BOARD OF MANAGEMENT

Audit and Risk Committee

Tuesday 6 June 2023 at 5.00pm **Room A625, Kingsway Campus** (MS Teams option available)

AGENDA

1.	**WELCOME**		
2.	**APOLOGIES**		
3.	**DECLARATIONS OF CONNECTION & INTEREST**		
4.	**MINUTE OF THE PREVIOUS MEETING** - 7 March 2023	Paper A for approval	
5.	**MATTERS ARISING**	Paper B for noting	
6.	**VICE CHAIR APPOINTMENT**	Verbal update	ST
7.	**INTERNAL AUDIT**		

      7.1. Partnership Working   Paper C for approval   HL
      7.2. Teaching Staff Utilisation   Paper D for approval   HL
      7.3. 2022/23 Progress report   Paper E for approval   HL
      7.4. Follow Up Summary   Paper F for information   ST

8.	**CITY OF GLASGOW COLLEGE LESSONS LEARNED REPORT RECOMMENDATIONS**	Paper G for information	ST
9.	**STRATEGIC RISK REGISTER**	Paper H for approval	ST

      9.1. Risk Register Update
      9.2. Strategic Risk Register

10.	**GARDYNE THEATRE LIMITED AUDIT ARRANGEMENTS**	Paper I for approval	ST
11.	**EXTERNAL AUDIT PLAN**	Paper J for information	MS
12.	**DATE OF NEXT MEETING** – Tuesday 19 September 2023 at 5.00pm in Room A625, Kingsway Campus		

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 6 June 2023

MINUTES OF PREVIOUS MEETING – 7 March 2023

Paper A

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 7 March 2023 at 5.00pm

Minute of the Audit & Risk Committee meeting held on Tuesday 7 March 2023 at 5.00pm via Microsoft Teams

PRESENT:	H Honeyman (Chair Audit)	K Keay
	M Williamson	R McLellan
	K Ditcham	M Thomson
IN ATTENDANCE:	J Carnegie (Vice Principal)	P Muir (Board Administrator)
	S Taylor (Vice Principal)	D Archibald (Henderson Loggie)
	M Speight (Mazar's Audit)	J Carnegie (Vice Principal)

1. **WELCOME**

   H Honeyman welcomed members of the Audit Committee and welcomed M Speight to the meeting as the new Auditor's for the College.

2. **APOLOGIES**

   Apologies were noted from S Middleton.

3. **DECLARATIONS OF INTEREST OR CONNECTION**

   None.

4. **MINUTE OF THE PREVIOUS MEETING** – 20 September 2022

   The minutes of the Audit and Risk Committee and Joint Audit and Risk/Finance & Property Committee meetings held on 6 December 2022 were approved as accurate records.

5. **MATTERS ARISING**

   Matters arising from previous meetings were closed.

6. **EXTERNAL AUDIT**

   (i) Audit Fee

   J Carnegie summarised the paper for information only, bringing to attention the significant increase in Audit fees. M Speight stated that the fee level is reflective of current market conditions. He stated that the Audit fees are now where they should've been a long time ago. H Honeyman asked if this significant price increase could be staggered over time. J Carnegie acknowledged that every public body has had this increase in audit fees, not only the College, and therefore there was no option to stagger the increase.

(ii) Introduction to Mazars

M Speight introduced himself from Mazars- the new external auditors. J Carnegie questioned if Mazars will have a handover from existing auditors- Audit Scotland. M Speight confirmed this was current ongoing.

7. **INTERNAL AUDIT**

    7.1 **Health, Safety and Wellbeing**

    D Archibald summarised the report noting that this was a positive report, highlighting many areas of good practice. D Archibald noted that there were two recommendations from the audit around the updating of the risk assessment document and uptake of mandatory health and safety induction training for 'casual' supply staff. Overall, a positive report with minor recommendations of improvement.

    M Williamson queried arrangements and tracking of mandatory training for staff who work under 12 hours. J Carnegie highlighted this was being monitored and reported to the Health, Safety and Wellbeing Committee and discussions were ongoing to improve compliance

    S Taylor noted that this training was a mandatory requirement, stating this should be signed off as part of the probation period for staff. H Honeyman asked if there are any consequences of non-completion of mandatory training? S Taylor noted that the initial step would be to extend the probationary period and thereafter it may result in the probationary period not being satisfactorily completed.

    J Carnegie welcomed the report stating it was a comprehensive and thorough report, praising the new Health and Safety Officer for the approach adopted in engaging positively with teams in the higher risk activities. J Carnegie asked the Committee to pass on their appreciation and gratitude to Sandy Fowler for his efforts. This was agreed. **S Taylor to progress.**

    7.2 **2022/23 Progress Report**

    D Archibald highlighted this report, stating there are two reviews lined up for April 2023 for completion. He apologised for the delay in presentation of the partnership audit and noted that this was Henderson Loggie's responsibility, not the College. All audit work was progressing well and there were no concerns around arrangements for completion.

    7.3 **Follow up Summary**

    J Carnegie summarised her paper for noting, highlighting the College continues to be involved in work around the National fraud incentive. No concerns within this area and a full analysis should be available for the next meeting.

    J Carnegie noted the report in appendix, stating there were technical issues with the improvement to systems for payment of online fees for students, the system does not allow staggered payments for students. This would be looked at in more depth, which will take some time and discussion around this topic. K Keay highlighted part of the paper stating if this wasn't possible for students what would happen? K Keay also asked if fee instalments plans were considered as credit agreements? J Carnegie assured K Keay that this is not the case, students can pay instalments with the College, but it is not a credit agreement and confirmed that instalment arrangements were in place, but the system did not support these well, hence the recommendation for improvement.

J Carnegie highlighted that some recommendations has been delayed- Data protection analytics, compliance and Audit plan- but these would be completed by the end of June 2023.

H Honeyman thanked J Carnegie for the report, stating the College was in a good position in terms of monitoring and enacting audit recommendations.

8. RISK MANAGEMENT POLICY UPDATE

S Taylor summarised the paper noting that the usual document control and review timeline had slipped during Covid, but these were now getting back on schedule.

S Taylor summarised the updates made to the policy, highlighting that most of these were minimal and reflected improvements made to risk management practice since the last policy review.

D Archibald stated that the College showed good risk maturity and noted that the approach adopted to review risks at each Board Committee was good practice not seen in most other organisations.

H Honeyman welcomed the changes identified and the updated policy was approved.

9. STRATEGIC RISK REGISTER

S Taylor discussed the paper summarising changes to the Strategic Risk Register noting that the Senior Leadership team had reviewed the comments made by L O'Donnell and made amendments where it was felt appropriate.

S Taylor summarised the changes proposed and outlined areas where change was considered, but not progressed. These were discussed with the Committee and the rationale noted in each case.

S Taylor highlighted the Brexit Risk, noting that this had decreased from the initial concern of this. M Thomson asked if this was a Brexit risk or a wider political risk and it was noted that this related only to Brexit. Following discussion it was noted that this risk should be reviewed for the next meeting as it may no longer be required and could be written into the broader political change risk within the register. **S Taylor to progress.**

K Ditcham noted the significant risk around financial sustainability and asked about arrangements to address this which assessed and minimised impact on students and staff. S Taylor stated there are ongoing planning and conversations with trade unions around ways to enhance financial sustainability going forward, and also to pick up on the impacts of previous savings. These were live discussions, and changes had been made to reduce or remove services or activities rather than expecting 'the same with less'. This work would continue with reports provided to the Board and relevant Committees.

10. DATE OF NEXT MEETING – Tuesday 6 June 2023, Gardyne Campus, Room Y150

Action Point Summary

Action	Responsibility	Date
Pass on thanks from Committee to S Fowler for his work around Health and Safety	S Taylor	17 March 2023
Review 'standalone' risk in respect of leaving the EU	S Taylor	6 June 2023

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 6 June 2023

MATTERS ARISING   **Paper B**

BOARD OF MANAGEMENT
Audit & Risk Committee
Tuesday 4 May 2023

Matters Arising

Paper B for information

The following actions were noted from the Tuesday 7 March 2023 Audit & Risk Committee meeting.

Agenda Item No	Action	Current status	Open / Closed
7.1	Pass on thanks from Committee to S Fowler for his work around Health and Safety	Completed 14 March 2023	Closed
9	Review 'standalone' risk in respect of leaving the EU	Update included in agenda	Closed

Author & Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 6 June 2023

INTERNAL AUDIT

7.1 Partnership Working   **Paper C**

Dundee & Angus College

Partnership Working

Internal Audit report No: 2023/03

Draft issued: 27 February 2023

Final issued: 4 May 2023

Henderson Loggie

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

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 risks from Dundee & Angus College's ('the College's') Strategic Risk Register:

- Risk 1.1 – Failure of College strategy to meet the needs of the D&A Region and/or national priorities (e.g. Employability, DYW, attainment, articulation) (risk score: minor); and
- Risk 1.4 – Difficulties or over commitment arising within large scale/national College led
- initiatives or projects impact negatively on:
  - o Ability of the College to meet key regional strategies/objectives;
  - o Financial loss or unmanageable financial risk;
  - o Reputational loss (risk score: minor).

Background

As part of the Internal Audit programme at the College for 2022/23 we carried out a review of the College's partnership working arrangements, including the way in which the College is engaging with key partners in the Tay City Deal projects. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Principal and the Audit & Risk Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

This review builds on the previous internal audit review 2021/06 – Economic Recovery, which examined the key risks in relation to the College's activities being developed to support the Tayside Region's economic recovery following the COVID-19 lockdown. This previous report examined the strategic approach being taken by the College to aid economic recovery, which brought together a number of strands as follows:

- Modern and Pathway Apprenticeships;
- Flexible Workforce Development Fund (FWDF)
- Skills development and retraining under the National Transition Training Fund (NTTP) and the Young Person's Guarantee (YPG);
- Strategic projects to be delivered as part of the Tay Cities Deal;
- The Michelin Scotland Innovation Parc (MSIP) Ltd joint venture; and
- Employability Partnerships.

The scope of this audit was to carry out a high-level review of the effectiveness of the College's partnership working arrangements, including how the College works with partners under the Tay Cities Deal.

Scope, Objectives and Overall Findings

The overall objective of the audit was to establish whether the College's arrangements for partnership working are effective.

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

Objective		Findings			
The objective of our audit was to ensure that:		**1**	**2**	**3**	**Actions in Progress**
		No. of Agreed Actions			
1. Senior management and Board members are committed to partnership working	**Good**	-	-	-	
2. for relationships with key partners, including under the Tay Cities Deal, there are: • appropriate arrangements in place including, where appropriate, agreements, priorities, strategies, operating plans and working structures; • effective governance arrangements, including adequate reporting against agreed performance measures and targets and monitoring of this information; • robust communication channels, including processes to escalate issues; • ongoing monitoring of the effectiveness of partnership working and consideration of possible improvements; and • adequate resources (funding, assets and staffing) to enable effective working.	**Good**	-	-	-	✓
Overall Level of Assurance	**Good**	-	-	-	
		System meets control objectives.			

Audit Approach

We reviewed the partnership working arrangements in place through discussion with a sample of key partners and through discussion with members of the College Executive Team, and review of supporting information, to allow us to form conclusions based on the effectiveness of the College's partnership working arrangements.

This included interviews with the Director of Education and Lifelong Learning in Angus Council and the Education Officer in Dundee City Council on Schools College Partnerships; the Chairs of both the Dundee and Angus Local Employability Partnerships; two College Board members; the Vice Principal Curriculum and Attainment; the Director of Curriculum – Partnerships and Projects; the Business Partnerships Manager; the Senior Project Manager; the Head of Sector - Creative, Cultural and Digital; and the Sector Development Leader (Creative, Cultural and Digital).

Summary of Main Findings

Strengths

- The commitment to partnership working is enshrined within the 2025 – Strategy – 'More Successful Students' ;
- As part of the recent Education Scotland visit in November 2022 the College submitted details of the College's Strategic Regional Skills Engagement as an example of Potential Highly Effective Practice;
- The discussions with College management and external partners also highlighted a clear commitment around raising attainment, which is demonstrated by the ongoing involvement of the Director of Curriculum – Partnerships and Projects in engaging directly with guidance staff and Education Officers within Dundee City Council;
- The commitment of the College to improving 16+ participation in partnership was also evident from the interviews conducted with both internal and external stakeholders;
- The College is taking the lead on a number of partnerships, rather than taking on a more passive role. The willingness of the College to commit to partnership activity, and to embrace partnership opportunities as they arise, was highlighted by external stakeholders and by Board members;
- A separate Project Steering Group and MSIP Project Board are now in place, with the MSIP Project Board reporting to the Steering Group;
- Work is in motion to develop a common College-wide project management methodology and set of documentation;
- A significant amount of effort has been devoted to develop effective working relationships with the MSIP Chief Executive and Chief Operating Officer, in order to make sure that there are robust communication channels to allow the escalation of issues which may impact on the successful delivery of the shared objectives;
- As the Skills Academy develops, a suite of performance metrics will be developed to allow ongoing monitoring of the effectiveness of the partnership arrangements in driving revenue and meeting identified need for the training on offer at MSIP;
- To provide additional support for the Senior Project Manager, a new Project Manager for the TCEP project commenced employment in January 2023;
- Both Dundee City Council and Angus Council stressed the importance of these partnerships to their "Learning Offer" and demonstrated clear alignment of strategies and priorities in developing initiatives to expand the range of options open to learners though the College;
- The work progressed by the College to develop a portal, which allows Council staff to access student information was highlighted as a significant piece of work which has allowed effective partnership working to target challenges around participation and attainment;
- The work to expand the curriculum offering to include foundation apprenticeships to SQF level 6 has been developed over a number of years and now forms a significant element of the Credits for the College;
- In Angus, an Employability Strategy is now in place which sets out five foundations (Service accessibility and appeal, High performance, service improvement, innovation and good practice, Labour market intelligence, and effective partnership). This strategy has been approved by the Angus Community Planning Partnership;
- In Dundee, the approach to employability has been redesigned in recent years to streamline the process and reduce the number of council departments involved. This work has been delivered by a separate Project Management Office (PMO) which has a focus on employability;
- An Esports classroom has been developed and this forms part of the Digital Mile within the IT corridor in the College;
- Reports are provided by the Head of Sector - Creative, Cultural and Digital to the Principal and it is intended that updates on Esports will be incorporated into the wider partnership reporting as Esports continues to develop; and
- Reports containing updates on partnership activity are routinely presented to the Learning, Teaching and Quality Committee and to the Board as part of the reports submitted by the Vice Principal Curriculum and Attainment and the principal respectively.

Summary of Main Findings (continued)

Weaknesses

There were no weaknesses arising from the fieldwork undertaken.

Acknowledgments

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

Main Findings and Action Plan

Objective 1: Senior management and Board members are committed to partnership working

The commitment to partnership working is enshrined within the 2025 – Strategy – '*More Successful Students*' as follows:

Pledge 1: Effective Partnerships – "*As a College we will establish and enhance deeper, more meaningful partnerships both internally and externally to drive sustainability and ensure the best possible experience and outcomes for our learners, employers, and the wider region*".

The College intends to deliver this pledge by:
- Maximising opportunities for our learners and clients
- Prioritising sustainability & income generation
- Playing our part in raising the productivity of the region
- Being responsive & agile
- Raising the profile of the College and college learning both locally & nationally
- Being a partner of choice
- Influencing key stakeholders partners both locally & nationally

The Principal highlighted the clear focus of the College on both economic and societal impact, with clear priorities on creating effective pathways for learners of all ages. This includes the development of articulation agreements and a need to develop industry links, with the role of the Business Partnerships Manager critical in developing and maintaining these links to create opportunities for partnership working. The Vice Principal Curriculum and Attainment also highlighted the importance of community benefit clauses, to ensure that there is positive engagement from partners. The need for a focus on the values base and the achievement of shared objectives in maintaining effective Schools/College partnership links with both Dundee City Council and Angus Council, was also highlighted. As part of the recent Education Scotland visit in November 2022 the College submitted details of the College's Strategic Regional Skills Engagement as an example of Potential Highly Effective Practice.

The discussions with College management and external partners also highlighted a clear commitment around raising attainment, which is demonstrated by the ongoing involvement of the Director of Curriculum – Partnerships and Projects in engaging directly with guidance staff and Education Officers within Dundee City Council. It is intended that a similar approach will be taken to engage with equivalent staff in Angus Council. It was highlighted that the engagement with schools has been recognized nationally by the National Timetabling Group.

The commitment of the College to improving 16+ participation in partnership was also evident from the interviews conducted with both internal and external stakeholders. This has been a specific focus for the Dundee Local Employability Partnership (LEP), which is chaired by the College Principal.

Partnership Working

Objective 1: Senior management and Board members are committed to partnership working

It was apparent throughout the interviews conducted, that a significant amount of time and energy has been devoted to developing and maintaining effective relationships with key partners. It was also evident that the College is taking the lead on a number of partnerships, rather than taking on a more passive role. The willingness of the College to commit to partnership activity, and to embrace partnership opportunities as they arise, was highlighted by external stakeholders and by Board members. Specific examples highlighted included the College involvement in the schools/College partnership, the MSIP, the Esports partnerships, the Eden Project, the partnership with Crown Estates, the Tay City Deal projects, and the positive engagement of the Vice Principal Corporate Services in the Angus Community Planning Partnership.

Therefore, College senior management and Board have demonstrated a clear commitment to partnership working based on the evidence presented around:

- the inclusion of partnership working within the College strategy;
- discussion at strategy sessions with the board around partnership activity;
- the examples of effective partnership working with a range of stakeholders;
- the shared understanding of the need for effective partnership working to drive meaningful economic and societal benefits, through working with organisations with shared values;
- the investment in key roles to further develop partnership activities and to position the College for future partnership opportunities; and
- the national recognition of the effectiveness of the partnership arrangements developed.

Partnership Working

Objective 2 - For relationships with key partners, including under the Tay Cities Deal, there are:
- **appropriate arrangements in place including, where appropriate, agreements, priorities, strategies, operating plans and working structures;**
- **effective governance arrangements, including adequate reporting against agreed performance measures and targets and monitoring of this information;**
- **robust communication channels, including processes to escalate issues;**
- **ongoing monitoring of the effectiveness of partnership working and consideration of possible improvements; and**
- **adequate resources (funding, assets and staffing) to enable effective working. (Continued)**

MSIP

At the time of our audit fieldwork work was being progressed to allow sign off on the lease and memorandum of understanding (MOU) on how stakeholders will work together. This has involved discussion with the MSIP Chief Operating Officer regarding the way in which the Skills Academy will operate, with the College leading on this work. The Vice Principal Curriculum and Attainment is taking the strategic lead on MSIP, with the Business Partnerships Manager taking the lead on business partnership aspects.

A separate Project Steering Group and MSIP Project Board are now in place, with the MSIP Project Board reporting to the Steering Group. This structure has been developed to ensure that the right people with the right skills are around the table. The intention is that the steering group will meet more frequently initially and will then scale down to meetings twice a year. We were advised that work to rework the terms of reference for the Skills Advisory Board is planned.

A significant amount of effort has been devoted to develop effective working relationships with the MSIP Chief Executive and Chief Operating Officer, in order to make sure that there are robust communication channels to allow the escalation of issues which may impact on the successful delivery of the shared objectives.

As the Skills Academy develops, a suite of performance metrics will be developed to allow ongoing monitoring of the effectiveness of the partnership arrangements in driving revenue and meeting identified need for the training on offer at MSIP. It is also envisaged that in the future a proportion of the College curriculum will be delivered onsite at MSIP and the effectiveness of this arrangement will require to be tracked through the curriculum quality process to make sure that this is functioning effectively for both students and staff. This is an area where it was highlighted that further work will be progressed to ensure that students are actively engaged as the new arrangements continue to develop.

Partnership Working

Objective 2 - For relationships with key partners, including under the Tay Cities Deal, there are:
- **appropriate arrangements in place including, where appropriate, agreements, priorities, strategies, operating plans and working structures;**
- **effective governance arrangements, including adequate reporting against agreed performance measures and targets and monitoring of this information;**
- **robust communication channels, including processes to escalate issues;**
- **ongoing monitoring of the effectiveness of partnership working and consideration of possible improvements; and**
- **adequate resources (funding, assets and staffing) to enable effective working.**

Tay Cities Deal projects

The Tay Cities Engineering Project (TCEP) has been approved. The Outline Business Case (OBC) for the SME Skills project has been agreed and further work will now be required to develop the Full Business Case. The Life Sciences project is a one stage process, with a business Justification case required (rather than an OBC). Work has also been ongoing to develop a common College-wide project management methodology and set of documentation.

We were advised that the intention is to follow the MSIP governance model by developing a Steering Group and Project Board for each of the Tay Cities Deal projects over time.

Performance metrics are in place for the TCEP project and further work will be required to develop equivalent performance metrics for the SME Skills and Life Sciences projects. A focus on outcomes – and linkages but to national and regional objectives – will ensure that there are effective mechanisms to assess the effectiveness of partnership arrangements and to identify opportunities for improvement or refinement.

Significant resource has been directed to develop and submit change forms, which has necessitated the maintenance of effective communication channels to ensure that issues are dealt with appropriately and in a way which maintains a cohesive approach and project momentum. To provide additional support for the Senior Project Manager, a new Project Manager for the TCEP project commenced employment in January 2023. The Business Partnerships Manager has also been involved in the SME Skills project. However, there is a recognition amongst management that staffing resources will require to be monitored closely to ensure that there is sufficient resource to cope with all of the partnership projects which are coming on stream.

Objective 2 - For relationships with key partners, including under the Tay Cities Deal, there are:
- **appropriate arrangements in place including, where appropriate, agreements, priorities, strategies, operating plans and working structures;**
- **effective governance arrangements, including adequate reporting against agreed performance measures and targets and monitoring of this information;**
- **robust communication channels, including processes to escalate issues;**
- **ongoing monitoring of the effectiveness of partnership working and consideration of possible improvements; and**
- **adequate resources (funding, assets and staffing) to enable effective working. (Continued)**

Schools/College partnerships

The separate partnerships between the College and Dundee City Council and Angus Council have developed organically over time and therefore there is no rigid partnership agreement. However, both Councils stressed the importance of these partnerships to their "Learning Offer" and demonstrated clear alignment of strategies and priorities in developing initiatives to expand the range of options open to learners though the College.

In particular the work progressed by the College to develop a portal, which allows Council staff to access student information was highlighted as a significant piece of work which has allowed effective partnership working to target challenges around participation and attainment. In Dundee, a short life working group is currently looking at way in which strategic reporting can be enhanced to allow tracking reports to be produced. Work has also been progressed to develop a "Dundee Standard" which will set out the placed on all stakeholders.

The work to expand the curriculum offering to include foundation apprenticeships to SQF level 6 has been developed over a number of years and now forms a significant element of the Credits for the College. This expansion to the curriculum offering has been developed through active engagement between the college and the Councils with the college represented in Council curriculum planning discussions, and vice versa. In addition, the College has been invited to period meetings with Head Teachers to discuss the ways in which schools and the College can work effectively to provide opportunities and deliver for learners.

Other specific initiatives highlighted were the ongoing review of S6 provision, specifically for pupils who may have achieved the necessary qualifications in S5 but want to stay on for S6, and the joint development of links with industry to allow work placement options as part of the College offering.
In Dundee, the Academic Partnership Team meet every six weeks with the Education Officer in the Council, but do have ongoing engagement between meetings. Sharing of professional learning was also highlighted as a benefit of partnership working with sharing of best practice in nurture provided as a specific example. In Angus, the Director of Education and Lifelong Learning and the Vice Principal Curriculum and Attainment meet every few months. There is no rigid meeting timetable or structure but all of the work progressed is aligned to the Strategic Partnership Agreement, which was developed around five years ago. The work around foundation apprenticeships was also highlighted by angus Council, as was the pilot of Skills for Work for S4 pupils at Arbroath Academy.

Partnership Working

Objective 2 - For relationships with key partners, including under the Tay Cities Deal, there are:
- **appropriate arrangements in place including, where appropriate, agreements, priorities, strategies, operating plans and working structures;**
- **effective governance arrangements, including adequate reporting against agreed performance measures and targets and monitoring of this information;**
- **robust communication channels, including processes to escalate issues;**
- **ongoing monitoring of the effectiveness of partnership working and consideration of possible improvements; and**
- **adequate resources (funding, assets and staffing) to enable effective working. (Continued)**

Local Employability Partnerships (LEPs)

It was highlighted during the interviews that the LEPS in Dundee and Angus (as well as Fife and Perth and Kinross) are at different stages of maturity in terms of strategies and action planning.

In Angus, an Employability Strategy is now in place which sets out five foundations (Service accessibility and appeal, High performance, service improvement, innovation and good practice, Labour market intelligence, and effective partnership). This strategy has been approved by the Angus Community Planning Partnership. These are supported by five areas of action (individual focus, area focus, young people, dispersed rural unemployment, and a regional approach). The Angus partnership work around employability is led by a Project Officer who is hosted by the College and who is line managed by the Director of Curriculum – Partnerships and Projects. The Employability Strategy promotes a performance led approach which questions:

- How is the supply chain working as a whole?
- How is each part of the service working?
- How are the services working together around the needs of clients?
- What can be done to further enhance the experience of individuals and employers?

In Dundee, the approach to employability has been redesigned in recent years to streamline the process and reduce the number of council departments involved. This work has been delivered by a separate Project Management Office (PMO) which has a focus on employability. The college provides input through the Transforming Employability Group, which includes decision makers from the Department of Works and Pensions, Skills Development Scotland, Dundee City Council, NHS Tayside and Dundee and Angus Chamber of Commerce. This group prioritises the work programme for employability in Dundee and have developed a set of metrics, which are designed to ensure greater accountability around delivery. A task and finish approach has been adopted to ensure that packages of initiatives are owned and delivered by stakeholders around the LEP table.

Partnership Working

Objective 2 - For relationships with key partners, including under the Tay Cities Deal, there are:
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- **ongoing monitoring of the effectiveness of partnership working and consideration of possible improvements; and**
- **adequate resources (funding, assets and staffing) to enable effective working. (Continued)**

Esports

The College currently has a partnership agreement in place with the University of West London on a foundation degree around Esports and the opportunity for a further foundation degree partnership is also being explored. The intention is to set up an Advisory Board to develop the curriculum. In addition, the College is the academic partner for the Esports arena which will open in Dundee in 2025. Again, an Advisory Board will be set up to develop a course offering which meets the needs of the Esports arena and the growing Esports industry across the UK. Collaborative work has already been progressed with Angus headteachers, with training provided to teachers regarding Esports. This work has been further embedded by a schools Esports tournament, which was run in November 2022, where numbers required to be capped due to demand. In addition, the Scottish Esports League Finals were held in the Gardyne Campus in November 2022 in partnership with Esports Scotland and with a range of sponsors.

An Esports classroom has been developed and this forms part of the Digital Mile within the IT corridor in the College. This came about due to a partnership with a local games company who have been delivering motivational talks to students for several years. In addition, a Digital Industry Hub has been launched at the Gardyne Campus with input from key industry partners.

Reports are provided by the Head of Sector - Creative, Cultural and Digital to the Principal and it is intended that updates on Esports will be incorporated into the wider partnership reporting as Esports continues to develop.

Reporting

The Vice Principal Curriculum and Attainment produces a report for each meeting of the Learning, Teaching and Quality Committee, which includes specific updates on curriculum developments and on partnerships. The report provided to the November 2022 iteration of the committee provided updates on NHS Dance Tours, Support for Ukrainian Refugees and STEM EXPO 2022. In addition, we noted that the Principal's report to the December 2022 meeting of the Board provided an update on partnership activity on Esports Scotland, NHS Dance Tours, DFN Project Search, Colleges Scotland Parliamentary Reception 2022, Tay Cities Deal Regional Collaboration, Eden Project Dundee, Amazon Web Services (AWS) Re/Start, Social Security Scotland Skills Academy. In addition, a future focused section provided updates on the Skills for the Future Lab Launch and MSIP.

Henderson Loggie

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 6 June 2023

INTERNAL AUDIT

7.2 Teaching Staff Utilisation   **Paper D**

Dundee & Angus College

Teaching Staff Utilisation

Internal Audit report No: 2023/05

Draft issued: 23 May 2023

Final issued: 29 May 2023

Henderson
Loggie

Teaching Staff Utilisation

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.

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

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 risks from Dundee & Angus College's ('the College's') Strategic Risk Register (March 2023):

- Risk 2.2 - Failure to achieve institutional sustainability (Risk Score 20)
- Risk 3.1 - Failure to reach aspirational standards in learning, teaching and service delivery (Risk Score 12)
- Risk 3.4 - Failure to meet the aspirational standards in respect of the health, safety, wellbeing and development of staff and students (Risk Score 12)
- Risk 3.6 - National bargaining outcomes impact adversely on College operations, activity and flexibility (Risk Score 16)
- Risk 3.7 - Industrial Relations Problems (including industrial action) (Risk Score 20)

Background

As part of the Internal Audit programme at the College for 2022/23, we carried out a review of the College's arrangements for teaching staff utilisation. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Principal and the Audit & Risk Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Effective teaching staff utilisation ensures the amount of an employee's contractable teaching time is maximised. To improve staff utilisation, organisations should have processes and systems established that allow effective time recording, define the hours required for teaching and preparation, align contractual obligations to required teaching and preparation time, have methods of communicating expectations (such as to teaching staff and students) and encourage collaboration between teams.

During 2021, the College reviewed the timetabling process, establishing the Timetabling Policy (April 2021) and Timetabling Guidance (May 2021), a set of rules to be applied across the College. Under the new Sector remodelling, access to the timetabling system was also restricted and roles and responsibilities for timetabling established.

Scope, Objectives and Overall Findings

The scope of this assignment was to carry out a review of the effectiveness of the College's current policy and procedure for timetabling arrangements and the preparation of staff allocation models.

Scope, Objectives and Overall Findings (Continued)

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

Objective	Findings			
The objective of our audit was to ensure that:		**1**	**2**	**3**
		No. of Agreed Actions		
1. The anticipated outcomes for all internal stakeholders from the timetabling and staff utilisation processes are clearly defined and connect to the staffing budget.	**Good**	-	-	-
2. The process reflects an effective timetabling and staff allocation modelling process which delivers efficient staff utilisation.	**Good**	-	-	-
3. Arrangements are in place to deliver consistency in the timetabling and staff utilisation processes.	**Good**	-	-	-
Overall Level of Assurance	**Good**	-	-	-
		System meets control objectives.		

Audit Approach

We reviewed relevant documentation including the Timetabling Policy (April 2021) and Timetabling Instructions (May 2021) and discussed their application with a sample of Senior Academic Leadership who are involved in timetabling and teaching workforce planning. This included the Head of Sector (Business, Access, and Education); Head of Sector (Creative Cultural and Digital); Head of Curriculum and Quality (Children and Young People); and Head of Curriculum and Quality (Science).

A walkthrough of Celcat, and the relevant reporting functionality, was also completed with the Sector Coordinator and Head of Administrative Operations.

Overall staff utilisation and timetabling oversight was discussed with the Vice Principal Curriculum and Attainment and the Director of Curriculum and Attainment. Contracts and timetabling training arrangements was also reviewed with the Learning and Digital Resources Team Leader.

Summary of Main Findings

Strengths

- The College have established their Timetabling Policy (April 2021) and Timetabling Instructions (May 2021) detail the global rules that are to be applied across the College. They are both available to staff via the portal;
- We observed that the framework documented within the Timetabling Policy is being applied consistently across the College;
- An established Timetabling Timeline for each academic year is communicated annually. Checklists for timetabling are also established to guide individuals involved in timetabling;
- New teaching staff are trained on timetabling requirements and the use of Celcat at induction;
- There is annual Contracts and Timetabling refresher training scheduled during the core timetabling period in April/ May each year that allows a deeper dive into the Timetabling Instructions and rules and the impact of not following requirements on staff and students;
- There is collaborative working between the People Team, Finance and Senior Academic Leadership Team (SALT) to ensure timely communication of establishment and staffing budgets before the start of the core timetabling process;
- Annual timetabling also coincides with the annual curriculum planning and course framework review processes to ensure that staff budget planning and course frameworks are aligned;
- Room audits are also completed before timetabling to ensure that all information is up to date prior to workforce planning;
- Full year timetabling is completed ensuring no duplication of effort throughout the academic year;
- Celcat "Super Users" and four Sector Coordinators ensure there is administrative support for Heads of Sector and Heads of Curriculum and Quality;
- Celcat access is restricted to ensure consistency in timetable administration. This includes any ad hoc changes during the semester, such as additional hours or back filling, which are approved by Heads of Sector before staff are identified against the class/ unit;
- A suite of audit reports are available on Celcat, with links to the staff portal detail, to allow timely review of the status of timetabling using real time data from the system;
- Audits are performed before the end of term, at the beginning of Semester 1 and Semester 2 by Sector Coordinators with reports provided to Heads of Sector and Heads of Curriculum and Quality;
- Celcat is integrated with UnitE and Pay Claim. This ensures that curriculum data is up to date and only individuals with additional hours approved by Heads of Sector and updated on Celcat can claim pay after course leader approval;
- Staff utilisation reports are provided to the Senior Leadership Team (SLT) at the beginning of semesters. Reports summarise areas that are operating effectively and those that are underutilising staff, mainly due to staff long term absence;
- Timetables are communicated to staff and students (via My D&A App) in July to allow personal planning and final timetables published at the start of semesters; and
- Management involved in the timetabling process are experienced and feel supported throughout the process.

Weaknesses

There were no weaknesses in the teaching staff utilisation framework reviewed.

Acknowledgments

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

Main Findings and Action Plan

Objective 1: The anticipated outcomes for all internal stakeholders from the timetabling and staff utilisation processes are clearly defined and connect to the staffing budget

To support sector management, the College have developed their Timetabling Policy (April 2021), which is made available to staff via the staff portal. The policy and the Timetabling Instructions (May 2021) are reviewed by new teaching staff during their induction. There is also refresher timetabling training provided for curriculum management involved in the timetabling process. This is provided annually by the Learning and Digital Resources Team Leader and delves into the impact on staff and students on not adhering to the timetabling rules.

The policy is comprehensive and clearly sets out requirements. For example, the timetabling schedule for the academic year, teaching hours consideration, the definition of a teaching "event", systems used in timetabling such as Celcat that interfaces with UnitE, Room Booker, and the College's HR System, iTrent. It also details roles and responsibilities within departments, teaching staff utilisation requirements, the timetabling calendar, teaching space utilisation, support, and quality control requirements.

Our walkthrough of arrangements, across the four sectors we reviewed, confirmed that arrangements for teaching utilisation are robust and the annual timetabling framework is being applied consistently. This is mainly due to the work completed by senior management to standardise the approach; reduce users within Celcat; enhance training and support for those involved in timetabling e.g., via Celcat "Super Users"; and create an annual Timetabling Schedule that is communicated to all managers involved to ensure timely planning of teaching areas. This includes protected time for senior academic teams to come together and input timetable information into Celcat over a two-day window.

The Timetabling Timeline for 2023/24 academic year was underway during our audit fieldwork. Our review noted that the timeline sets the schedule of key dates for the specific academic year with activities to be completed and action owners across Sectors, ICT, and Administrative Services. Timetabling also coincides with other key processes. For example, establishment and contractual information are provided by the People Team to Heads of Sector in March during the annual budget planning process. The data provided includes FTE, fractional FTE, transfer to permanence (TTP), and part time variable (PTV) staff.

Timetabling activities are completed consistently by all sectors reviewed. Feedback from Senior Academic Leadership interviewed noted the timetabling process is effective. There was consistent understanding and application of the Timetabling Policy and instructions. Staff interviewed were positive about the use of Celcat that facilitates a consistent approach to timetabling with linkages to course frameworks and student registration.

Teaching Staff Utilisation

Objective 1: The anticipated outcomes for all internal stakeholders from the timetabling and staff utilisation processes are clearly defined and connect to the staffing budget (Continued)

To ensure effective staff utilisation, the following key activities completed:

- There is a one-month timetabling planning process over April / May where Sector Heads of Curriculum and Quality map out the units, following one to one feedback from teaching staff. The mapping exercise is completed on a Course Portfolio Spreadsheet by the Heads of Curriculum and Quality with their Head of Sector. This collaborative approach ensures that any staffing requirements, such as changes to flexible working patterns, are captured and accounted for. As set out in the Timetabling Policy, there is sequential planning for staff utilisation, commencing with permanently contracted staff (full time and fractional) and then TTP to ensure that contractual obligations are addressed. Once they have been scheduled, any gaps are met with PTV staff as described in the Timetabling Policy.
- Core curriculum areas, such as Essential Skills and Senior Phase (school programmes), are also scheduled first. There is a two week window before the main timetabling programme to allow the scheduling of Essential Skills into Celcat. This is to ensure servicing out requirements are also considered before Further Education and commercial course considerations.
- The two-day window in May each year allows the Heads of Curriculum and Quality, Sector Coordinators, Data Management and Quality to meet and sense check the timetables before they are entered into Celcat. This entails a reconciliation exercise against course unit and staff lists to ensure consistency in planning in the system versus on Course Portfolio Spreadsheets. Room planning also occurs at this time, with any issues negotiated and resolved between the four Sector Coordinators.

Audits are then completed by Sector Coordinators and Heads of Sector using the suite of audit reports available in Celcat. The information provided is real time and comprehensive, to allow local interrogation to unit level to ensure that there are no gaps. For example, events scheduled with no staff, events scheduled with no room, or duplicated events. Teaching staff utilisation reports are reviewed by Heads of Sector to ensure hours match contractual obligations. Staff utilisation reports on Celcat highlight any over or underutilisation in red for ease of monitoring.

Management interviewed were noted that at this stage timetables are not static. Student recruitment is continuing over this period and school programme numbers are not set. Any amendments to the viability of courses are factored after senior Academic Leadership Team (SALT) feedback in June.

However, timetables are available to staff and students in July. This ensures timely communication of requirements for personal planning purposes. Timetables are distributed with a caveat that there may be some changes; however, sector management ensure that the changes are low level, such as room changes. Any changes made are factored at the beginning of semesters when timetables are finalised.

Detailed audits are completed by Sector Coordinators at the beginning of Semester 1 and 2, with gaps or duplications reported to the Head of Sector. Heads of Curriculum and Quality also undertake a department wide assessment to ensure timetables adhere to the Timetabling Instructions.

Where there are changes during the academic year, such as staffing changes, these are communicated by the Course Leaders to students and staff, for example, via My D&A App, text or email.

Teaching Staff Utilisation

Objective 1: The anticipated outcomes for all internal stakeholders from the timetabling and staff utilisation processes are clearly defined and connect to the staffing budget (Continued)

While timetabling is not without its challenges, the managers interviewed highlighted that the collaborative approach to planning or servicing out negotiations are timely. We were able to evidence cross team working to ensure timetables operated within the College rules and that contractual obligations of staff. During the 2023/24 timetabling process, we noted the Director of Curriculum and Attainment also met with representatives from the People Team, Heads of Sector and Heads of Curriculum and Quality to ensure any issues with the wider timetabling process were factored and decisions on actions were timely.

Teaching Staff Utilisation

Objective 2: The process reflects an effective timetabling and staff allocation modelling process which delivers efficient staff utilisation

Timetabling Instructions set out the global timetabling rules to be applied, including the sequence of steps to follow. For course planning this includes planning for Essential Skills and senior year to ensure that servicing out requirements are addressed first. This is followed by FE courses, commercial and leisure programmes, and all planned activities, including placements, volunteering, work experience.

In relation to staff modelling, the Timetabling Policy and Timetabling Instructions clearly set out:

- Manageable workload considerations,
- Contract hours and teaching hours. Heads of Curriculum and Quality have monthly meetings with People Team to understand changes to working patterns, permanency, and contractual obligations of staff,
- Cover and sickness back filling,
- Fractional FTE workforce planning
- Preparation and marking considerations,
- Transfer to Permanence hours
- Allocations for preparation and marking and approval of remission by Heads of Sector.
- Consideration is made to the number of students per group to ensure safe staffing e.g., in hospitality, or student support needs from the Essential Skills team.

Teaching space utilisation and the production and expectations for the publication of timetables are also documented.

As noted earlier, timetabling is also not static and must account for ad hoc changes during the academic year. For example, room or staff changes. Our discussions noted there is close working between the four Sector Coordinators who are responsible for updating Celcat with ad hoc changes during the academic year, such as room changes. Heads of Curriculum and Quality, however, are responsible for approving staff additional time in advance. Changes are made on Celcat by the Head of Sector or Sector Coordinator only after email approval. System integration ensures that only staff identified on Celcat can claim for additional hours via the Pay Claim system. Claims approved by the Head of Curriculum and Quality. Costs associated with part time variable staff are reviewed through monthly payroll reports by Heads of Sector and Senior Academic Leadership Team (SALT).

Heads of Sector also highlighted using the suite of audit reports during the academic year to analyse for any staff under or over utilisation. Costs are discussed with Finance every two weeks. SALT also review staff utilisation reports at the beginning of each semester.

Staff allocation and sustainability of the workforce model is monitored via the Human Resources and Development Committee (as noted at its May 2023 meeting). Any additional staffing requirements are reviewed by SALT and SLT.

Arrangements were transparent and inspection of the timetabling sample provided noted compliance with the Timetabling Instructions.

Teaching Staff Utilisation

Objective 3: Arrangements are in place to deliver consistency in the timetabling and staff utilisation processes.

As noted in Objectives 1 and 2, there is a framework established for timetabling that is consistent across sectors reviewed. Together with the Timetabling Policy and guidance for staff discussed earlier, staff also complete Contracts and Timetabling refresher training sessions as part of the month-long timetabling planning process over April/ May each year.

A Timetabling 'Super User' is situated in each campus and works closely with Heads of Sector and Heads of Curriculum and Quality to ensure resources are utilised efficiently and effectively. 'Super Users' monitor timetabling efficiency on a weekly/monthly basis through timetable audits and provide appropriate guidance and support on a per campus/team basis.

The Senior Leadership Team (SLT) also reviews staff utilisation at the beginning of Semester 1 where over or under contracted hours are discussed (paper submitted to SLT September 2022 reviewed). This report discusses areas with effective staff utilisation and the costs associated with underutilisation, such as long-term staff absence.

Wider workforce considerations are also discussed with the Joint Consultation Forum with Trade Unions (as noted in September 2022) noting that where there is underutilisation that they are involved in involved in schools' provision, material development, commercial work, projects and training and CPD / retraining, amongst other things. This was collaborated in discussions with Heads of Sector, Heads of Curriculum and Quality and Curriculum and Quality Leaders.

Feedback from management across the sectors interviewed highlighted that the timetabling process was efficient. Staff involved in the process were experienced and advised that they felt well supported.

Henderson Loggie

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 6 June 2023

INTERNAL AUDIT

7.3 2022/23 Progress Report   Paper E

Dundee & Angus College

Internal Audit Progress Report

Audit & Risk Committee – 6 June 2023

Issued: 30 May 2023

Henderson
Loggie

Internal Audit Progress Report June 2023

Progress in delivering the annual plan for 2022/23 is shown below.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit & Risk Committee	Comments
Annual Plan 2022/23	September 2022	Draft: 19/08/22 2nd Draft: 05/09/22 Final: 20/09/22	2023/01	N/A	20/09/22	
Cash & Bank	December 2022	Draft: 21/11/22 Final: 22/11/22	2023/02	**Satisfactory**	06/12/22	
Health, Safety and Wellbeing	March 2023	Draft: 22/03/23 Final: 27/02/23	2023/04	**Good**	07/03/23	
Teaching Staff Utilisation	June 2023	Draft: 23/05/23 Final: 29/05/23	2023/05	**Good**	06/06/23	
Infrastructure Strategy / Capital Projects	June 2023					Fieldwork originally scheduled for w/c 17 April 2023 however delayed due to absence of College Executive lead
Partnership Working (incl. Regional Engagement) – Tay Cities Deal	March 2023	Draft:27/03/23 Final: 04/05/23	2023/03	**Good**	06/06/23	
Credits	December 2023					Fieldwork scheduled for w/c 21 August 2023

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit & Risk Committee	Comments
Bursary, Childcare and Hardship Funds	December 2023					Fieldwork scheduled for w/c 14 August 2023
EMA	December 2023					Fieldwork scheduled for w/c 14 August 2023
Follow Up Reviews	September 2023					Fieldwork scheduled for w/c 17 July 2023

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.

Henderson Loggie

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BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 6 June 2023

INTERNAL AUDIT

7.4 Follow Up Summary **Paper F**

BOARD OF MANAGEMENT

Audit & Risk Committee
Tuesday 6 June 2023

Internal Audit Outstanding Actions Follow-up Summary

Paper for information

1. **Introduction**

   This report provides an update on the Internal Audit actions that are not yet closed off. These include a combination of actions:
   - that are not yet due to be completed or;
   - where the originally anticipated deadline has passed or;
   - that are partially completed.

2. **Recommendations**

   Members are asked to note the progress highlighted in Appendix 1.

3. **Background**

   The following provides a summary of current progress in respect of 'live' Internal Audit recommendations.

Audit Area	Report Grades	Number of Actions Outstanding (& Priority Grades)		
		1	2	3
Student Invoicing and Debt Management	Satisfactory	-	-	2
Data Protection	Good			1
Publicity & Communications	Satisfactory			2
Cash & Bank	Satisfactory			1
Health & Safety	Good			1
Partnership Working	Good			0
Teaching Staff Utilisation	Good			0
Infrastructure/Capital Projects				
	Total	-	-	7

🟩 Complete or on track to complete
🟧 Behind schedule by < 3 months from original deadline
🟥 Behind schedule by > 3 months, or in danger of not being delivered

Of the 12 outstanding actions reported at the March 2023 Audit & Risk Committee, the following

progress has been made:

- 7 are <mark style="background:#00FF00">Complete</mark>
- 3 are <mark style="background:#00FF00">On Target</mark> to complete
- 2 are <mark style="background:#FF0000">Behind Schedule</mark>

The outstanding actions with the respective progress updates are detailed in Appendix 1 below.

4. National Fraud Initiative Update

The matches for our third National Fraud Initiative (NFI) 2022/23 exercise have been investigated and summarised below. NFI identified195 matches, which is of a similar volume to last time but included 4 overlapping with 2020/21. Only 3 errors required to be corrected resulting in a total recovery of £2,807. This result is considered to be very satisfactory, however efforts will be renewed to complete our own internal exercise annually.

NFI 2022/23 Match Report Summary										
includes all matches at 16th May 2023						*Analysis of findings*				
Report No:	Report Name	Total	Status	Processed	Frauds	Savings	Closed/ No Issue	20-21 Duplicate	Satisfactorily explained	Already corrected	Residual Error
66	Payroll to Payroll	11	Closed	11	0	£0.00	11		11		
80	Payroll to Creditors	2	Closed	2	0	£0.00	2		2		
81	Payroll to Creditors	2	Closed	2	0	£0.00	2		2		
701	Duplicate creditors by creditor name	1	Closed	1	0	£0.00	1				1
702	Duplicate creditors by address detail	11	Closed	11	0	£0.00	11		11		
703	Duplicate creditors by bank account number	3	Closed	3	0	£0.00	3		3		
708	Duplicate records by amount and creditor reference	146	Closed	146	0	£1,385.75	146		145		1
709	VAT overpaid	1	Closed	1	0	£0.00	1			1	
711	Duplicate records by invoice number and amount but different creditor	6	Closed	6	0	£1,422.00	6			5	1
750	Procurement - Payroll to Companies House (Director)	6	Closed	6	0	£0.00	6	1	5		
752	Procurement - Payroll to Companies House (Director)	6	Closed	6	0	£0.00	6	3	3		
TOTAL		195		195	0	£2,807.75	195	4	182	6	3

5. Link to Strategic Risk Register

Consideration of the outstanding actions is intended to provide Members with reassurance that actions for improvement are being progressed and addressed.

Progressing these Internal Audit and other outstanding actions will support the mitigation of a range of risks identified within the Strategic Risk Register namely;

2.2 – failure to achieve institutional sustainability

2.4 – financial fraud

3.1 – failure to achieve/maintain compliance arrangements

3.3 – legal actions; serious accident; incident or civil/criminal breach

3.5 – loss of reputation with key stakeholders

3.8 – significant breach of ICT/Cyber security resulting in loss of service sufficient to impact College student / staff outcomes

4.3 – breach of ICT/Cyber security

4.4 – failure to support effective data security/data protection

Authors: Steve Taylor, Vice Principal – People & Performance

Andy Ross, Head of ICT
Abi Mawhirt, Head of People and Organisational Development
Billy Grace, Head of Estates
Brian Ferguson, Head of Finance
Colin Lynagh, Data Protection Officer
Executive Sponsor: Steve Taylor, Vice Principal – People & Performance

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at May 2023)
2022/04	R1 - Student Invoicing and Debt Management	3	Satisfactory	The introduction of a facility which would allow online payment of student fees, through the online portal, should be explored in conjunction with IT to determine whether this is a feasible project to build into future plans for system development	Head of Finance and Head of ICT	~~July 2022~~ Phase 1- October 2022	Arrangements Revised Phase 1 – complete Phase 2 – ~~Technical issues in implementing require some additional consultancy to agree if this will be possible~~ Planning to pause this and roll out with new student management systems
						~~Phase 2 – January 2023~~ ~~June 2023~~	
2022/04	R3 – Student Invoicing and Debt Management	3	Satisfactory	A review of the College's written debt management procedures should be conducted, and the document should be updated to reflect the changes in working practices which have been brought in as a result of remote working and the impact of the COVID-19 pandemic.	Head of Finance	~~August 2022~~ ~~January 2023~~ January 2024	Behind schedule The current Financial Procedure remains valid and collection has been augmented by additional methods of reaching out to students such as Teams and texts. Whilst a review has recommenced, staffing shortages within Finance is constraining progress and target date revised.

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at May 2023)
2022/05	R1 - Data Protection	3	Good	Consider establishing a data privacy network to support the Data Protection Officer, comprising data protection leads within key departments who would be responsible for communicating training to team members and for assisting the DPO with data breaches, subject access requests, supporting the DPO with the maintenance of the Record of Processing Activities (RoPA) and compliance monitoring.	Head of ICT	~~September 2022~~ March 2023	Complete Data Management group now in place. Agenda to encompass all elements of data privacy network alongside the business intelligence aspects of the group
2022/05	R3 – Data Protection	3	Good	A data protection compliance monitoring procedure and audit plan should be developed, which reflects and builds upon existing practices, and which identifies the form, frequency and method of compliance monitoring and describes how results should be reported. The procedures for compliance monitoring should outline the roles and responsibilities of the members of the Data Privacy	Data Protection Officer / VP People & Performance	~~December 2022~~ June 2023	On Track Data protection compliance monitoring procedure and rolling internal audit plan is in its final stages for implementation in June 2023.

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at May 2023)
				Network (see **R1**) in monitoring compliance within their respective areas of the College.			
2022/06	R1 – Publicity and Communications	3	Satisfactory	The Internal Communication Policy should be reviewed to ensure that it adequately reflects the most recent developments in the communication processes within the College.	Head of People and Organisational Development	~~September 2022~~ ~~December 2022~~ June 2023	On Track The updates are agreed and files are awaiting final publication.
2022/06	R2 – Publicity and Communications	3	Satisfactory	We recommend that consideration should be given to the development of a bespoke training programme on communication, including contemporary digital communication methodologies, and this training should be made available to management and staff at all levels across the College.	Head of People and Organisational Development	July 2023	On Track Engaged with external company for delivery; sessions ready to be delivered when appropriate. Staff training has commenced.
2023/02	R3 – Cash & Bank	3	Satisfactory	It is recommended that the RESPECT campaign is reinforced.	Catering Manager	March 2023	Complete Customer Care training has been completed with all catering staff in all campuses

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at May 2023)
				It is also recommended that consideration be given to implementing a reconciliation between the inventories held against those purchased and sold (the information for which is available in the InnoOnDemandsystem), to track the level of any missing stock in each catering outlet.			Staff have carried out reconciliation checks at all campuses on identified sale items. This will continue to be closely monitored and further reconciliation checks will be carried out on an ongoing basis.
2023/04	R1 Health, Safety & Wellbeing	3	Good	To enhance alignment with HSE requirements, the vulnerable groups section of the Risk Assessment Process should be expanded to also consider migrant workers (including staff who may have barriers to understanding the English language or have underlying mental health considerations), staff with disabilities, and young people / children. In the current review of new Risk Assessment Forms,	H&S Officer	May 2023	Complete The Risk Assessment Process document has been updated to include consideration of vulnerable groups. Risk Assessment form has been updated to include a 'vulnerable group' option when assessing 'who can be harmed'

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at May 2023)
				management should detail a key for "who can be harmed" to ensure all vulnerable groups identified are assessed in line with policy.			
2023/04	R2 Health, Safety & wellbeing	3	Good	The Health, Safety and Wellbeing policy should be enhanced to include specific detail on who should complete the mandatory health and safety e-learning and describe the roles that are excluded, in order to provide absolute transparency on arrangements. To ensure compliance, the Health and Safety Officer should ensure that staff mandatory training is completed and up to date as part of the departmental inspection programme. This should incorporate a check to ensure the timely completion of induction training. Line managers should be	H&S Officer, HR Manager, VP Corporate services	Aug 2023	On Track Accepted: The Health, Safety and Wellbeing policy will be revised to provide clarity on which roles are excluded. There will be a check on compliance with mandatory Health and Safety Training undertaken by the Estates Team. The People Team will remind line managers of their responsibility to ensure new staff undertake the necessary mandatory induction training

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at May 2023)
				reminded of the need to ensure the induction process and checklists are completed, in order to reduce the costs (resource, time) for the People Team checking on progress and ensuring enhanced staff awareness of health and safety requirements. Good practice ensures health and safety training is completed within the first month of employment.			

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 6 June 2023

City of Glasgow College Lessons Learned – Report Recommendations   **Paper G**

BOARD OF MANAGEMENT
Audit & Risk Committee
Tuesday 6 June 2023

CITY OF GLASGOW COLLEGE LESSONS LEARNED REPORT RECOMMENDATIONS

Paper H for information

In March this year Colleges Scotland were asked by SFC to circulate the attached Lessons Learned report (see appendix 1) to enable all colleges to consider weaknesses found and recommendations made to improve control. The report was written in response to an IT procurement fraud first uncovered in 2019 and investigated by the IT Director prior to a forensic audit undertaken by the College's internal auditor and a review by the external auditors.

We do not use the same procurement system but nevertheless felt it would be helpful to provide our observations upon the report's findings and recommendations in the context of Dundee and Angus College.

We are confident that the significant control weakness found at City of Glasgow College are not present at Dundee and Angus. Whilst there will always be scope for improvement, we are satisfied that our systems and processes are robust.

The Forensic Audit performed by internal auditors identified the following issues as requiring urgent attention in order to address compliance and control weaknesses:

	Issues	D&AC observations
1	All orders should be processed through PECOS using approved suppliers.	DAC uses P2P procurement solution and (unlike PECOS) integrated with our financial system, and only approved suppliers can be accessed.
2	All PECOS orders should be processed and approved prior to committing to any goods or services and definitely before being invoiced.	It is strictly against College policy to arrange for the supply of goods or services without a Purchase Order in accordance with Procedure PP1. This procedure does allow exceptions only for specific types of supply where a PO is not appropriate, in which case the approval workflow must adhere to Procedure PP5. These arrangements are subject to periodic internal audit.
3	All PECOS orders must have sufficient accurate detail to ensure an auditable approval has been provided.	Procedure PP1 requires product code, description etc. to facilitate approval and enable accurate matching to invoice.

	Issues	D&AC observations
4	The PECOS order details should be fully entered to enable full matching to the description on the subsequent invoice.	As above.
5	All suppliers must quote the approved PECOS number on the subsequent invoice.	Required under Procedure PP3.
6	All PECOS orders must be goods receipted prior to invoice payment.	Procedure PP2 details our requirements for receipting goods or services before invoice can be processed for payment.
7	Goods Received Notes must be sent to the Finance team to be scanned against the supplier invoice record.	PP2 details requirements for checking of goods against Delivery Notes prior to receipting but supplier documentation is retained by ordering department.
8	All assets must be added to the College Asset Register at point of order and prior to invoice payment.	Depending upon their nature, assets are recorded following invoice processing. Asset control arrangements were subject to internal audit and were strengthened accordingly.
9	All orders and invoices must be authorised by separate PECOS approvers to provide independence and additional verification.	Invoices are approved automatically by P2P if successfully matched against a receipted order.
10	PECOS requisitioners cannot approve purchase invoices.	Requisitioner and budget holder approvers are different users to ensure adequate segregation.
11	The College will continue to accept scanned approved purchase invoices however the image must be sent from the approver's e-mail account. [Note: Purchase invoices must be reconciled with the relevant Purchase Order before payment can be made.]	Not applicable to DAC, where all invoices are registered electronically on P2P regardless of whether it has an order number. Suppliers are requested to provide invoice in PDF format but are converted by Finance if not.

Forensic Audit recommendations:

	Issues	D&AC observations
1	That a quarterly reconciliation is carried out between expenditure on IT equipment and the IT asset register.	All IT equipment purchased is added to the asset register. A quarterly stock check is in place to ensure all equipment is accounted for
2	That a cyclical replacement programme for IT equipment is developed and this should be supplemented by an annual exercise to request that mangers across the College submit bids for investment in IT equipment to meet identified need.	DAC have a seven-year replacement programme on all PCs and laptops to ensure the service we provide to users is of a high standard. In addition, the Infrastructure Change Group reviews any submissions for additional investment in IT

	Issues	D&AC observations
3	That responsibility for monitoring the IT cost centres is shared across the IT department management team to provide increased scrutiny of expenditure and also to provide increased ownership of the budget setting process and the authorisation of invoices.	ICT Team Leaders and the Head of ICT have visibility of budgets in place across all IT account codes and cost centres.
4	The Fraud Prevention Policy and Procedures and the Financial Regulations should be updated to ensure they are fit for purpose going forward and properly describe the responsibilities of key stakeholders.	Policies are regularly updated. Financial Regulations were reviewed last year and the Fraud, Bribery & Corruption Policy is scheduled for review later this year.
5	Fraud training should be delivered to all Finance and IT staff to coincide with the launch of the new Fraud Prevention Polity and Procedures and the Financial Regulations.	Fraud awareness training is currently being rolled out with ICT and managers identified as an initial priority.
6	A programme of spot checks should be introduced to ensure that the new arrangements introduced in June 2019 by the VP Corporate Services are being applied consistently across the College.	N/A

The external auditors review of Finance Effectiveness identified the following five areas for improvement:

	Issues	D&AC observations
1	The College's financial planning and budget setting arrangements should be strengthened by linking these more clearly to College and departmental objectives and articulating how best value/value for money will be achieved.	Whilst this remains a focus for continual improvement, both internal and external auditor assessment has been consistently positive. The last Internal Audit Report issued in April 2021 identified ten strengths and made two recommendations to strengthen budget holder guidance and increase regularity of meetings, both of which have been implemented.
2	Financial performance reporting should be enhanced with clearer analysis of how the KPIs demonstrate achievement towards the College's objectives, rather than focusing solely on finance considerations.	Although a range of indicators, financial and non-financial, are used at high level this is an for improvement that will be facilitated by systems enhancements and new reporting tools. Budget holder meetings are held regularly and engagement with Finance is constructive.

	In addition, we recommend that more consistent arrangements are put in place for budget meetings and financial reporting so that all budget holders and the senior management team members have the information they need to regularly monitor and challenge financial performance in their areas.	
3	We also recommend that the Finance team consider appropriate metrics to measure their own performance and begin to document and assess operational risks. Both performance metrics and risks should be regularly updated and reported.	Taken out of context, it is difficult to understand exactly what was intended by this recommendation to City of Glasgow, however Finance will discuss this with our auditors.
4	The College should improve its approach to planning, delivering and reporting on projects to ensure these are managed consistently. In particular, where there is an impact on stakeholders outwith the implementing department there should be a plan in place for effective communication and engagement. The reporting should also ensure there is transparency both at management and Board level over the activity taking place across the College, as well as progress on individual projects.	Project planning within the college adheres to good practice principles and proven methodology. Strategic Projects are overseen by a Project Steering Group serviced by the Project and Partnerships Team. Documentation and reporting is standardised.
5	We also recommend a review of the finance team structure is undertaken to ensure there is sufficient senior, dedicated finance resource in place to cover the Finance portfolio, including to support effective engagement with the wider College management team. This structure should also aim to limit the dependency on a single individual.	A review of the finance structure is underway. This will seek to ensure adequate resource and capability to deliver a high-quality service within obvious budgetary constraints.

Authors: Brian Ferguson, Head of Finance
Andy Ross, Head of ICT
Executive Sponsor: Steven Taylor, Vice Principal People & Performance

City of Glasgow College
Lessons Learned Report, July 2022

1. Background

In February 2019, staff from the City of Glasgow College's Finance and Procurement identified issues with Purchase Order numbers not corresponding to entries on PECOS, the College's ordering and invoicing system. The VP Corporate Services asked the IT Director to investigate.
By early April, the VP Corporate Services believed there was sufficient evidence to suspect fraud; and on 5 April, since the Principal was in New York on business, he notified the Depute Principal & Chief Operating Officer. She approved the immediate suspension of the person suspected, and notified the Principal.

The Principal immediately flew back from the USA on 6 April, and assumed leadership of the fraud investigation on 8 April. He recalled senior staff from leave, activated a Fraud (Prevention) Action Group, reported the matter to the Police and alerted all key internal and external stakeholders. He chaired the Fraud Action Group which met daily for many weeks, and oversaw the gathering of extensive evidence which was kept securely until it was subsequently handed over to the Police (CID) . The Principal established concurrent investigations by the Police, a forensic audit and internal disciplinary procedures.

The College Disciplinary Procedure was invoked against the person concerned; and the Principal personally briefed:
- The Chair of the College Board of Management
- The Chairs of the College's Audit Committee and Finance & Resources Committee
- The Scottish Government
- The Chair and CEO of the Scottish Funding Council
- The Chair & Executive Director of the Glasgow Colleges Regional Board
- External Auditors (Scott Moncrief, now Azets).
- Audit Scotland

All IT purchasing within the College was immediately frozen and a review of the ordering process in IT was ordered.
On 12 April, Internal Auditors Henderson Loggie were commissioned by the Principal to undertake a forensic audit; and on 15 April new processes for asset tagging IT goods on arrival were instituted.

On 17 April, the Office of the Scottish Charity Regulator (OSCR) was advised of a notifiable event.
On 29 April, a special meeting of the College's Audit Committee was convened; and the Principal also asked the External Auditors, Scott Moncrieff, to undertake effectiveness reviews of the College's Finance Function and of the IT Directorate.

An intensive and comprehensive stock-taking exercise was undertaken over the summer of 2019, ensuring that all items were properly recorded on the asset register to check for any discrepancies. After due process, including the hearing of a disciplinary Appeal, the person concerned was dismissed by the College in May 2019 for Gross Misconduct. Police also raided the person's home and took away evidence. Subsequently the former member of staff pled guilty to a charge of embezzlement at Glasgow Sheriff Court, and in August 2021 was sentenced to 27 months imprisonment.

The Principal kept in regular contact with Police CID (and their specialist Finance department) and several computers were recovered and then reconditioned for general student use.

This loss to the College was mitigated by a number of actions. Suppliers, acknowledging that their own processing procedures had not been followed, wrote off some of the fraudulent orders. The College benefited from being able to claim against its insurance policy; and a number of devices were located by the police and returned to the College.

2. Control weaknesses

The Forensic Audit undertaken by Henderson Loggie in 2019 identified a number of control weaknesses which are summarised below.

2.1 College specific
   a) The Finance Department had accepted source documentation in hard copy, which increases the opportunity for the manipulation of an original signed document for use on multiple occasions. This opened up the possibility that some signatures on purchase orders and/or invoices may have been forged.
   b) The Finance department had accepted source documentation which had clearly been manually amended, either through the use of correction fluid to cover up the pre-printed purchase order number or through the use of labels to replace the original narrative with narrative designed to mask the nature of the goods ordered and supplied. This created the environment for this fraud to continue over an extended period.
   c) The Finance Department had accepted electronic PECOS purchase orders which did not describe the goods ordered and openly stated that they had been created simply to drive through payment. These were authorised by IT management. This was not in line with the agreed payment protocol.
   d) The process for assigning equipment to College staff and recording this on the IT asset register had been bypassed and this had not been identified due to the absence of robust reconciliation processes between the IT asset register and the financial ledger.
   e) The centralised approach taken to budget management of the IT cost centres was not robust enough to discharge the budget monitoring duties outlined in the Fraud Prevention Policy and Procedures, and this created a disconnect between the budget monitoring and

the authorisation processes. This allowed the fraudulent transactions to go undetected for over two years

f) The responsibility for placing orders for high value IT equipment was vested in one relatively junior individual who also signed to receipt the goods. Regular spot checks of goods ordered and received, to ensure that they were in operational use within the College, would have strengthened management oversight and control.

2.2 Wider issues for the sector

In addition, the Audit noted a number of wider issues of relevance to the sector.

a) There is a need for a clear Fraud Prevention Policy and a Fraud Response Plan (or equivalent Fraud procedures) that clearly describe the respective responsibilities of key stakeholders. These documents should be disseminated to all staff across the organisation and specific and refresher training provided to those members of staff who have a crucial role in maintaining the control environment (such as budget holders and Finance department staff) in order to develop and maintain the 'professional scepticism' required to protect the interests and assets of the organisation;

b) The Fraud Response Plan should clearly describe the circumstances in which a suspected fraud should be reported to the organisation's Executive Leadership Team and to the police and who should be responsible for making the decision to escalate to both parties;

c) Suppliers should be formally advised that goods and services should not be supplied unless a contract is in place or a purchase order is presented by the organisation;

d) Budget holders should be reminded of the importance of raising an official purchase order which allows Finance department staff to carry out the necessary checks between the detail on the purchase order and the detail on the associated invoice(s) before passing for payment;

e) Consideration should be given to the introduction of a three way matching process which requires the presentation of an appropriately authorised purchase order, a goods receipt note and an appropriately authorised invoice before payment can be made, rather than relying on a signature on the face of the invoice which confirms receipt of goods and services;

f) Regular reconciliations should be conducted between the financial ledger and the asset register(s) to ensure that expenditure on assets is accurately recorded and any discrepancies between monies spent and assets recorded can be identified and explored. This is especially important at times of transformational change;

g) Careful consideration should be given to the way that budgets are set for expenditure on IT equipment to ensure that there is close connection between identified need and formal authorisation of the spend. This should take into account the need for IT department control of specification, licensing and recording on the IT asset register whilst establishing a closer connection between identified need at departmental level and ongoing budget monitoring; and

h) Any Apple devices purchased should be pre-registered through the Device Enrolment Program (DEP) with Apple before they are delivered to the organisation to improve organisational control and to reduce the possibility of potential misappropriation and resale.

3. Additional procedures adopted to address weaknesses

3.1 In repose to audit and reviews
3.1.1 Forensic Audit

The Forensic Audit Report noted that on 4 June 2019 the VP Corporate Services had issued an e-mail to the All Managers distribution list (December 2018) highlighting the following issues as requiring urgent attention in order to address compliance and control weaknesses:

1	All orders should be processed through PECOS using approved suppliers.
2	All PECOS orders should be processed and approved prior to committing to any goods or services and definitely before being invoiced.
3	All PECOS orders must have sufficient accurate detail to ensure an auditable approval has been provided.
4	The PECOS order details should be fully entered to enable full matching to the description on the subsequent invoice.
5	All suppliers must quote the approved PECOS number on the subsequent invoice.
6	All PECOS orders must be goods receipted prior to invoice payment.
7	Goods Received Notes must be sent to the Finance team to be scanned against the supplier invoice record.
8	All assets must be added to the College Asset Register at point of order and prior to invoice payment.
9	All orders and invoices must be authorised by separate PECOS approvers to provide independence and additional verification.
10	PECOS requisitioners cannot approve purchase invoices.
11	The College will continue to accept scanned approved purchase invoices however the image must be sent from the approver's e-mail account. [Note: Purchase invoices must be reconciled with the relevant Purchase Order before payment can be made.]

The Henderson Loggie Forensic Report made six recommendations:

1	That a quarterly reconciliation is carried out between expenditure on IT equipment and the IT asset register.
2	That a cyclical replacement programme for IT equipment is developed and this should be supplemented by an annual exercise to request that mangers across the College submit bids for investment in IT equipment to meet identified need.
3	That responsibility for monitoring the IT cost centres is shared across the IT department management team to provide increased scrutiny of expenditure and also to provide increased ownership of the budget setting process and the authorisation of invoices.
4	The Fraud Prevention Policy and Procedures and the Financial Regulations should be updated to ensure they are fit for purpose going forward and properly describe the responsibilities of key stakeholders.
5	Fraud training should be delivered to all Finance and IT staff to coincide with the launch of the new Fraud Prevention Polity and Procedures and the Financial Regulations.
6	A programme of spot checks should be introduced to ensure that the new arrangements introduced in June 2019 by the VP Corporate Services are being applied consistently across the College.

All six recommendations were fully accepted and all have been actioned.

3.1.2   Review of Finance Effectiveness

The review of the effectiveness of the Finance function was undertaken by External Auditor Scott Moncrieff and reported in June 2020. The report noted six areas of good practice, and identified the following five areas for improvement:

1	The College's financial planning and budget setting arrangements should be strengthened by linking these more clearly to College and departmental objectives and articulating how best value/value for money will be achieved.
2	Financial performance reporting should be enhanced with clearer analysis of how the KPIs demonstrate achievement towards the College's objectives, rather than focusing solely on finance considerations. In addition, we recommend that more consistent arrangements are put in place for budget meetings and financial reporting so that all budget holders and the senior management team members have the information they need to regularly monitor and challenge financial performance in their areas.
3	We also recommend that the Finance team consider appropriate metrics to measure their own performance and begin to document and assess operational risks. Both performance metrics and risks should be regularly updated and reported.

4	The College should improve its approach to planning, delivering and reporting on projects to ensure these are managed consistently. In particular, where there is an impact on stakeholders outwith the implementing department there should be a plan in place for effective communication and engagement. The reporting should also ensure there is transparency both at management and Board level over the activity taking place across the College, as well as progress on individual projects.
5	We also recommend a review of the finance team structure is undertaken to ensure there is sufficient senior, dedicated finance resource in place to cover the Finance portfolio, including to support effective engagement with the wider College management team. This structure should also aim to limit the dependency on a single individual.

All recommendations were accepted and translated into an action plan of 12 tasks. These were monitored regularly by the Executive Leadership Team (ELT) as a standing agenda item. All of these items have now been completed.

3.1.3   Review of IT Effectiveness

Scott Moncrieff's report on the effectiveness of the IT Directorate was also delivered in June 2020. It noted two areas of good practice:
- Processes for the management of joiners, movers and leavers are well designed;
- Improvements have been made to procurement processes following the incident in 2019 with all orders placed through Pecos and the lifecycle of each order now managed.

The report recognised that the COVID19 pandemic had placed particular demands on IT services in the College. It made 18 recommendations, all of which were accepted by the College.

Of these, only two remain outstanding at the time of writing, both of which relate to the introduction of a new service desk software system. Procurement of a new system is being taken forward.

3.2   Additional actions taken

City of Glasgow College has also undertaken a number of further actions to strengthen its protection against possible fraud, including:
- Internal Audits of the College's Procurement & Credit / Purchasing Arrangements, Budgetary Control and Asset Management were undertaken in 2020. These provided a number of detailed recommendations, and those from the audits of Procurement & Credit / Purchasing Arrangements and Budgetary Control have been actioned and completed. Two actions from the recommendations of the Asset Management audit are due for completion by the end of July 2022, but the others have been completed.
- A new College post of Compliance Auditor has been established. The post holder undertakes oversight of the College's response to internal and external audit recommendations, ensuring these are completed timeously. The Compliance Auditor also

supports the Assurance framework and the College Risk Register, and undertakes spot checks and investigations as required. In effect, this adds a fourth level of assurance to the College's Assurance Framework.

- A Project Management Office (PMO) with three full-time staff has been established, to ensure good governance of all College projects using recognised project management methodologies such as Prince2. The PMO has developed a comprehensive suite of documents which colleagues are expected to use if they are undertaking a project, and provides support and advice to those leading smaller-scale projects. For larger projects, especially those which run across the College, PMO staff assume the role of Project Manager. As well an ensuring a consistent City approach, the PMO helps deliver projects on time and on budget, and its staff are charged with oversight of procurement and with escalating any areas of concern in relation to budget management.

- Improved budgetary control processes have been introduced in IT, and will be further strengthened through the revised Asset Management procedures which are now in place.

Dr Sheila Lodge

Depute Principal & Chief Operating Officer
City of Glasgow College

8 September 2022

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 6 June 2023

STRATEGIC RISK REGISTER   **Paper H**

9.1 Risk Register Update
9.2 Strategic Risk Register

BOARD OF MANAGEMENT
Audit and Risk Committee
Tuesday 6 June 2023

Strategic Risk Register Update

Paper for approval

1. **Strategic Risk Register**

   A copy of the June 2023 draft Strategic Risk Register is enclosed.   This is noted for discussion and incorporates the range of risks that were reviewed in detail at the previous meeting and discussed further at the March 2023 Board meeting.

2. **'Brexit' Risk**

   The risk likelihood for the Brexit risk was reduced in March 2023 based on experience of the impact over the previous 12 months. At this time the potential removal of this risk was discussed and this was subject to further discussion at the subsequent Board meeting. Following reflection on these discussions and review of the impact that leaving the EU has had to date it is proposed that this risk be removed from the Strategic risk Register.

3. **Credit Target Risks**

   Following on from previous updates in respect of the reduction in full-time student recruitment in 2021/22 and in 2022/23, discussions remain on-going between Colleges Scotland and the Scottish Funding Council around a range of sector wide flexibilities and rule changes to better support the sector.

   Feedback from SFC remains supportive of the sector and that colleges should not be overly concerned around the risk of financial clawback for 2021/22 and 2022/23. This however has not yet been formally confirmed.

   Wider discussions surrounding future funding and activity target arrangements have concluded, with almost all colleges receiving a 10% reduction in their activity (credit) target for 2023/2024. This reduction has been used to underpin the curriculum changes outlined within the current financial savings and sustainability plan. Details of the strategy and approach being adopted to shape curriculum discussions and future direction have been shared with the Learning, Teaching & Quality Committee.

4. **Financial Sustainability Risk**

   College Risk Management practice requires that any strategic risks that remain as Major or Fundamental post mitigation will be reported to the Committee at each meeting.

Following the decision of the Board of Management in March 2022 to recommend increasing the post mitigation risk in respect of future financial sustainability, the post mitigation likelihood was increased from 3 to 4 and the overall risk rating increased to 16. This moved this risk into the Major Risk (Red) category, and it is unlikely that this risk will be reduced in the near future.

The need to address the impact of cuts in sector funding, and the need to support areas of future opportunity and development, have been the subject of on-going discussion and review with the Board and has underpinned the More Successful and Sustainable College plans shared with all Board members in April 2023.

The appropriate curriculum, HR and financial plans and approaches underpinning the paper and its proposals have been discussed at the recent Learning, Teaching and Quality; Human Resource & Development; and Finance & Property Committee meetings. A further update on progress through the savings plan will be discussed at the June 2023 Board meeting.

The activities developed to address the funding cuts and financial sustainability risk will cut across a range of areas, and arrangements are in place to support arrangements and minimise adverse risk in areas such as HR practice and industrial relations (Risks 3.3 and 3.7) and PR / publicity (Risk 3.5). These will remain under review, with the overall risk rolled into the high level Financial Sustainability risk measure.

5. Cost of Living Crisis

Significant activities have continued through the Thrive with D&A project to support students and staff with the challenges faced by the cost of living crisis. Updates on this work have been provided to the Learning, Teaching & Quality, and the Human Resource & Development Committees.

Whilst no change in risk ratings is proposed at this point in time, the risks associated with increased costs will continue to be monitored, particularly in respect of the impact of this on learner retention and staff salary costs/demands. The financial impacts of increasing costs for the College are subsumed within the financial sustainability risk outlined above.

6. Strategic Risk Register

No other changes have been proposed to the Strategic Risk register at this time.

7.   Approvals

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

- Approval of the Strategic Risk Register as amended

Author and Executive Sponsor: Steve Taylor, Vice Principal People and Performance

STRATEGIC RISK REGISTER

2022 - 2023

As at June 2023

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

Risk Number & Committee		POTENTIAL CONTRIBUTING FACTORS				TREATMENT				POST MITIGATION EVALUATION				
		Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring				Lead Responsibility
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	• Robust strategic planning • Effective environmental scanning • Strong partnerships • Clear links between strategy and practice • Concerted demands for increased activity levels	4	2	8 ↔	• Robust monitoring via ROA • Clear performance metrics • Amendment of strategic direction/ plans • Rolling curriculum review				Principal & Chair
1.2 Board		College may be disadvantaged by changes to either UK or Scottish Government policies	4	3	12	• Effective environmental scanning • Negotiation/influence at national level	4	3	12 ↔	• Review of changes and amendment of strategic direction/plans • Financial strategy sensitivities				Principal & Chair
1.3 Board		College disadvantaged by changes arising from UK leaving European Union **Risk recommended for removal.**	5	4	20	• Negotiation/influence at national level • Review of activities/ projects • Responsiveness to new opportunities	3	2	6 ↔	• Review of changes and amendment of strategic direction/plans/ curriculum • Financial strategy • Workforce planning • International strategy & planning • Post Brexit planning				Principal

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

Risk Number & Committee	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
	POTENTIAL CONTRIBUTING FACTORS				**TREATMENT**				**POST MITIGATION EVALUATION**	
1	**Strategic and Structural**									
1.4 Board	Difficulties or over commitment arising within large scale/national College led initiatives or projects impact negatively on: • Ability of the College to meet key regional strategies/objectives • Financial loss or unmanageable financial risk • Reputational loss	4	3	12	• Effective project/activity management in place • Clear governance structures • Project/initiative finances clearly incorporated within College financial strategy and plans • End of project and exit/contingency planning	3	2	6 ↔	• Regular project updates at Executive/Board level • Monitoring of project activities, plans and outcomes • Clear project Management arrangements in place • Budget reporting and management	Principal, VPC&A
1.5 Board	College disadvantaged as a result of changes arising from major national educational body reviews: SFC, SQA, EdS	4	4	16	• Negotiation/influence at national level • Review of activities/ projects and response to new opportunities	4	1	4 ↔	• Robust monitoring via ROA • Amendment of strategic direction/ plans • Rolling curriculum review	Principal

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						Score	Impact	Likelihood
	ELT	Executive Leadership Team	Prin	Principal		1	Routine	Remote
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	VPCA	Vice Principal Curriculum & Attainment						

Risk Number & Committee	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
	POTENTIAL CONTRIBUTING FACTORS				**TREATMENT**				**POST MITIGATION EVALUATION**	
1 **Strategic and Structural**										
1.6 **Board**	Failure of D&A plans and activities to deliver on required carbon reductions and sustainability actions necessary to meet national targets and achieve College climate emergency ambitions.	4	3	12	• Robust CEAP in place • Multiple strands of activity/action • Embedding sustainable practices in normal activity and ways of working • Clear links between strategy and practice • Planned investment in carbon reduction • Sustainable procurement	4	2	8 ↔	• Robust monitoring and reporting of CEAP at SLT and Board level • Clear performance metrics • Amendment of strategic direction/ plans • Monitoring of scope 3 emissions	VPCS, HoE

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				Score	Impact	Likelihood
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VPCS	Vice Principal Corporate Services	Chair	Chair of the Board of Management	5	Critical	Very Likely
VPCA	Vice Principal Curriculum & Attainment					

Risk Number & Committee	Risks	POTENTIAL CONTRIBUTING FACTORS			TREATMENT				POST MITIGATION EVALUATION				
		Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring				Responsibility
2 **Financial**													
2.1 **F&P**	Change in SFC Funding Methodology and Allocation – Reduction in Funding	3	3	9	• Negotiation/influence at national level • Contingency plans for reduced funding	3	3	9 ↔	• Advance modelling of new funding methodologies and allocations • Monitoring impact of changes • Amendment of strategic or operational direction / plans • Financial strategy sensitivities				VPCS
2.2 **F&P**	Failure to achieve institutional sustainability	5	4	20	• 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	4	16 ↔	• Monthly monitoring of budgets • Regular review of financial strategy and non-core income sensitivity • Detailed monitoring of savings programmes				VPCS
2.3 **F&P**	National outcomes on salaries and conditions of service outstrip ability to pay	4	4	16	• Influence within Employers Association • Management of staffing expenditures	4	3	12 ↔	• Expenditure modelling • On-going discussions with staff • Financial strategy sensitivities • Workforce planning				VPP&P, VPCS

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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	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	Chair	Chair of the Board of Management		4	Major	Probable
	VPCA	Vice Principal Curriculum & Attainment				5	Critical	Very Likely

Risk Number & Committee	Risks	POTENTIAL CONTRIBUTING FACTORS			TREATMENT				POST MITIGATION EVALUATION		Lead Responsibility
		Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring		
2 **Financial (cont)**											
2.4 **A&R**	Financial Fraud	4	3	12	• 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 ↔	• 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	• On-going dialogue with Foundation Trustees • Appropriate bid arrangements in place	3	2	6 ↔	• Monitor and advise Board of Management		Prin & VPCS
2.6 **F&P**	Demands of capital developments / maintenance impacts on financial sustainability or delivery of learning and/or services	3	2	6	• Multi-year estates strategy and capital planning • Lobbying of SFC on capital and backlog maintenance funding • Planning for D&A Foundation bids	2	2	4 ↔	• Monitoring of capital plans and expenditures • Regular review of capital plans/timescales relative to funds		VPCS

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							Score	Impact	Likelihood
	ELT	Executive Leadership Team		Prin	Principal		1	Routine	Remote
	SLT	Senior Leadership Team		DirC&A	Directors of Curriculum & Attainment		2	Minor	Unlikely
	Board	Board of Management		HoICT	Head of ICT		3	Significant	Possible
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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS					TREATMENT				POST MITIGATION EVALUATION		
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring			Lead Responsibility
3 **People and Performance**												
3.1 **LT&Q**	Failure to reach aspirational standards in learning, teaching and service delivery	4	3	**12**	• 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** ↔	• 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**	• 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** ↔	• Effective internal monitoring/review/verification arrangements • External review findings			VPP&P, VPC&A
3.3 **A&R**	Legal actions; serious accident; incident or civil/criminal breach	4	5	**20**	• Adherence to legislative and good practice requirements • Positive Union relations and staff communication • Effective management development programmes	3	2	**6** ↔	• Monitoring and reporting in key areas – eg H&S, equalities, employee engagement • Continuous professional development • Internal audit programme • Staff surveys			Prin, VPP&P, VPCS, HoE

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Risk Number & Committee	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
	POTENTIAL CONTRIBUTING FACTORS				**TREATMENT**				**POST MITIGATION EVALUATION**	
3 People and Performance (cont.)										
3.4 **HR&D**	Failure to meet the aspirational standards in respect of the health, safety, wellbeing and development of staff and students	3	4	12	• Clear and proactive approaches to managing and promoting health, safety and wellbeing • Continuous self-evaluation and action planning • Rigorous CPD arrangements in place • Regular staff and learner feedback arrangements	3	2	6 ↔	• Regular employee engagement monitoring • Open communication with staff • Comprehensive monitoring of key PIs and student/staff feedback • Regular union/management dialogue	VPP&P, VPCS
3.5 **Board**	Reputational Risk – Loss of reputation with key stakeholders	4	3	12	• Marketing strategy • Reputation plan • Positive marketing approaches	4	3	12 ↔	• Stakeholder engagement • Social media monitoring arrangements	VPC&A, DirC&A
3.6 **HR&D**	National bargaining outcomes impact adversely on College operations, activity and flexibility	4	4	16	• Influence within Employers Association • Management of bargaining outcomes and implementation	4	3	12 ↔	• Positive union relations and staff communication • On-going discussions with staff • Innovation in approaches	VPP&P, VPC&A

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

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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS				TREATMENT				POST MITIGATION EVALUATION		
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring		Lead Responsibility
3 People and Performance (cont.)											
3.7 HR&D	Industrial Relations Problems (including industrial action)	4	5	20	• Adherence to legislative and good practice requirements • Positive Union relations and staff communication • Effective management development programmes • Industrial action continuity planning	4	2	8 ↔	• Regular union/management dialogue • Regular employee engagement monitoring • Open communication with staff • Industrial action continuity planning		VPP&P
3.8 A&R	Breach of data security / data protection	5	4	20	• Effective management of GDPR compliance • Mandatory staff CPD and awareness raising on data protection (relative to role)	4	2	8 ↔	• 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
3.9 HR&D	Failure to meet Prevent and related obligations	5	3	15	• Prevent training • Staff awareness and contingency planning • Engagement/practice sharing with local agencies	5	1	5 ↔	• Business Continuity Plan including scenario testing • Information sharing with local agencies		VPC&A, VPP&P

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

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Risk Number & Committee	Risks	POTENTIAL CONTRIBUTING FACTORS			TREATMENT				POST MITIGATION EVALUATION		Lead Responsibility
		Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring		
3	People and Performance (cont.)										
3.10 HR&D	College arrangements do not minimise risk associated with Modern Slavery	4	3	12	• Clear and compliant procurement arrangements and procedures • Staff identity checking arrangements and use of PVG.	4	1	4 ↔	• Annual procurement monitoring/reporting • Regular employee engagement monitoring • Open communication with staff		VPC&A, VPP&P
3.11 Board	Failure to plan or respond adequately to future pandemic illness.	5	4	20	• Monitoring and rapid response to WHO and UK/Scottish Government information and alerts • Maintenance of COVID-19 good practice approaches to inform future use • Effective business continuity planning in place	4	2	8 ↔	• Pandemic readiness / response included in business continuity plan reviews and testing • COVID/Pandemic Response Group in place • Active monitoring and rapid adoption of pandemic guidance / control measures		Principal

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

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	POTENTIAL CONTRIBUTING FACTORS				TREATMENT				POST MITIGATION EVALUATION		
Risk Number & Committee	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring		Responsibility
4 Infrastructure											
4.1 **A&R**	Major Disasters – eg Fire, MIS Failure, Failure of Emergency Procedures	5	4	20	• Sound systems of administration • Clear fire and disaster recovery arrangements • Staff CPD	5	1	5 ↔	• Business Continuity Plan including scenario testing		Principal & VPCS
4.2 **F&P**	Failure to achieve ambitions of Digital strategy; strategy and development is ineffective	4	3	12	• Planning, careful phasing of changes to processes and systems • Effective management of ICT arrangements • Clear investment plan	4	2	8 ↔	• Regular review/reporting on milestones, systems effectiveness etc • Regular CPD		VPC&A, HoICT
4.3 **A&R**	Significant breach of ICT/Cyber security resulting in loss of service sufficient to impact College student / staff outcomes	4	3	12	• Effective management of ICT arrangements • Active ICT/data security monitoring and cyber security policy	4	2	8 ↔	• 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	• Effective infrastructure and systems design and implementation • Effective management of ICT arrangements and GDPR compliance	4	2	8 ↔	• Active data protection monitoring and auditing • Effective information and data security policies in operation • Regular data security monitoring/testing		VPC&A, HoICT

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

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 6 June 2023

GARDYNE THEATRE LIMITED AUDIT ARRANGEMENTS

Paper I

BOARD OF MANAGEMENT
Audit & Risk Committee
Tuesday 6 June 2023

GARDYNE THEATRE LIMITED AUDIT ARRANGEMENTS

Paper J for approval

1.   **Introduction**

This report brings to the Committee's attention the difficulties experienced during the audit of the College's subsidiary company, Gardyne Theatre Limited (GTL) last year and the subsequent consideration of arrangements for the year to 31 July 2023.

2.   **Recommendation**

Audit & Risk Committee is invited to consider the wishes of the GTL Board that it seeks exemption from audit and to recommend that this is approved by the Board of Management.

The Committee are also asked to consider management's proposal that the Accounts of GTL are not consolidated within 'group' Accounts prepared for the year to 31 July 2023, providing this does not inhibit obtaining the exemption from audit.

3.   **Context**

The audit for the year ended July 2022 was disappointing in terms of the approach taken by the auditors, Henderson Loggie, resulting in a degree of confusion and ultimately a high level of substantive testing which appeared to be disproportionate. Upon conclusion of the audit, Henderson Loggie conceded some shortcomings in getting to grips with new auditing standards and resulting changes to their firm's approach. It was also clear that the existing level of fees could not be sustained and consequently the Head of Finance and Jaki Carnegie, VP Corporate Services and GTL Director, began to consider the possibility of seeking an exemption from audit for the current year. Henderson Loggie have subsequently resigned as auditors and have intimated that the cost of the 2022 audit would have to have risen by approximately 150% to render it commercially viable.

Jaki Carnegie alerted the GTL Board to our concerns during a meeting held on 13 March 2023. Following discussion it was duly minuted that the Board favoured there being no audit unless this was specifically required, acknowledging also that would be a matter for the College Board to agree. An extract of these Minutes of the meeting are contained in Appendix. 1

The consolidation of GTL is a matter solely for the members of this Committee and the Board and is not directly affected by the audit, subject to any specific requirement to prepare consolidated accounts to satisfy the exemption conditions of a subsidiary company.

Management feels that little benefit is derived from the preparation of consolidated accounts, believing it does not merit the additional amount of work involved for either our staff or auditors, and adds an unwanted layer of complexity for the reader.

The value of GTL's reserves at July 2022 was £44K and a loss of £2K was incurred on turnover of £167K. Its share of 'group' reserves at July 2022 was less than 0.1% and turnover less than 0.3%. The latter value will be slightly higher this year with increased turnover from the subsidiary but will remain at only circa 0.5%. The impact upon surplus or deficit will again be negligible with GTL forecasting an approximate break-even position this year.

4.   Legislative and other considerations

Both the Scottish Funding Council (SFC) and the College auditors, Mazars, have been consulted. Both appreciate our reasons for seeking exemption from audit and are content for us to explore this further.

A company can seek exemption from audit if it satisfies a least two of the following tests:
* an annual turnover of no more than £10.2 million
* assets worth no more than £5.1 million
* 50 or fewer employees on average

GTL easily satisfy all three. However, there is special consideration to be applied to subsidiary companies. Legislation for subsidiary companies seeking exemption refers to parent companies incorporated under the Companies Act, which clearly does not apply to the College, and actions that must be taken that the College cannot comply with in terms of submissions to Companies House. This was initially discussed with SFC who referred the matter to Audit Scotland for their consideration. Audit Scotland responded confirming that the dispensation from audit could be used but have not specified what alternative obligations must be met. We are currently seeking further clarity from Audit Scotland's technical team.

SFC are also agreeable to non-consolidation providing this has the support of our auditors. Mazars have indicated that, based upon their preliminary review, they are comfortable that GTL may be excluded from consolidation as its inclusion is not material for the purposes of giving a true and fair view. This view could be altered during the course of their assignment but this seems unlikely.

The members of the College Board must consider any additional risks posed by the absence of an audit. Management do not consider this to be a significant risk. The Accounts are prepared by the College's finance team who possess an in depth knowledge of the subsidiary whilst being independent from it. GTL have each year, since inception, always received an unqualified audit opinion that the accounts have been properly prepared and give a true and fair view.

The Committee should also consider any potential negative impact from the non-consolidation of GTL. Management believe that awareness of GTL's performance and financial standing would be more easily understood by other means.

5.   Conclusion

Management have concluded that costs of both audit and consolidation, although not necessarily mutually exclusive, appear to outweigh the relative merits of each. The Committee are invited to consider this assessment and provide their approval or recommendations.

6.   Link to Strategic Risk Register

This paper is prepared to provide reassurance in respect of risks identified within the Strategic Risk Register namely;

2.4 – financial fraud
3.1 – failure to achieve/maintain compliance arrangements

Author: Brian Ferguson, Head of Finance
Executive Sponsor: Steven Taylor, Vice Principal People & Performance

Gardyne Theatre Limited
Board Meeting held on 13 March 2023

Extract of Minutes

"Discussion was had in reference to the disappointing experience of the most recent Audit. The articles do not say that an audit is required, it was understandable when GTL was first started however now is costing £4,000 with negative experiences of the process (not the result).
The question was put to the GTL board if the audit should still happen.
Board decided that unless there was a requirement the GTL Board were in favour of it not being required.
This decision will be taken to the College Board who will ultimately make the decision.
If the College Board determine that an audit is necessary, GTL board will explore other companies who are less expensive and have a good reputation. ST suggested Patterson Boyd.

Action 1: Explore options on whether the College Board require a statutory audit and if they do, who would undertake this."

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 6 June 2023

EXTERNAL AUDIT PLAN   **Paper J**

Dundee and Angus College

**Annual Audit Plan
year ending 31 July 2023**

mazars

Contents

Mazars

mazars

The Board of Management
Dundee and Angus College
Old Glamis Road
Dundee
DD3 8LE

26 May 2023

Dear Members,

Annual Audit Plan – Year ending 31 July 2023

We are pleased to present our Annual Audit Plan for Dundee and Angus College for the year ending 31 July 2023.

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 7 of this document also summarises our considerations and conclusions on our independence as auditors.

We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Dundee and Angus College which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor.

Client service is extremely important to us and we strive to continuously provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07881 283571.

Yours faithfully,

Michael Speight

1. Engagement and responsibilities summary

We are appointed by the Auditor General for Scotland to perform the external audit of Dundee and Angus College for the year to 31 July 2023. This is our first year of appointment.

Responsibilities

Our responsibilities, principally derived from the Code of Audit Practice (the Code) issued by Audit Scotland, are outlined below.

Audit opinion	We are responsible for forming and expressing an opinion on the financial statements.
	The Audit and Risk Committee is responsible for the assessment of the College's ability to continue as a going concern. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of the disclosures made.
Regularity opinion	We are required to form and express an opinion on whether the College has, in all material respects, incurred expenditure and income in accordance with any applicable enactments and guidance issued by the Scottish Ministers.
Opinion on other matters	We are required to express an opinion on whether the audited part of the Remuneration and Staff Report, and the Governance Report have been properly prepared in line with relevant legislation and directions. We also express an opinion on whether the Performance Report is consistent with the audited financial statements.
Wider scope work	The Code requires us to conclude and make a judgement on the four dimensions of wider scope work. The four dimensions are Financial Sustainability, Financial Management, Governance and Transparency, and Value for Money.

Our audit does not relieve the Board of Management, as those charged with governance, or management of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

2. Our audit engagement team

A committed and accessible team

Michael Speight
Director
michael.speight@mazars.co.uk
07881 283571

Michael is the Engagement Lead for the audit and will be the key point of contact for the Audit and Risk Committee. He will have overall responsibility for delivering a high quality audit to the College. Michael will be responsible for the opinions given on the financial statements and will liaise with senior Finance team. He will attend Audit and Risk Committee meetings, and where appropriate, Board meetings.

To be Confirmed
Audit Manager

Your Audit Manager will manage and coordinate the audit and be the key point of contact for the Finance team, as well as liaising with Internal Audit. They will oversee completion of audit work to a high standard and attend Audit and Risk Committee as appropriate.

We are in the process of determining the best fit between our managers and our new clients under the Audit Scotland contract and will confirm the details of this individual as soon as possible.

3. Audit approach, scope and timeline

Our audit approach is designed to provide an audit that complies with all professional requirements

Audit Scope

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.
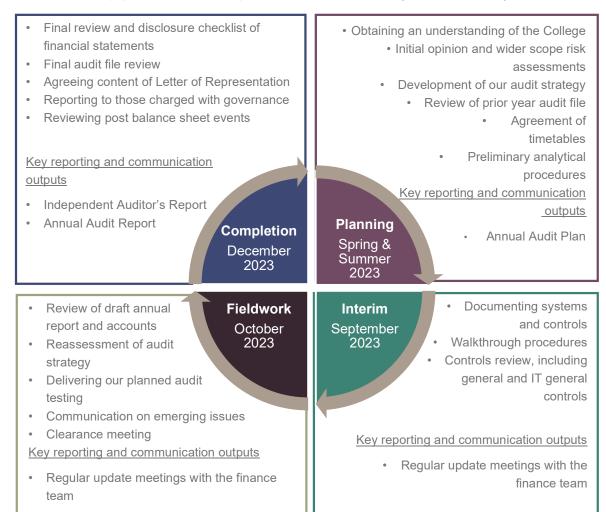
Audit Approach

Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of details (of classes of transactions, account balances, and disclosures) and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram below outlines the procedures we perform at the different stages of the audit.

Mazars

3. Audit approach, scope and timeline (continued)

- Final review and disclosure checklist of financial statements
- Final audit file review
- Agreeing content of Letter of Representation
- Reporting to those charged with governance
- Reviewing post balance sheet events

Key reporting and communication outputs

- Independent Auditor's Report
- Annual Audit Report

Completion
December 2023

- Obtaining an understanding of the College
- Initial opinion and wider scope risk assessments
- Development of our audit strategy
- Review of prior year audit file
- Agreement of timetables
- Preliminary analytical procedures

Key reporting and communication outputs

- Annual Audit Plan

Planning
Spring & Summer 2023

Fieldwork
October 2023

- Review of draft annual report and accounts
- Reassessment of audit strategy
- Delivering our planned audit testing
- Communication on emerging issues
- Clearance meeting

Key reporting and communication outputs

- Regular update meetings with the finance team

Interim
September 2023

- Documenting systems and controls
- Walkthrough procedures
- Controls review, including general and IT general controls

Key reporting and communication outputs

- Regular update meetings with the finance team

Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

3. Audit approach, scope and timeline (continued)

Management's and our experts

Management makes use of experts in specific areas when preparing the College's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Planned audit approach
Defined benefit pension liability and associated accounting entries and disclosures required by FRS 102.	Actuary – Barnett Waddingham	We will consider the reasonableness of the actuarial assumptions made, referring to our in-house pension scheme experts.

Reporting to Audit Scotland

During the year we will continue to make returns to Audit Scotland as they collect data to establish the impact on the further education sector and feed into any national reporting as required.

National Fraud Initiative

Dundee and Angus College took part in the NFI exercise in 2022/23. The work that the College has undertaken will be reviewed as part of our audit procedures.

Adding value

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

The 2022/23 audit will be undertaken in a hybrid approach with the appropriate mix of onsite and offsite work – in order to maximise the efficiency of both College staff and auditor time.

4. Significant risks and key judgement areas

Following our risk assessment approach, we have identified relevant risks to the audit of the financial statements.

The audit risks we identify are categorised as significant, enhanced or standard, as defined below:

Significant risk	A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.
Enhanced risk	An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks incorporate but may not be limited to: • key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and • other audit assertion risks arising from significant events or transactions that occurred during the period
Standard risk	This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

The summary risk assessment, illustrated in the audit risk continuum below, highlights those risks which we deem to be significant and other enhanced risks. We have summarised our audit response to these risks on the next page.

Risk	
1	Management override of controls
2	Revenue recognition
3	Expenditure recognition
4	Pension assets

Mazars

4. Significant risks and key judgement areas (continued)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of the Audit, we will report this to the Audit and Risk Committee.

With Dundee and Angus College being a new client for the July 2023 year-end, this increases the likelihood of a change as we complete our first audit with the College.

Significant risks

Description of risk	Planned response
Management override of controls Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.	We will address this risk through performing audit work over: • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
Revenue recognition There is a presumption under International Standards on Auditing that there is a significant risk of fraud and error in the timing of revenue recognition leading to the material misstatement of revenue overall. This is because revenue is an area of particular focus by users of financial statements and can be subject to judgements as to when certain income streams should be recognised and if clawback conditions apply to any funding. The risk above applies only to the non-core grant income and other non-grant income generated by the College. The risk has been rebutted in relation to the core grant income received by the College, given the highly regulated nature of this income, and therefore the lower inherent and fraud risks associated with it.	We will address this risk through performing audit work over: • the design and implementation of the controls management has in place to ensure income is recognised in the correct period; • cash receipts around the year end to ensure they have been recognised in the right year; • the judgements made by management in determining when non-grant income is recognised; • for major grant income, obtaining counterparty confirmation; and • expected bad debt provisions applied to receivables at the year end, considering the appropriateness of judgements made by management.

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4. Significant risks and key judgement areas (continued)

Description of risk	Planned response
Expenditure recognition For public sector organisations, the same risk in relation to fraud and error in respect of the timing of recording of transactions can apply to the recognition of non-payroll related expenditure and contractual obligations. The pressure to manage expenditure to ensure that budgeted outcomes are achieved increases the risk surrounding fraudulent reporting of expenditure.	We will address the risk through performing audit work over: • the design and implementation of the controls management has in place; • testing of non-payroll expenditure around the year end to ensure transactions are recognised in the correct year; • testing material year end payables, accruals and provisions; and • reviewing judgements about whether the criteria for recognising provisions are satisfied.
Defined benefit pension scheme assets There is a significant asset value used in calculating the Tayside Pension Fund (TPF) position as at 31st July 2023 and due to the nature of the pension scheme there is significant complexity in identifying the College's share of the assets. The complexity is created by factors such as: • The types of assets held by the pension scheme and their valuation bases; and • The calculation of the College's share of the overall Scheme assets requiring the rolling forward of quarter-end valuations.	We will address this risk by obtaining confirmation from the pension fund of the total value submitted to the actuary and details of how the College's share of assets has been calculated. We will then review this confirmation and consider if the information provided is sufficient and challenge any inconsistencies noted.

Key areas of management judgement and estimation

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

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4. Significant risks and key judgement areas (continued)

Description of judgement or estimate	Planned response
Defined benefit pension scheme assumptions The College makes contributions to two pension schemes – the Scottish Teachers Superannuation Scheme (STSS) and the Tayside Pension Fund (TPF). While both are defined benefit schemes, it is not possible to identify the College's share of the underlying assets and liabilities in the STSS scheme and it is therefore accounted for as a defined contribution scheme. The College's share of the TPF's underlying assets and liabilities is identifiable and the net position is recognised in the accounts. There are significant assumptions used in calculating the value of the liability element of the year-end position of the TPF.	We will consider the actuarial assumptions used by the actuary when calculating the liability element of the year-end position of the TPF. We will utilise our internal Actuarial Valuations team in order to assess the validity of these assumptions, both individually and in combination with each other. We will seek from management information to support the membership numbers included in the Actuarial report and understand how management have gained comfort that the data is correct.
Early Retirement Provision The College includes a provision in their financial statements in respect of staff who receive an enhanced pension for accepting early retirement. The calculation of the value of this provision uses a model which incorporates actuarial assumptions.	We will consider the actuarial assumptions used by the actuary when calculating the provision value.
Valuation of land and buildings The College held land and buildings with a net book value of £63m as at 31 July 2022. In line with the requirements of the Government Financial Reporting Manual, the College has adopted a formal revaluation policy of an external valuation every five years, with a desktop, interim valuation performed during the five year period. For the 2023 year-end Graham & Sibbald (Chartered Surveyors) will provide the College with an interim valuation which will be used to update the carrying values. The College policy meets the requirement of the FE SORP that assets are valued sufficiently regularly so that the carrying value of the asset is not materially different from its fair value. Given the significance of the value of fixed assets held, a misstatement in the valuation could be material to the financial statements.	We will undertake a range of substantive procedures including: • review of management's assessment as to whether the valuation sufficiently takes account of changes to land and buildings; • review of the reconciliation between the College's asset register and general ledger; and • consider the College's impairment review process for land and buildings.

5. Wider scope work

The Code requires us to conclude and make a judgement on the four dimensions of wider scope work:

- **Financial sustainability**
- **Financial management**
- **Governance and transparency**
- **Value for money**

We set out below the work that we intend to perform to reach these judgements:

Dimension	Description	Our planned approach
Financial management	Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.	We intend to consider: • the monitoring of the effectiveness of internal control arrangements; • Whether the College's budgetary control system is timely and accurate; and • whether and how the College has assessed their financial capacity and skills.
Financial sustainability	Extending our work on the going concern assumption in the financial statements looking forward two to five years from the reporting date, reviewing and assessing the College's arrangements for financial planning and affordable and sustainable service delivery.	We intend to consider: • the financial planning system in place for short, medium and long term periods; • the adequacy and accuracy of financial reporting arrangements; • the reasonableness of affordability assumptions made in financial planning; and • the extent to which the financial planning assumptions have been updated and affected by the COVID-19 pandemic.
Governance and transparency	The Governance Statement sets out the internal control arrangements and governance framework in place for the year under review.	We intend to consider: • the effectiveness of internal control arrangements; • the appropriateness of disclosures made in the Governance Statement; and • whether the disclosure requirements of the Accounts Direction and the Code of Good Governance for Scotland's Colleges have been met.

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5. Wider scope work (continued)

Dimension	Description	Our planned approach
Value for money	Value for money concerns using resources effectively and continually improving services.	We intend to consider: • the College's evidence of providing value for money; and • the focus on improving value for money and the pace of change at the College.

Identified significant risks to our wider scope work

We have also considered, as part of our planning, whether there are significant risks that would impact on any of the four areas of our wider scope work that require special audit consideration. At the planning stage we have identified one significant risk, under the financial sustainability heading as detailed below. Should our assessment of risk, or our planned approach to address the risk change during the course of the audit, we will report this to the Audit and Risk Committee.

Description of significant risk	Planned response
Financial sustainability We are aware that the overall College Sector in Scotland is having to respond to the financial pressures of inflating costs in a period when core grant income is flat. We have been made aware that the College is projecting a deficit full-year position. Core funding is flat for 2023/24 and costs are experiencing inflationary pressures. The above situation means that the College will have to make decisions in order to appropriately balance finances. Given the level of sector wide uncertainties around the sufficient of future funding and of the general economic environment that has arisen following the pandemic, there is a risk the timing of the future funding gap could be accelerated and / or additional funding not being made available from the SFC.	We intend to consider: • the forecast financial position in the financial plans submitted to SFC; • plans being considered by the College to ensure a balanced budget is achieved; • the financial reporting arrangements in place at the College; and • how management have considered the longer-term implications of the COVID-19 outbreak and the combined impact of cost inflation and income levels.

6. Audit fees

Fees for audit and other services

Our fees for the audit of the financial statements and for any other services are outlined in the tables below:

Service	2022/23 proposed fee £
Auditor remuneration	49,700
Pooled costs	(7.290)
Audit support	1,280
Sectoral cap adjustment	(3,540)
Total Fee	**40,150**

The fees outlined above are provided on the basis that we will receive a high-quality set of draft financial statements, supported by good working papers. Should we be required to perform significant levels of additional audit work, or face significant delay in our audit, we will discuss the impact of this on our proposed fee with management.

The proposed audit fee is in line with the scale fee set by Audit Scotland.

7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually, in writing, that we comply with the Financial Reporting Council's Ethical Standard

In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer-based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team;
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Michael Speight in the first instance.

Prior to the provision of any non-audit services, Michael Speight will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Any emerging independence threats and associated identified safeguards will be communicated in our Annual Audit Report.

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8. Materiality and misstatements

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Summary of initial materiality thresholds

	Initial Threshold £'000
Overall materiality	877
Performance materiality	570
Trivial threshold for errors to be reported to the Audit and Risk Committee	26

Overall materiality

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

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8. Materiality and misstatements (continued)

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

We consider that revenue represents the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the Audit and Risk Committee.

We expect to set a materiality threshold at 1.75% of revenue (£877,000).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Our audit testing is based on a level of performance materiality, which is a percentage of overall materiality, but also dependent on the level of inherent risk assessed on the area being tested. It is the level we use to calculate our sample sizes, and drives our acceptable difference in any substantive analytical procedures. It is lower than overall materiality as it helps to reduce the risk that the total of the uncorrected or undetected misstatements does not exceed materiality for the financial statements as a whole. It is based on between 50 – 80% of overall materiality depending on the risk level. Our initial assessment of performance materiality is based on low inherent risk and takes into account this is the first year we have audited the College, meaning that we have applied 65% of overall materiality as performance materiality.

Specific Materiality

We assess specific materiality if there are particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the users of the financial statements. Specific materiality focuses on the qualitative nature, as well as the size, of an item. It recognises that, in some circumstances, it may take a much smaller misstatement to influence the user of the financial statements.

We are required to provide an opinion as to whether the audited part of the Remuneration and Staff Report has been properly prepared. Given the sensitivity of the disclosures made in the Remuneration and Staff Report, we have assessed a specific materiality for this work at £500, being the level that would impact rounding for figures shown to the nearest £'000.

Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit and Risk Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £26,000 based on 3% of overall materiality.

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Appendix 1 – Key communication points

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Annual Audit Plan	Annual Audit Report
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
Planned scope and timing of the audit	✓	
Significant audit risks and areas of management judgement	✓	
Our commitment to independence	✓	✓
Responsibilities for preventing and detecting errors	✓	
Materiality and misstatements	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.
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