on-going basis.

Significant Issues (Continued)

- 1.11 There were no other 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 2021/22.

Opinion

- 1.12 In our opinion, with the exception of the issue highlighted in paragraph 1.10 above, 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 2020/21 and in the prior year following our appointment in 2019/20.

Reports Submitted

Number	Title	Overall Grade	Recommendations	High / Priority 1	Medium / Priority 2	Low / Priority 3
2021/01	Annual Plan	N/A	N/A	N/A	N/A	N/A
2021/02	2019/20 Student Activity Data (Credits Audit)	Audit opinion unqualified	1	-	1	-
2021/03	Student Support Funds	A number of observations were made	1	-	1	-
2021/04	Staff Recruitment and Retention	Good	-	-	-	-
2021/05	Externally Facilitated Effectiveness Review	High level of compliance with the Governance Code	-	-	-	-
2021/06	Budgetary Control	Good	1	-	-	1
2021/07	IT Network Arrangements / Data Protection	Requires Improvement	12	-	5	7
2021/08	Website Delivery Project VFM	Good	-	-	-	-
2021/09	Risk Management and Business Continuity Planning	Satisfactory	3	-	-	3
2021/10	Performance Reporting / KPIs	Good	1	-	-	1
2021/11	Student Support	Good	1	-	-	1
2021/12	Follow-Up Reviews	N/A	5 recommendations required further action	-	3	2



Internal Audit Annual Report 2020/21

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.

Recommendation grades are defined as follows:

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.



Summary of Results and Conclusions

2021/01 – Annual Plan 2020/21

Final Issued – November 2020

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 2021. The plan was based on the proposed allocation of audit days for 2020/21 set out in the Audit Needs Assessment and Strategic Plan 2019 to 2022 (although refer paragraph 1.3 above). 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.

2021/02 – 2019/20 Student Activity Data

Final Issued – November 2020

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.

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.

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.

2021/03 – Student Support Funds

Final Issued – November 2020

We carried out an audit on the following fund statements for the 2019/20 academic year:

- Further Education (FE) Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education (HE) Discretionary and Childcare Fund; 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 2020, is in agreement with underlying records.

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.

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 was 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 represented the largest element of the study costs spend. We noted 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.

2021/03 – Student Support Funds (Continued)

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 showed that the total cost apportioned to Teaching divided by the number of Bursary students for 2018/19 was approximately £64 per head, which was in excess of the £60 per head charged to the Bursary Fund in 2018/19. The College had 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 did not take into consideration any costs relating to non-Bursary students. As noted above, the charge per student for 2019/20 was reduced to £50. Any potential error was not considered to be material in the context of total Bursary expenditure of approximately £7.4 million however it was not possible to quantify this precisely.

We recommended that 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.

2021/04 – Staff Recruitment and Retention

The scope of this audit was to consider the adequacy and effectiveness of policies and procedures for staff recruitment and selection and the processes in place that contribute to the retention and engagement of staff, and arrangements for succession planning.

The table opposite notes each separate objective for this review and records the results.

Strengths

- The Executive Team provided the College with a corporate oversight of the recruitment process ensuring that all recruitment was in line with the College's aims objective and available funding.
- There was an up-to-date guide in place detailing the required steps to be taken when recruiting staff.
- Job roles were defined and placed on the pay scales based on the independent FEDRA job evaluation process.
- Guidance and support were available for the staff undertaking the selection process including interviews.
- The HR team used a checklist to monitor the progress of each recruitment exercise to ensure compliance with the required approach.
- The required pre-employment checks, including identity and disclosure were undertaken before employment commences.
- An induction process was in place to support new employees.
- The College had developed a set of values which set a benchmark for expected behaviours for its staff.
- All staff undertook an annual review to identify individual staff training needs which were assessed against the College values, in addition this process identified individuals' personal developmental objectives.
- Training and development programmes were in place to support College staff training needs and developmental objectives.
- The College had a wide range of non-pay benefits to staff including increased flexible working, pensions, life insurance, employee support and a staff discount scheme; and

Final Issued – May 2021

The specific objectives of this audit were to obtain reasonable assurance that systems are sufficient to ensure:	
1. there are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice.	Good
2. the College has appropriate policies and processes in place that contribute to the retention of staff, including good internal communication and employee engagement, reward and recognition, and ongoing training which are in line with good practice and being effectively implemented.	Good
3. appropriate succession planning arrangements are in place.	Satisfactory
Overall Level of Assurance	Good

2021/04 – Staff Recruitment and Retention (Continued)

Strengths (continued)

- The College had acknowledged the impact that the Covid-19 pandemic has had on staff engagement, morale and wellbeing and range of appropriate actions and initiatives had been developed to support staff.

Weaknesses

There were no formal succession planning arrangements and there was no formal Workforce Plan in place for the whole College. However, this had been recognised by the College and work was underway to create a formal workforce plan.

2021/05 – Externally Facilitated Effectiveness Review (EFER)

Final Issued – March 2021

The updated Code of Good Governance for Scotland's Colleges ('the Code'), published in August 2016, contained the following requirement:

"The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online".

This report represented the 2020/21 iteration of the EFER described in the Code and covered the five sections of the Code namely:

Section A - Leadership and Strategy

Section B - Quality of the Student Experience

Section C - Accountability

Section D - Effectiveness

Section E - Relationships and Collaboration

The scope agreed with the College was to observe the 16 December 2020 meeting of the Regional Board, as required by the Code. In addition, it was agreed that Option 3i, as described in the August 2016 College Development Network Guidance Note, would be completed; namely 'A board workshop is held that results in an agreed summary of views'. Questionnaires were issued to all members of the Regional Board; to the Co-opted Member of Curriculum & Quality Committee; to the two Trade Union Observers; and to the members of the College Executive Team. The results obtained from the completed questionnaires were utilised to inform the discussion at a Regional Board Focus Group, which was held on 5 February 2021. The issues arising from this focus group were subsequently triangulated and then pressure tested as part of a desktop review.

Our review provided independent confirmation that the positive view of the governance framework expressed by Regional Board Members in the completed questionnaires was robust and that the College could demonstrate a high level of compliance with the Code. Our review highlighted a number of areas where the College could demonstrate particular strengths in specific aspects of the Code. There were no areas for improvement identified from the review, although some areas for further consideration were set out in our report. However, these were suggestions for refining and building on the existing governance arrangements rather than steps required to ensure compliance with the Code.

2021/06 – Budgetary Control

This audit examined the College's budgetary control practices and protocols. It specifically considered budget monitoring procedures in place centrally and within a sample of Faculties and Support Teams, as well as cash flow reporting to senior management, the Regional Board, and the Scottish Funding Council (SFC).

The table opposite notes each separate objective for this review and records the results.

Strengths

- Financial Regulations were in place and were up to date;
- The annual budget was prepared and approved in line with the Financial Regulations;
- Due to the current uncertain situation around the Covid-19 pandemic, the College had implemented a second budget around "Corona" related income and expenditure and to support future budget planning reviews;
- The College had identified savings in its annual expenditure with a reduction of 2.5% of spend on staff and was developing further contingencies in case the financial situation deteriorated during the 2020/21 academic year;
- There were budget reforecasts during the year (implemented in January 2021) and further reviews planned to review the budget in March 2021 as the actual financial position became clearer and Scotland moved out of the second national lockdown;
- Budget holders had the option to vire between non staff codes as required but this was undertaken by Finance, so effectively required Finance approval;
- The budget hierarchy was documented through the College procurement system, where no spend could happen without the budget holder authorising the spend;
- Work was underway to implement a new P2P purchasing system, which would allow these controls to be implemented and commitment reports to be generated for staff;
- Budget reports were provided to budget holders and managers monthly to allow them to monitor progress, with monthly consolidated reports provided to Leadership Team members;
- Progress against the budgets was reported and discussed at the Finance and Resources Committee and the Regional Board;

Final Issued – May 2021

The objectives of the audit were to gain reasonable assurance that:	
1. Budgets are controlled in accordance with the Financial Regulations and procedures	Good
2. Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change, or funding targets are not achieved	Good
3. Information is available to management in Faculties and Support Services which is up-to-date and in a format that can be easily understood	Satisfactory
4. Budget holders have the necessary skills for managing budgets	Good
5. Budget variations are reported and acted upon	Good
6. There is accurate cash flow reporting	Good
7. Senior management and the Board regularly review the College's overall financial position	Good
Overall Level of Assurance	Good

2021/06 – Budgetary Control (Continued)

Strengths (continued)

- There was support for budget holders and budget managers by Finance staff, with monthly meetings with senior management;
- The budget reports provided to budget holders and managers included both detailed and summary information against budgets;
- Monthly cash flow reports to the SFC were accurate and submitted on a timely basis; and
- Budget holders and managers advised that they had the necessary skills for managing their budgets.

Weaknesses

Monthly budget reports were not provided to budget holders until at least week 4 or more. This was due to the invoice for Protocol National agency spend not being received until the 18th of each month. Improvement in the process with Protocol National should be established to ensure invoicing is prompt or use of commitment reporting in its absence.

2021/07 – IT Network Arrangements / Data Protection

This audit included a review of the College's current position regarding information and cyber security in order to advise on areas that should be addressed in line with the latest guidance produced by the National Cyber Security Centre (NCSC).

A key principle of the General Data Protection Regulation (GDPR) is that organisations process personal data securely by means of appropriate technical and organisational measures. This audit considered the technical measures that the College has in place to ensure the confidentiality, integrity and availability of its systems and services and the personal data processed within them.

The table opposite notes each separate objective for this review and records the results.

Strengths

Throughout our review we observed examples of good practice and we welcomed the willingness of personnel in the IT & Technical Services (ITTS) team to assist our review and to improve the College's overall risk position and cyber security posture.

Our review confirmed that overall several expected controls were in place to maintain the security of the College's IT network, including:

- IT / cyber risks were actively assessed and monitored in line with the College's risk management framework.
- the College had a dedicated Information Security lead within the ITTS team who issued regular guidance and communication on cyber risks to staff, leveraged the expertise provided by the HEFESTIS Chief Information Security Officer (CISO) and engaged with the Data Protection Officer (DPO) on information security.
- hardware and software inventories had been created.
- processes were in place for applying updates and patches to all devices connected to the network.
- the IT architecture protected the network through use of firewalls and verification of College managed devices, and segregation prevented direct connections to untrusted external services and protected internal IP addresses.

Final Issued – May 2021

The specific objectives of this audit were to obtain reasonable assurance that:	
1. the internal controls in place which ensure that the security of the IT network, the configuration of key elements of IT infrastructure which protect access to data, plus the policy and procedures giving guidance as to how security should be managed by both the IT department and users is in line with the NCSC 10 Steps to Cyber Security guidance.	Requires Improvement
2. the College's data protection compliance framework includes identification of the College's information assets and that appropriate technical controls are in place to protect these to comply with the relevant requirements of the Data Protection Act / General Data Protection Regulation.	Requires Improvement
Overall Level of Assurance	Requires Improvement

2021/07 – IT Network Arrangements / Data Protection (Continued)

Strengths (continued)

- management of user accounts was linked to the College's starter, leaver and change of role procedures. User access rights were reviewed regularly to ensure that permissions remained appropriate and aligned with job roles.
- administrator access to network components was carried out over dedicated network infrastructure and secure channels using communication protocols that supported encryption.
- network hardware and endpoints were protected by an antivirus solution, which automatically scanned for malware.
- vulnerability scanning of networked equipment was performed weekly.
- data in transit was protected through encryption and secure communication channels.
- removable media was scanned for malware when connected to networked equipment.
- only College issued devices could be used by staff to access the College's systems and data. Standard builds had been established for all devices to ensure the consistency of security configurations.

Weaknesses

Using the latest guidance available from the NCSC we identified several weaknesses across the ICT environment and noted potential for cyber-attack and data loss through multiple avenues. The implementation of the recommendations in our report would reduce the College's risk position significantly; would allow the College to work towards Cyber Essentials Plus re-certification and would enhance the College's ability to manage IT security risks on an on-going basis.

The specific risk relevant to the College that could be managed more effectively was the risk of reputational damage because of breach of Personally Identifiable Information (PII) of staff and students as a result of external attack or a malicious insider due to weaknesses in security controls.

2021/08 – Website Delivery Project VFM

The scope of this audit was to undertake a Post-Project Review to assess how well the Website Delivery Project was managed.

The table opposite notes each separate objective for this review and records the results.

Strengths

- From discussions with members of the College's Marketing and Communications team and review of project documentation, we confirmed that the overall objectives of the website project, which were outlined in the initial proposal and business case, had largely been achieved. Some issues remained to be addressed regards improving website user personalisation and linking the website to supporting College systems, with the Marketing and Communications team working with the website developer and IT team to achieve workable solutions.
- Through review of project documentation, we identified several areas of project management good practice, including:
 - establishment of a Project Initiation Document (PID) which defined the project scope, proposed management, and overall success criteria that the project group could refer back to during the project. The PID contained the basic information of the project such as context, scope, team, and collaboration.
 - establishment of a Website Project Group constituted from key internal stakeholders.
 - an outline business case, which included the justification for the project based on costs and anticipated benefits.
 - a project timeline with defined project checkpoints for providing progress updates.
 - a communication plan.
 - an issues log: project issues that required any change approvals or any other issues raised during the project.
- Several success factors associated with the website implementation were noted during our review, including:
 - improved data analytics.

Final Issued – May 2021

The specific objectives of this audit were to:	
1. review the management of the completed project in terms of the project success criteria and key objectives as well as through the various stages from inception to completion and identify both successful and less successful aspects of the process.	Good
2. identify lessons learnt that may be applied to future projects.	Good
Overall Level of Assurance	Good

2021/08 – Website Delivery Project VFM (Continued)

Strengths (continued)

- business continuity benefits, with the College able to leverage the improved website functionality and capability to host virtual campus open days and the Modern Apprenticeship Awards during COVID-19 lockdowns when campuses have been closed to the public.
- compatibility with mobile devices.
- improved site visitor experience with smoother application process, with application data captured and reported to the Student Recruitment and Admissions teams and curriculum staff via Power BI.
- Improved information: separate web pages are now available giving information on each campus, clearer information on potential progression pathways, and student funding options.
- consistent and uniform College branding now displayed throughout website.
- A total budget of £100,000 was approved for the implementation of the system including the procurement of the website developer and associated services. From discussion with Marketing and Communications staff, review of project documentation, and review of projects costs posted in the finance system, we noted that project to date had been delivered in line with the original budget, with total costs at the time of the audit amounting to approximately £85,000.

Opportunities for improvement

- One of the key requirements for the website outlined in the initial project proposal and business case was to be able to provide website users with a bespoke, individualised website experience similar to that users receive from other educational and commercial sites. A review of the functional specification and project documentation confirmed that personalisation was a feature of the new website, however the implementation of the feature was delayed in 2020 due to COVID-19.
- A formal post-implementation review had still to be conducted for the website project but through discussion with Marketing and Communications staff we noted that the final components of the platform were still being developed and snagging issues addressed and that a post-implementation review would be undertaken once these were completed.

2021/09 – Risk Management and Business Continuity Planning

The scope of this audit was to consider whether there are corporate policies and procedures in place to adequately assess risk and minimise the possibility of unexpected and unplanned situations developing, along with the suitability of the Business Continuity Plans (BCPs) in place to minimise disruption to operations following loss of life, buildings or equipment and enable NESCOL to operate as close to 'normal' as possible during the COVID-19 pandemic.

The table opposite notes each separate objective for this review and records the results.

Strengths

- A comprehensive Risk Management Policy was in place which clearly articulated NESCOL's approach to risk management and the responsibilities of the Senior Executive Team, Audit and Risk Committee and the Regional Board in identifying, assessing, and monitoring the mitigation of risks;
- NESCOL had in place a risk appetite to review residual risk scores and where these exceeded agreed levels additional actions were required to mitigate the current risk score;
- Where additional actions were required, these were allocated to a member of the College Leadership Management Team (CLMT) to deliver, with progress reported within the Strategic Risk Register (SRR);
- The SRR was reviewed and updated in line with the policy requirements;
- There was regular reporting of the SRR to the Audit and Risk Committee and the Regional Board;
- There was an annual review of the effectiveness of the risk management process;
- NESCOL invoked its BCP at the outset of the COVID-19 emergency and had continued to operate and deliver a programme of ongoing teaching to students;
- The Crisis Management Team (CMT) and its supporting structure had operated the BCP from the outset of the emergency, initially meeting daily to direct the required actions to maintain the College's operations;
- The CMT continued to manage the emergency, addressing current issues and forward planning for upcoming events including the easing of lockdown and the opening up of the College to students;

Final Issued – May 2021

The specific objectives of this audit were to obtain reasonable assurance that:	
1. There is a process in place to provide reasonable assurance to the Regional Board and to the Principal in relation to the declaration on risk required for the financial statements.	Satisfactory
2. The process in place applies good practice in risk management.	Satisfactory
3. Key risks have been identified and are being appropriately controlled, mitigated, reported and discussed at appropriate levels of management and the Regional Board.	Satisfactory
4. Business Continuity Plans are in place covering all of the College's activities and locations.	Good
5. The Business Continuity Plans are workable, properly communicated to members of staff, and have been adequately tested.	Good
6. The processes and procedures in place follow recommended good practice.	Good
7. The work that has been undertaken to allow College operations to continue during the COVID-19 pandemic has, as far as possible, minimised the impact on the student experience.	Good
Overall Level of Assurance	Satisfactory

2021/09 – Risk Management and Business Continuity Planning (Continued)

Strengths (continued)

- NESCOL's IT and digital approach facilitated the transition to both remote working and teaching; and
- The BCP had been updated in the light of the lesson's learned during its operation in the pandemic.

Weaknesses

- There was no defined training framework in place for managers around risk management;
- There were no metrics in place to assess and score the impact to NESCOL should a risk occur and further guidance in this area would be useful; and
- There was no detailed guidance in place that attributed any values to the assessment of the accepted risk appetite tolerances.

2021/10 – Performance Reporting / KPIs

This audit considered the format, content, and timeliness of management information, both financial and non-financial (although excluding budget monitoring as this was covered separately as part of Internal Audit Report 2021/06 – Budgetary Control, issued in April 2021), provided to senior management and to the Regional Board.

The table opposite notes each separate objective for this review and records the results.

Strengths

- The Regional Board, sub-committees and management had identified their information requirements and received information in a range of ways which those interviewed as part of our audit considered adequate for their needs.
- There was a good range of financial and non-financial reporting available, which management and the Regional Board received.
- The College made good use of management information system (MIS) and other business system data, and detailed management information dashboards had been developed and tailored performance reports were available for senior staff and teams.

Opportunities for improvement

- Discussions with Regional Board Members noted that whilst there was agreement that good quality information was being presented to the Regional Board and sub-committees some areas for improvement in the way data was presented were suggested, including better use of graphical trend analysis and more detailed explanation by management on how the data should be interpreted would make the reporting more relevant and impactful.

Final Issued – May 2021

The objective of this audit was to obtain reasonable assurance that:	
1. the management information needs of users have been identified and the information provided meets those needs.	Good
2. management information is clearly set out, easily accessible, accurate, provided on a timely basis and readily understood by users.	Good
3. appropriate management information is available which: <ul style="list-style-type: none"> ♦ reports on appropriate key performance indicators and, where applicable, on outputs, outcomes and impacts; ♦ enables the impacts of key strategic and operational decisions to be measured; and ♦ assists in forecasting. 	Good
4. processes in place to provide and disseminate management information are efficient.	Good
Overall Level of Assurance	Good

2021/11 – Student Support

The objective of our audit was to obtain reasonable assurance that there is appropriate provision of adequate advice and support to new students, students experiencing financial or other hardship, and students with disabilities or special needs.

The table opposite notes each separate objective for this review and records the results.

Strengths

- There was significant work underway within the College to support the student experience and positive outcomes in the learning environment. The COVID-19 pandemic had resulted in a requirement for staff to be innovative in their delivery of academic content online and in support staff exploring new ways to interview and onboard new students remotely.
- Student enrolment and induction ultimately remained unchanged. Ensuring staff and student safety during the pandemic, processes around enrolment and induction were adapted online. The College's VLE system, Blackboard, hosted a variety of induction modules used to inform students to the support available.
- Student Advice and Support and the Students' Association had worked closely to align schedules of activities and ensure consistency in messaging through a virtual Freshers Week in September 2020 and virtual open days for 2021/22 entrants.
- Partnership working had also continued ensuring that individuals, such as students who are Care Experienced, got the support they needed from application. Each student had a Named Contact. The Corporate Parenting plan March 2020 was published, and detailed further enhancements planned over the next three years, ensuring the College met its statutory requirements as a corporate parent.
- Funding options for individuals experiencing hardship and digital exclusion were established, and the College had developed a process to supply laptops and Wi-Fi dongles from the SFC funding using existing controls established for its BYOD programme.
- Academic review of attendance and student engagement also allowed students to be identified who were struggling academically. Through Academic Tutors, study plans were developed, or the student referred to Student Advice and Support for additional support needs.

Final Issued – May 2021

The ensure that there are processes and controls in place to be reasonably assured that students are:	
1. orientated appropriately at the beginning of the year	Good
2. identified and provided with support if struggling financially	Good
3. identified and provided with support if struggling academically	Good
4. given adequate support if they have a disability	Good
5. made to feel part of the College community	Good
Overall Level of Assurance	Good

2021/11 – Student Support (Continued)

Strengths (continued)

- Despite national restrictions, all student services had remained open. Student Support used the Student Information Portal (SIP) for storing student study plans. There was enhancement planning established to create Power BI reporting from SIP.
- There was a College-wide consciousness around the impact of the pandemic and long-term remote working on students, particularly vulnerable cohorts of students. The College had ensured there was online guidance around wellbeing and access to safe areas for people who could not work from home. Other support teams, such as Students' Association and on-campus mental health first aiders were established, together with peer support through focus groups.

Opportunities for improvement

- Operationally the controls identified were working effectively, resulting in only one minor point being raised under Objective 5, around inclusion of questions on the Student Advice and Support, and the Enrolment Process in the First Impressions Survey. We recognised that management had conducted work to ensure that the questions were aligned to SFC requirements. However, it was our view that specific questions on these areas should be considered to provide richer information around the application/enrolment/induction process



2021/12 – Follow-Up Reviews

Final Issued – May 2021

As part of the Internal Audit programme at the College for 2020/21 we carried out a follow-up review of the recommendations made in Internal Audit reports issued during 2019/20 and reports from earlier years where previous follow-up identified that recommendations were outstanding. These were:

- 2020/05 – Business Development;
- 2020/07 – BYOD VFM;
- 2020/08 – IT Operations; and
- 2020/09 – Follow-Up Reviews.

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 9 of 14 recommendations being categorised as 'fully implemented'. Three recommendations were assessed as 'partially implemented' and two as showing 'little or no progress made'. These five recommendations will be subject to follow-up at a later date.

Implementation of the recommendation assessed as showing little or no progress in report 2020/08 – IT Operations had been impacted by significant changes to delivery of services. The recommendation would be picked up as part of the IT and Technical Services (ITTS) self-evaluation process for 2020/21 and be included as part of the ITTS enhancement plan for 2021/22, with a revised implementation date of 31 December 2021. The recommendation assessed as showing little or no progress in report 2020/09 – Follow-Up Reviews related to considering changing the Altens timetable in line with that of the other College campuses. It had not been possible to proceed with the planning and consultation around this issue during the COVID-19 lockdown. A revised implementation date of 31 August 2022 has been set which also took into account the timing of a management restructure.

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

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From Original Reports			From Follow-Up Work Performed				
Area	Rec. Priority	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Considered But Not Implemented	Not Past Agreed Completion Date
Business Development	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	4	4	-	-	-	-
Total		4	4	-	-	-	-
BYOD VFM	1	-	-	-	-	-	-
	2	1	-	1	-	-	-
	3	2	2	-	-	-	-
Total		3	2	1	-	-	-
IT Operations	1	-	-	-	-	-	-
	2	2	1	-	1	-	-
	3	1	1	-	-	-	-
Total		3	2	-	1	-	-
Follow-Up Reviews 2019/20	High	-	-	-	-	-	-
	Medium	1	-	-	1	-	-
	Low	3	1	2	-	-	-
Total		4	1	2	1	-	-
Grand Total		14	9	2	2	-	-
Percentage		100%	64%	21%	14%	0%	0%



Time Spent - Actual v budget

	Report number	Planned days	Actual days feed	Days to fee at Sep 2021	Days to spend / WIP	Variance
Student Experience						
<i>Student support</i>	2021/11	5	5	-	-	-
Staffing Issues						
<i>Staff recruitment and retention</i>	2021/04	4	4	-	-	-
Financial Issues						
<i>Budgetary control</i>	2021/06	4	4	-	-	-
Organisational Issues						
<i>Risk Management / Business Continuity</i>	2021/09	5	5	-	-	-
<i>Corporate Governance</i>	2021/05	6	6	-	-	-
<i>Performance reporting / KPIs</i>	2021/10	5	5	-	-	-
Information and IT						
<i>IT network arrangements / Data protection</i>	2021/07	6	6	-	-	-
<i>Website delivery project VFM</i>	2021/08	4	4	-	-	-
Other Audit Activities						
Credits audit	2021/02	7	7	-	-	-
Student Support Funds	2021/03	8	8	-	-	-
Management and Planning)	2021/01	5	5	-	-	-
External audit / SFC)						
Attendance at Audit & Risk Committee)						
Follow-up reviews	2021/12	2	2	-	-	-
Total		<u>61</u> =====	<u>61</u> =====	<u>-</u> =====	<u>-</u> =====	<u>-</u> =====



Operational Plan for 2021/22

- 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 2021/22 shows two changes to the allocation set out in the above Strategic Plan. These changes were requested by College management and discussed with the Audit and Risk Committee when agreeing the 2020/21 annual operating plan:
- due to a delay in the College's own review of its Curriculum Plan, a five-day internal audit review of Curriculum Planning, originally planned for 2020/21, was deferred to 2021/22; and
 - a five-day internal audit review of Risk Management / Business Continuity was originally planned for 2021/22 but was moved to the 2020/21 internal audit programme.
- 5.3 An extract from the revised Strategic Plan, in relation to 2021/22, is attached.

Proposed Allocation of Audit Days

	Category	Priority	Planned 2021/22 Days
Student Experience			
Curriculum planning	Perf	M	5
Timetabling and Registers (BPR)	Perf	M	5
Staffing Issues			
Payroll	Fin	M	4
Estates and Facilities			
Estates and facilities contract VFM	Fin/Perf	M	5
Financial Issues			
Procurement and creditors / purchasing	Fin	M	4
Commercial Issues			
ASET	Gov/Fin/Perf	H/M	5
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			<u>50</u> =====

Key

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

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



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AUDIT & RISK COMMITTEE	
Meeting of 22 September 2021	
Title: Risk Management Policy	
Author: Peter D Smith, Vice Principal – Finance and Resources	Contributor(s): Leadership Team, 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 Audit and Risk Committee to approve the updated Risk Management Policy.	
Linked to Strategic Theme: Choose an item.	
Linked to Annual Priority: Choose an item.	
Linked to Strategic Risk(s): All	
Executive Summary: The College's Risk Management Policy was last reviewed in September 2019. Since then, the internal audit of the College's Risk Management activity has identified that improvements could be made by giving greater clarity on the classification of risks, and linking the acceptable level of risk to the College's Risk Appetite. The audit also recommended modifying the College's Risk Appetite criteria to conform to HM Treasury's Orange Book. The attached track-changes version of the Policy incorporates the audit recommendations, together with general updates to terminology.	
Recommendation: It is recommended that the Committee approve the changes to the College's Risk Management Policy.	
Previous Committee Recommendation/Approval (if applicable): September 2019	

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:



FA3.5

Risk Management Policy

TO BE CONSIDERED BY AUDIT & RISK COMMITTEE AT
SEPTEMBER 2021 MEETING FOR RECOMMENDATION FOR
APPROVAL BY REGIONAL BOARD AT OCTOBER 2021 MEETING
FURTHER AMENDMENT MAY BE NEEDED IN LINE WITH INTERNAL
AUDIT RECOMMENDATIONS

Review Date:
September 2023¹

Risk Management Policy

1.0 Introduction

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

2.0 Definitions

- 2.1 Risk
An uncertain event or set of events which, should it/they occur, will have an effect upon the achievement of objectives.
- 2.2 Risk Management
The activities required to identify, understand and control exposure to uncertain events which may threaten the achievement of objectives.
- 2.3 Risk Appetite
A statement of an organisation's attitude towards risk.
The College has adopted a six-five point scale:
~~Avoid~~, Averse, Minimal, Cautious, ~~Moderate~~, Open, Hungry.
- 2.4 Risk Control
The process by which an organisation reduces the likelihood of a risk event occurring or mitigates the effects that risk should it occur.

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

Risk Management Policy

3.0 Risk Appetite Statement

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

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

Risks will be taken in a considered and controlled manner.

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

The acceptable level may vary from time to time.

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

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

4.0 Underlying Approach to Risk Management

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

Commented [PM1]: Audit & Risk Committee and Regional Board to be asked to specifically consider this and confirm no changes required

Risk Management Policy

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

5.0 Role of the Regional Board

5.1 The Regional Board has a fundamental role to play in the management of risk. Its role is to:

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

Risk Management Policy

6.0 Role of the ~~Senior~~ Executive Team

6.1 Key roles of the ~~Senior~~ Executive Team are to:

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

7.0 Risk management as part of the system of internal control

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

- a) *Policies and procedures*
The College maintains a series of policies that underpin the internal control process. The policies are set by the Regional Board and implemented and communicated by senior management to staff. Written procedures support the policies where appropriate.
- b) *Monthly reporting*
Comprehensive regular reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the ~~Senior~~ Executive Team and the Regional Board if appropriate.
- c) *Business planning and budgeting*
The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

Risk Management Policy

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

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

- e) *Strategic Risk Register*

The Regional Board, in conjunction with the ~~Senior~~ Executive and Leadership Teams, maintains a Strategic Risk Register. The Register identifies, against each Strategic Theme, actual critical risks that the College is facing. An overall strategic risk appetite is detailed along with a risk appetite for each Strategic Theme. Details of current controls and further actions to be taken to mitigate each risk along with the current level of risk control are also provided alongside risk scorings. The Strategic Risk Register is reviewed ~~monthly~~ regularly by the ~~Senior~~ Executive and Leadership Teams. The Strategic Risk Register is considered by, with the Audit and Risk Committee at each of its meetings with Members informed of any significant changes ~~to either~~. The Regional Board or relevant Committee are also advised of new risks or changes to risks assigned to them in the Strategic Risk Register. The College addresses operational risks through its ~~Team and Faculty~~ Enhancement Plans, which cross reference relevant risks included in the Strategic Risk Register. The Plans are 'live' documents which are key to the College's quality enhancement and improvement planning processes and are referred to and reported on throughout the academic year. Individual risk registers and risk assessments are also completed for significant College projects. The scoring criteria and classifications used in the Strategic Risk Register are shown in Appendix A.

- f) *Audit and Risk Committee*

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

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Risk Management Policy

controls. The Committee is therefore well-placed to provide advice to the Board on the effectiveness of the internal control system, including the College's system for the management of risk. The Committee considers the Strategic Risk Register as a standing item at each of its meetings.

g) *Internal audit programme*

Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation. The Strategic Risk Register is considered as part of the process to set the College's annual internal audit programme.

h) *External audit*

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

i) *Third party reports*

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

8.0 Annual review of effectiveness

8.1 The Regional Board is responsible for reviewing the effectiveness of internal control of the College, based on information provided by the ~~Senior~~ Executive Team. Its approach is outlined below.

8.2 For each significant risk identified, the Board will, as part of the strategic planning and review process:

- i) review the previous year and examine the College's track record on risk management and internal control; and
- ii) consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

8.3 In making its decision the Board will consider the following aspects.

Risk Management Policy

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

Status	Draft for consideration by Audit & Risk Committee
Approved By	Regional Board
Date of Version	September 2021
Responsibility for Policy	Principal
Responsibility for Implementation	Principal
Responsibility for Review	Principal
Date for Review	September 2023
EIA Date	September 2019

APPENDIX A – CLASSIFICATION AND SCORING OF RISKS

The College will use the following criteria to assess the likelihood of a risk occurring: -

Score	Description	Scenario	Guide Probability
5	Almost Certain	Expected to Occur	100%
4	Likely	More Likely to Occur than Not	75%
3	Moderate	Fairly Likely to Happen	50%
2	Unlikely	Low Likelihood But Not Impossible	25%
1	Rare	Extremely Unlikely to Happen	5%

The College will use the following criteria to assess the impact of a risk occurring: -

Score	Description of Impact	Reputational	Financial	Operational	External
5	Catastrophic	Sustained national media interest Significant Public reaction (outrage)	Over £1,000,000 impact now or within 12 months in the future Any suspected serious fraud	Significant impact on achievement of strategy or operational activities. Affecting more than 5% of a business units' customers or staff Total failure of a supplier / partner Loss of ability to sustain ongoing operation resulting in cessation of activities at business unit level for more than 24 hours	Significant stakeholder and regulatory concern
4	Major	Regional/national media interest Any event which may affect our standing with regulators	£250,001 - £1,000,000 where impact now or 12 months in future	Significant impact on achievement of strategy or operational activities	Significant stakeholder concern

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Risk Management Policy

		<u>Significant loss of confidence</u>	<u>Any suspected fraud</u>	<u>Affecting up to 5% of a business units' customers or staff</u> <u>Partial failure of a supplier / partner</u> <u>Operational or system failure for up to 24 hours</u>	
<u>3</u>	<u>Moderate</u>	<u>Regional media interest</u> <u>Any event which may tarnish our reputation with a specific customer, group or third party</u>	<u>£50,001-£250,000 where impact now or 12 months in future</u>	<u>Moderate impact on achievement of strategy or operational activities</u> <u>Affecting a small number of customers or staff</u> <u>Deteriorating performance of a supplier / partner</u> <u>Operational or system failure for more than 8 hours</u>	<u>Moderate stakeholder concern</u>
<u>2</u>	<u>Minor</u>	<u>Managed incident</u> <u>Limited customer impact</u>	<u>£5,001 - £50,000</u>	<u>Minor impact on achievement of strategy or operational activities</u> <u>Small Deterioration in performance of a supplier / partner</u> <u>Operational or system failure for less than 1 hour</u>	<u>Limited stakeholder concern</u>

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Risk Management Policy

1	Insignificant	Managed incident No customer impact	£5,000 or less	Low impact on achievement of strategy or operational activities	Low stakeholder concern
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PRIORITISATION OF ASSESSED RISKS

The College prioritises risks to action those with the greatest likelihood and most severe impact, according to the following table: -

LIKELIHOOD	5 Almost Certain	LOW	SIGNIFICANT I	HIGH	VERY HIGH	VERY HIGH
	4 Likely	LOW	MODERATE	SIGNIFICANT I	HIGH	VERY HIGH
	3 Moderate	LOW	LOW	MODERATE	SIGNIFICANT I	HIGH
	2 Unlikely	LOW	LOW	LOW	MODERATE	SIGNIFICANT I
	1 Rare	LOW	LOW	LOW	LOW	LOW
	Insignificant	Minor	Moderate	Major	Catastrophic	
	1	2	3	4	5	
	IMPACT					

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The level of Risk that the College will accept for any particular scenario will generally correspond to its Risk Appetite for the activity or objected affected, as follows: -

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Risk Classification	Risk Score	Colour	Risk Appetite Score
VERY HIGH	Risks with a score of above 20		5 - Hungry
HIGH	Risks with a score of between 15 and 19		4 - Open
SIGNIFICANT	Risks with a score of between 10 and 14		3 - Cautious
MODERATE	Risk with a score of between 7 and 9		2 - Minimal

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Risk Management Policy

LOW	Risks with a score lower than 7		1 - Averse

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AUDIT & RISK COMMITTEE	
Meeting of 22 September 2021	
Title: Letter to Those Charged With Governance Response	
Author: P Smith, Vice Principal – Finance and 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 the response to the external auditor's Letter to those Charged with Governance.	
Linked to Strategic Theme: Choose an item.	
Linked to Annual Priority: Choose an item.	
Linked to Strategic Risk(s):	
Executive Summary: As part of their annual review of the oversight performed by the Audit and Risk Committee, the external auditors issue the "Letter to those Charged with Governance". This year's letter is attached at Appendix A . A draft response to the letter is attached at Appendix B . The response has been prepared in consultation with the Chair of the Audit and Risk Committee.	
Recommendation: It is recommended that the Committee approve the response to the Letter to those Charged with Governance with any amendments as necessary.	
Previous Committee Recommendation/Approval (if applicable):	

Equality Impact Assessment:

Positive Impact ☒

Negative Impact ☐

No Impact ☐

Evidence:

Members of the Audit and Risk
Committee
North East Scotland College
Gallowgate
Aberdeen
AB25 1BN

7th September 2021

Ref: SR/GS

Direct line: 0131 777 2499

Email: SReid2@uk.ey.com

Dear Audit and Risk Committee
Members,

External audit: Year ending 31 July 2021

Auditing standards require us to formally update our understanding of your arrangements for oversight of management processes and arrangements annually. I am therefore writing to ask that you please provide a response to the following questions.

1. How does the Audit Committee, as 'those charged with governance' at North East Scotland College ("the College"), exercise oversight of management's processes in relation to:
 - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
 - identifying and responding to risks of fraud in the College, including any specific risks of fraud which management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
 - communicating to employees its view on business practice and ethical behaviour, for example by updating, communicating and monitoring against the College's code of conduct;
 - encouraging employees to report their concerns about fraud; and
 - communicating to you the processes for identifying and responding to fraud or error?
2. How does the Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?
3. Have there been any significant changes in the design and/or operating effectiveness of management controls as a result of the Coronavirus outbreak?
4. How do those charged with governance assure themselves that the furloughing of staff has not adversely impacted the segregation of duties?
5. Is the Audit Committee aware of any:
 - breaches of, or deficiencies in internal control; and
 - actual, suspected or alleged frauds during 2020/21?
6. Is the Audit Committee aware of any organisational or management pressure to meet financial or operating targets?

7. How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2020/21?
8. Is the Audit Committee aware of any actual or potential litigation or claims that would affect the financial statements?
9. How does the Audit Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?
10. Has management considered the impact of the coronavirus outbreak as part of their going concern assessment, including:
 - ▶ any changes in underlying assumptions
 - ▶ additional or potential financial difficulties, impairments or write-offs
11. How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with the Scottish Funding Council's ("SFC") Accounts Direction and Financial Memorandum?
12. How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with its requirements as an independent charity as set out by OSCR?
13. How does the Audit Committee satisfy itself that the College has arrangements to monitor and maintain the regularity of income and expenditure?
14. What does the Audit Committee consider to be the related parties that are significant to the College and what is its understanding of the relationships and transactions with those related parties?
15. Does the Audit Committee have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?

Thank you for your assistance. Please respond to the inquiries above (or if you have any queries in respect of this letter) by emailing Grace Scanlin at Grace.Scanlin@uk.ey.com.

Yours faithfully



Stephen Reid
Partner
For and on behalf of Ernst & Young LLP

Stephen Reid
Partner
Ernst & Young LLP Atria One
144 Morrison Street
Edinburgh
EH3 8EB

Dear Mr Reid,

External audit: Year ending 31 July 2021

I refer to your letter of 07 September 2021 regarding the above and addressed to the members of the Audit and Risk Committee, in their capacity as "those charged with governance" at North East Scotland College.

The Committee has now reviewed the content of your letter and agreed responses in **bold** as follows: -

1. How does the Audit Committee, as 'those charged with governance' at North East Scotland College ("the College"), exercise oversight of management's processes in relation to:
- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
 - identifying and responding to risks of fraud in the College, including any specific risks of fraud which management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
 - communicating to employees its view on business practice and ethical behaviour, for example by updating, communicating and monitoring against the College's code of conduct;
 - encouraging employees to report their concerns about fraud; and
 - communicating to you the processes for identifying and responding to fraud or error?

For all of the above, Committee adopts a risk-based approach in planning the work of internal audit, ensuring that all areas and systems of internal control are examined on a cyclical basis, including ensuring appropriate policies and procedures are in place and that effective communications strategies and media are in existence.

2. How does the Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

Committee adopts a risk-based approach in planning the work of internal audit, ensuring that all areas and systems of internal control are examined on a cyclical basis, including ensuring appropriate policies and procedures are in place.

3. Have there been any significant changes in the design and/or operating effectiveness of management controls as a result of the Coronavirus outbreak? **No changes to management controls. The Board has, however, created a Chairs Committee to consider any urgent issues as and when they may arise.**

4. How do those charged with governance assure themselves that the furloughing of staff has not adversely impacted the segregation of duties? **No staff involved in internal control/segregation of duties were furloughed.**

5. Is the Audit & Risk Committee aware of any:

- breaches of, or deficiencies in internal control; and
- actual, suspected or alleged frauds during 2020/21?

No to both of the above.

6. Is the Audit Committee aware of any organisational or management pressure to meet financial or operating targets?

Not outwith the normal pressure to ensure the College meets its planned outcomes.

7. How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with? **Committee adopts a risk-based approach in planning the work of internal audit, ensuring that all areas and systems of internal control are examined on a cyclical basis, including ensuring appropriate policies and procedures are in place. Legislative changes are considered by the Board as when they arise, including potential impact on the College.**

Are you aware of any instances of non-compliance during 2019/20?

No

8. Is the Audit Committee aware of any actual or potential litigation or claims that would affect the financial statements?

No

9. How does the Audit Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

The Committee considers the external environment, direction from funders and the Scottish Government, the College's financial plans and financial forecasts, major risks and mitigating factors as identified in the Strategic Risk Register, alongside challenging management assurances to satisfy itself this is appropriate. We also note the Financial Reporting Council's Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom. PN 10 considers auditor's responsibilities in relation to going concern in the public sector and centres on the activities, functions and operational existence of the public sector organisation. In short, it indicates that a going concern basis of accounting would be appropriate unless there is a known intention to abolish, transfer or privatise activities. The Regional Board is not aware of any intention to abolish, transfer or privatise the activities of the College.

10. Has management considered the impact of the coronavirus outbreak as part of their going concern assessment, including:

- any changes in underlying assumptions

Yes, these have been incorporated in financial forecasts, but also see answer to Question 9 above.

- additional or potential financial difficulties, impairments or write-offs

Yes, these have been incorporated in financial forecasts, but also see answer to Question 9 above.

11. How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with the Scottish Funding Council's ("SFC") Accounts Direction and Financial Memorandum?

The Committee considers the work and opinions of both internal and external audit.

12. How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with its requirements as an independent charity as set out by OSCR?

Committee considers the legislative requirements of OSCR and Board members are encouraged to undertake governance charity trustee training.

13. How does the Audit Committee satisfy itself that the College has arrangements to monitor and maintain the regularity of income and expenditure?

Committee adopts a risk-based approach in planning the work of internal audit, ensuring that all areas and systems of internal control are examined on a cyclical basis, including ensuring appropriate policies and procedures are in place. The Committee also considers the College's accounting policies for appropriateness.

14. What does the Audit Committee consider to be the related parties that are significant to the College and what is its understanding of the relationships and transactions with those related parties?

The related parties are those listed in note 30 to the accounts where a Board member has an interest in a body that the College has financial transactions with. The Committee is content that actual or potential conflicts of interest are appropriately declared. The Committee is also content that any transactions are not influenced by the relationship of the Board member.

15. Does the Audit Committee have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?

No

I trust this is order.

Yours sincerely

David Anderson
Chair, Audit and Risk Committee

AUDIT & RISK COMMITTEE	
Meeting of 22 September 2021	
Title: Draft Annual Report of the Audit and Risk Committee to the Regional Board 2021	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s): Susan Lawrance, Secretary to the Regional Board
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 the draft Annual Report of the Committee 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: Choose an item.	
Linked to Strategic Risk(s): All	
Executive Summary: <p>It is a requirement of the Financial Memorandum that the Audit and Risk Committee prepares an annual report on its activities for approval by the governing body. The report should include the Audit and Risk Committee's assessment of the adequacy and effectiveness of the College's internal control systems. This assessment should be based on the results of the work of the internal audit service (IAS) as reported in the IAS annual report, and the external auditors' opinion on the financial statements as well as the management letter and report issued to those charged with governance of the College.</p> <p>A draft of the 2020-21 Report is attached for consideration. Note that the report still requires to be updated for the opinions of the external auditors.</p>	

A final draft will be presented for approval at the meeting scheduled for 01 December 20201

Recommendation: Committee discuss the contents of the draft report and propose any amendments to be made before finalisation.

Previous Committee Recommendation/Approval (if applicable): n/a

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:

NORTH EAST SCOTLAND COLLEGE

Annual Report of the Audit and Risk Committee to the Regional Board – Activities Undertaken for the year ended 31 July 2021

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 (or equivalent) to the Regional Board.
- 1.3. This report details the activities of the Audit and Risk Committee for the year ended 31 July 2021.

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	3	3	100%
Ann Bell**	3	1	33%
Abdul Elghedafi	3	2	66%
Sheena Ross	3	3	100%
Andrew Russell	3	3	100%
Anne Simpson*	2	1	50%

*A Simpson Term of office ended on 30.04.21

** A Bell Term of office ended 31.08.21

** *J Gifford (new Board Member) attended the June meeting as an observer.

**** For AY2021/22 L McDermid (new Board Member) will join the A&R Committee.

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 22 September 2021, 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 2020. The Plan was systematically followed and the areas addressed during the year were: -

- Performance Reporting/KPIs (requested review – held over from 2019-20 as a result of the COVID-19 pandemic);
- Student Support (requested audit);
- Staff Recruitment and Retention (requested audit);
- Budgetary Control (requested audit);
- Risk Management (requested audit);
- IT Network Arrangements (requested audit);
- Website Delivery Project VFM (requested audit);
- Credits Audit (required audit); and
- Student Support Funds (required audit); and
- Externally Facilitated Effectiveness Review.

3.3. Summaries of the issues arising in relation to each system or activity by the internal audit work in 2020-21 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 2020-21, of the seven requested audits, the internal auditor graded five areas reviewed as 'good', one area as 'satisfactory' and one area as "requires improvement".

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 2020-21, the internal auditor made 20 audit recommendations across the seven requested reviews and two required reviews, with seven recommendations being Priority 2 and thirteen 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 61 days, including those for Audit Management. The auditors presented their Annual Report 2020-21 to the Audit and Risk Committee on 01 December 2021. A copy of that report is attached as **Appendix B**.
- 3.10. The auditors have reported that: -

"In our opinion, with the exception of [the IT Network Arrangements / Data Protection review], 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 2020/21 and in the prior year following our appointment in 2019/20."

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 2021 were provided by their appointees, Ernst and Young LLP. This was the fifth 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 01 December 2021. No audit qualifications were necessary to the financial statements for the year to 31 July 2021. 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 2023 as a result of the process agreed at the General Meeting in April 2021.
- 4.3. MHA Henderson Loggie carried out the external audit of ASET for the 12-month reporting period to 31 July 2021. 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 2021, 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 02 June 2021.

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 22 September 2021 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 02 June 2021.

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 from 2019-20 to 2020-21. The 2020-21

Internal Audit Plan was also 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 2021

- 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 2021 and the external auditor's unqualified opinion on the financial statements for the 12-month reporting period to 31 July 2021.
- 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 2021 and MHA Henderson Loggie as internal auditor to the College for the 12 months to 31 July 2021.

12.5. The various reports and Committee minutes have been circulated to Board members.

David Anderson
Chair
Audit and Risk Committee

1 December 2020

AUDIT & RISK COMMITTEE	
Meeting of 22 September 2021	
Title: Strategic Risk Register	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s): Leadership Team
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 College's Strategic Risk Register	
Linked to Strategic Goal: All	
Linked to Annual Priority: Choose an item.	
Linked to Strategic Risk(s): All	
Executive Summary: <p>The Board approved the College's Risk Register at its meeting of 16 December 2020. The Risk Register has been kept under review by the Leadership Team.</p> <p>Since last considered by the Committee, the following change has been made: -</p> <ul style="list-style-type: none"> • Risk 4.7 has been CLOSED, reflecting the current position with regards to deferred students. • Risk 4.12 has been CLOSED, reflecting the current position that we are beyond the point where flexibility by awarding bodies would affect 2020-21 outcomes. • Risk 4.13 has been CLOSED, reflecting the fact that we have now started the 2021-22 session. • Risk 4.14 has been CLOSED, reflecting the conclusion of the industrial dispute. • Risk 5.5 has been RE-WORDED, to remove the timebound aspects. 	

- Risk 6.8 has been ADDED, to reflect the significance of College funding levels in reducing the likelihood and impact of further disruption caused by network failures.

Recommendation: It is recommended that the Committee discuss the Strategic Risk Register and approve current Risk Status', along with any further actions required.

Previous Committee Recommendation/Approval (if applicable): Regional Board 23 June 2021, A&R Committee 02 June 2021.

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence: