

BOARD OF MANAGEMENT



Audit and Risk Committee

Tuesday 19 September 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 – 6 June 2023 Paper A for approval
5. MATTERS ARISING Paper B for noting
6. INTERNAL AUDIT
 - 6.1. 2022/23 Progress Report Paper C for information HL
 - 6.2. Internal Audit Follow up Report Paper D for information HL
 - 6.3. 2023/24 Draft Audit Plan Paper E for approval HL
 - 6.4. Follow Up Summary Paper F for information ST
7. STRATEGIC RISK REGISTER
 - 7.1. Risk Register Update Paper G for approval ST
 - 7.2. Strategic Risk Register
8. ANNUAL DATA PROTECTION COMPLIANCE REPORT Paper H for information ST
9. EXTERNAL AUDIT – MAZARS ASSURANCE REQUEST & D&A RESPONSE Paper I for approval MS/ST
10. DATE OF NEXT MEETING – Tuesday 5 December 2023 at 5.00pm in Room A605, Kingsway Campus (Joint meeting with Finance & Property Committee)

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 19 September 2023



MINUTES OF PREVIOUS MEETING

PAPER A

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 6 June 2023 at 5.00pm



Minute of the Audit & Risk Committee meeting held on Tuesday 6 June 2023 at 5.00pm in Kingsway Campus, Level 6, Room A625 and via Microsoft Teams.

PRESENT: H Honeyman (Chair Audit) J Buchanan
M Williamson K Ditcham
S Middleton M Thomson

IN ATTENDANCE: S Taylor (Vice Principal) P Muir (Board Administrator)
S Inglis (Henderson Loggie)

1. WELCOME

H Honeyman welcomed members of the Audit Committee and welcomed J Buchanan to her first meeting and M Thomson to his final one.

2. APOLOGIES

Apologies were noted from J Carnegie, R McLellan, D Archibald, and M Speight

3. DECLARATIONS OF INTEREST OR CONNECTION

S Inglis noted his association through Henderson Loggie in respect of the GTL Audit paper but advised that this was a separate section of the business.

4. MINUTE OF THE PREVIOUS MEETING

Following one minor correction the minute of the Audit & Risk Committee meeting held on the 7 March 2023 was approved as an accurate record.

5. MATTERS ARISING

Matters arising from previous meetings were closed out or included in the Agenda.

6. VICE CHAIR APPOINTMENT

J Buchanan had been nominated as Vice Chair for the Audit & Risk Committee. The Committee were delighted to approve this appointment.

7. INTERNAL AUDIT

7.1 Partnership working

S Inglis summarised the report noting that this was a positive report, highlighting many areas of good practice. S Inglis noted that there were no recommendations from the audit report. He stated that partnership working was operating well in respect of key partnerships and had been assessed and meets the overall objectives within the report. S Inglis stated the actions within the audit report identified work under way from the College and partners, putting further systems in place. Overall, this was graded as good with no recommendations of improvement.

H Honeyman praised this report.

7.2 Teaching Staff Utilisation

S Inglis summarised the report, praising the effectiveness of timetabling and staff utilisation. Only strengths were noted within the report with no weaknesses highlighted. The report observed the policy framework used for timetabling within the College- which was consistent all the way through.

S Inglis emphasised the training framework used to ensure that staff involved in timetabling were aware of requirements and followed good practice. Celcat had proved to be beneficial, creating a solid framework for staff with no delays in the information provided.

H Honeyman queried if there was any evidence of how management information was used to assure staff utilisation. S Taylor stated that reports had been reviewed at a senior level to identify those staff that were low on teaching hours at the start of 2022/23 and stated that additional work was identified in each case, such as new course development or work to enhance quality. It was confirmed that timetable hours were clearly visible with an approach in place to identify any additional tasks to those staff who may have gaps within their timetable.

K Ditcham asked if there was an opportunity to obtain student reflections, being inclusive of all students involved. S Taylor stated there is always student involvement; student feedback was accessed on an on-going basis through the Student Association and class reps. Education Scotland looked at the skills and experience of staff, along with verification activities which would match the skills and qualifications of individuals delivering courses to the national standards and requirements to ensure the correct skills are being delivered to a high standard.

M Williamson highlighted the significant work for the College covered within these audits and praised the exemplary reports received. M Williamson asked that the thanks of the Committee be passed on to those involved. This was agreed. **S Taylor to progress.**

7.3 Progress Report

S Inglis noted the Infrastructure/Capital Projects report was due to be received at the Audit & Risk Committee but had been delayed due to staff absences. Arrangements were now being progressed with B Grace and this would be completed for the next meeting.

S Inglis also reported that all other work was completed or on schedule, with the student funding and activity audits scheduled for August 2023. Follow up reviews and consultations would be undertaken in July 2023.

7.4 Follow up Report

S Taylor highlighted the current progress of the Internal Audit report recommendations. Stating the recommendations had decreased from 12 actions to 7. The change in status of the Student Invoicing and Debt Management recommendation was discussed and it was agreed that this would remain behind schedule as new Student invoice systems are to be implemented in October 2023. S Taylor reassured the Committee and stated this recommendation represented a service enhancement rather than a failing or risk.

8. CITY OF GLASGOW COLLEGE LESSONS LEARNED REPORT

S Taylor discussed the paper, highlighting that an incident had occurred where a significant value of IT equipment had disappeared in City of Glasgow College. The Scottish Funding Council had asked that the lessons learned report be shared to inform and make other colleges aware of the potential for fraud. S Taylor noted that D&A practice had been summarised against the various recommendations and that it was felt that the College was well placed in relation to these. M Williamson stated it was good to see the measures in place to minimise risk in respect of a similar fraud.

9. STRATEGIC RISK REGISTER

S Taylor summarised the risk report noting that it was recommended that the 'Brexit Risk' be removed from the Strategic Risk Register as it is no longer relevant as a standalone risk. The risks from Brexit are ongoing and are incorporated within our daily lives- for example the cost of living. This was agreed. **S Taylor to progress.**

S Taylor highlighted the credit targets risk, noting that the target would not be achieved in 2022/23 but that SFC had advised that it was not seeking to reclaim funds, but were seeking information around the impact of COVID on student recruitment and retention.

S Taylor summarised the financial sustainability risk, noting that the College had secured c£2.2 million of the required £2.5 million savings and conversations and plans were in place and are at the second stage of consultation to secure any additional potential savings.

H Honeyman questioned whether the industrial action needed to be increased, however S Taylor stated this had been reviewed but was not recommended for change as local relations remained positive resulting in a minimal risk of significant industrial action.

S Taylor noted that weekly meetings were being held with unions on the savings plan to ensure that good communication was in place.

The Strategic Risk register, as amended, was approved.

10. GARDYNE THEATRE LIMITED (GTL) AUDIT ARRANGEMENTS

S Taylor summarised this report bringing it to the Committee's attention for approval. This highlighted that audit of GTL was unlikely to be required given the relatively low turnover.

The request to dispense with audit requirements had arisen due to various complications in the 2022 audit what had significantly increased the cost and work involved, with no additional benefit.

The Committee were asked also asked to consider the proposal that the Accounts of GTL were not consolidated within 'group' accounts prepared for the year to 31 July 2023.

M Williamson stated that, whilst not against the proposal, she was not clear about what the potential impact or risks of the proposed approach would be. H Honeyman agreed and asked that the paper be revised for consideration at the Board meeting. M Thomson stated that he fully recognised that there was no need or value in the audit or consolidation of the GTL accounts given the projected turnover but recognised that the information for the Board needed to be clearer.

The paper was not approved at this stage, but it was confirmed would be clarified to better identify risks and assurances received from Audit Scotland, SFC and Mazars before being considered at the next Board of Management meeting. **S Taylor to progress.**

11. EXTERNAL AUDIT PLAN

Mazars were unfortunately unable to attend the meeting, but H Honeyman noted that any questions regarding the plan could be put to them out with the meeting and noted that they had offered to meet with her (and other Committee members) separately if wished.

H Honeyman questioned the experience of engagement with Mazars as there seemed to have been very little commitment from them so far. S Taylor stated that he had discussed the audit plan with B Ferguson who was content with the contents but expressed concern that this was generic and had queried the lack of a handover meeting with Audit Scotland.

S Middleton noted that this was concerning and suggested that it would be useful for the Chair to ask for a meeting with M Speight before audit work commenced. H Honeyman agreed that this was appropriate. **S Taylor to progress.**

12. DATE OF NEXT MEETING

Tuesday 12 September 2023 at 5.00pm, A625 Kingsway campus and on teams.

H Honeyman thanked M Thomson for all of his input and advice as a co-opted member of the Committee and wished him well for the future.

Action Point Summary

Action	Responsibility	Date
Thanks from the Committee to be passed to those involved in the Partnerships and Timetabling Audit reports	S Taylor	23 June 2023
Strategic Risk Register to be updated	S Taylor	23 June 2023
Gardyne Theatre Limited Audit paper to be revised for consideration by the Board of Management	S Taylor	20 June 2023
Meeting to be arranged between the Committee Chair and M Speight (Mazars)	S Taylor	31 July 2023

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 19 September 2023



MATTERS ARISING

PAPER B

BOARD OF MANAGEMENT
Audit & Risk Committee
Tuesday 19 September 2023



Matters Arising

Paper B for information

The following actions were noted from the Tuesday 6 June 2023 Audit & Risk Committee meeting.

Agenda Item No	Action	Current status	Open / Closed
7.2	Thanks from the Committee to be passed to those involved in the Partnerships and Timetabling Audit reports. S Taylor	Completed	Closed
9.0	Strategic Risk Register to be updated. S Taylor	Completed	Closed
10.0	Gardyne Theatre Limited Audit paper to be revised for consideration by the Board of Management. S Taylor	Considered by Board and option to continue with audit for 2022/23 confirmed	Closed
11.0	Meeting to be arranged between the Committee Chair and M Speight (Mazars) S Taylor	Arrangements to be progressed	Open

Author & Executive Sponsor: Steve Taylor, Vice Principal

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 19 September 2023



INTERNAL AUDIT

6.1- 2022/23 PROGRESS REPORT

PAPER C

Dundee & Angus College

Internal Audit Progress Report

Audit & Risk Committee – 19 September 2023

Issued: 7 September 2023



Internal Audit Progress Report September 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 2 nd 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. Fieldwork now agreed for w/c 18 September 2023.
Partnership Working (incl. Regional Engagement) – Tay Cities Deal	March 2023	Draft: 27/03/23 Final: 04/05/23	2023/03	Good	06/06/23	



Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit & Risk Committee	Comments
Credits	December 2023					Fieldwork commenced 21 August 2023 – at manager review stage and waiting on final FES / College certificates to complete work.
Bursary, Childcare and Hardship Funds	December 2023					Fieldwork commenced 14 August 2023 – at manager review stage and waiting on final FES / College certificates to complete work.
EMA	December 2023					Fieldwork commenced 14 August 2023 – at manager review stage and waiting on College certificates to complete work.
Follow Up Reviews	September 2023	Draft: 15/08/23 Final: 24/08/23	2023/06	N/A see comments	19/09/23	9 Fully implemented 4 Partially implemented 13 in total

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.



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BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 19 September 2023



INTERNAL AUDIT

6.2- INTERNAL AUDIT FOLLOW UP REPORT PAPER D

Dundee and Angus College

Follow Up Reviews 2022/23

Internal Audit report No: 2023/06

Draft Issued: 15 August 2023

Final Issued: 24 August 2023



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Management Summary

Introduction and Background

As part of the Internal Audit programme at Dundee and Angus College ('the College') for 2022/23, we carried out a follow-up review of the recommendations made in Internal Audit reports issued during 2021/22 and reports from earlier years where previous follow-up identified recommendations outstanding. These were:

- Internal Audit Report 2022/03 – Cyber Security;
- Internal Audit Report 2022/04 – Student Invoicing and Debt Management;
- Internal Audit Report 2022/05 – Data Protection;
- Internal Audit Report 2022/06 – Publicity and Communications;
- Internal Audit Report 2022/07 – Follow Up Reviews 2021/22; and
- Internal Audit Report 2022/08 – 2021/22 Student Activity Data.

Reports 2022/01 – Audit Needs Assessment and Strategic Plan 2021 to 2024, 2022/02 – Annual Plan 2021/22, 2022/09 – 2021/22 Student Support Funds and 2022/10 – Annual Report 2021/22 did not contain an action plan and therefore no follow-up activity was required for these specific reports as part of this review.

Objectives of the Audit

The objective of our follow-up review is to assess whether recommendations made in previous reports have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Audit Approach

For the recommendations made in each of the reports listed above we ascertained by enquiry and review of supporting documentation, as appropriate, whether they had been completed or what stage they had reached in terms of completion and whether the due date needed to be revised.

Action plans from the original reports, updated to include a column for progress made to date, are appended to this report.

Overall Conclusion

The College has made reasonable progress in implementing the recommendations followed-up as part of this review, with nine (69%) of the 13 recommendations followed-up being assessed as 'fully implemented' and four recommendations (31%) categorised as 'partially implemented'.

The recommendations that have been assessed as 'partially implemented' will be subject to further follow-up as part of the equivalent review in the 2023/24 programme of internal audit work.



Overall Conclusion (continued)

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

From Original Reports			From Follow-Up Work Performed				
Area	Rec. Priority	Number Agreed	Fully Implemented or No Longer Relevant	Partially Implemented	Little or No Progress Made	Not Past Agreed Completion Date	Considered But Not Implemented
2022/03 - Cyber Security	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	1	1	-	-	-	-
Total		1	1	-	-	-	-
2022/04 - Student Invoicing and Debt Management	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	3	2	1	-	-	-
Total		3	2	1	-	-	-
2022/05 – Data Protection	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	3	1	2	-	-	-
Total		3	1	2	-	-	-
2022/06 – Publicity and Communications	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	2	1	1	-	-	-
Total		2	1	1	-	-	-
2022/07 - Follow Up Reviews	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	1	1	-	-	-	-
Total		1	1	-	-	-	-
2022/08 - 2021/22 Student Activity Data	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	3	3	-	-	-	-
Total		3	3	-	-	-	-
Grand Totals		13	9	4	-	-	-



Overall Conclusion (continued)

The grades, as detailed below, denote the level of importance that should have been given to each recommendation within the internal audit reports:

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

Acknowledgements

We would like to thank all staff for the co-operation and assistance we received during the course of our reviews.



Appendix I - Updated Action Plan

Internal Audit Report 2022/03 – Cyber Security

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at July 2023
R1 Establish mandatory requirements for relevant suppliers to provide evidence of cyber security recertifications when these become due.	3	A review of the published Cloud Service Onboarding Process will be undertaken and updated to include a section on Cloud Service Renewal. At a high level it is proposed that as part of annual renewal of a cloud service we would contact the vendor to request submission of updated cyber security certifications.	Yes	Head of ICT	31 March 2022	The Cloud Service Onboarding Process has been reviewed and updated to include a requirement to request updated copies of any cyber security certificates from the vendor as part of the annual contract review. Fully Implemented



Appendix II - Updated Action Plan

Internal Audit Report 2022/04 – Student Invoicing and Debt Management

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at July 2023
R1 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.	3	<u>Accepted:</u> This is a management aspiration and potential options and solutions will be explored during the forthcoming Student Fees and Debt Management review.	Yes	Head of Finance and Head of ICT	The initial options and potential solutions will target conclusion by 31 July 2022	Phase 1 – visibility of debt - a change has been implemented in the student portal so that they are now able to monitor any outstanding debt. Phase 2 – online payment of fees functionality - the College has decided not to proceed with this development in the current student portal as it will be replaced over the next 2 years. This functionality is a specification requirement of the new portal. Fully Implemented
R2 Consideration should be given to making information on the status of fees available to Administration staff through the College data layer and students through their online portal, including how much students have already paid and are still due to pay.	3	<u>Accepted:</u> This links with the R1 above. A recent review of providing this option via the student portal MyD&A wasn't achievable due to inherent difficulties with the architecture of the finance system. This will be revisited to identify potential options to progress.	Yes	Head of ICT (supported by Kick, Finance Team Leader)	Initial investigation and review completed by 31 July 2022	A report was created to make the student debt data available to the Administration team. Fully Implemented



Follow Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at July 2023
<p>R3 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.</p>	3	<p><u>Accepted:</u> As noted at R1, a review of Student Fees and Debt Management is planned and will include consideration of processes revised in response to COVID-19 prior to finalising new procedures.</p>	Yes	Head of Finance	31 August 2022	<p>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 are constraining progress and the target implementation date has been revised.</p> <p><i>Partially Implemented</i></p> <p>Revised Date of Completion: 31 January 2024</p>



Appendix III - Updated Action Plan

Internal Audit Report 2022/05 – Data Protection

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at July 2023
<p>R1 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.</p>	3	<p>We will look to establish this privacy network during session 2022/23. The intention would be to include identified leads in all key departments with a process for best practice to be communicated elsewhere in the organisation.</p>	Yes	Head of ICT	30 September 2022	<p>The Data Management Group is now in place. Agenda to encompass all elements of data privacy network alongside the business intelligence aspects of the Group.</p> <p>Reporting oversight will also be incorporated into the remit of the Group.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 31 December 2023</p>
<p>R2 An annual Data Protection Compliance report should be developed and formally reported to the Audit & Risk Committee. The report should include relevant data protection progress updates, as well as summarising key compliance metrics relating to data breaches, subject access requests and staff training.</p>	3	<p>Report to be created annually starting with the Audit and Risk Committee meeting in September 2022.</p>	Yes	DPO	30 September 2022	<p>The Data Protection Compliance Report was presented to the Audit & Risk Committee in September 2022 and this is to continue annually.</p> <p>Fully Implemented</p>



Follow Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at July 2023
<p>R3 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 Network (see R1) in monitoring compliance within their respective areas of the College.</p>	3	<p>This is an agreed key deliverable that will greatly improve the College's data protection posture.</p> <p>The DPO will lead this action supported by the ICT Systems team and Head of ICT.</p>	Yes	DPO	31 December 2022	<p>The Compliance Monitoring process document has been created and is awaiting formal approval and incorporation into the College's quality management system.</p> <p>For data protection compliance monitoring the College has adopted Microsoft's Purview Compliance Management tool. It allows the College to manage the progress of two assessments which will be run between now and the end of the calendar year. These assessments (for the UK GDPR and UK Data Protection Act) have been created by Microsoft and will enable the College to track progress, manage remediation actions and report compliance status.</p> <p>The Data Protection Act assessment consists of 643 checks covering the requirements of the legislation, and the UK GDPR assessment consists of 514 checks relating to its requirements (in each case many checks are not relevant to the College).</p> <p>The schedule for completion of these is December 2023.</p> <p>Any remediation requirements will be managed with the relevant teams.</p> <p>Completion of these assessments on an ongoing basis will inform the detail of monitoring and improvement activities.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 31 December 2023</p>



Appendix IV - Updated Action Plan

Internal Audit Report 2022/06 – Publicity and Communications

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at July 2023
R1 The Internal Communication Policy should be reviewed to ensure that it adequately reflects the most recent developments in the communication processes within the College.	3	The policy will be reviewed by senior management and agreed through normal policy update processes. The updated version will be available to staff and in effect for the beginning of next academic session.	Yes	Abi Mawhirt, Head of People and Organisational Development	30 September 2022	Complete – the Internal Communications Policy was updated in June 2023 and the All-Staff Mailing List Protocol Process and Internal Communications Guideline were issued in August 2023. Fully Implemented
R2 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.	3	The Marketing senior managers will scope the requirements for training staff at management and frontline level, making recommendations to the Senior Leadership Team on the content and method of training. Once agreed, training will be developed and rolled out within the next academic year.	Yes	Abi Mawhirt, Head of People and Organisational Development	31 July 2023	The content of the training has been agreed with the provider and delivery dates in early academic session 2023/24 agreed. Partially Implemented Revised Date of Completion: 31 October 2023



Appendix V - Updated Action Plan

Internal Audit Report 2022/07 – Follow Up Reviews 2021/22

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at July 2023
Internal Audit Report 2020/03 – IT Network Arrangements / IT Strategy							
R3 Once [Information & Security] training has been delivered (see R2) mechanisms should be developed and implemented to test the effectiveness and value of the security training provided to staff and students. This should be delivered through formal analysis of the section on information security within the Digital Skills Capability Assessment. Those areas of the College which routinely feature in security reports (or achieve the lowest feedback from information security questionnaires) should be targeted and prioritised for further training	3	The effectiveness of cyber training is currently assessed through the Digital Skills Capability Assessment. We will continue to monitor this bi-annually. The next assessment will be carried out in May 2020.	Yes	Learning and Digital Resources Manager	30 June 2020	<p>September 2021 An updated Digital Skills Capability Assessment has been developed. This has been included in the Learn@D&A Induction, hosted on the Future Talent site and also forms part of the new suite of Getting Ready for College courses that will be offered to new students. A staff version is also being developed, again this will be included in the staff induction process and offered out to staff on an agreed development cycle.</p> <p>A College Development Network report was published on 31 August 2021 on the impact of the pandemic on the digital skills of staff working in Scotland’s colleges. LDR and OD have met to review the findings and agree upon a new Digital Capabilities Self-Assessment for College staff based on this work. A draft academic and support staff assessment have been created and will be reviewed</p>	<p>Annual College staff survey undertaken, in partnership with OD to assess digital training requirements.</p> <p>LDR Leads allocated to each department to offer first line support.</p> <p>Bespoke bi-annual digital training with individual departments based on staff need and new system developments.</p> <p>All digital staff support and training is recorded, and key issues reported back to line managers.</p> <p>Fully Implemented</p>



Follow Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at July 2023
Internal Audit Report 2020/03 – IT Network Arrangements / IT Strategy							
R3 (Continued)						<p>September 2021 (continued) Feedback will also be sought from the Digital Strategy Community Group at their October meeting. It is intended that the assessment will be launched in November to all staff and a report published based on the findings in May 2022.</p> <p>September 2022 Once staff have completed the self-assessment they can choose to visit the Staff Digital Toolkit for short online training courses for each of the College's key digital tools and services, or alternatively they can contact Learning & Digital Resources directly and have a digital training plan put in place.</p> <p>Revised Date of Completion: 31 December 2023</p> <p>Partially Implemented</p>	



Appendix VI - Updated Action Plan

Internal Audit Report 2022/08 – 2021/22 Student Activity Data

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at July 2023
R1 Ensure that all ineligible associate students are identified and removed from the Credits claim.	3	Associate students are finalised by December each academic year therefore Data Mgt will introduce checks with APT after this deadline to ensure students are recorded accurately.	Yes	Fiona Beattie, Data Mgt Team Leader & Angela Vettrano	January 2022	Action implemented as part of the ongoing credit/audit checks. This will be tested as part of 2022/23 Credits audit. Fully Implemented
R2 Ensure that Credits claimed for infill students are based upon the value of the units which have been completed during the year, and not based upon a default tariff of planned units.	3	Training has been completed with all admissions staff and formal procedures created. New process adopted that infill students are only booked on their activity per semester and these students are included in standard ongoing engagement and participation checks.	Yes	Erin Ironside, CSS Team Leader / Chrissie Clinkscale Administration Manager	February 2022	Training has been completed and ongoing checks have taken place throughout session 2022/23. This will be tested as part of 2022/23 Credits audit. Fully Implemented



Follow Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at July 2023
<p>R3 The College should ensure evidence of progression and participation / engagement is retained to evidence eligibility of the Credits claimed for distance / work-based learning students. Where curriculum staff identify that no evidence is available, or that students are no longer engaging, this should be notified to the Student Records team to ensure that the Credits are removed from the Credits claim.</p> <p>(Note – this was a repeat of recommendation R2 in report 2021/08 – 2020/21 Student Activity Data).</p>	3	<p>This was a particular issue with one academic team, work has progressed to ensure they are following the College standard monitoring and tracking procedures. We are also working with ICT for enhancements to the College's online engagement tracker and ensuring that this is used for these learners in all curriculum areas.</p>	Yes	<p>Chrissie Clinkscale, Administration Manager & Jane Roscoe, Director of Curriculum & Attainment</p>	February 2022	<p>Full training has been given to the academic team. Engagement is tracked through college / academic teams' systems throughout the year and regular updates are provided.</p> <p>All curriculum staff responsible for distance learning students collate ongoing engagement plans/evidence. The majority are held within the College's systems of OneFile or MyProgress, with a small amount still held on curriculum files but plans are proceeding to have these all centralised for 2023/24.</p> <p>This will be tested as part of 2022/23 Credits audit.</p> <p>Fully Implemented</p>



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BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 19 September 2023



INTERNAL AUDIT

6.3- 2022/23 DRAFT AUDIT PLAN

PAPER E

Dundee and Angus College

Internal Audit Annual Plan 2023/24

Internal Audit Report No: 2024/01

Draft issued: 29 August 2023

2nd Draft issued: 7 September 2023

Final issued:



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Introduction

- 1.1 The purpose of this document is to present for consideration by management and the Audit & Risk Committee the annual operating plan for the year ended 31 July 2024. The plan is based on the proposed allocation of audit days for 2023/24 as set out in the Internal Audit Strategic Plan 2021 to 2024. The preparation of the Strategic Plan involved dialogue with the College Executive Team and review of previous internal and external audit reports. The Audit & Risk Committee discussed and approved the proposed three-year Strategic Plan at its meeting in December 2021.
- 1.2 The annual operating plan for 2023/24 shows two changes to the allocation set out in the original Strategic Plan. Two reviews originally proposed for 2023/24, External Activities (4 days) and Future Ways of Working (5 days) have been removed from the plan at the request of College management and have been replaced with a review of Risk Management and Business Continuity / Disaster Recovery Planning (4 days) and a Business Process Review (BPR) of Sports Centre Operations (5 days).
- 1.3 A copy of the revised Internal Audit Strategic Plan is included at Section 2 of this report.
- 1.4 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2023/24, together with the proposed audit approach, which have been discussed with the Vice Principal Support Services and Operations and shared with other College managers. The outline scopes will be refined and finalised after discussion with responsible managers in each audit area prior to each audit.
- 1.5 Separate reports will be issued for each assignment with recommendations graded to reflect the significance of the issues raised. In addition, audit findings will be assessed and graded on an overall basis to denote the level of assurance for the area reviewed and therefore the priority that should be given to each report.



Revised Strategic Plan 2021 to 2024

Proposed Allocation of Audit Days

			Actual	Actual	Planned
	Category	Priority	21/22	22/23	23/24
			Days	Days	Days
Reputation					
<i>Publicity and Communications</i>	Gov	H	4		
<i>Health and Safety / Wellbeing</i>	Gov	M		4	
Student Experience					
<i>Curriculum</i>	Perf	L			
<i>Quality</i>	Perf	M			
<i>Student support</i>	Perf	M			
<i>Student recruitment and retention</i>	Fin/Perf	L			
<i>Student welfare – Duty of Care</i>	Perf	L			
<i>Students Association</i>	Gov	L			
Staffing Issues					
<i>Staff recruitment and retention</i>	Perf	L			
<i>Staff development</i>	Perf	L			
<i>Payroll</i>	Fin	L			
<i>Teaching staff utilisation</i>	Perf / Fin	M		5	
Estates and Facilities					
<i>Building maintenance</i>	Fin/Perf	L			
<i>Estates strategy / capital projects</i>	Fin/Perf	H		5	
<i>Space management / room utilisation</i>	Perf	L			
<i>Asset / fleet management</i>	Perf	L			
Financial Issues					
<i>Budgetary control</i>	Fin	L			
<i>Student invoicing and debt management</i>	Fin	M	5		
<i>General ledger</i>	Fin	L			
<i>Procurement and creditors / purchasing – Sustainable procurement</i>	Fin	M			5
<i>Debtors/ Income</i>	Fin	M			
<i>Cash & Bank / Treasury management</i>	Fin	L		3	
<i>Fraud Prevention, Detection and Response</i>	Fin	L			
<i>Financial sustainability</i>	Fin	M			



Revised Strategic Plan 2021 to 2024

Proposed Allocation of Audit Days (Continued)

	Category	Priority	Actual 21/22 Days	Actual 22/23 Days	Planned 23/24 Days
Commercial Issues					
Business Development	Fin/Perf	L			
External Activities	Gov/Fin/Perf	M			
Sports Centre Operations BPR	Fin/Perf	H			5
Organisational Issues					
Risk Management)	Perf	L			
Business Continuity / Disaster Recovery)	Perf	M			4
Corporate Governance	Gov	L			
Corporate Planning	Perf	L			
Performance reporting / KPIs	Perf	L			
Partnership Working (incl. Regional Engagement) – Tay Cities Deal	Gov/Perf	L		5	
Equalities	Gov	L			
Environmental Sustainability	Gov/Perf	H			5
Future ways of working	Perf	L			
Information and IT					
Cyber security	Perf	M	5		
Data protection	Gov	M	5		
FOI	Gov	L			
Digital Strategy implementation	Perf	M			
Licencing	Perf	L			
Other Audit Activities					
Credits Audit	Required	N/A	8	8	8
Bursary, Childcare and Hardship Funds Audit	Required	N/A	6	6	6
EMA Audit	Required	N/A	2	2	2
Management and Planning)			3	3	3
External audit / SFC)					
Attendance at Audit Committee)					
Follow-up reviews		N/A	2	2	2
Audit Needs Assessment			2		
Total			42	43	40
			=====	=====	=====

Key

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

BPR = Business process review



Outline Scope and Objectives

Audit Assignment:	Procurement and Creditors / Purchasing – Sustainable Procurement
Priority:	Medium
Fieldwork Timing	February / March 2024
Audit & Risk Committee Meeting:	4 June 2024
Days:	5

Scope

This audit will focus on the systems of internal control in place for the ordering of goods and services and the payment of invoices. We will also consider whether the procurement strategy followed and procedures in place support best value purchasing across the College in relation to non-pay spend.

Objectives

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

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

Our audit approach will be:

From discussions with Procurement staff, and a sample of budget holders, we will establish what procurement strategies, procedures and monitoring arrangements are in place within the College. These will then be evaluated to establish if they follow recognised good practice. We will also document controls in place within the purchasing / payments system through interviews with Finance staff and seek to establish whether the expected key controls are in place. Compliance testing will be performed to determine whether the key controls are working effectively.



Internal Audit Annual Plan 2023/24 - DRAFT

Audit Assignment:	Sports Centre Operations BPR
Priority:	High
Fieldwork Timing	October / November 2023
Audit & Risk Committee Meeting:	5 December 2023
Days:	5

Scope

The scope of this assignment will be to carry out a review of the College’s current procedures for the operation of the Sports Centres, with a view to identifying and removing waste from the current processes and proposing procedural improvements to inform a wider College review of commercialisation and effectiveness of sports centre operations at the Gardyne Campus. It will be completed as a Business Process Review.

Objectives

To objectives of the review will be to ensure that:

- The anticipated outcomes for all internal stakeholders from the Gardyne Sports Centre processes are clearly defined;
- The value of services provided are quantified from a student perspective and from the perspective of external stakeholders;
- Steps which do not add value are identified with a view to eliminating them;
- Steps that create value occur in tight sequence and are reflected in the efficient and effective operation of the Sports Centres; and
- Arrangements are in place to deliver consistency in the Sports Centre processes by embedding any agreed revisions in updated operating procedures.

Our audit approach will be:

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

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



Internal Audit Annual Plan 2023/24 - DRAFT

Audit Assignment:	Risk Management and Business Continuity / Disaster Recovery Planning
Priority:	Low / Medium
Fieldwork Timing	December 2023 / January 2024
Audit & Risk Committee Meeting:	5 March 2024
Days:	4

Scope

Risk Management

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

Business Continuity / Disaster Recovery Planning

We will also undertake a high-level review of business continuity / disaster recovery planning arrangements to consider whether there are adequate plans in place to minimise disruption to College’s operations following loss of life, buildings or equipment and restore business processes.

Objectives

To objective of our audit will be to obtain reasonable assurance that:

- Risk Management*

 - Key risks have been identified and are being appropriately controlled, mitigated, reported and discussed at appropriate levels of management and the Board of Management;
 - the processes in place reflect good practice in risk management;
- Business Continuity / Disaster Recovery Planning*

 - Business Continuity / Disaster Recovery Plans are in place covering all of the College’s activities and locations;
 - the Business Continuity / Disaster Recovery Plans are workable, properly communicated to members of staff, and have been adequately tested; and
 - the processes and procedures in place follow recommended good practice.

Our audit approach will be:

Risk Management

Obtain and review a copy of the College’s risk management policies, procedures, Strategic Risk Register and operational risk registers and assessments, and discuss the risk management arrangements in place with the Vice Principal Support Services and Operations and other key staff.

The College’s risk management arrangements will then be benchmarked against relevant good practice guidance.

We will consider whether all relevant key risks have been identified and included on the Risk Register and ensure that these are monitored and adequately reported on.



Audit Assignment:	Risk Management and Business Continuity / Disaster Recovery Planning (continued)
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Our audit approach will be (continued):

Business Continuity / Disaster Recovery Planning

Obtain copies of Business Continuity / Disaster Recovery Plans in place and consider whether they cover all of the College’s activities and locations.

Discuss the College’s approach with the Vice Principal Support Services and Operations, Director of Infrastructure, Head of Estates and other key staff, and review evidence of how plans have been communicated to staff and the extent to which plans have been tested.

An assessment of the key processes and internal controls will be performed with reference to relevant good practice guidance.



Internal Audit Annual Plan 2023/24 - DRAFT

Audit Assignment:	Environmental Sustainability
Priority:	High
Fieldwork Timing	March / April 2024
Audit & Risk Committee Meeting:	4 June 2024
Days:	5

Scope

Part 4 of the Climate Change (Scotland) Act 2009 places duties on public bodies relating to climate change.

In February 2021, Scottish colleges’ Statement of Commitment on the Climate Emergency was published. The colleges had come together to establish and commit collaboratively to delivering on a set of 10 key actions.

The SFC’s latest guidance for the development of College Outcome Agreements notes that the SFC expects *‘institutions to have or to put in place organisation-wide net zero and sustainability plans by the end of the calendar year 2024 if these do not already exist and to be able to highlight key priorities and dates for delivery of these.’* Measures should be taken to comply with the Scottish Government public sector carbon reporting and reduction guidance Public Sector Leadership on the Global Climate Emergency (October 2021).

This audit will include a review of the College’s current position with regard to its strategic plans and operational arrangements to ensure compliance with the Climate Change (Scotland) Act 2009.

Objectives

Our review will seek to obtain reasonable assurance that:

- The College has established the carbon baseline position and has set out and communicated the climate change aspirations for the College;
- Roles and responsibilities around climate change action and environmental sustainability have been clearly articulated;
- There are appropriate targets, actions and milestones in place to demonstrate the steps the College is taking to contribute to climate change mitigation and to climate change adaptation, and to act sustainably; and
- There are appropriate arrangements in place to update the Board on the progress being made to deliver on actions around climate change and sustainability.

Our audit approach will be:

Through discussion with the Director of Infrastructure, Head of Estates and other relevant College staff, and review of relevant documents, we will examine the extent to which the above objectives are being met.



Internal Audit Annual Plan 2023/24 - DRAFT

Audit Assignment:	Credits Audit
Priority:	Required annual audit
Fieldwork Timing	August / September 2024
Audit & Risk Committee Meeting:	December 2024
Days:	8

Scope

Credits Audit Guidance, issued by SFC, requests that colleges obtain from their auditor’s assurances as to the reasonableness of procedures used in the compilation of the Credits related element of the student activity data for the academic year (FES return).

Objectives

To obtain reasonable assurance that:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- the FES return on student activity data is free from material misstatements.

Our audit approach will be:

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

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

Our testing will be designed to cover the key areas of risk identified at Annex C to the SFC Credits Audit Guidance.

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



Internal Audit Annual Plan 2023/24 - DRAFT

Audit Assignment:	Bursary, Childcare and Hardship Funds Audit
Priority:	Required audit
Fieldwork Timing	August / September 2024
Audit & Risk Committee Meeting:	December 2024
Days:	6

Scope of the Audit

We will carry out an audit on the College’s student support funds for the year ended 31 July 2024 and provide an audit certificate.

Objectives of the Audit

The audit objectives will be to obtain reasonable assurance that:

- the College complies with the terms, conditions and guidance notes issued by the SFC and SAAS;
- payments to students are genuine claims for hardship, childcare or bursary, and have been processed and awarded in accordance with College procedures; and
- the information disclosed in each of the returns for the year ended 31 July 2024 is in agreement with underlying records.

Our audit approach will be:

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

Audit guidance issued by SFC will be utilised. This includes ‘Areas of risk and audit considerations’ for bursaries and for the discretionary funds and childcare.



Internal Audit Annual Plan 2023/24 - DRAFT

Audit Assignment:	EMA Audit
Priority:	Required audit
Fieldwork Timing	August / September 2024
Audit & Risk Committee Meeting:	December 2024
Days:	2

Scope of the Audit

Guidance on the audit requirements for Education Maintenance Allowances (EMAs), issued by SFC, includes the requirement to have a separate audit of EMAs on an academic year (August to July) basis.

Objectives of the audit

To obtain reasonable assurance that:

- the information set out in the EMA returns is in agreement with the underlying records;
- the College used the funds in accordance with SFC’s conditions and the principles of the EMA programme; and
- the systems and controls for the administration and disbursement of the funds are adequate.

Our audit approach will be:

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



Internal Audit Annual Plan 2023/24 - DRAFT

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Fieldwork Timing	July / August 2024
Audit & Risk Committee Meeting:	September 2024
Days:	2

Scope

This review will cover reports from the 2022/23 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding.

Objectives

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

Our audit approach will be:

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



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BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 19 September 2023



INTERNAL AUDIT

6.4- FOLLOW UP SUMMARY

PAPER F

BOARD OF MANAGEMENT

Audit & Risk Committee Tuesday 19 September 2023



Internal Audit Outstanding Actions Follow-up Summary

Paper F 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	-	-	1
Data Protection	Good			2
Publicity & Communications	Satisfactory			1
Health & Safety	Good			1
	Total	-	-	5

	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 6 outstanding actions reported at the June 2023 Audit & Risk Committee, the following progress has been made:

- 2 are **Complete** (with one completed and closed out in June)
- * are **On Target** to complete
- 3 are **Behind Schedule**

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

4. 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

Outstanding Recommendations Update

Appendix 1

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at May 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	<u>Behind schedule</u> 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.
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	Head of ICT	September 2022 March 2023 December 2023	<u>Behind schedule</u> Data Management group now in place. Agenda to encompass all elements of data privacy network alongside the business intelligence aspects of the group. Reporting oversight has also been incorporated into the remit of the Group.

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at May 2023)
				Record of Processing Activities (RoPA) and compliance monitoring.			Initial meetings have been delayed due to absence and structural change.
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 Network (see R1) in monitoring compliance within their respective areas of the College.	Data Protection Officer / VP People & Performance	December 2022 June 2023 Dec 2023	<u>Behind schedule</u> The Compliance Monitoring process document has been created and is awaiting formal approval and incorporation into the College's quality management system. For data protection compliance monitoring the College has adopted Microsoft's Purview Compliance Management tool. It allows the College to manage the progress of two assessments which will be run between now and the end of the calendar year. These assessments (for the UK GDPR and UK Data Protection Act) have

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at May 2023)
							<p>been created by Microsoft and will enable the College to track progress, manage remediation actions and report compliance status. The Data Protection Act assessment consists of 643 checks covering the requirements of the legislation, and the UK GDPR assessment consists of 514 checks relating to its requirements (in each case many checks are not relevant to the College). The schedule for completion of these is December 2023. Any remediation requirements will be managed with the relevant teams. Completion of these assessments on an ongoing basis will inform the detail of monitoring and improvement activities.</p>

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at May 2023)
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 Oct 2023	<u>Complete</u> Engaged with external company for delivery; sessions ready to be delivered when appropriate. Staff training has commenced.
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	H&S Officer, HR Manager, VP Corporate services	Aug 2023	<u>Complete</u> 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

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at May 2023)
				<p>inspection programme. This should incorporate a check to ensure the timely completion of induction training.</p> <p>Line managers should be 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.</p>			ensure new staff undertake the necessary mandatory induction training

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 19 September 2023



STRATEGIC RISK REGISTER

PAPER G

7.1- RISK REGISTER UPDATE

7.2 – STRATEGIC RISK REGISTER

BOARD OF MANAGEMENT
Audit and Risk Committee
Tuesday 19 September 2023



Strategic Risk Register Update

Paper G for approval

1. Strategic Risk Register

A copy of the September 2023 draft Strategic Risk Register is enclosed. This is noted for discussion and incorporates the changes arising from discussion at the June 2023 meeting.

2. 'Brexit' Risk

This risk has been 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 remains on-going between Colleges Scotland, the Scottish Government, 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 significant financial clawback for 2021/22 and 2022/23.

The College provided a detailed response in respect of the impact of COVID-19 on activity levels during 2021/22 and it has been confirmed that clawback on activity for this period would be limited only to those additional funds (YPG, NTTf and Foundation Apprenticeships) that are out with SFC control. The value of any clawback would also be reduced by 20% to reflect 'sunk' costs arising for institutions. As a result, the College has repaid c£61k of Foundation Apprenticeship funding that was unutilised during 2021/22. This amount has been included within the most recent management accounts and forecast outturn considered by the Finance and Property Committee, alongside benefit to the College of additional ESF credit funding of c£189k.

Arrangements in respect of 2022/23 activity levels and clawback risk remain unclear, but SFC has highlighted that it has no desire to act in a punitive way, or to destabilise sector finances.

Wider discussions surrounding future funding and activity target arrangements for 2023/24 have concluded, with almost all colleges receiving a 10% reduction in their activity (credit) target. For D&A, this reduction has been used to underpin the curriculum changes outlined within the financial savings and sustainability plan, with 2023/24 recruitment progressed on a basis that will meet the new credit target.

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 and updates shared with all Board members since initial publication in April 2023.

The appropriate curriculum, HR and financial plans and approaches underpinning the paper and progress around the proposals it contained have been discussed at the recent Learning, Teaching and Quality; Human Resource & Development; and Finance & Property Committee meetings. A final update on progress through these savings plan will be discussed at the September 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 were reported in respect of the Thrive with D&A project to support students and staff with the challenges faced by the cost of living crisis. Following review of the impact of this work it was agreed that this would continue into 2023/24, including provision of the free food offer for students and staff.

6. Risk Management Internal Audit

Given recent lengthy Board discussions around the Strategic Risk Register and approaches to risk management it is proposed that this feature within the 2023/24 internal audit plan. The proposed audit scope covers Risk Management practice and will also look at how this feeds into Business Continuity and Disaster Recovery planning.

7. Strategic Risk Register

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

8. Approvals

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

- Approval of the Strategic Risk Register

Author and Executive Sponsor: Steve Taylor, Vice Principal



STRATEGIC RISK REGISTER

2023 - 2024

As at September 2023

Post Holders	ELT	Executive Leadership Team	Prin	Principal	Score	Impact	Likelihood
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
	Board	Board of Management	HoICT	Head of ICT	2	Minor	Unlikely
	VPSO	Vice Principal Support & Operations	HoE	Head of Estates	3	Significant	Possible
	VPCP	Vice Principal Curriculum & Partnerships	Chair	Chair of the Board of Management	4	Major	Probable
					5	Critical	Very Likely

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	<ul style="list-style-type: none"> Robust strategic planning Effective environmental scanning Strong partnerships Clear links between strategy and practice Concerted demands for increased activity levels 	4	2	8	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Effective environmental scanning Negotiation/influence at national level 	4	3	12	<ul style="list-style-type: none"> Review of changes and amendment of strategic direction/plans Financial strategy sensitivities 	Principal & Chair

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
1	Strategic and Structural									

1.4 Board	Difficulties or over commitment arising within large scale/national College led initiatives or projects impact negatively on: <ul style="list-style-type: none"> Ability of the College to meet key regional strategies/objectives Financial loss or unmanageable financial risk Reputational loss 	4	3	12	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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, VPCP
1.5 Board	College disadvantaged as a result of changes arising from major national educational body reviews: SFC, SQA, EdS	4	4	16	<ul style="list-style-type: none"> Negotiation/influence at national level Review of activities/projects and response to new opportunities 	4	1	4	<ul style="list-style-type: none"> Robust monitoring via ROA Amendment of strategic direction/plans Rolling curriculum review 	Principal

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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
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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Robust monitoring and reporting of CEAP at SLT and Board level Clear performance metrics Amendment of strategic direction/plans Monitoring of scope 3 emissions 	VPSO, HoE

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

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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
2	Financial (cont)									
2.4 A&R	Financial Fraud	4	3	12	<ul style="list-style-type: none"> Strong financial controls: segregation of duties and review of transactions. Review of impact of any changes in structure or duties Whistleblowing arrangements 	3	2	6 ↔	<ul style="list-style-type: none"> Continuous review of financial controls Internal Audit programme 	VPSO
2.5 F&P	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	<ul style="list-style-type: none"> On-going dialogue with Foundation Trustees Appropriate bid arrangements in place 	3	2	6 ↔	<ul style="list-style-type: none"> Monitor and advise Board of Management 	Prin & VPSO
2.6 F&P	Demands of capital developments / maintenance impacts on financial sustainability or delivery of learning and/or services	3	2	6	<ul style="list-style-type: none"> 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 ↔	<ul style="list-style-type: none"> Monitoring of capital plans and expenditures Regular review of capital plans/timescales relative to funds 	VPSO

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

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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.)									

3.4 HR&D	Failure to meet the aspirational standards in respect of the health, safety, wellbeing and development of staff and students	3	4	12	<ul style="list-style-type: none"> 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 ↔	<ul style="list-style-type: none"> Regular employee engagement monitoring Open communication with staff Comprehensive monitoring of key PIs and student/staff feedback Regular union/management dialogue 	VPSO
3.5 Board	Reputational Risk – Loss of reputation with key stakeholders	4	3	12	<ul style="list-style-type: none"> Marketing strategy Reputation plan Positive marketing approaches 	4	3	12 ↔	<ul style="list-style-type: none"> Stakeholder engagement Social media monitoring arrangements 	VPCP, DirC&A
3.6 HR&D	National bargaining outcomes impact adversely on College operations, activity and flexibility	4	4	16	<ul style="list-style-type: none"> Influence within Employers Association Management of bargaining outcomes and implementation 	4	3	12 ↔	<ul style="list-style-type: none"> Positive union relations and staff communication On-going discussions with staff Innovation in approaches 	VPSO, 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	<ul style="list-style-type: none"> Adherence to legislative and good practice requirements Positive Union relations and staff communication Effective management development programmes Industrial action continuity planning 	4	2	8	<ul style="list-style-type: none"> Regular union/management dialogue Regular employee engagement monitoring Open communication with staff Industrial action continuity planning 	VPSO
3.8 A&R	Breach of data security / data protection	5	4	20	<ul style="list-style-type: none"> Effective management of GDPR compliance Mandatory staff CPD and awareness raising on data protection (relative to role) 	4	2	8	<ul style="list-style-type: none"> Active data protection monitoring and auditing Effective information and data security policies in operation Regular data security monitoring/testing GDPR Action Plan Staff CPD 	VPCP, HolCT
3.9 HR&D	Failure to meet Prevent and related obligations	5	3	15	<ul style="list-style-type: none"> Prevent training Staff awareness and contingency planning Engagement/practice sharing with local agencies 	5	1	5	<ul style="list-style-type: none"> Business Continuity Plan including scenario testing Information sharing with local agencies 	VPCP, VPP&P

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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT	POST MITIGATION EVALUATION			Lead Responsibility		
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood		Score	
3	People and Performance (cont.)									
3.10 HR&D	College arrangements do not minimise risk associated with Modern Slavery	4	3	12	<ul style="list-style-type: none"> Clear and compliant procurement arrangements and procedures Staff identity checking arrangements and use of PVG. 	4	1	4 ↔	<ul style="list-style-type: none"> Annual procurement monitoring/reporting Regular employee engagement monitoring Open communication with staff 	VPCP, VPSO
3.11 Board	Failure to plan or respond adequately to future pandemic illness.	5	4	20	<ul style="list-style-type: none"> 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 ↔	<ul style="list-style-type: none"> 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

Post Holders

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Score	Impact	Likelihood
1	Routine	Remote
2	Minor	Unlikely
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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT	POST MITIGATION EVALUATION					
	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	<ul style="list-style-type: none"> Sound systems of administration Clear fire and disaster recovery arrangements Staff CPD 	5	1	5 ↔	<ul style="list-style-type: none"> Business Continuity Plan including scenario testing 	Principal & VPSO
4.2 F&P	Failure to achieve ambitions of Digital strategy; strategy and development is ineffective	4	3	12	<ul style="list-style-type: none"> Planning, careful phasing of changes to processes and systems Effective management of ICT arrangements Clear investment plan 	4	2	8 ↔	<ul style="list-style-type: none"> Regular review/reporting on milestones, systems effectiveness etc Regular CPD 	VPSO, 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	<ul style="list-style-type: none"> Effective management of ICT arrangements Active ICT/data security monitoring and cyber security policy 	4	2	8 ↔	<ul style="list-style-type: none"> Staff CPD on cyber security issues Regular security monitoring/testing Cyber resilience plan 	VPSO, HoICT
4.4 A&R	ICT infrastructure fails to support effective data security / data protection	5	3	15	<ul style="list-style-type: none"> Effective infrastructure and systems design and implementation Effective management of ICT arrangements and GDPR compliance 	4	2	8 ↔	<ul style="list-style-type: none"> Active data protection monitoring and auditing Effective information and data security policies in operation Regular data security monitoring/testing 	VPSO, HoICT

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BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 19 September 2023



**ANNUAL DATA PROTECTION COMPLIANCE
REPORT**

PAPER H

BOARD OF MANAGEMENT
Audit and Risk Committee
Tuesday 19 September 2023



Annual Data Protection Update

Paper H for information

1. Audit

The most recent audit of the Data Protection function was conducted in 2022. The aims of the audit were to obtain reasonable assurance that the College had taken appropriate action to ensure compliance with data protection legislation. It focused on the controls in place to mitigate the following risks on the College's Strategic Risk Register:

- 3.8 – breach of data security / data protection (risk rating: low)
- 4.4 – ICT infrastructure fails to support effective data security / data protection (risk rating: low)

The overall level of assurance identified by the audit was “Good” in each of these areas.

One of the opportunities for improvement identified was to report annually to the Audit and Risk Committee, which this report achieves.

Actions arising from this audit have progressed, with the remaining minor steps still to be completed as detailed in the follow-up reports.

2. Breaches of Security or Data Protection breaches

There have been no reportable breaches of security within the last year. Minor security and data protection issues are logged and managed appropriately as they occur, by the Data Protection Officer and the ICT team. This includes amending practical controls and targeting training/awareness raising as necessary.

3. Training

In the last year, all new members of staff completed mandatory Data Protection training. Data Protection will be refreshed for all staff as part of the cycled themed mandatory training in 2024/25.

4. ICT

ICT continues to invest in the security of our networks and communications, and continually monitor controls to ensure the security of the College's network, hardware, and software infrastructure.

Author and Executive Sponsor: Steve Taylor, Vice Principal Support Services and
Operations

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 19 September 2023



**EXTERNAL AUDIT- MAZARS ASSURANCE
REQUEST & D&A RESPONSE**

PAPER I

BOARD OF MANAGEMENT
Audit & Risk Committee
Tuesday 19 September 2023



Annual Accounts Audit Assurance Response

Paper 1 for approval

1. Introduction

As part of the arrangements in place from the recently appointed external audit providers, Mazars, a letter requesting significant details has been received (**appendix 1**).

Mazars have highlighted that this letter aims to summarise for the Audit and Risk Committee the requirements under International Auditing Standards, in respect of preventing fraud in the annual accounts, compliance with laws and regulations, litigation and claims, and going concern.

The letter also requests an update from the Committee in order to inform continuous audit planning as part of the final stage of the audit of the College's 2022/23 accounts.

A representative from Mazars will summarise these requirements at the September meeting.

2. D&A Comments and Responses

To support these arrangements, the various information and comment requests are outlined below with relevant commentary from the College perspective as appropriate. These comments / responses are draft at this stage and will be further developed and/or finalised in discussion with the Audit and Risk Committee, within input and audit sampling from Mazars as required.

3. Discussion and Approval

Members of the Committee are asked to consider and approve the responses provided, seeking amendment to these as appropriate in respect of the information and feedback provided.

Authors: Steven Taylor, Vice Principal, Brian Ferguson, Head of Finance
Executive Sponsor: Steven Taylor, Vice Principal

BOARD OF MANAGEMENT

Audit & Risk Committee, Tuesday 19 September 2023

Annual Accounts Audit Assurance Response



International Standard for Auditing 240 - The auditor's responsibility to consider fraud in an audit of financial statements

	Audit Assurance Sought	Audit & Risk Committee Response
1.	<p>How does the Committee, in its role as those charged with governance, exercise oversight of management's processes in relation to:</p> <ul style="list-style-type: none">• undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent, and frequency of these assessments);• identifying and responding to risks of fraud in the organisation, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;• communicating to employees of views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the organisation's code of conduct); and• communicating to those charged with governance the processes for identifying and responding to fraud or error?	<p>An extensive and well planned internal audit plan is in place alongside regular contact with internal and external auditors. A comprehensive fraud policy is also in place, with instances of fraud reported to the committee alongside action plans and progress and close out against actions. All Board members receive quarterly management accounts.</p> <p>Fraud management arrangements include training for all staff and targeted training in instances where fraud has arisen or risks identified.</p> <p>The College is an active participant in the National Fraud initiative and regular reports on the outcome of this work are reported to the Audit and Risk Committee.</p> <p>The College operates detailed financial procedures that are subject to internal audit and periodic review via the Finance & Property Committee.</p>

	Audit Assurance Sought	Audit & Risk Committee Response
2.	<p>How does the Committee oversee management processes to identify and respond to the risk of fraud and possible breaches of internal control? Is the Committee aware of any breaches of internal control during 2022/23? Please provide details.</p>	<p>As above. No breaches of internal control were reported in 2022/23.</p>
3.	<p>Has the Committee knowledge of any actual, suspected or alleged fraud during the period 1 August 2022 to 31 July 2023? Where appropriate please provide details.</p>	<p>As above.</p>
4.	<p>Has the Committee any suspicion that fraud may be occurring within the organisation? Please provide details.</p> <ul style="list-style-type: none"> • Has the Committee identified any specific fraud risks within the organisation? Please provide details. • Does the Committee have any concerns that there are areas within the organisation that are at risk of fraud? Please provide details. • Are there particular locations within the organisation where fraud is more likely to occur? Please provide details. 	<p>Whilst risk is always possible and must be managed, the Committee does not have any specific concerns in respect of fraud.</p> <p>Internal audit planning is undertaken on a rolling 3 yearly basis with the focus for audit guided by an assessment of risk and the outcomes of internal and external audit and other assessment activities in the intervening period.</p> <p>Where concerns are identified specific reports on college practice / compliance may be sought or audit arrangements expanded or expedited to provide assurance.</p> <p>Activities that are potentially higher risk (such as payroll and cash handling) are subject to more regular review.</p> <p>Where appropriate the College looks at 'lessons learned' outcomes from other Scottish public sector organisations and assesses D&A practice relative to any lessons or action points arising from these.</p>

	Audit Assurance Sought	Audit & Risk Committee Response
5.	<p>Is the Committee satisfied that internal controls, including segregation of duties, exist and work effectively? Please provide details.</p> <ul style="list-style-type: none"> • If not, where are the risk areas? • What other controls are in place to help prevent, deter or detect fraud? 	<p>The Committee is assured in respect of internal control, segregation, and appropriate management of fraud minimisation.</p>
6.	<p>Is the Committee satisfied that staff are encouraged to report their concerns about fraud, and the types of concerns they are expected to report? Please provide details.</p>	<p>A comprehensive fraud policy is in place, with instances of fraud reported to the Committee alongside action plans and progress and close out against actions.</p> <p>Fraud management arrangements include training for all staff and targeted training in instances where fraud has arisen or risks identified.</p> <p>Training includes encouragement to report fraud and proactive use of the fraud triangle (Motive, Rationalisation & Opportunity) to understand how fraud risks can arise and how they can be minimised by effective management approaches.</p>
7.	<p>From a fraud and corruption perspective, what are considered by the Committee to be high risk posts within the organisation? Please provide details.</p> <ul style="list-style-type: none"> • How are the risks relating to these posts identified, assessed and managed? 	<p>Activities that are potentially high risk are those covering larger volumes of small value transactions, or where transactions are of large value. This includes all aspects of cash handling, payroll, and procurement alongside access to equipment or consumables that are readily transferable into cash.</p> <p>Activity in these areas is subject to more regular review. Internal audit planning is undertaken on a rolling 3 yearly basis with the focus for audit guided by an assessment of risk and the outcomes of internal and external audit and other assessment activities in the intervening period.</p>

	Audit Assurance Sought	Audit & Risk Committee Response
8.	<p>Is the Committee aware of any related party relationships or transactions that could give rise to instances of fraud? Please provide details.</p> <ul style="list-style-type: none"> • How are the risks associated with fraud related to such relationships and transactions mitigated? 	<p>Clear procurement and budget management arrangements are in place to minimise risks of this type. Specific arrangements are also in place to manage line management and academic assessment/progression arrangements where a close relationship exists.</p> <p>Details of any significant related party transactions are published within the annual financial statements.</p>
9.	<p>Is the Committee aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading? Please provide details.</p> <ul style="list-style-type: none"> • Are there particular balances where fraud is more likely to occur? Please provide details. • Is the Committee aware of any assets, liabilities or transactions that it believes were improperly included or omitted from the accounts of the organisation? Please provide details. • Could a false accounting entry escape detection? If so, how? • Are there any external fraud risk factors which are high risk of fraud? Please provide details. 	<p>Whilst risk is always possible and must be managed, the Committee does not have any specific concerns in respect of this.</p>

	Audit Assurance Sought	Audit & Risk Committee Response
10.	<p>Is the Committee aware of any organisational, or management pressure to meet financial or operating targets? Please provide details.</p> <ul style="list-style-type: none"> Is the Committee aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? Please provide details. 	<p>Whilst risk is always possible and must be managed, the Committee does not have any concerns in respect of this.</p>

International Standard for Auditing 250 – Consideration of laws and regulations in an audit of financial statements

	Audit Assurance Sought	Audit & Risk Committee Response
11	<p>How does the Committee gain assurance that all relevant laws and regulations have been complied with. For example:</p> <ul style="list-style-type: none"> • Is the Committee aware of the process management has in place for identifying and responding to changes in laws and regulations? Please provide details. • What arrangements are in place for the Committee to oversee this process? • Is the Committee aware of the arrangements management have in place, for communicating with employees, non-executive directors, partners and stakeholders regarding the relevant laws and regulations that need to be followed? Please provide details. • Does the Committee have knowledge of actual or suspected instances where appropriate laws and regulations have not been complied with, and if so is it aware of what actions management is taking to address it? Please provide details. 	<p>An extensive and well planned internal audit plan is in place alongside regular contact with internal and external auditors. All Board Committees receive regular updates in respect of compliance with appropriate academic, staffing, financial and governance requirements.</p> <p>Specific legal issues/challenges that may arise in respect of College operations are reported at the appropriate Committee and (where necessary) may be discussed at part of the role of the Chairs Committee, of which the Chair of Audit and Risk is a standing member.</p> <p>Appropriately qualified and experienced staff are available across all major functions and have access to relevant sources of information and networks. A comprehensive legal retainer contract is in place to provide immediate access to specialist legal information and support as necessary. This includes regular updates on changes to legislation and caselaw.</p>
12	<p>Is the Committee aware of any actual or potential litigation or claims that would affect the financial statements? Please provide details.</p>	<p>Specific legal issues/challenges that may arise in respect of College operations are reported at the appropriate Committee and (where necessary) may be discussed at part of the role of the Chairs Committee, or which the Chair of Audit and Risk is a standing member.</p>

International Standard for Auditing 570 – Consideration of the going concern assumption in an audit of financial statements

	Audit Assurance Sought	Audit & Risk Committee Response
13	How has the Committee assessed and satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?	<p>All Board members undertake extensive input to support and ensure the financial sustainability of the College. This includes recognition of the financial sustainability risk as major and review and engagement in budget management and future financial forecasting activities.</p> <p>Board members are actively engaged in the financial sustainability and savings plans that underpin the long term viability of the College.</p> <p>Audit Scotland guidance includes a presumption that colleges are seen as going concerns.</p>
14	Has the Committee identified any events or conditions since the assessment was undertaken which may cast significant doubt on the organisation’s ability to continue as a going concern? Please provide details	<p>Future financial forecasting returns are considered and approved at Board level and highlight the financial sustainability risks that may arise over time. The Board as a whole is actively engaged in the financial sustainability and savings plans that underpin the long term viability of the College. These plans are an active step underpinning the College as a going concern and preventing the financial sustainability risk from crystalising.</p>

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16 August 2023

Dear Audit and Risk Committee

Dundee and Angus College (the College) – 2022/23: Audit and Risk Committee briefing note - ISA240 (Fraud), ISA250 (laws and regulations), ISA501 (litigation and claims) & ISA570 (going concern)
Introduction

This letter aims to summarise for the Audit and Risk Committee (the Committee) the requirements under International Auditing Standards, in respect of preventing fraud in the annual accounts, compliance with laws and regulations, litigation and claims, and going concern. This letter requests an update from the Committee in order to inform our continuous audit planning as we move into the final stage of our audit of the College's 2022/23 accounts.

International Standard for Auditing 240 - The auditor's responsibility to consider fraud in an audit of financial statements

Background

Under the ISA, the primary responsibility for preventing and detecting fraud rests with both management and 'those charged with governance', which for the College is the Audit and Risk Committee.

This includes fraud that could impact on the accuracy of the annual accounts.

The ISA requires us, as external auditors, to obtain an understanding of how the Committee exercises oversight of management's processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

What is 'fraud' in the context of the ISA?

The ISA views fraud as either:

- the intentional misappropriation of the College's assets; or
- the intentional manipulation or misstatement of the financial statements.

What are auditors required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA240. We are therefore making requests from the Committee and management on the following, or similar, issues:

- 1) How does the Committee, in its role as those charged with governance, exercise oversight of management's processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
- identifying and responding to risks of fraud in the organisation, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
- communicating to employees of views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the organisation's code of conduct); and
- communicating to those charged with governance the processes for identifying and responding to fraud or error?

2) How does the Committee oversee management processes to identify and respond to the risk of fraud and possible breaches of internal control? Is the Committee aware of any breaches of internal control during 2022/23? Please provide details.

3) Has the Committee knowledge of any actual, suspected or alleged fraud during the period 1 August 2022 to 31 July 2023? Where appropriate please provide details.

4) Has the Committee any suspicion that fraud may be occurring within the organisation? Please provide details.

- Has the Committee identified any specific fraud risks within the organisation? Please provide details.
- Does the Committee have any concerns that there are areas within the organisation that are at risk of fraud? Please provide details.
- Are there particular locations within the organisation where fraud is more likely to occur? Please provide details.

5) Is the Committee satisfied that internal controls, including segregation of duties, exist and work effectively? Please provide details.

- If not, where are the risk areas?
- What other controls are in place to help prevent, deter or detect fraud?

6) Is the Committee satisfied that staff are encouraged to report their concerns about fraud, and the types of concerns they are expected to report? Please provide details.

7) From a fraud and corruption perspective, what are considered by the Committee to be high risk posts within the organisation? Please provide details.

- How are the risks relating to these posts identified, assessed and managed?

8) Is the Committee aware of any related party relationships or transactions that could give rise to instances of fraud? Please provide details.

- How are the risks associated with fraud related to such relationships and transactions mitigated?

9) Is the Committee aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading? Please provide details.

- Are there particular balances where fraud is more likely to occur? Please provide details.
- Is the Committee aware of any assets, liabilities or transactions that it believes were improperly included or omitted from the accounts of the organisation? Please provide details.
- Could a false accounting entry escape detection? If so, how?
- Are there any external fraud risk factors which are high risk of fraud? Please provide details.

10) Is the Committee aware of any organisational, or management pressure to meet financial or operating targets? Please provide details.

- Is the Committee aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? Please provide details.

International Standard for Auditing 250 – Consideration of laws and regulations in an audit of financial statements

Background

Under the ISA, in the UK and Ireland, the primary responsibility for ensuring that the entity's operations are conducted in accordance with laws and regulations and the responsibility for the prevention and detection of non-compliance rests with management and 'those charged with governance', which for the College is the Audit and Risk Committee. The ISA requires us, as external auditors, to obtain an understanding of how the Committee gains assurance that all relevant laws and regulations have been complied with.

What are auditors required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA250. We are therefore making requests from the Committee, and will be making similar enquiries of management:

11) How does the Committee gain assurance that all relevant laws and regulations have been complied with. For example:

- Is the Committee aware of the process management has in place for identifying and responding to changes in laws and regulations? Please provide details.
- What arrangements are in place for the Committee to oversee this process?
- Is the Committee aware of the arrangements management have in place, for communicating with employees, non-executive directors, partners and stakeholders regarding the relevant laws and regulations that need to be followed? Please provide details.
- Does the Committee have knowledge of actual or suspected instances where appropriate laws and regulations have not been complied with, and if so is it aware of what actions management is taking to address it? Please provide details.

International Standard for Auditing 501 – Specific consideration of the potential for, and actual, litigation and claims affecting the financial statements

Background

This ISA deals with specific considerations by the auditor in obtaining sufficient appropriate audit evidence, in this instance with respect to the completeness of litigation and claims involving the entity. The ISA requires us, as external auditors, to design and perform audit procedures in order to identify litigation and claims involving the entity which may give rise to a risk of material misstatement.

What are auditors required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA501. We are therefore making requests from the Committee, and will be making similar enquiries of management:

12) Is the Committee aware of any actual or potential litigation or claims that would affect the financial statements? Please provide details.

International Standard for Auditing 570 – Consideration of the going concern assumption in an audit of financial statements

Background

Financial statements are generally prepared on the basis of the going concern assumption. Under the going concern assumption, an audited body is ordinarily viewed as continuing in operation for the foreseeable future. Accordingly, assets and liabilities are recorded in financial statements on the basis that the audited body will be able to realise its assets and discharge its liabilities in the normal course of its operations.

What are auditors required to do?

If used, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements if we are to properly discharge our responsibilities under ISA570. We are therefore making the following request from the Committee:

13) How has the Committee assessed and satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

14) Has the Committee identified any events or conditions since the assessment was undertaken which may cast significant doubt on the organisation's ability to continue as a going concern? Please provide details.

The way forward

The information you provide will help inform our understanding of the College and its business processes, prior to the start of the final stage of the audit of the 2022/23 financial statements.

I would be grateful for your responses, which should be formally considered and communicated to us on the Committee's behalf to cover the year to 31 July 2023. In the meantime, if you have any queries, please do not hesitate to contact me.

Yours sincerely

Michael Speight
Director

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 19 September 2023



DATE OF NEXT MEETING

**Tuesday 5 December 2023 at 5.00pm in Room A605,
Kingsway Campus (Joint meeting with Finance & Property
Committee)**