



BOARD OF MANAGEMENT

AUDIT & RISK COMMITTEE

Tuesday 14 May 2019 at 5.00pm
A214, Kingsway Campus

AGENDA

- 1. WELCOME**
- 2. APOLOGIES**
- 3. DECLARATIONS OF INTEREST**
- 4. ESRC RESEARCH PROJECT – INFORMED CONSENT** Paper A for information
- 5. MINUTE OF PREVIOUS MEETING** Paper B for approval
- 6. MATTERS ARISING**
- 7. STRATEGIC RISK REGISTER & RISK DELEGATION TO BOARD COMMITTEES** Paper C for approval ST
- 8. DATA BREACH REPORTING** Verbal update ST/JC
 - 8.1 On-line Fraud Report Paper D for information ST/JC
- 9. INTERNAL AUDIT**
 - 9.1 Business Continuity Planning & Risk Management Paper E for approval HL
HL
 - 9.2 Equality & Diversity Paper F for approval HL
 - 9.3 Duty of Care Paper G for approval HL
 - 9.4 Progress Report Paper G for approval HL
 - 9.5 Audit Plan 2018/19 & 2019/20 Verbal update HL
 - 9.6 Follow-up Summary Paper I for approval ST/JC
- 10. EXTERNAL AUDIT PLAN** Paper J for approval AS
- 11. RENEWAL OF INTERNAL AUDIT CONTRACT** Paper K for approval ST/JC
- 12. DATE OF NEXT MEETING** - Tuesday 17 September 2019, A214 Kingsway Campus.



AUDIT & RISK COMMITTEE

Tuesday 14 May 2019

ESRC Research Project – Informed Consent

PAPER A

Processes and practices of governing in FE colleges in the UK

Note to Board of Management to ensure ongoing informed consent

Dundee and Angus College is one of a select number of colleges participating in a four nations study of the processes and practices of governing in FE colleges. Funded by the Economic and Social Research Council (ESRC), this project is led by a team of highly regarded and experienced investigators from the Universities of Stirling, Birmingham and Cardiff (further details available on the project website <https://fe-governing.stir.ac.uk/>).

The main focus of the study is to observe and video meetings of the College Board of Management held between January and December 2019. In addition, a select number of committee meetings may be observed, but not recorded. Observational studies of governing bodies, whether in the public or the corporate sphere, are rare so by agreeing to have your board meetings videoed you are supporting leading-edge research in this area.

In order to be funded, the research has been through a highly rigorous process of review by the ESRC. It has also been closely assessed and approved by research ethics committees at the three universities. Working to the highest ethical standards, the researchers will ensure that confidentiality is maintained, that sensitive information is not shared, and that individuals are not identifiable (unless they have explicitly agreed otherwise) in any communications, presentations or publications. Furthermore, all data will be deleted within a year of the project ending.

All participants in the meetings that are videoed and/or observed are required to complete a participant consent form to confirm that they understand the nature of the research and are aware of their right to withdraw (and have any contributions disregarded) at any time without consequence. They are also encouraged to speak to a member of the research team should they have any questions or concerns. The contacts for Scotland are Dr Helen Young, Research Fellow (01786 467748, h.l.young@stir.ac.uk) and Professor Cate Watson, Principal Investigator (01786 467626 cate.watson@stir.ac.uk).



AUDIT & RISK COMMITTEE

Tuesday 14 May 2019

Minute of Previous Meeting

PAPER B



BOARD OF MANAGEMENT AUDIT COMMITTEE MEETING

Minute of the Audit Committee meeting held on Tuesday 5 March 2019 at 5.00pm in Room A214, Kingsway Campus.

PRESENT:

G Robertson (Chair)	S Watt
T Pirie	P Milne
M Williamson	M Thomson
H Honeyman	K Keay

IN ATTENDANCE:

- C Blake (Vice Principal)
- S Taylor (Vice Principal and Secretary to the Board)
- S Inglis (Henderson Loggie)
- T D'All (Principal's/Board Chair PA)

1. WELCOME

G Robertson welcomed members of the Audit Committee meeting.

2. APOLOGIES

None

3. DECLARATIONS OF INTEREST

A declaration of interest from S Inglis was noted in relation to Agenda Item 12 and it was confirmed that he would leave the meeting prior to that item being considered.

4. ESRC RESEARCH PROJECT – INFORMED CONSENT

G Robertson gave a brief explanation of the Project and confirmed that H Young from Stirling University would not be attendance.

Filming for the ESRC Project will be limited to BOM Meetings with the videos being used for the purpose of research then destroyed. The videos will not be made public.

5. MINUTE OF AUDIT COMMITTEE – 27 NOVEMBER 2018

The Minute of the Audit & Risk Committee meeting held on 27 November 2018 was approved as a correct record.

6. 6.1 Matters Arising

C Blake confirmed that that the error reported in the Follow-Up Summary had been corrected and a new report prepared for the meeting.

7. STRATEGIC RISK REGISTER

S Taylor explained that the Risk Register is reviewed in the run up to each Audit and Risk Committee meeting and reported to the Board of Management. There were no changes to the Register or the scoring of this high level document.

H Honeyman asked if “People” should have a separate classification in the Risk Register for example due to critical skills, wrong doing etc. S Taylor confirmed that there were elements of “People” threaded throughout the Risk Register for example Teaching Standards, Compliance / Verification, Industrial Relations.

K Keay asked about including the Estates Risk in particular Kingsway Campus and STEM in the Risk Register.

It was agreed that S Taylor would review the Risk Register and include the points raised in a revised document for the Committee’s next meeting. **S Taylor to progress.**

The Committee approved the Risk Register for circulation to the Board of Management noting recommended updates.

7.1 Brexit Risk

S Taylor explained that this paper had been prepared summarising the work being progressed to identify key risks and impacts for the College arising from Brexit. There were a number of areas of risk across the College associated with Brexit and the College had in place appropriate monitoring to allow action to be taken where possible.

S Taylor intimated that over a year ago EU staff employed by the College were identified and offered specialist immigration/residency advice via Thornton Solicitors.

S Taylor also confirmed that work had been undertaken in respect of Brexit in relation to the College’s Financial Strategy and that the College is monitoring the situation with a lot of work ongoing.

T Pirie questioned if there had been a lot of queries from students re Brexit and S Taylor confirmed that there had been a number of enquiries regarding course fees and student funding but that there had been no guidance to offer until quite recently. This had now been clarified and a clear answer available for session 2019/20. S Taylor noted that the College does not attract a significant number of EU Nationals into the area as students, with most EU national students already living and working in the area.

G Robertson thanked S Taylor for bring the papers to the Committee and noted that it was a very good update.

8. DATA BREACH REPORTING

C Blake declared a recent Data Breach, which was classified as “minor” with no need to report to Information Commissioner’s Office (ICO), had involved a member of academic staff using “reply all” to an email naming a particular student who needed to change their mode of attendance, due to ill health. This had been sent to approximately 90 individuals. C Blake noted that the student had received a full explanation about the breach and an apology.

C Blake confirmed that there has been a follow-up discussion with the member of staff. An announcement has also appeared on the College Intranet (Portal) reminding all staff re GDPR and the risk of using “reply all” when emailing.

T Pirie highlighted the default settings re “reply all” on mobile phones and that this will be check out with the ICT Team and noted to staff for information. **C Blake to progress.**

9. INTERNAL AUDIT REPORT

9.1 Cyber Security

S Inglis summarised the report on Cyber Security, outlining the audit scope and noting progress and implementation of the key actions set out in the Public Services Action Plan (PSAP). S Inglis indicated that the PSAP set out 11 key actions in 2018 five of which are to be taken forward at national level with the remaining six being addressed at local public sector level.

A discussion took place in relation to governance, training, cyber response action plan and on the whole it was noted that the College does respond well. C Blake noted that the ISP (Internet Security Policy), currently at the final draft stage, will be included alongside the Business Continuity Plan. S Watt suggested that even in an initial draft format the ISP should be signed off and published. This was agreed. **C Blake to progress.**

The report was approved.

9.2 Progress Report

S Inglis summarised the Progress Report table that indicated when each report will come to the Audit Committee. Changes in some of the planned dates were noted and it was confirmed that these had been discussed and agreed with the College.

9.3 Audit Plan 2018/19 & 2019/20

G Robertson asked the Committee for their thoughts on whether the Procurement Audit should be moved from the 20/21 to the 19/20 cycle. Following discussion, it was agreed that the Procurement Audit should be brought forward and the impact of this on other planned activities to be discussed further with the College.

Further to discussion it was also agreed that: Cyber Security Audit can be left until later in the plan cycle; Duty of Care and Equality & Diversity would be taken forward in parallel; Student Engagement / Students' Association will commence once a new Student President was in place

9.4 Follow-Up Summary

C Blake noted that the Follow-Up Summary for both Internal and External Audits, noting the status of each recommendation, will come to the Audit & Risk Committee other than the meeting at which the Internal Auditors' own report is considered.

Revised Deadlines

C Blake highlighted that the College's Customer Relations Management system (CRM) is being implemented by June 2019 as part of the G2G project. The Students Experience action around software updates will be finished for the start of Academic Year 2019/20.

C Blake intimated that the Asset / Fleet Management Audit recommendations had to disappointingly be moved again but confirmed that they would be completed by April 2019. M Williamson noted that she was disappointed that the Asset / Fleet Management recommendations had been pushed back once again. It was confirmed that these outcomes should be prioritised to ensure that the new deadline was met. **C Blake to progress.**

10. BUSINESS CONTINUITY POLICY

C Blake noted that the cover page of the document will be changed to reflect that this document is a Policy rather than a Plan. C Blake indicated that there had been no change in direction from the previous issue of the document.

Discussion took place on how important it was for ICT and Estate to be included in the Business Continuity Policy rather than being supported by departmental plans. It was agreed that (even if not finalised) it was important to have something available publicly about the College's continuity plans for ICT and estates. **C Blake to progress.**

S Inglis noted that the Internal Audit for Risk Management / Business Continuity would take place from 26 March 2019. It was agreed that the ICT and Estates Plans be included in the BCP for this Audit.

11. EXTERNAL AUDIT

C Blake confirmed that Audit Scotland were happy with the External Audit arrangements and will be on site from 29 April 2019 to complete the interim audit.

12. RENEWAL OF CONTRACT - INTERNAL AUDIT

S Inglis excused himself from the meeting at this point.

G Robertson explained the thinking behind the original contract extension and the reluctance of making a major decision at the same time as a possible change to the Chair of the Audit Committee.

The proposal to extend the Henderson Loggie contract was approved. **C Blake to progress.**

It was confirmed that the procurement process for a new contract be planned, with a paper outlining the process and timescale to be brought to the September meeting. **S Taylor to progress.**

13. DATE OF NEXT MEETING

The next Audit Committee meeting was confirmed as: **Tuesday 14 May 2019 at 5.00pm in A214, Kingsway Campus.**

As this was C Blake's last Audit Committee meeting before retiring G Robertson took the opportunity to thank her, on behalf of everyone, for her work, input and guidance at the meetings.

Action Point Summary

Action	Responsibility	Date
Strategic Risk Register to be updated to incorporate Estates and People risk headings/risks	S Taylor	14 May 2019
Guidance on possible 'reply all' setting on mobile devices to be provided	C Blake	31 March 2019
Internet Security policy to be completed and published	C Blake	31 March 2019
Remaining actions from Asset/Fleet Management audit to be prioritised for completion by revised due dates	C Blake	14 May 2019
Extension to Henderson Loggie contract to be confirmed	C Blake	14 May 2019
Procurement process for internal audit to be confirmed	S Taylor	17 September 2019



AUDIT & RISK COMMITTEE

Tuesday 14 May 2019

**Strategic Risk Register & Risk Delegation to
Board Committees**

PAPER C



STRATEGIC RISK REGISTER

2018 - 2019

As at May 2019

Post Holders	ELT	Executive Leadership Team	PRIN	Principal	Score	Impact	Likelihood
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
	Board	Board of Management	HoICT	Head of ICT	2	Minor	Unlikely
	VPP&P	Vice Principal People & Performance	HoE	Head of Estates	3	Significant	Possible
	VPCS	Vice Principal Corporate Services			4	Major	Probable
	VPCA	Vice Principal Curriculum & Attainment			5	Critical	Very Likely

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT	POST MITIGATION EVALUATION			Responsibility
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	
1	Strategic and Structural							

1.1 LT&Q	Failure of College strategy to meet the needs of the D&A Region and/or national priorities (eg Employability, DYW, attainment, articulation)	4	4	16	<ul style="list-style-type: none"> Robust strategic planning Effective environmental scanning Strong partnerships Clear links between strategy and practice Concerted demands for increased activity levels 	4	1	4	<ul style="list-style-type: none"> Robust monitoring via ROA Clear performance metrics Amendment of strategic direction/plans Rolling curriculum review 	Board, ELT
1.2 Board	College may be disadvantaged by changes to either UK or Scottish Government policies	4	3	12	<ul style="list-style-type: none"> Effective environmental scanning Negotiation/influence at national level 	4	2	8	<ul style="list-style-type: none"> Review of changes and amendment of strategic direction/plans Financial strategy sensitivities 	ELT
1.3 Board	College disadvantaged by changes arising from UK leaving European Union	5	4	20	<ul style="list-style-type: none"> Negotiation/influence at national level Review of activities/projects Responsiveness to new opportunities 	5	2	10	<ul style="list-style-type: none"> Review of changes and amendment of strategic direction/plans/curriculum Financial strategy ESF sensitivity Workforce planning 	ELT

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: Green (1-8) = Minor Risk; Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk

Post Holders	ELT	Executive Leadership Team	PRIN	Principal	Score	Impact	Likelihood
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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	
2	Financial							

2.1 F&P	Change in SFC Funding Methodology and Allocation – Reduction in Funding	3	3	9	<ul style="list-style-type: none"> Negotiation/influence at national level Contingency plans for reduced funding 	2	3	4	<ul style="list-style-type: none"> Advance modelling of new funding methodologies and allocations Monitoring impact of changes Amendment of strategic or operational direction/plans Financial strategy sensitivities 	ELT
2.2 F&P	Failure to achieve institutional sustainability	5	4	20	<ul style="list-style-type: none"> Protection of funding through dialogue with SFC Robust annual budget-setting and multi-year financial strategic planning Effective budgetary control Where required, swift action to implement savings 	4	3	12	<ul style="list-style-type: none"> Monthly monitoring of budgets Regular review of financial strategy and non-core income sensitivity Detailed monitoring of savings programmes 	ELT
2.3 F&P	National outcomes on salaries and conditions of service outstrip ability to pay	4	4	16	<ul style="list-style-type: none"> Influence within Employers Association Management of staffing expenditures 	4	3	12	<ul style="list-style-type: none"> Expenditure modelling On-going discussions with staff Financial strategy sensitivities 	VPP&P, VPCS

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
2	Financial (cont)									

2.4 A&R	Financial Fraud	4	3	12	<ul style="list-style-type: none"> Strong financial controls: segregation of duties and review of transactions. Review of impact of any changes in structure or duties Whistleblowing arrangements 	3	2	6	<ul style="list-style-type: none"> Continuous review of financial controls Internal Audit programme 	VPCS
2.5 F&P	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	<ul style="list-style-type: none"> On-going dialogue with Foundation Trustees Appropriate bid arrangements in place 	3	2	6	<ul style="list-style-type: none"> Monitor and advise Board of Management 	VPCS

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
3	People and Performance									

3.1 LT&Q	Failure to reach aspirational standards in learning, teaching and service delivery	4	3	12	<ul style="list-style-type: none"> Clear quality arrangements and priority actions Continuous self-evaluation and action planning Rigorous CPD arrangements in place Regular classroom observation and learner feedback arrangements 	3	2	6	<ul style="list-style-type: none"> Comprehensive monitoring of key PIs and student/staff feedback Regular Stop and Review events External review and validation findings 	VPC&A, VPP&P, DirC&A
3.2 LT&Q	Failure to achieve/maintain compliance arrangements, e.g. contracts; awarding bodies; audit.	4	3	12	<ul style="list-style-type: none"> Robust strategic planning and monitoring Effective environmental scanning Strong partnerships Clear links between strategy and practice Concerted demands for increased activity levels 	2	2	4	<ul style="list-style-type: none"> Effective internal monitoring/review/verification arrangements External review findings 	SLT, VPP&P
3.3 A&R	Legal actions; serious accident; incident or civil/criminal breach	4	5	20	<ul style="list-style-type: none"> Adherence to legislative and good practice requirements Positive Union relations and staff communication Effective management development programmes 	3	2	6	<ul style="list-style-type: none"> Monitoring and reporting in key areas – eg H&S, equalities, employee engagement Continuous professional development Internal audit programme Staff surveys 	ELT

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
3	People and Performance (cont.)									

3.4 Board	Reputational Risk – Loss of reputation with key stakeholders	4	3	12	<ul style="list-style-type: none"> Marketing strategy Reputation plan Positive marketing approaches 	4	2	8	<ul style="list-style-type: none"> Stakeholder engagement Social media monitoring arrangements 	VPCS
3.5 HRD	National bargaining outcomes impact adversely on College operations, activity and flexibility	4	4	16	<ul style="list-style-type: none"> Influence within Employers Association Management of bargaining outcomes and implementation 	4	3	12	<ul style="list-style-type: none"> Positive union relations and staff communication On-going discussions with staff Innovation in approaches 	VPP&P, VPC&A
3.6 HRD	Industrial Relations Problems (including industrial action)	4	5	20	<ul style="list-style-type: none"> Adherence to legislative and good practice requirements Positive Union relations and staff communication Effective management development programmes Industrial action continuity planning 	4	3	12	<ul style="list-style-type: none"> Regular union/management dialogue Regular employee engagement monitoring Open communication with staff Industrial action continuity planning 	VPP&P

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
3	People and Performance (cont.)									

3.7 A&R	Breach of data security / data protection	5	4	20	<ul style="list-style-type: none"> Effective management of GDPR compliance Mandatory staff CPD and awareness raising on data protection (relative to role) 	4	2	8	<ul style="list-style-type: none"> Active data protection monitoring and auditing Effective information and data security policies in operation Regular data security monitoring/testing GDPR Action Plan Staff CPD 	VPC&A, HoICT, Data users
3.8 HRD	Failure to meet Prevent and related obligations	5	3	15	<ul style="list-style-type: none"> Prevent training Staff awareness and contingency planning Engagement/practice sharing with local agencies 	5	1	5	<ul style="list-style-type: none"> Business Continuity Plan including scenario testing Information sharing with local agencies 	VPC&A, VPP&P
3.9 HRD	College arrangements do not minimise risk associated with Modern Slavery	4	3	12	<ul style="list-style-type: none"> Clear and compliant procurement arrangements and procedures Staff identity checking arrangements and use of PVG. 	4	1	4	<ul style="list-style-type: none"> Annual procurement monitoring/reporting Regular employee engagement monitoring Open communication with staff 	VPC&A, VPP&P

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
4	Infrastructure									

4.1 A&R	Disasters – eg Fire, MIS Failure, Failure of Emergency Procedures	5	4	20	<ul style="list-style-type: none"> Sound systems of administration Clear fire and disaster recovery arrangements Staff CPD 	5	1	5	<ul style="list-style-type: none"> Business Continuity Plan including scenario testing 	VPCS, VPP&P, HoE, HoICT
4.2 F&P	Failure to achieve ambitions of ICT strategy; strategy and development is ineffective	4	4	12	<ul style="list-style-type: none"> Planning, careful phasing of changes to processes and systems Effective management of ICT arrangements Clear investment plan 	4	2	8	<ul style="list-style-type: none"> Regular review/reporting on milestones, systems effectiveness etc Regular CPD 	VPC&A, HoICT
4.3 A&R	Breach of ICT/Cyber security	4	3	12	<ul style="list-style-type: none"> Effective management of ICT arrangements Active ICT/data security monitoring and cyber security policy 	4	2	8	<ul style="list-style-type: none"> Staff CPD on cyber security issues Regular security monitoring/testing Cyber resilience plan 	VPC&A, HoICT
4.4 A&R	ICT infrastructure fails to support effective data security / data protection	5	3	15	<ul style="list-style-type: none"> Effective infrastructure and systems design and implementation Effective management of ICT arrangements and GDPR compliance 	4	2	8	<ul style="list-style-type: none"> Active data protection monitoring and auditing Effective information and data security policies in operation Regular data security monitoring/testing 	VPC&A, HoICT, Data users

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AUDIT & RISK COMMITTEE MAY 2019 RISK REGISTER DEVELOPMENT

1. Introduction

Following discussion at the Audit and Risk Committee and Board of Management in March 2019 it was agreed that the Strategic Risk Register be reviewed, and that consideration be given to the allocation of groups of risks for oversight to the relevant Board Committees. This paper summarises proposals in respect of these changes.

2. Strategic Risk Register Layout

Following on from discussions at the March Audit & Risk Committee meeting, the layout of the Strategic Risk Register has been updated to expand the categorisation of risks as follows.

- Strategic and Structural Risks
- Financial Risks
- People and Performance Risks; and
- Infrastructure Risks

It is hoped that the above categories are relatively self-explanatory.

Previous strategic risks have been moved between the various categories, with this supported by some updating of risks to better align these with the designated categories (for example the splitting of the former risk around national bargaining into a Financial Risk and a People and Performance risk (see risks 2.3 and 3.5).

In making these changes it is also worth highlighting that a significant number of strategic risks are interlinked, and that in supporting the oversight of these the links between strategy, finances, people, performance and infrastructure should not be overlooked.

All risks that have been updated are marked on the enclosed Strategic Risk Register.

3. Allocation of Risks to Board Committees

The enclosed updated Strategic Risk Register highlights the proposed delegation of risk areas across the range of Board Committees.

In identifying these delegated risks, it is proposed that each Committee consider (and amend/update as appropriate) the key risk areas within their responsibility at each future meeting. Proposed changes arising from this consideration will be brought back to the next appropriate meeting of the Audit & Risk Committee for approval.

In making these changes it is important to reinforce that the overall responsibility for risk management remains with the Board of Management, with delegated authority for the implementation and review of this to the Audit & Risk Committee. The further allocation of areas of risk oversight to Board Committees is not intended to amend the terms of the Board of Management scheme of delegation.

4. Approvals

In respect of the above information approval for the following actions is sought.

- Approval of the Strategic Risk Register as updated.
- Approval to allocate oversight of risks to individual board Committees as identified.

5. Information

Further information in respect of Governance matters is available for Board members by contacting Steve Taylor, Vice Principal People & Performance, s.taylor@dundeeandangus.ac.uk.



AUDIT & RISK COMMITTEE

Tuesday 14 May 2019

Data Breach Reporting

On-Line Fraud Report

PAPER D



AUDIT & RISK COMMITTEE – MAY 2019

REPORT ON FRAUD LOSSES FOLLOWING CYBER ATTACKS

1. Introduction

The College has recently suffered two fraud losses as a result of three staff email accounts being compromised by cyber attacks. See below summary information on each fraud loss and a note of actions taken, which are in line with the response plan contained in the Fraud Prevention Policy.

2. Payroll fraud

Payroll staff received emails from two staff members, in both cases from their College email account, requesting that their bank account details be changed. Account details for both members of staff were changed in the HR/Payroll system in response to the emails without independent verification being carried out. This is in line with custom and practice within Payroll.

It came to light that a fraud had taken place when the staff members queried why their monthly salary had not been paid into their bank accounts. Payments were then made to the correct bank accounts.

The sums of money involved were £2,627.70 & £2,007.02. The higher amount was subsequently recovered, as the account it had been paid into had been frozen by the bank.

The fraud is being investigated by the police. Initial indications are that both staff email accounts had been hacked.

3. Supplier fraud

A staff member received an email, purporting to be from another staff member, to which was attached an invoice where the bank details had been fraudulently amended. This email was then passed through to finance for payment.

The established procedure is for independent verification to be required before supplier bank details are changed in the finance system but unfortunately in this instance the procedure was not followed and the payment was made to the fraudulent bank account.

It came to light that a fraud had taken place when the supplier sent a reminder invoice.

The amount paid into the fraudulent bank account was £4,800 and to date this has not been recovered. At this point, payment has not been made to the correct bank account.

The fraud is being investigated by the police. Initial indications are that one of the staff email accounts involved had been hacked.

4. Actions taken

In both of the above cases the following actions have been taken, in line with the response plan contained within the Fraud Prevention Policy:

- Police contacted – ongoing communication
- Bank contacted – ongoing communication
- Log-in passwords for affected staff email accounts changed
- Bank details corrected
- Procedure for staff bank detail changes amended to require independent verification
- Finance staff reminded of the procedure for supplier bank detail changes
- External and internal auditors notified
- Chair of BoM and Chair of ARC notified

The Financial Memorandum with the Scottish Funding Council requires us to inform them if we suffer a fraud loss over £5k. Neither of these frauds exceeded that amount.

The Head of ICT is considering a range of options to further strengthen cyber security measures in order to reduce the risk of email accounts being compromised in the future.

The Head of Finance is considering a range of fraud prevention measures in order to better protect the College from loss in the event of any future cyber attacks of this nature.

The Fraud Prevention Policy will be reviewed to identify whether it requires to be enhanced in light of these fraud losses. If so, a revised version will be brought to this Committee for approval. The Information Security Policy has now been published on the staff portal and a cyber incident response plan is currently being drafted.

5. Recommendation

Audit & Risk Committee is asked to note the report.

Catriona Blake
Vice Principal Corporate Services
26 April 2019



AUDIT & RISK COMMITTEE

Tuesday 14 May 2019

Internal Audit

Business Continuity Planning & Risk Management

PAPER E

Dundee and Angus College

Risk Management and Business Continuity Planning

Internal Audit Report No: 2019/06

Draft Issued: 07 May 2019

Final issued: 07 May 2019

LEVEL OF ASSURANCE

Satisfactory

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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

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

Action Grades

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

Management Summary

Overall Level of Assurance

Satisfactory

System meets control objectives with some weaknesses present.

Background

As part of the Internal Audit programme at Dundee and Angus College ('the College') for 2018/19 we carried out a review of the College's risk management and business continuity arrangements. The Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Management ('the Board') and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Board is responsible for ensuring risks are effectively managed, and this includes an ongoing assessment of the risks faced by the College in relation to its Corporate and Operational Plans. The Senior Leadership Team (SLT) is responsible for reviewing and monitoring the Strategic Risk Register which is then reported to the Audit and Risk Committee at each of their meetings and annually to the Board. The SLT is responsible for implementing the College's approach to risk management and providing staff with an understanding of the College's objectives, the environment in which it operates and the risks it faces.

An effective Business Continuity Plan (BCP) is essential to ensure that the College can, in response to a disaster or threat, continue to operate key activities and ensure that the interests of key stakeholders continue to be met.

Risk Management and Business Continuity Planning

Scope, Objectives and Overall Findings

Risk Management

The scope of this aspect of the audit was to consider whether there were corporate procedures in place to adequately assess risk and minimise the possibility of unexpected and unplanned situations developing, which are in line with good practice.

Business Continuity

We also undertook a high-level review of business continuity planning to consider whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment, or a major cyber-attack.

The table below notes each separate objective for this review and records our results:

Objective	Findings			Actions Already planned	
	1	2	3		
The objectives of the audit were to gain reasonable assurance that:					
	No. of Agreed Actions				
Risk Management					
1. Key risks have been identified and are being appropriately controlled, mitigated, reported and discussed at appropriate levels of management and the Board of Management.	Satisfactory	0	0	1	✓
2. the processes in place reflect good practice in risk management.	Satisfactory	0	0	2	✓
Business Continuity Planning					
3. Business Continuity Plans (BCPs) are in place covering all of the College's key activities;	Good	0	0	0	✓
4. the BCPs are workable, properly communicated to members of staff, and have been adequately tested.	Satisfactory	0	0	0	✓
5. the processes and procedures in place follow recommended good practice.	Satisfactory	0	0	1	✓
Overall Level of Assurance	Satisfactory	0	0	4	
System meets control objectives with some weaknesses present.					

Risk Management and Business Continuity Planning

Audit Approach

The Vice Principal (People and Performance), the Vice Principal (Corporate Services), the Director of Curriculum (FE and Skills), the Head of Estates, the Head of ICT and the Head of Administrative Operations were interviewed, and reports and policies reviewed, to determine whether current working practices around risk management and business continuity planning were in line with good practice and embedded effectively across the College.

Summary of Main Findings

Strengths

- a Risk Management Policy is in place which is revisited on a rolling three year basis as an integral part of the Quality Management review, which links into How Good is Our College (HGIOC) and considers all policies, procedures and equality impact assessments;
- there is robust discussion at the Audit & Risk Committee around the risks captured on the Strategic Risk Register; the risk scores applied to each risk; and the mitigating actions.;
- the College has adopted a simplified operational planning model for 2018/19 and this incorporated coverage of key risks within major support functions;
- an updated Business Continuity Policy was considered and approved by the Audit & Risk Committee in March 2019;
- a second level (operation) Business Continuity Plan has also been developed, which was approved by the Executive Leadership Team in March 2019. This cross refers to the Business Continuity Policy and provides further detail on definitions; incident notification and incident management.;
- specific arrangements around data protection breaches are in place and work is ongoing, in conjunction with an external consultant, to complete penetration testing to evaluate cyber vulnerabilities;

Weaknesses

- The Strategic Risk Register is currently presented for discussion at each meeting of the Audit & Risk Committee but is not accompanied by an explanatory covering report which explicitly sets out a) any new or amended risks b) any changes required to the risk scores for existing risks or c) any changes required to mitigating actions;
- the Strategic Risk Register is not currently cross referenced to the College's Regional Outcome Agreement/Corporate Plan.
- responsibility for some of the risks on the Strategic Risk Register are aligned to multiple owners (or to the Executive Leadership Team collectively);
- the last table top exercise to test the business continuity arrangements was conducted in 2016;
- further work is required to develop guidance on the development of Disaster Recovery Plans for those business critical elements of the College which do not have disaster recovery plans in place; and
- the Business Continuity Plan has been developed in line with the principles set out in BS 25999 - Business Continuity but these standards have been replaced by ISO 22301 and ISO 22313 which introduce some new duties.

Acknowledgements

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



Action Plan

Objective 1: Key risks have been identified and are being appropriately controlled, mitigated, reported and discussed at appropriate levels of management and the Board of Management.

Executive responsibility for maintaining the Strategic Risk Register now rests with the Vice Principal (People and Performance) with ultimate responsibility for risk management arrangements resting with the Principal. The Strategic Risk Register is subject to formal review twice a year by the Executive Leadership Team and full Board of Management.

A Risk Management Policy is in place which is revisited annually as an integral part of the Quality Management review which links into How Good is Our College (HGIOC) and considers all policies, procedures and equality impact assessments.

The register provides the gross and net risk score for each risk identified (before and after mitigating actions) and is scored on a traditional 5 by 5 grid which assesses likelihood and impact. Risks are grouped under three headings: Strategic and Structural; Financial and Operational.

There is robust discussion at the Audit & Risk Committee around the risks captured on the Strategic Risk Register; the risk scores applied to each risk; and the mitigating actions. The discussion at the Audit & Risk Committee meeting in March 2019 resulted in the creation of new risk categories around Estates and People.

Where deemed appropriate specific arrangements are put in place to manage risks. For example, a paper was presented to the Board of management on Brexit risk and planning to provide assurance to Board members on the steps being taken by the College to address emerging risks in this area. In addition, reporting to the board on the Great to Good Project includes a specific project risk register which provides an additional layer of board oversight and assurance.

Risk appetite has been discussed by the Board and one of the newer Board members will run a session in September 2019 on Board Culture and Board risk appetite which will help shape the College's approach to risk appetite moving forward.

Risk Management and Business Continuity Planning

Objective 1: Key risks have been identified and are being appropriately controlled, mitigated, reported and discussed at appropriate levels of management and the Board of Management. (Continued)

Observation	Risk	Recommendation	Management Response		
<p>The Strategic Risk Register is currently presented for discussion at each meeting of the Audit & Risk Committee but is not accompanied by an explanatory covering report which explicitly sets out a) any new or amended risks b) any changes required to the risk scores for existing risks or c) any changes required to mitigating actions.</p> <p>At the Board meeting in March 2019 the possibility of aligning strategic risks to individual College Committees was discussed and the Vice Principal (People and Performance) has prepared a paper for the May 2019 Audit and Risk Committee meeting, which sets out which risks should be overseen by individual Committees. Routine oversight of the whole Strategic Risk Register will remain with the Audit & Risk Committee.</p> <p>The provision of a covering report from the various Committees to the Audit & Risk Committee would provide improved focus on key risks and going forward this would also allow any risks which are above the Board's risk appetite to be highlighted (once the Board has completed the work to set a risk appetite).</p>	<p>Without sufficient supporting narrative Board Members who do not have the benefit of the verbal update at the Audit & Risk Committee may not be aware of important changes to the risk register and may not be aware of those risks which are above the agreed risk appetite level.</p>	<p>R1 The Strategic Risk Register should be accompanied by a standard supporting report which summarises for each of the relevant Committees a) any new or amended risks b) any changes required to the risk scores for existing risks c) any changes required to mitigating actions and d) any risks which are above the risk appetite level set and setting out the actions required to bring the risk within tolerable levels.</p>	<p>Agreed</p> <p>To be actioned by: Vice Principal (People and Performance)</p> <p>No later than: 30 September 2019</p>		
			<table border="1"> <tr> <td>Grade</td> <td>3</td> </tr> </table>	Grade	3
Grade	3				

Risk Management and Business Continuity Planning

Objective 2: The processes in place reflect good practice in risk management.

Following previous delays in the planned development of the MyTEAM on-line quality system, the decision was made for academic year 2018/19 to progress with the original alternative approach to ensure that all key risks are reflected within operational objectives. Through this approach an operational risk register has been developed for the Senior Academic Leadership Team (SALT), with risks mapped to the two-weekly operational planning, development and oversight role that SALT plays in respect of key College activities, including curriculum, credits, and student outcomes. The College has adopted a simplified operational planning model for 2018/19 and this incorporated coverage of key risks within major support functions. SALT provides a forum to identify emerging risks and is mapped across to the strategic risk register and to the regional Outcome Agreement. It also allows any significant risks identified to be escalated to the Executive Leadership Team for consideration of mitigating actions and the potential inclusion of new risks on the Strategic Risk Register. Currently there is collective responsibility, rather than specifically aligned responsibility, for managing each of the risks on the Curriculum Risk Register but this is currently under review by the SALT Group.

There is also an ICT Risk Register in place which sits with the Head of ICT. This links into the shared service arrangement, which is in place with the University of Dundee, Abertay University, Fife College, north East Scotland College (NESCOL) and the University of the Highlands and Islands (UHI).

There is currently no equivalent operational risk register in place for Estates or for other support functions within the College. However, we were advised that operational risks relating to Estates are discussed and escalated to ELT if required.

Risk registers are adopted as standard for all capital and revenue projects with a value in excess of £250,000, although there were no projects of this magnitude during the year under review.

Risk Management and Business Continuity Planning

Objective 2: The processes in place reflect good practice in risk management. (Continued)			
Observation	Risk	Recommendation	Management Response
The Strategic Risk Register is not currently cross referenced to the College's ROA/Corporate Plan. In addition, responsibility for some of the risks on the Strategic Risk Register are aligned to multiple owners (or to the Executive Leadership Team collectively).	Without clarity on linkages to the ROA/Corporate Plan and alignment of responsibility for overseeing completion there is a risk that mitigating actions will not be taken and the net risk level reported to the Audit & Risk Committee may be understated.	R2 The Strategic Risk Register should be amended to make explicit reference to the relevant section of the ROA/Corporate Plan and to align responsibility of individual risks to one single risk owner who in turn is responsible for assigning each of the mitigating actions to a single owner and monitoring completion/maintenance.	<p>Agreed</p> <p>To be actioned by: Vice Principal (People and Performance)</p> <p>No later than: 30 September 2019</p>
			<p>Grade 3</p>

Risk Management and Business Continuity Planning

Objective 2: The processes in place reflect good practice in risk management. (Continued)					
Observation	Risk	Recommendation	Management Response		
See above	See above	<p>R3 Consideration should be given to the development of a more detailed working document which sits below the Strategic Risk Register and aligns mitigating actions and controls to individual members of staff who will report on the status of these mitigating actions and controls to the identified risk owner prior to presentation of the Strategic Risk Register to ELT in advance of the Audit & Risk Committee.</p>	<p>Agreed</p> <p>To be actioned by: Vice Principal (People and Performance)</p> <p>No later than: 30 September 2019</p>		
			<table border="1"> <tr> <td>Grade</td> <td>3</td> </tr> </table>	Grade	3
Grade	3				

Risk Management and Business Continuity Planning

Objective 3: Business Continuity Plans (BCPs) are in place covering all of the College's key activities

An updated Business Continuity Policy was considered and approved by the Audit & Risk Committee in March 2019. Responsibility for the Business Continuity Policy rests with the Vice Principal (Corporate Services). The Business Continuity Policy describes the role of the Executive Leadership Team around business continuity and defines the types of major incidents which would trigger the requirement for a Business Continuity Team to be convened. The updated policy was circulated to all of the Senior Leadership Team for comment before it was submitted to the Audit & Risk Committee.

A list of Emergency Contacts list is maintained which includes key contractors, communication routes and the college insurers. This list is supplemented by a closed WhatsApp group, which was instigated as a result of network outage in 2017 but have been retained as an effective way to communicate information quickly in a secure environment. The Head of Administrative Operations is part of this closed group and a Microsoft Teams is also used as a mechanism to communicate with the four Administrative Team Leaders.

A second level (operation) Business Continuity Plan has also been developed, which was approved the Executive Leadership Team in March 2019. This cross refers to the Business Continuity Policy and provides further detail on definitions; incident notification and incident management. It also includes details of likely resource requirements for an incident room and includes standard forms for recording major incidents and action lists which should be completed if the definitions are met with specific actions set out for all staff; the Business Continuity Team; the Incident Management Team; the Principal; the Head of Estates; the Student Services team; the People Team; and Finance. This document is supported by a separate ICT Disaster Recovery Plan. As highlighted in internal audit report 2019/03 - Cyber Security, the College's Regional Chief Information Security Officer (CISO) commenced drafting a cyber response plan for the College in November 2018 and this work is still ongoing. Further work is required to define the specific role of ICT in the incident management process and this will be a specific focus for the Head of ICT moving forward.

Specific arrangements around data protection breaches are in place and work is ongoing, in conjunction with an external consultant, to complete penetration testing to evaluate cyber vulnerabilities. A training programme has been put in place and plans are in place to deliver a mock phishing attack to allow the extent of this training to be assessed.

Risk Management and Business Continuity Planning

Objective 4: the BCPs are workable, properly communicated to members of staff, and have been adequately tested

The last table top exercise to test the business continuity arrangements was conducted in 2016. This is primarily because there have been incidents in the intervening period which have required the business continuity planning arrangements to be invoked (most notably the snow closures and the burst water main at Kingsway campus). Following each of these incidents “wash up “ sessions were held to identify lessons learned.

We have been advised that the College’s insurers are contractually obligated to provide consultancy advice which could be utilised to allow the facilitation of a session (or sessions) to help embed the business continuity arrangements across the College. The recent restructuring within the College provides an excellent opportunity to communicate the new business continuity planning guidance to an audience which may not have been directly responsible for business continuity planning in previous, more junior, roles. It has been agreed that Zurich will facilitate a desktop exercise with the Senior Leadership Team on 17 September 2019.

We were advised that the business continuity risks vary across campuses and therefore the need for campus specific desk top exercises could be explored as part of the facilitated session to ensure that local business continuity risks are considered.

Risk Management and Business Continuity Planning

Objective 5: the processes and procedures in place follow recommended good practice.

Work to develop an overarching Business Continuity Policy and a supporting, more detailed, Business Continuity Plan has been progressed. However, further work is now required to develop guidance on the development of Disaster Recovery Plans for those business critical elements of the College which do not have disaster recovery plans in place. Since work is already planned in this area, we have not included a separate recommendation in this regard.

The Business Continuity Plan has been developed in line with the principles set out in BS 25999 - Business Continuity. BS 25999 was a Business Continuity Management (BCM) standard published by the British Standards Institution (BSI) which contained two parts;

Part 1, "BS 25999-1:2006 Business Continuity Management. Code of Practice", took the form of general guidance on the processes, principles and terminology recommended for BCM; and

Part 2, "BS 25999-2:2007 Specification for Business Continuity Management", specified a set of requirements for implementing, operating and improving a BCM System (BCMS).

The first part of BS 25999 (BS 25999-1:2006) was published by the British Standards Institution in December 2006. The second part of BS 25999 (BS 25999-2:2007) was published in November 2007. BS 25999-2 was withdrawn in November 2012 having been replaced by the International Standard, ISO 22301. BS 25999-1 was withdrawn in early 2013 having been replaced by ISO 22313. However, from our review of the Business Continuity Plan we are comfortable that there are no material gaps in the arrangements in comparison with ISO 22301 and ISO 22313 with the exception of the new duties introduced by ISO 22301 around the setting of measurable objectives and performance evaluation.

Risk Management and Business Continuity Planning

Objective 5: the processes and procedures in place follow recommended good practice (Continued)			
Observation	Risk	Recommendation	Management Response
ISO 22301 places greater emphasis on the setting of measurable objectives and performance evaluation. Clause 9 introduced a new clause specifying requirements for the monitoring, measurement, analysis and evaluation of the performance and effectiveness of the business continuity management systems. The clause also includes the Internal Audit and Management Review requirements, which were previously included in BS 25999. However, additional procedures are required to determine what needs to be monitored and measured, when and how the results will be evaluated and what action needs to be taken to address any adverse trends. The procedures are expected to cover the setting of suitable metrics, assessing the performance of the processes protecting its prioritised activities and evaluating the suitability and effectiveness of business continuity procedures.	Given that the Business Continuity Plan was developed in line with BS 25999 - Business Continuity, the College may not be fully compliant with all of the requirements set out in ISO 22301 which replaced BS 25999.	R4 A review should be conducted to ensure that the new requirements contained within Clause 9 of ISO 22301 are reflected in the next iteration of the Business Continuity Plan.	Agreed To be actioned by: Vice Principal (Corporate Services) No later than: 31 March 2020
			Grade 3

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AUDIT & RISK COMMITTEE

Tuesday 14 May 2019

Internal Audit

Equality & Diversity

PAPER F

Dundee & Angus College

Equality & Diversity

Internal Audit Report No: 2019/04

Draft issued: 1 May 2019

Final issued: 2 May 2019

LEVEL OF ASSURANCE

Good

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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

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

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit 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.



Management Summary

Overall Level of Assurance

Good	System meets control objectives
------	---------------------------------

Risk Assessment

This review focused on the controls in place to mitigate the following risk on Dundee & Angus College's ('the College') Risk Register:

3.1 – Legal actions; serious accident; incident or civil / criminal breach (risk priority: minor); and

3.2 – Reputational Risk – Loss of reputation with key stakeholders (risk priority: minor).

Background

As part of the Internal Audit programme at the College for 2018/19 we carried out a review of the College's Equality & Diversity arrangements. The Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Management ('the Board') and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The public sector equality duty, which is set out in the Equality Act 2010, came into force in April 2011 – this is often referred to as the general duty. Scottish public authorities must have 'due regard' to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.

Scottish Ministers made regulations in The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, placing specific duties on Scottish public authorities to enable the better performance of the public sector equality duty. These are also known as the Scottish Specific Duties.

Equality & Diversity

Scope, Objectives and Overall Findings

The scope of this audit was to review the action taken by the College, and the systems and procedures put in place, to integrate equality into its day-to-day working.

The table below notes the objective for this review and records the results:

Objective	Findings				
The objective of this audit was to obtain reasonable assurance that the College is complying with its legal duties under:		1	2	3	Actions already in progress
1. Section 149 of the Equality Act 2010; 2. The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended; and 3. Other equalities duties as specified by the Scottish Government and Scottish Funding Council (SFC).	Good	0	0	0	N/A
Overall Level of Assurance	Good	0	0	0	
		System meets control objectives			

Audit Approach

We assessed whether these objectives have been met by meeting with the Vice Principal (People & Performance) and other key staff responsible for equalities mainstreaming and comparing the current approach to equalities mainstreaming against the Equality Act and Regulations and technical guidance issued by the Equality and Human Rights Commission.

The review was primarily of the systems and procedures in place although compliance testing was carried out where appropriate.

Equality & Diversity

Summary of Main Findings

Strengths

- From our review of documentation, we consider that the College complies with equalities legislation and regulations as well as the Equality and Human Rights Commission guidance;
- The College has appropriate equality and diversity policies / strategies in place and provides relevant induction and refresher training to its staff in this area;
- The College has a dedicated Student Services Team which works closely with students to ensure that any equality and diversity concerns they may have are being addressed appropriately;
- The College has an excellent and well-developed process for engaging with students to identify any specific needs or additional support they may need during their College life. This process begins at the application stage and continues throughout the students' time at the College. This process appears to be successful as a result of a very engaging and dedicated Student Services Team;
- The College leads and collaborates on a number of local and national equality and diversity initiatives which allows it to provide up-to-date information and support to students;
- The College publishes all the relevant equality and diversity data and information on its website;
- During our review, we established that the College is working on a number of very relevant and current equality and diversity initiatives such as Modern Slavery and Gender Based Violence; and
- Our review has established that the College not only complies with its legal obligations but actively embraces the core concepts of equality and diversity in its working practices.

Weaknesses

- No significant weaknesses were identified during our review.

Acknowledgements

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

Main Findings and Action Plan

Objective 1: The College is complying with its legal duties under:

1. **Section 149 of the Equality Act 2010;**
2. **The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended; and**
3. **Other equalities duties as specified by the Scottish Government and Scottish Funding Council (SFC).**

Section 149 of the Equality Act 2010

From discussion with those interviewed, and review of relevant documentation, we determined how the College meets its obligations under Section 149 of the Equality Act 2010. A summary of our findings is shown below:

Requirement of Section 149 of the Equality Act 2010	Findings
The College must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Act.	<p>The College has a range of policies, procedures and strategies which demonstrate its compliance with the requirements set out in Section 149 of the Equality Act 2010. These include:</p> <ul style="list-style-type: none">• Equality & Diversity Policy;• Dignity at Work Policy; and• Wellbeing Strategy; <p>The College's Student Services Team takes the lead in ensuring that these policies are adhered to and respond to any concerns raised by students around equality and diversity. The College's People Team mirrors this role for College staff. Both Teams report to the Vice Principal (People & Performance) who has a strategic leadership role in this area.</p>

Equality & Diversity

Objective 1:

Section 149 of the Equality Act 2010 (continued)

Requirement of Section 149 of the Equality Act 2010	Findings
<p>The College must have due regard to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, including the need to:</p> <ul style="list-style-type: none">• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.	<p>The College has an Equality & Diversity Strategy Group which is chaired by the Vice Principal (People & Performance) and meets five times per year. The purpose of the Group is to implement, monitor, review and develop the Equality & Diversity Policy and, in doing so, its areas of focus include:</p> <ul style="list-style-type: none">• To develop the Equalities Mainstreaming Report and Equality Outcomes for Dundee and Angus College;• To ensure the College delivers its Equality Outcomes;• To ensure that the College meets, or exceeds, its statutory requirements in relation to equality and diversity;• Where appropriate, to recommend actions to relevant College and Board Committees;• To promote good practice across all areas of College operations;• Provide support and advice to others in relation to equality and diversity; and• To oversee and advise upon relevant matters in the Regional Outcome Agreement. <p>The College also leads, or collaborates, on a number of local and national equality and diversity initiatives including:</p> <ul style="list-style-type: none">• The RESPECT campaign;• The Social Model of Disability;• LGBT+ Groups;• Good Mental Health Group;• Equality & Diversity in the Curriculum;• Gender Based Violence Awareness;• BME – engagement with the local communities;• Braille – all College documents and publications can be converted to Braille on request; and

Equality & Diversity

- Provision of ESOL courses for students who do not have English as their first language.

Objective 1:

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended

Duty to report progress on mainstreaming the equality duty.	Findings
<p>The College must publish a report on the progress it has made to make the equality duty integral to the exercise of its functions so as to better perform that duty:</p> <p>(a) not later than 30th April 2013; and</p> <p>(b) subsequently, at intervals of not more than 2 years, beginning with the date on which it last published a report under this regulation.</p>	<p>The College's most recent Equality Mainstreaming Report was issued in April 2017.</p> <p>The report identifies the College's main Equalities Objectives were to:</p> <ul style="list-style-type: none"> • Promote Dundee and Angus College as an equal opportunity organisation; • Ensure the College meets statutory requirements; • Implement, monitor and review the effectiveness of equality and diversity activity, recommending actions; • Ensure that robust procedures are in place for the protection of young and vulnerable students; and • Identify, adopt and embed good practice across all areas of College operations. <p>An audit evaluation of the 2017 report concluded that not only has the College complied with the timescales for publication, but the report also contains the details required by this duty.</p> <p>The College's Vice Principal (People & Performance), confirmed the next report will be completed, and added to the College website, by 3 May 2019. This report will be placed before the HR Development Committee meeting on 9 May 2019.</p>

Equality & Diversity

Objective 1:

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued)

Duty to publish equality outcomes and report progress	Findings
<p>The College must publish a set of equality outcomes which it considers will enable it to better perform the equality duty at intervals of not more than 4 years.</p> <p>In preparing a set of equality outcomes the College must:</p> <ul style="list-style-type: none">• take reasonable steps to involve persons who share a relevant protected characteristic and any person who appears to the authority to represent the interests of those persons;• consider relevant evidence relating to persons who share a relevant protected characteristic; and• if a set of equality outcomes published by a listed authority does not seek to further the needs mentioned in section 149(1) of the Act in relation to every relevant protected characteristic, the authority must publish its reasons for proceeding in this way. <p>The College must publish a report on the progress made to achieve the equality outcomes published by it under the above paragraph every 2 years.</p>	<p>The College's Equality Mainstreaming Report issued in April 2017 shows the Equality Outcomes agreed in the previous report together with details of the progress made to meet these outcomes.</p> <p>The 2017 Report sets new Equality Outcomes together with relevant activities / actions required.</p> <p>The College plan to issue an updated Mainstreaming Report by 3 May 2019 showing an update on progress.</p> <p>As part of this audit, the College's Mainstreaming Report, issued in April 2017, was evaluated and was confirmed as compliant with the requirements of this duty.</p>

Equality & Diversity

Objective 1:

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued)

Duty to assess and review policies and practices	Findings
<p>The College must make appropriate arrangements to review and, where necessary, revise all of its policies or practices to ensure that in exercising its functions it complies with the general equality duty.</p> <p>In assessing impact, the College must consider relevant evidence relating to persons who share a relevant protected characteristic, including any such evidence received from those persons.</p> <p>The College is required to take into account the results of any assessment of impact of a proposed new or revised policy or practice in the development of that policy or practice. Where the College assesses the impact of a new or revised policy or practice and then decides to apply the policy or practice, it must publish the results of the assessment within a reasonable period.</p>	<p>The College performs a rolling three-year review program (managed by the Quality Assurance Team) of Equality Impact Assessments on the following policies / areas:</p> <ul style="list-style-type: none"> • Curriculum policy and new curriculum developments; • Student recruitment, selection and admissions policies; • Learning Experience strategy and activity, including student retention and attainment; • Recruitment, selection, retention and turnover of staff; • Staff CPD and career development and progression; • Student and staff complaint and grievance arrangements; • Student and staff disciplinary arrangements; • Student support provision including funding, learning support, personal support and guidance; • Estates management practices; and • Quality assurance and enhancement procedures. <p>Examples of the reviews and impact assessments were obtained and evaluated during the audit. Our audit concluded that the College complies with the requirements of this duty</p>

Equality & Diversity

Objective 1:

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued)

Duty to gather and use employee information	Findings
<p>The College must take steps to gather information on:</p> <ul style="list-style-type: none"> the composition of the College's employees; the recruitment, development and retention of persons as employees; and with respect to the number and relevant protected characteristics of such persons. <p>The College must also take steps to gather information in relation to recruitment, development and retention of staff with respect to protected characteristics.</p> <p>The College is required to use the employee information it gathers to better perform the general equality duty.</p> <p>A report published by the College must include details of the progress that the authority has made in gathering and using that information to enable it to better perform the equality duty.</p>	<p>The College gathers this information on a periodic basis (e.g. through the completion of Equal Opportunities forms during recruitment of staff and students as well as staff and student surveys) and uses the information not only to develop its Equality & Diversity policies / strategies but also for inclusion in its Equalities Mainstreaming Report and Gender Pay Gap Report.</p> <p>An evaluation of the Equalities Mainstreaming and Gender Pay Gap Reports confirms they contain all the information, data and action plans / objectives required.</p> <p>In addition to this, the College's Equalities Mainstreaming Report explains that the data is recognised as a critical component in understanding how the College is developing in respect of its equalities mainstreaming journey. The report provides examples of how the data is used to ensure the College continues to ensure equality and diversity in its activities.</p> <p>Our audit work confirmed that the College complies with the requirements of this duty.</p>

Equality & Diversity

Objective 1:

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued)

Duty to publish gender pay gap information	Findings
<p>Every 2 years, the College must publish information on the percentage difference among its employees between men's average hourly pay (excluding overtime) and women's average hourly pay (excluding overtime).</p> <p>The information published must be based on the most recent data available for a date when the authority had at least 150 employees.</p>	<p>The College issued its Gender Pay Analysis Report and Action Plan in April 2017, based on staff data as at 31 March 2017. The 2017 report includes the following paragraph:</p> <p><i>“The overall percentage difference between men and women’s average hourly pay (excluding overtime) is 6.3%, with women being paid, on average, 6.3% less than men.”</i></p> <p>The Vice Principal (People & Performance) confirmed that the College is currently compiling the next report. As this will be based on the payroll data for March 2019, the report will be finalised (and published) by 3 May 2019.</p> <p>Therefore, the audit concluded the College complies with the requirements of this duty.</p>
Duty to publish statements on equal pay, etc.	Findings
<p>Every 4 years, the College must publish a statement containing the following information:</p> <p>(a) the authority’s policy on equal pay among its employees between men and women, persons who are disabled and persons who are not and persons who fall into a minority racial group and persons who do not; and</p> <p>(b) occupational segregation among its employees, being the concentration of men and women, persons who are disabled and persons who are not and persons who fall into a minority racial group and persons who do not, in particular grades and in particular occupations.</p>	<p>An audit evaluation confirmed that the College’s Equalities Mainstreaming Report, published in April 2017, contains all the information required by this duty. This report was based on staff data as at 31 March 2017.</p>

Equality & Diversity

Objective 1:

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued)

Duty to consider award criteria and conditions in relation to public procurement	Findings
<p>When the College proposes to enter into a relevant procurement agreement on the basis of an offer which is the most economically advantageous, it must have due regard to whether the award criteria should include considerations to enable it to better perform the equality duty.</p> <p>When the College proposes to stipulate conditions relating to the performance of a relevant agreement, it must have due regard to whether the conditions should include considerations to enable it to better perform the equality duty.</p>	<p>The College's Procurement Policy states:</p> <p><i>'7. EQUALITY OF OPPORTUNITY</i></p> <p><i>7.1 The College has a statutory duty, as defined by the Equalities Act 2010, to advance equality of opportunity in all of its functions, including procurement. The College remains responsible for meeting its obligations under the various statutes even when an external contractor provides one or more of the College's functions. Members of staff involved in procurement will take account of the following key objectives when taking forward purchasing decisions:</i></p> <ul style="list-style-type: none"> • <i>Ensuring all contracts are delivered in a way which is non-discriminatory and advances equality of opportunity for the College's staff, students, the general public, and businesses;</i> • <i>Ensuring that the goods, works, and services provided by contractors cater for all users' needs;</i> • <i>Ensuring that the College complies with the Scottish Government's Suppliers Charter; and</i> • <i>Ensuring that local suppliers and Small to Medium Sized Enterprises (SMEs) have equality of opportunity when bidding/tendering for College contracts for example appropriate lotting of requirements'.</i> <p>The Vice Principal (People & Performance), as well as Student Services Manager, confirmed that the College's Equality & Diversity Policy applies to all procurement. The Student Services Manager has recently completed procurement training and she confirmed that she was consulted on the required specifications during recent procurement exercises for an educational physiologist and for taxi services.</p>

Equality & Diversity

Objective 1:

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (continued)

Duty to publish in a manner that is accessible, etc.	Findings
<p>The College must comply with the above duties in a manner that makes the information published accessible to the public.</p>	<p>All required information is available on the College's website</p> <p>The College makes all relevant information available in Braille, on request. Only one such request had been made in the past two years.</p> <p>The College does not make the information available in other languages and there is no specific requirement to do so. The Vice Principal (People & Performance) was not aware of any demand for this. Furthermore, College material (prospectus etc.) is not available in other languages as all course material and teaching must be in English, therefore all prospective / current students must have a certain level of English reading / writing / speaking skills.</p>
Duty to consider other matters.	Findings
<p>In carrying out its duties under these Regulations, the College may be required to consider such matters as may be specified from time to time by the Scottish Ministers.</p>	<p>The College works with partners on the following national initiatives:</p> <ul style="list-style-type: none"> • A Fairer Scotland for Disabled People; • Barnardo's; • ENABLE Scotland; • Guide Dogs for the Blind; • Lead Scotland; and • Scottish Association for Mental Health (SAMH). <p>The College also responds to changes in legislation / government guidance as and when required. For example, following the Home Office's recent further guidance on modern slavery, the College reviewed and updated its own Modern Slavery Policy.</p>

Equality & Diversity

Objective 1:

Other equalities duties as specified by the Scottish Government and Scottish Funding Council (SFC)

SFC Guidance for the Development of Outcome Agreements	Findings
<p>Colleges are expected to include a web link to their published Mainstreaming Report and Equality Outcomes (as per the Equality Act) in their Outcome Agreement.</p>	<p>The College's Outcome Agreement includes a link to its Mainstreaming Report and Equality Outcomes (page 20/21 in Mainstreaming Report) on Page 10.</p>
<p>Colleges are required to undertake and publish equality impact assessments of their Outcome Agreements.</p>	<p>The College's equality impact assessment of its Outcome Agreement is published on its website.</p>
<p>Colleges are expected to include a web link to their published Gender Action Plan in their Outcome Agreement.</p>	<p>The College's Outcome Agreement includes a link to its Gender Action Plan on Page 9.</p>
<p>Colleges should identify where they have an imbalance between the success rates between men and women students by subject, and to outline action undertaken and planned to address the imbalances.</p>	<p>This is covered on Page 43 of the College's Outcome Agreement.</p>
<p>All Outcome Agreements should include detail of their contribution to the aims of the current National Gaelic Language Plan.</p>	<p>This is covered on Page 19 of the College's Outcome Agreement.</p>
<p>Colleges must ensure they have identified and appropriately resourced their regional needs and have collaborated closely with their local partners for the coherent delivery of provision of ESOL.</p>	<p>This is covered on Page 19 of the College's Outcome Agreement.</p>

Equality & Diversity

Objective 1:

Other equalities duties as specified by the Scottish Government and Scottish Funding Council (SFC) (continued)

Other equalities duties as specified by the Scottish Government	Findings
<p>The main equalities duties as specified by the Scottish Government are covered by the requirements of The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended as well as the SFC Guidance for the Development of Outcome Agreements noted above.</p> <p>In addition to this, in September 2016, the Equality and Human Rights Commission published Technical Guidance on the Public Sector Equality Duty: Scotland.</p>	<p>The Technical Guidance on the Public Sector Equality Duty: Scotland provides further guidance to the College on how to meet the requirements of the general and specific duties under the Equality Act 2010. It also provides good practice guidance on:</p> <ul style="list-style-type: none">• Eliminating discrimination and harassment;• Advancing equality of opportunity; and• Fostering good relations between persons who share a relevant protected characteristic and persons who do not. <p>An evaluation of the College's Equality & Diversity policies, procedures, strategies and reporting as well as discussions with key members of staff showed no examples of failure to follow this technical guidance.</p>

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AUDIT & RISK COMMITTEE

Tuesday 14 May 2019

Internal Audit

Duty of Care

PAPER G

Dundee & Angus College

Duty of Care

Internal Audit Report No: 2019/05

Draft issued: 2 May 2019

Final issued: 3 May 2019

LEVEL OF ASSURANCE

Satisfactory

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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

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

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit 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.

Management Summary

Overall Level of Assurance

Satisfactory

System meets control objectives with some weaknesses present.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on Dundee & Angus College's ('the College) Risk Register:

- 3.1 – Legal actions; serious accident; incident or civil / criminal breach (risk priority: minor);
- 3.2 – Reputational Risk – Loss of reputation with key stakeholders (risk priority: minor); and
- 3.4 – Failure to meet Prevent and related obligations (risk priority: minor).

Background

As part of the Internal Audit programme at the College for 2018/19 we carried out a review of the College's Duty of Care arrangements. The Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Management ('the Board') and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The College has several specific statutory duties related to the care of students:

- **College Prevent Duty** – The Counter-Terrorism and Security Act 2015 imposed a duty on further education colleges to 'have due regard to the need to prevent people from being drawn into terrorism';
- **College Safeguarding Duty** – every adult in Scotland has a role in ensuring all our children, young people and adults at risk can live safely and can reach their potential. The College is committed to collaboratively safeguarding the safety and wellbeing of children, young people and adults at risk who undertake study or employment with the College and takes all reasonable steps to safeguard students and staff; and
- **College Corporate Parenting Duty** – The Children and Young People (Scotland) Act 2014 passed legislation relating to Corporate Parenting. Under the Act, Post-16 Education Bodies were designated 'corporate parents' from 1 April 2015. This involves taking on a range of responsibilities to support children and young people who are, or were, looked after by local authorities. This duty only applies to this specific group of students.

Duty of Care

Scope, Objectives and Overall Findings

The scope of this audit was to review the action the College is taking to meet its specific statutory duties related to the care of students (covering the College: Prevent Duty; Safeguarding Duty and Corporate Parenting Duty).

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

Objective	Findings				
		1	2	3	Actions already in progress
The objective of this audit was to obtain reasonable assurance that the College has:					
1. Duty of Care policies and documented procedures in place which are communicated to all staff	Satisfactory	0	0	1	N/A
2. Appointed staff or groups with specific responsibilities to assist the College in meeting its statutory duties related to the care of students	Good	0	0	0	N/A
3. A formal risk identification and assessment process	Satisfactory*	0	0	0	N/A
4. A Duty of Care training programme for staff which includes induction training and regular refresher training	Requires Improvement	0	1	0	N/A
5. Engaged with Prevent partners and collaborated with other Corporate Parents	Good	0	0	0	N/A
6. Regular reporting of Duty of Care matters to senior management and the Board of Management	Satisfactory	0	0	1	N/A
Overall Level of Assurance	Satisfactory	0	1	2	
		System meets control objectives with some weaknesses present.			

* Graded as 'Satisfactory' due to the linked recommendation from Objective 1 requiring guidance for all staff on how to risk assess events, meetings and guest speakers on College campuses.

Duty of Care

Audit Approach

From discussion with the Vice Principal (People & Performance), Director of Curriculum and Attainment, Student Services Manager, Head of People & Organisational Development and other relevant staff, and review of policies and procedures, we identified the internal controls in place and compared these with expected controls. A walkthrough of key systems was undertaken to confirm our understanding. We reported on areas where expected controls were found to be absent or where controls could be further strengthened.

Summary of Main Findings

Strengths

- The College has established and published a detailed Corporate Parenting Plan, as required by The Children and Young People (Scotland) Act 2014, and appropriate supporting procedures. This Plan is reviewed every three years. This Plan clearly sets out the College's strategic and operational objectives.
- Throughout the College, staff have been assigned specific responsibilities to assist the College in meeting its statutory duties in this area. These members of staff have the relevant experience, knowledge and skills to provide a high-quality service to students.
- During our audit we identified several examples of good practice in relation to how the College's Student Services Team engages with students who are currently in care or exiting care. This engagement starts at the pre-application stage and continues throughout the students' time at the College.
- Observations during the audit showed a very open and honest style of communication between the Student Services Team and the students.
- The College has a clear and robust process for performing risk assessments on potential students with criminal convictions.
- The College has established links with various Prevent partners and other Corporate Parents, which enables it to more effectively carry out its responsibilities in these areas.

Weaknesses

- The College currently has no formal policies and procedures in place for the management of events and guest speaking on College campuses. In addition, no guidance has been issued to direct staff on how to risk assess Prevent risks that could be posed for such events.
- While the College does offer Safeguarding training (which incorporates Prevent training) during staff induction this is not mandatory. No training in Corporate Parenting is currently provided to new staff members. Further, while the Safeguarding and Prevent training is refreshed on a periodic basis, this is not the case for Corporate Parenting training.
- At present, the College's Board of Management does not receive periodic updates on Duty of Care matters and how the work the College performs in this area.

Acknowledgements

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

Main Findings and Action Plan

Objective 1: The College has Duty of Care policies and documented procedures in place which are communicated to all staff.

The College's Corporate Parenting Plan (published in March 2018) sets out the College's strategic approach in this area. The Plan also sets out the College's aims, approach and progress on how it meets its Corporate Parenting and Safeguarding duties under the requirements of sections 58 to 63 of The Children & Young People (Scotland) Act 2014. The College's Outcome Agreement also sets out priority outcomes in this area.

The College's Corporate Parenting Plan is formally reviewed every three years. The ownership of this review sits with the Vice Principal (People & Performance); with input provided by the People and Student Services teams (as well as feedback from students and teaching staff). The College also responds to any changes in legislation and guidance as and when required. During the most recent review of the Corporate Parenting Plan the College worked with, and obtained feedback from, the Social Work departments of local authorities as well as the local Police, schools and carers. Good practice is also shared with other colleges through the College Development Network.

The College provides extensive support to all students who have identified additional needs, including students who are looked after by the local authorities or those who have recently exited from a care setting. This support begins at the pre-application stage and continues throughout the students' time at the College. Each supported student is allocated a dedicated support worker from the College's Student Services Team who works with them to identify their needs and draw up a support plan. This plan is shared with the relevant teaching staff to ensure the students receive the best possible learning experience and is revised on an ongoing basis to ensure that it continues to meet the students' needs.

During the audit, discussions took place with a number of key College staff. All of the staff members contacted were clear on where to access the College's Corporate Parenting Plan and were aware of the relevant procedures and initiatives in place.

Duty of Care

Objective 1: The College has Duty of Care policies and documented procedures in place which are communicated to all staff (continued).

Observation	Risk	Recommendation	Management Response
<p>The Scottish Government has issued Prevent Duty Guidance for Further Education Institutions in Scotland, which states that colleges should have policies and procedures in place for the management of events on campus and use of all of the institution's premises. The College currently has no formal policies and procedures in place for the management of events and guest speaking on College campuses. In addition, no guidance has been issued to direct staff on how to risk assess the Prevent risks of such events.</p> <p>The Vice Principal (People & Performance) explained that, due to the social demographics of the surrounding area, the risk of students being radicalised and drawn into terrorism is considered to be low. It is also noted that whilst formal written guidance is not available, events run within the College are organised by staff and that external speakers from unknown, political and religious groups are not supported.</p> <p>During discussions with College staff they stated that they would benefit from training and guidance in this area.</p>	<p>Without clear policies, procedures and guidance in place, there is a risk that College staff may be unaware of the best way to ensure one or more students at the College do not fall victim to an attempt to radicalise them and / or draw them into terrorism.</p> <p>Further, at present, the College is not complying with Scottish Government guidance in this area.</p>	<p>R1 Compile and publish a policy / procedure and guidance to all staff involved in event planning on how to risk assess and manage any planned events, meetings and guest speakers to mitigate the risk of attempts to radicalise students or to draw them into terrorism.</p>	<p>Agreed</p> <p>To be actioned by: Vice Principal (People & Performance)</p> <p>No later than: 31 August 2019</p>
			<p>Grade 3</p>

Duty of Care

Objective 2: The College has appointed staff or groups with specific responsibilities to assist the College in meeting its statutory duties related to the care of students.

The strategic ownership of the College's Corporate Parenting, Safeguarding and Prevent work lies with the Vice Principal (People & Performance). The operational implementation of the College's plans in these areas is performed mainly by the Student Services Team but with additional support from the People Team and relevant teaching staff.

Through discussions with these members of staff it is evident that staff have the experience, knowledge and skills to meet their responsibilities and also had sufficient time dedicated to their role to ensure that the College is effective in these areas. The members of staff demonstrated that they had a clear understanding of the College's obligations to the students and how this responsibility is met in the day-to-day working practices within the College.

During our review we noted a number of students entering the Student Services Team area and requesting support. Observations of these interactions showed a very open and honest style of communication between the Team and the students. The audit was able to evidence that the College adopts an engaging approach to support students from the pre-application stage and throughout their time at the College.

Duty of Care

Objective 3: The College has a formal risk identification and assessment process.

The College's Corporate Parenting Plan and procedures show how key Duty of Care risks are identified, and adequately mitigated, and describes how the College ensures that it fulfils its duties and requirements under the relevant legislation.

Potential students who are in care or are exiting care settings are identified at the application stage to ensure that the College monitors their progress and provides appropriate support to those students who may be at risk. The students are allocated a dedicated support worker and a support package is developed based on the individual student needs. This support package is shared with the relevant teaching staff and is monitored on an ongoing basis to facilitate any required updates and amendments. This process is also followed for any students who may have identified additional needs due to mental health issues, learning difficulties or physical ill-health.

As part of the College's admission process, students with unspent convictions will undergo a risk assessment in partnership with Police Scotland to ensure that there is no increased level of risk (either to themselves, other students or College staff) by admitting the prospective student to their chosen course. The College also makes use of Protecting Vulnerable Groups (PVG) checks for relevant Care and Education courses to consider whether applicants pose a risk.

During our audit fieldwork, staff members were able to provide previous examples of students who had requested, and received, additional support with mental health issues, personal budgeting and accessing College services.

Any Prevent complaint or concern raised by a student is passed to the Student Services Manager for consideration. We confirmed that a risk assessment is performed based on all the available information, including the information provided by the student, before making the decision on what action to take. There have been no incidents investigated by the College that showed evidence of radicalisation or attempts to draw students into terrorism.

During discussions with three other members of staff, they all confirmed that they were clear on the process to follow if concerns were raised by, or about, a student in this area. However, they confirmed that they had received no guidance on how to risk assess events, meetings and guest speaker appearances which occur on College campuses to mitigate the risk of attempts to radicalise students or draw them into terrorism. This is subject to a recommendation from Objective 1 above.

Duty of Care

Objective 4: The College has a Duty of Care training programme for staff which includes induction training and regular refresher training.

The Scottish Government's Prevent Duty Guidance for Further Education Institutions in Scotland states:

“Compliance with the duty will also require the institution to demonstrate that it is willing to undertake Prevent awareness training and other training that could help staff and students to prevent people from being drawn into terrorism. Institutions should give relevant staff sufficient training to be able to recognise vulnerability to being drawn into terrorism and be aware of what action to take. There is training available for further education staff. However, colleges may also have a role to play in developing additional Prevent training tools that may better suit the individual circumstances of the institution and make best use of their own expertise. Where additional training tools have been developed, institutions should consider how best to use them.”

Observation	Risks	Recommendation	Management Response
<p>During discussions, the College's Head of People & Organisational Development confirmed that all new members of staff are asked to perform an eLearning Safeguarding training module during their induction which includes training on Prevent awareness. However, the completion of this module is not mandatory. Refresher training on Safeguarding and Prevent was made available to staff in February 2018.</p> <p>Key College members of staff received dedicated Prevent training a number of years ago, but no subsequent refresher training has been provided.</p> <p>A Corporate Parenting training module has recently been introduced and prior to this recent development this was not previously included in induction training for staff and did not form part of any refresher training campaigns.</p> <p>Discussions with staff established that while they were satisfied with the type and content of the training they had received in these areas; they consider that they would benefit from periodic refresher training. The College currently runs a three-year rolling programme of staff refresher training.</p>	<p>Without adequate and timely induction training, College staff may not have the knowledge and awareness to identify and resolve any Corporate Parenting, Safeguarding or Prevent issues.</p> <p>Without periodic refresher training, College staff may find their knowledge and awareness in these areas becomes out-of-date.</p>	<p>R2 Include mandatory training on Safeguarding, Corporate Parenting and Prevent for all new members of staff as part of their induction. In addition, steps should be taken to ensure that all members of staff receive refresher training in Safeguarding, Corporate Parenting and Prevent at least once every three years.</p>	<p>Agreed</p> <p>To be actioned by: Head of People & OD</p> <p>No later than: 31 December 2019</p>
			<p>Grade 2</p>

Duty of Care

Objective 5: The College has engaged with Prevent partners and collaborated with other Corporate Parents

During the audit, it was confirmed and observed that the College engages with many other Corporate Parents and other Prevent partners during its work in these areas. These include:

- Dundee City Council & Angus Council – including Social Work departments, Through Care & After Care teams and schools;
- Police Scotland;
- Carolina Trust;
- Corporate Parenting forum in Dundee;
- Dundee drop in centre – jointly funded by the College and regularly attended by College staff;
- College Development Network – training events, sharing good practice;
- Other colleges – through College Development Network and as and when required for specific students; and
- The Student Services Manager sits on the Board of the local CONTEST group.

The College uses the information and good practice gained from working collaboratively with these partners in the day-to-day work it performs in these areas. For example, the College works closely with the Through Care and After Care teams to compile a support plan for any student who is currently in, or exiting, a care setting. The College also works with Police Scotland to complete risk assessments for any prospective students with unspent criminal convictions.

Duty of Care

Objective 6: The College has regular reporting of Duty of Care matters to senior management and to the Board of Management.

The Vice Principal (People & Performance) confirmed that detailed reports of individual cases relating to Safeguarding, Corporate Parenting and Prevent issues / concerns are not subject to written reports to the College senior management due to the sensitive nature of the subject matter.

Very rarely there have been issues (such as high-profile offenders) where the matter has been raised with the Senior Leadership Team.

The Student Services Manager does provide generic updates to the Board of Management on the range of work undertaken by the Student Services team, including its Corporate Parenting, Safeguarding and Prevent responsibilities. The last such update was provided in 2016.

Observation	Risks	Recommendation	Management Response		
Although, as noted above, there has been some reporting to the College's Board of Management, the Board does not routinely receive periodic updates on Duty of Care matters and the work that is being performed in this area.	<p>Without regular progress reports, the Board of Management may be unaware of any changes in Duty of Care legislation/guidance and will therefore be unable to make timely strategic decisions on how to respond to such changes.</p> <p>The Board of Management may also be unaware of the work the College is performing to continually ensure compliance with the legislation/guidance.</p>	<p>R3 A report should be submitted to the Board of Management (via the Human Resource and Development Committee) on an annual basis which provides an update on any changes to Safeguarding, Corporate Parenting and Prevent legislation / guidance and the College's response(s) to these changes. The report should also provide updates on the staff training and ongoing initiatives in these areas together with the progress being made since the last Corporate Parenting Plan was published.</p>	<p>Agreed</p> <p>To be actioned by: Vice Principal (People & Performance)</p> <p>No later than: 31 December 2019</p>		
			<table border="1"> <tr> <td>Grade</td> <td>3</td> </tr> </table>	Grade	3
Grade	3				

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AUDIT & RISK COMMITTEE

Tuesday 14 May 2019

Internal Audit

Progress Report

PAPER H



Dundee and Angus College

Internal Audit Progress Report 2018/19 Annual Plan

14 May 2019

Progress with the annual plan for 2018/19, finalised in September 2018, is shown below.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit & Risk Committee	Comments
Audit Needs Assessment & Strategic Plan 2018 to 2021	May 2018	Draft 02/05/18 2 nd Draft 04/05/18 Final 15/05/18	2019/01	N/A	15/05/18	
Annual Plan 2018/19	September 2018	Draft 04/09/18 2 nd Draft 10/09/18 Final 18/09/18	2019/02	N/A	18/09/18	
Cyber Security	March 2019	Draft 23/02/19 Final 23/02/19	2019/03	Satisfactory	05/03/19	
Catering (Business Process Review)	September 2019					Fieldwork commenced 11/01/19. Site visits have been conducted to all campuses to identify current catering and curriculum arrangements on each site. Separate facilitated workshops will now be run at Kingsway, Gardyne and Arbroath campuses to engage with a variety of stakeholders with a view to finalising the report for the September 2019 meeting.
Equality and Diversity	March 2019	Draft 01/05/19 Final 02/05/19	2019/04	Good	14/05/19	This was taken forward in parallel with the review of Duty of Care.
Risk Management / Business Continuity	May 2019	Draft 07/05/19 Final 07/05/19	2019/06	Satisfactory	14/05/19	

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit & Risk Committee	Comments
Student Engagement / Students' Association	May 2019					Fieldwork was dictated by the timing of the elections of the new Student President. Fieldwork commenced on 23/04/19 and the report will be presented at the September 2019 Audit Committee meeting.
Duty of Care	September 2019	Draft 02/05/19 Final 03/05/19	2019/05	Satisfactory	14/05/19	This was taken forward in parallel with the review of Equality and Diversity.
Follow-Up Reviews	September 2019					
Credits Audit	November 2019					
Bursary, Childcare and Hardship Funds Audit	November 2019					
EMA Audit	November 2019					



AUDIT & RISK COMMITTEE

Tuesday 14 May 2019

Internal Audit

Follow-Up Summary

PAPER I



AUDIT COMMITTEE – MAY 2019

INTERNAL AUDIT – MANAGEMENT FOLLOW-UP

1. Context

This report is provided by management to each meeting of Audit & Risk Committee, other than the meeting at which the Internal Auditor's own follow-up report is considered.

2. Table

See Appendix 1 for the status of internal and external audit recommendations. As all 2016 actions are either "Complete" or "Considered but not implemented", these have now been removed from the table.

3. Further details of actions not marked as "Complete"

There have been no new requests for an extension to an original deadline and there are no recommendations which are overdue.

4. Action

Audit Committee is asked to note this report.

Catriona Blake
Vice Principal Corporate Services
26 April 2019

STATUS UPDATE – Internal Audit

Year / Area	Grade	Total	Complete	Revised deadline – in progress	Considered but not implemented	Not yet due	Overdue
2017							
Financial Issues	3	3	3				
Commercial Issues	3	2	1	1			
Total 2017		5	4	1	0	0	0
2018							
Financial Issues	2	3	3				
	3	8	8				
Student Experience	3	3	2	1			
Commercial Issues	3	1	1				
Total 2018		15	14	1	0	0	0

STATUS UPDATE – External Audit

Year / Area	Grade	Total	Complete	Revised deadline – in progress	Considered but not implemented	Not yet due	Overdue
External Audit 2017							
Bank Loan Covenants	-	1	1				
Extended Asset Register	-	1		1			
Total 2017		2	1	1	0	0	0
External Audit 2018							
Performance Report	-	1				1	
Governance Statement	-	1				1	
Compliance with Financial Regulations	-	1	1				
Total 2018		3	1	0	0	2	0



AUDIT & RISK COMMITTEE

Tuesday 14 May 2019

External Audit Plan

PAPER J

Dundee and Angus College

Annual Audit Plan 2018/19



 AUDIT SCOTLAND

Prepared for Dundee and Angus College
May 2019

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Contents

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Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan sets out the work necessary to allow us to provide an independent auditor's report on the financial statements and meet the wider scope requirements of public sector audit.

2. The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.

Adding value


3. We aim to add value to Dundee and Angus College (the College) through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help the College promote improved standards of governance, better management and decision making and more effective use of resources.


Audit risks

4. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for Dundee and Angus College. We have categorised these risks into financial risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [exhibit 1](#).

Exhibit 1

2018/19 Key audit risks

 Audit Risk	Source of management assurance	Planned audit work
Financial statements issues and risks		
<p>1 Risk of management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<ul style="list-style-type: none"> In view of the nature of this risk, assurances from management are not appropriate. 	<ul style="list-style-type: none"> Detailed testing of journal entries. Review of accounting estimates. Focused testing of accruals and prepayments. Evaluation of significant transactions that are outside the normal course of business.
<p>2 Risk of fraud over income</p> <p>ISA 240 requires auditors to presume a risk of fraud where income streams are significant.</p> <p>The College recorded income of £41million in 2017/18, of which £32million was provided by the Scottish Funding Council (SFC) and £9million was received from other sources.</p> <p>SFC funding is reliant on accurate recording of student numbers and courses provided. In addition, the level of income received from other sources is material.</p> <p>The extent and complexity of income means that, in accordance with ISA 240, there is an inherent risk of fraud.</p>	<ul style="list-style-type: none"> Budget monitoring in place. Fraud prevention and whistleblowing policies and procedures in place. 	<ul style="list-style-type: none"> Analytical procedures on income streams. Detailed testing of revenue transactions focusing on the areas of greatest risk.
<p>3 Risk of fraud over expenditure</p> <p>The Code of Audit Practice expands the consideration of fraud under ISA 240 to include the risk of fraud over expenditure. This applies to the College due to the variety and extent of expenditure incurred.</p>	<ul style="list-style-type: none"> Involvement in National Fraud Initiative Budget monitoring in place. Fraud prevention and whistleblowing policies and procedures in place. Established procurement processes and systems with clear delegated authority limits 	<ul style="list-style-type: none"> Audit work on the National Fraud Initiative matches Analytical procedures on expenditure streams. Detailed testing of expenditure transactions, including cut-off testing, focusing on the areas of greatest risk.
<p>4 Estimation and judgements</p> <p>There is a significant degree of subjectivity in the measurement and</p>	<ul style="list-style-type: none"> Pension figures are derived from valuation calculations prepared by appointed actuaries. Officers review the 	<ul style="list-style-type: none"> Review appropriateness of actuarial assumptions. Confirm pension valuations in actuarial report are

	Audit Risk	Source of management assurance	Planned audit work
	<p>valuation of the following material account areas:</p> <ul style="list-style-type: none"> • pension liabilities • provisions <p>This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<p>actuary information to ensure data and assumptions used are reasonable.</p> <ul style="list-style-type: none"> • Any provisions will be reviewed by finance officers in consultation with the College's legal advisors. 	<p>correctly reflected within the 2018/19 accounts.</p> <ul style="list-style-type: none"> • Review of accounting estimates and disclosures. • Additional assurances obtained from legal and HR officers in relation to provisions.
5	<p>Performance report and governance statement</p> <p>As part of our 2017/18 review of the performance report and governance statement, we identified several areas for improvement to ensure disclosures complied with relevant guidance.</p> <p>There is a risk of inappropriate levels of disclosures in the report and financial statements.</p>	<ul style="list-style-type: none"> • All sections of the 2018/19 accounts will be reviewed to ensure appropriate and proportionate disclosure. • Available Good Practice guidance will be utilised. 	<ul style="list-style-type: none"> • Review of the performance report and governance statement against relevant guidance to ensure compliance.

Wider dimension issues and risks

6	<p>Financial sustainability</p> <p>The further education sector continues to face significant funding reductions alongside emerging cost pressures such as the costs of national bargaining, estate maintenance and the potential loss of EU funding.</p> <p>The College has a financial strategy covering 2019/20-2023/24. This identifies that savings of £2.75 million are required over the next five years. However, the savings required may be significantly greater should any of the College's assumptions not be realised. For example, zero growth in non-core income would reduce income and increase the requirement for savings by £3.2m by 2024. With additional income generation and non-pay savings already factored into the projections, the College is expecting much of the savings required to come from reduced head count achieved through voluntary severance.</p> <p>There is a risk that the College fails to achieve the planned savings, including voluntary severance projections, and this negatively impacts on their cash balances over the next five years.</p>	<ul style="list-style-type: none"> • Implementation of the Financial Strategy 2019 – 2024. • Periodic review and revision of Financial Strategy to ensure continued relevance. • Board and Finance and Property Committee oversight of financial reports. 	<ul style="list-style-type: none"> • Monitor progress on achievement of financial targets. • Ongoing assessment of the College's five-year financial strategy, including the assumptions used. • Monitor achievement of financial targets, including student credits targets.
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**Audit Risk****Source of management assurance****Planned audit work****7 Estates investment**

In December 2017, the Scottish Funding Council (SFC) published its college sector estates condition survey. This identified a backlog of repairs and maintenance of £360 million, £31 million was identified as very high priority work needing to be addressed within one year, and a further £77 million as high priority within two years. The SFC has allocated £27 million to the sector in 2018/19 to allow it to address those very high needs. Dundee and Angus College received £1.236 million for their high priority backlog maintenance.

The College's estimated value of backlog maintenance is £19.718 million, as determined through the campus condition survey conducted by the SFC.

The College has in place a detailed five-year estate strategy 2019/20 - 2023/24 to address backlog maintenance. However, the College acknowledges that significant capital funding will need to be obtained to progress with the necessary works.

There is a risk that the College estate requirements cannot be met through the SFC core funding. If the condition of the estate deteriorates to the extent that students cannot be attracted, there is likely to be a reduction in student numbers, which will in turn reduce the funding received by the College.

- Implementation of the Estates Strategy 2019 – 2024.
- Continued discussion with the SFC around investment in the College estates.

- Ongoing assessment of the College's five-year estates strategy.


8 National fraud initiative

The National Fraud Initiative (NFI) is a data-matching exercise led by Audit Scotland to aid the detection of fraudulent payments. NFI allows public bodies to investigate matches and, if fraud or error has taken place, to stop payments and attempt to recover the amounts involved. It also allows auditors to assess the arrangements that bodies have put in place to prevent and detect fraud, including how they approach the NFI exercise itself.

Whilst trade creditor data was uploaded, the College was late in submitting its NFI payroll data. The current data matching exercise was

- All data has now been uploaded and work is ongoing to review matches. No fraud risks have been identified from the initial review of the data.

- Monitor the College's participation and progress with NFI.

 Audit Risk	Source of management assurance	Planned audit work
<p>due to collect data from the College in October 2018. Due to staffing pressures, the College only submitted this data in early March 2019. Match investigation work will commence in due course.</p> <p>There is a risk that fraud and error may not be detected timeously.</p>		
<p>9 Plans and polices</p> <p>A number of corporate plans and policies require to be reviewed and updated, including:</p> <ul style="list-style-type: none"> standing orders board of management code of conduct ICT strategy risk management policy <p>There is a risk that these plans and polices are not relevant and appropriate to the needs of the College.</p>	<ul style="list-style-type: none"> Plans and polices will be reviewed at appropriate intervals and overseen by College Board Committees. Management consideration of internal audit recommendations. External consultancy will be utilised when necessary. 	<ul style="list-style-type: none"> Monitor progress of implementation. Consider the adequacy and appropriateness of the revised documents.

Source: Audit Scotland

Reporting arrangements

5. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

6. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

We will provide an independent auditor's report to the College and the Auditor General for Scotland setting out our opinions on the annual accounts. We will provide the Accountable Officer and Auditor General for Scotland with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

Exhibit 2 2018/19 Audit outputs

Audit Output	Target date	Board / Committee Date
Annual Audit Report including ISA 260 requirements	1 November 2019	26 November 2019
Signed Independent Auditor's Report	As soon as possible following the Board meeting	11 December 2019

Source: Audit Scotland

Audit fee

7. The agreed audit fee for the 2018/19 audit of the College is £23,950 (2017/18: £23,430). In determining the audit fee we have taken account of the risk exposure of the College, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package by 23 September 2019.

8. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

Responsibilities

Audit and Risk Committee and Board of Management

9. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

10. The audit of the financial statements does not relieve management or the Audit and Risk Committee as those charged with governance, of their responsibilities.

Appointed auditor

11. Our responsibilities as independent auditor are established by the Public Finance and Accountability (Scotland) Act and the Code of Audit Practice (including supplementary guidance) and guided by the auditing profession's ethical guidance.

12. Auditors in the public sector give an independent opinion on the financial statements and other specified information accompanying the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

13. Our audit team membership has changed since the date of our initial appointment. We include full details of the current team in [appendix 1](#).

Audit scope and timing

Financial Statements

14. The annual report, which include the financial statements, will be the foundation and source for most of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of the College and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how the College will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

15. We will give an opinion on the financial statements as to:

- whether they give a true and fair view of the of the state of affairs of Dundee and Angus College as at 31 July 2019 and of its income and expenditure
- whether they have been properly prepared in accordance with relevant legislation and the applicable financial reporting framework
- the regularity of income and expenditure.

Other information in the annual report

16. We also review and report on other information published within the annual report including the performance report, governance statement and the remuneration and staff report. We give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report.

17. We also read and consider any information in the annual report other than the financial statements and audited part of the remuneration and staff report and report any uncorrected material misstatements.

Materiality

18. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinions in the independent auditor's report.

19. We calculate materiality at different levels as described below. The calculated materiality values for the College are set out in [exhibit 3](#).



Exhibit 3

Materiality values

Materiality	Amount
Planning materiality – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1.5% of gross expenditure for the year ended 31 July 2018 based on the latest audited financial statements.	£640,000
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 65% of planning materiality.	£415,000
Reporting threshold – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 5% of planning materiality (rounded).	£30,000



Source: Audit Scotland

Timetable

20. To support the efficient use of resources it is critical that the annual accounts timetable is agreed with us to produce the unaudited accounts. We have included an agreed timetable at [exhibit 4](#).

Exhibit 4

Annual report and financial statements timetable

 Key stage	 Date
Latest submission date of unaudited annual report and financial statements with complete working papers package	23 September 2019
Latest date for final clearance meeting with Head of Finance	1 November 2019
Agreement of audited unsigned annual report and financial statements; Issue of Annual Audit Report including ISA 260 report to those charged with governance	19 November 2019
Independent auditor's report signed	By 31 December 2019

Internal audit

21. Internal audit is provided by Henderson Loggie. As part of our planning process we carry out an annual assessment of the internal audit function to ensure that it operates in accordance with Public Sector Internal Audit Standards (PSIAS). The scope of our work assesses aspects of PSIAS compliance, but it does not equate to full EQA review of internal audit. ISA 610 requires an assessment on whether the work of the internal audit function can be used for the purposes of external audit. This includes:

- the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors
- the level of competence of the internal audit function
- whether the internal audit function applies a systematic and disciplined approach, including quality control.

22. We concluded that overall the service operates in accordance with Public Sector Internal Audit Standards (PSIAS) and has sound documentation and reporting procedures in place.

Using the work of internal audit

23. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible to avoid duplication. We plan to consider the findings of the work of internal audit as part of our planning process to minimise duplication of effort and to ensure the total resource is used efficiently or effectively.

24. In respect of our wider dimension audit responsibilities, we plan to consider the following areas of internal audit work:

- Risk management / business continuity
- Cyber security

Audit dimensions

25. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [exhibit 5](#).

Exhibit 5 Audit dimensions



Financial sustainability

26. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the College's financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term, including the potential impact of the EU withdrawal.
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps
- whether the College can demonstrate the affordability and effectiveness of funding and investment decisions it has made.

Financial management

27. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether the College has arrangements in place to ensure systems of internal control are operating effectively
- whether the College can demonstrate the effectiveness of budgetary control systems in communicating accurate and timely financial performance
- how the College has assured itself that its financial capacity and skills are appropriate
- whether the College has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

Governance and transparency

28. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether the College can demonstrate that the governance arrangements in place are appropriate and operating effectively.
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports.
- the quality and timeliness of financial and performance reporting.

Value for money

29. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether the College can provide evidence that it is demonstrating value for money in the use of its resources.

Independence and objectivity

30. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual "fit and

proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.

31. The engagement lead for the College is Richard Smith, Senior Audit Manager. Auditing and ethical standards requires the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Dundee and Angus College.

Quality control

32. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor’s report or opinion is appropriate in the circumstances.

33. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

34. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Appendix 1: The audit team

The core audit team consists of the following staff and will be supported at peak times with additional resources to ensure key reporting deadlines are met:

Richard Smith

Senior Audit Manager

✉ rismith@audit-scotland.gov.uk

☎ 0131 625 1948

Richard is the appointed independent auditor established under the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice and guided by the auditing profession's ethical guidance.

Richard is a Senior Audit Manager with a portfolio of audits including West Dunbartonshire Council, Tayside Pension Fund, and Dundee and Angus College.

Andrew Kerr

Senior Auditor

✉ akerr@audit-scotland.gov.uk

☎ 0131 625 1788

Andrew will have overall control of the delivery and quality of the audit including audit engagement and ensuring the audit is properly planned, resourced and concluded within time.

Andrew has a range of audit experience in the public sector and has been involved in the audit of many types of public bodies including health boards, local authorities and Scottish Government executive agencies.

Dundee and Angus College

Annual Audit Plan 2018/19

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AUDIT & RISK COMMITTEE

Tuesday 14 May 2019

Renewal of Internal Audit Contract

PAPER K



AUDIT & RISK COMMITTEE MAY 2019 INTERNAL AUDIT CONTRACT TIMESCALE

1. Introduction

Following discussion at the Audit and Risk Committee in March 2019 and subsequent extension of the contract for internal audit services with Henderson Loggie, it was requested that a timeline for future contracting be identified and confirmed with the Committee.

The current contract with Henderson Loggie expires with effect from 30 September 2020.

2. Contract Timescale

From discussion with College APUC procurement advisors, it is recommended that procurement for internal audit services be undertaken through the mini competition route from those suppliers on the APUC framework. This reflects the approach taken when these services were last contracted for in 2015.

Assuming that this approach is adopted then the following timeline is proposed.

Activity	Timeline	Responsibility
Develop Contract Strategy and ITT documents	February 2019	J Carnegie
Contract Strategy and ITT documents for approval	Tuesday 3 March 2020	A&R Committee
Tender Issued	Monday 9 March 2020	Procurement
Last date for Service Providers to submit clarification questions via PCS	12:00 noon, Monday 13 April 2020	
Last date for Dundee and Angus College to submit responses to clarification questions via PCS	17:00, Wednesday 15 April 2020	J Carnegie/ Procurement
Tender return date (via Public Contracts Scotland Portal)	12:00 noon, Friday 27 March 2020	
Evaluation of Tender	w/c 30 March 2020	J Carnegie, B Ferguson, G Robertson
Presentations	w/c 20 April 2020	J Carnegie, B Ferguson, G Robertson

Activity	Timeline	Responsibility
Award Recommendation presented to College Audit Committee	Tuesday 12 May 2020	J Carnegie
Award Recommendation presented to College Board	Tuesday 9 June 2020	G Robertson
Contract Award Date	Monday 15 June 2020	J Carnegie/ Procurement
Contract Commences	Tuesday 1 October 2020	

3. Approvals

Committee members are asked to consider and approve the above timeline as appropriate.

4. Information

Further information in respect of Governance matters is available for Board members by contacting Steve Taylor, Vice Principal People & Performance, s.taylor@dundeeandangus.ac.uk.