

Audit Committee

Agenda

Meeting reference: Audit2017-18/04

Date: Tuesday 22 May 2018 at 5.30pm

Location: Room 019

Purpose: Scheduled meeting

* Denotes items for discussion.

Members should contact the Secretary in advance of the meeting if they wish to request an item be starred.

Part 1				
	Agenda Items	Author	Led by	Paper
1	Welcome and Apologies		Chair	
2	Additions to the Agenda			
3	Declaration of Interest in any Agenda Item			
4	Minutes of the Meeting of the Audit Committee held on 27 February 2018			Paper 1
5	Actions arising from previous minutes			
6	Policies			
*6.1	Anti-Bribery Policy	Chief Operating Officer	Chief Operating Officer	Paper 2
*6.2	Fraud Prevention Policy and Response Plan	Chief Operating Officer	Chief Operating Officer	Paper 3
7	Risk Management			
*7.1	Strategic Risk Register	Chief Operating Officer	Chief Operating Officer	Paper 4
8	Internal Audit			
*8.1	Internal Audit Annual Plan Progress 2017/18	Henderson Loggie	Henderson Loggie	Paper 5
*8.2	Equalities Mainstreaming	Henderson Loggie	Henderson Loggie	Paper 6
*8.3	Follow up reviews <ul style="list-style-type: none"> • IA Report 2017/04 – student recruitment • 2017/06 – Follow up reviews 	Henderson Loggie	Henderson Loggie	Paper 7

9	External Audit			
*9.1	Annual Audit Plan	Ernst & Young	Ernst & Young	Paper 8
*9.2	EY Letter – Perth College Response	Secretary	Chair	Paper 9
*10	Readiness for GDPR		Chief Operating Officer	Verbal
*11	Chairs of Academic Partner Audit Committees and UHI – draft minutes of a meeting held on 3 May 2018	Secretary AP Audit Committee	Chair	Paper 10
12	Committee minutes			
*12.1	Health and Safety Committee: <ul style="list-style-type: none"> 3 May 2018 			Paper 11
13	Date and time of next meeting: <ul style="list-style-type: none"> 18 September 2018 	Secretary		
*14	Review of meeting (to include check against the Terms of Reference to ensure all competent business has been covered)			Paper 12
Part 2				
15	Evaluation of Internal Audit Service	Secretary	Chair	Paper 13 Closed
16	Evaluation of External Audit Service	Secretary	Chair	Paper 14 Closed

Draft Minutes

Meeting reference: Audit 2017-18/03

Date and time: Wednesday 27 February 2018 at 5.30pm

Location: Room 019

Members present: Brian Crichton (Chair), Ann Irvine (by tele conference), Lynn Oswald, Anna Zvarikova

In attendance: Jackie Mackenzie, Chief Operating Officer (COO)
 Stuart Inglis (Henderson Loggie),
 Susan Hunter, Head of Human Resources and Organisational Development
 Dawne Hodgkinson, International and Corporate Services Director (for item 4 only)

Apologies: Margaret Cook, Lindsey McLeod

Chair: Brian Crichton

Minute Taker: Maureen Masson, Secretary to the Board of Management

Quorum: 3

Summary of Action Items			
Ref		Responsibility	Time Line
*7	Procurement Strategy and Annual Action Plan 2017-18 Check the date of the first Annual Procurement Report and ensure it was updated to the 2017 year end.	International and Corporate Services Director	By next meeting
*9.2	Space Management Reference the review in the Henderson Loggie Annual Report	Internal Auditors	When annual reports are prepared after year-end

Minutes

Item

1 Welcome and Apologies

The Chair welcomed members. Apologies were received from Margaret Cook and Lindsey McLeod. The Committee noted that Lorna Nicoll had resigned from the Board of Management with immediate effect.

2 Additions to the Agenda

There were no additions to the agenda.

Action

3 Declaration of Interest in any Agenda Item

There were no declarations of a conflict of interest.

4 Minutes of the meeting of Audit Committee held on 29 November 2017

The minutes were approved subject to the following corrections:

Attendance – noted that David Archibald of Henderson Loggie had attended, not Stuart Inglis. A ‘typo’ on page 5 item 10.4 to be corrected to read ‘learning’ instead of ‘leaning’.

5 Actions arising from previous minutes

10.4 Internal Audit Report - ASW

Reference the good practice identified in the ASW report in the External Auditors Report.

Action complete

6 Balanced Scorecard

The COO introduced the paper drawing the Committee’s attention to the ‘Sustainability’ indicators, item 10 onwards. The Committee noted that a version showing expected direction of some of the indicators had been circulated.

The Committee noted explanations for some of the downward trends where they occurred. There was some discussion about the need for setting stretching targets instead of trends for example in measuring carbon footprint. The Committee was reassured to hear that the College was active in promoting carbon reduction measures, including the establishment of a Sustainability Group involving staff and students, to drive further improvements.

***7 Procurement Strategy and Annual Action Plan 2017-18**

The International and Corporate Services Director introduced the paper which comprised the Procurement Strategy and Annual Action Plan. The Strategy requires update every 2 years in line with APUC guidance. The Action Plan is updated every year.

The Committee discussed a number of points and noted that quarterly procurement meetings were held to discuss procurement matters, including monitoring progress against actions. The College was also an active participant in the UHI shared services agenda and kept a ‘watching’ brief on the Tayside Collaboration Group in order to explore opportunities for potential intelligence/efficiencies/improvements.

International
and



The International and Corporate Services Director would confirm the date of the first Annual Procurement Report and ensure that it was updated to 2017 year-end.

8 Risk Management

***8.1 Strategic Risk Register**

The COO introduced the paper which set out the updated Risk Register for the third quarter review together with any emerging/topical risks. The Committee noted 3 emerging or updated risks and the mitigating actions.

The indicative funding letter from SFC had been issued earlier in the day and the COO was seeking to clarify some of the detail in the letter and understand potential implications. In addition, clarification was needed on funding that had been identified for national bargaining and how that would apply across the sector.

The Committee noted that the final handover for the new UHI Finance System was end of February, but that there were still issues with the system's functionality. Perth College had retained and recently updated Symmetry, so mitigating risk exposure.

The risk on integration has been updated.

***8.2 Health and Safety Risk management Profile – January 2018 – six month review**

The Committee noted the H&S risk management profile and that gas (utilities) had been added in the light of the gas leak before Christmas.

The Committee noted that the Health and Safety Officer had left some weeks ago and that a revised job profile was about to be advertised.

The Chair asked for confirmation that the interim arrangements did not leave the College exposed. The Head of HR and OD confirmed that adequate stand-in resources were available: the Director of Estates was a H&S trained competent person and fulfilled that role, the HR team was supporting Occupational Health and DSE work and the College had access to external advice and professional support.

9 Internal Audit

***9.1 Internal Audit Annual Plan Progress 2017-18**

The Committee noted the internal audit annual plan and progress.

***9.2 Space Management**

The Committee noted the report of a business process review on space management. The review identified key requirements and opportunities for improved processes and these were set out in an agreed action plan. Audit Committee noted the action plan and key aspects to follow up. Reference to the work and action plan will be made in the Auditors Annual Report.

***9.3 IT Network Arrangements**

The Committee noted the Audit Report on IT network arrangements, which had been identified as being satisfactory. A number of recommendations would be followed up. In terms of business continuity, the Committee noted that UHI was to undertake an exercise to test its Business Continuity Plan.

***10 Freedom of Information and Data Protection six monthly Report 2017-18**

The Committee noted the Report. In terms of Freedom of Information, the Committee noted that a CCTV audit was being undertaken.

In terms of data protection, the Committee noted that SMT and CMT were fully engaged in, and committed to, preparing the College for GDPR. A data map had been drawn up and the College was working through implementation of the identified actions.

11 Committee Minutes

***11.1 Health and Safety Committee Meeting 1 February 2018**

The Head of HR and OD drew attention to an item in the minutes about the misuse of drugs and informed the Committee of plans to work with the police to run staff awareness sessions. In addition, the College had received gold in the healthy working lives awards.

The Audit Committee noted a high number of apologies at the last Health and Safety Committee and the Audit Chair was keen to stress that deputies should be encouraged to attend when members were unable, to ensure that constituencies were always properly represented in the most important of activities.

12 Date and time of next meeting

22 May 2018 at 5.30pm

***13 Review of Meeting**

Members agreed the meeting had covered its Terms of Reference.

Information recorded in College minutes and papers is subject to release under the Freedom of Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information relating to procurement items still under tender, legal advice from College lawyers, items related to national security.

Status of Papers **Open** **Closed**

An **open** item is one over which there would be no issues for the College in releasing the information to the public in response to a freedom of information request.

A **closed** item is one that contains information that could be withheld from release to the public because an exemption under the Freedom of Information (Scotland) Act 2002 applies.

The College may also be asked for information contained in minutes and papers about living individuals, under the terms of the Data Protection Act 1998.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1998? **Yes** **No**

Paper for Consideration

Subject: Anti-Bribery Policy

Author: Chief Operating Officer/Board Secretary

Date of paper: 15 May 2018

Date of meeting: 22 May 2018

Action requested of committee:

(Tick as appropriate) For information only:
For discussion:
For recommendation/approval:

Cost implications:

(Tick as appropriate) Yes: No:

Executive Summary:

The Anti-Bribery Policy has been updated to reflect the change in job title of the Chief Operating Officer – formerly the Vice Principal, Finance and Estates. The Audit Committee is invited to note the change and approve the updated Policy.

Status of Papers **Open** **Closed**

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Do the papers contain items which may be contentious under the terms of the Data Protection Act 1988? **Yes** **No**

Anti-Bribery Policy

January 2018

UNCONTROLLED WHEN PRINTED

Also available in large print (16pt)
and electronic format.

Ask Student Services for details.

www.perth.uhi.ac.uk

Perth College is a registered Scottish charity, number SC021209.



Version Control History

Version Number	Date of Change	Summary of Revisions Made
1	May 2013	No Draft Revisions Available.
1.1	July 2016	Footer updated to reflect new template model. Role Title Change: Vice Principal, Finance and Estates; Head of Quality.
1.2	January 2018	Role Title Change: Chief Operating Officer.

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Anti-Bribery Policy

1 Introduction

The Bribery Act 2010 reformed the criminal law to provide a new, modern and comprehensive scheme of bribery offences that enables courts and prosecutors to respond more effectively to bribery at home or abroad. It was designed to bring the UK in line with international norms on anti-corruption legislation. Under the powers granted by the law prosecutors are able to prosecute both domestic and foreign companies, providing they have some presence in the UK. Bribes committed in the UK and abroad could be prosecuted under the Act.

There are 4 corporate offences:

- a A general offence covering the offering, promising or giving of a bribe.
- b A general offence covering the requesting, agreeing to receive, or acceptance of bribe
- c A discrete offence of bribery of a foreign public official.
- d A corporate offence of failure by a commercial organisation to prevent bribery by persons associated with it.

2 Purpose

2.1 The Policy sets out the College's position in respect of ensuring that all staff and those working on behalf of the organisation are aware of the law, their obligations and procedures in place to prevent bribery.

2.2 The Policy outlines the 6 principles of compliance recommended by the Ministry of Justice:

- a Proportionate Procedures: The College will ensure it has procedures in place to prevent bribery by persons associated with it which are proportionate to the bribery risks it faces and to the nature, scale and complexity of the College's activities. It will ensure that these are clear, practical, accessible, effectively implemented and enforced.
- b Top Level Commitment: The Senior Management Team (SMT) is committed to preventing bribery by persons associated with the College. The SMT will foster a culture within the College in which bribery is never acceptable.
- c Risk Assessment: The College will assess the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment will be periodic, informed and documented.

In assessing the risks, the College will pay particular attention to its dealings with territories which are perceived to have a high level of corruption; to dealings in high risk industry sectors eg defence, energy and construction; and to any close ties with prominent government officials or extensive government contracts.

Title: Anti-Bribery Policy
Version/Status: 1.2, Final
Approved By/Date: CMT/01/2018
Effective Publication Date: January 2018

Owner: Chief Operating Officer
Lead Author: Head of Finance
Review Timing/Date: 1 Year/2018/19

- d Due Diligence: The College will apply due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for or on behalf of the College in order to mitigate identified bribery risks. It will take the appropriate action in response to any information uncovered as a result of the due diligence which gives rise to concern.
- e Communication (including training): The College will seek to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training, that is proportionate to the risks it faces. The College will ensure that appropriate reference is made to the College's Anti-Bribery Policy and related policies, eg procurement, whistle-blowing, fraud prevention.
- f Monitoring and Review: The College will monitor and review procedures designed to prevent bribery by persons associated with it and make improvements where appropriate. The College will ensure that it takes appropriate action in response to any reported incidents of bribery.

3 Scope

- 3.1 The policy applies to all individuals working at all levels and grades, including all academic staff, senior managers, officers, members of the Board of Management, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, casual associated staff and agency staff, volunteers, interns, agents, or any other person acting on behalf of the College (agents or third-party representatives which sometimes include students).

4 Definitions

- 4.1 Bribery is the offer, promise, giving, demanding or acceptance of an advantage as an inducement for an action which is illegal, unethical, a breach of trust or the improper performance of a contract.
- 4.2 Corruption is the misuse of public office or power for private gain, or misuse of private power in relation to business outside the realm of government.
- 4.3 Acts of bribery or corruption are designed to influence the individual in the performance of their duty and incline them to act dishonestly. The person being bribed is generally someone who will be able to obtain, retain or direct business. This may involve initiatives such as buying or selling, or it may involve the handling of administrative tasks such as licences, customs, visas or taxes. It does not matter whether the act of bribery is committed before or after the activity has been undertaken.

- 4.4 Kickbacks are typically payments made in return for a commercial favour or advantage. These are typically small, unofficial payments made to secure or expedite a routine government action by a government official. They are not commonly paid in the UK, but are common in some other jurisdictions in which the College operates.
- 4.5 Illustrative case studies are available at Appendix 1 of the Bribery Act 2010 Guidelines.

5 Key Principles

- 5.1 The College values its reputation for ethical behaviour and for financial probity and reliability and has a zero tolerance policy towards bribery.
- 5.2 The College prohibits the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement, to or from any person or company, public or private, by any governors, staff, contractors, consultants, agents, overseas agents, external examiners and any non-employee service providers engaged on College business for whatever reason, in order to gain any commercial, contractual or regulatory advantage for the College in a way which is unethical or in order to gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.
- 5.3 The College recognises that market practice varies across the territories in which it does business and what is normal and acceptable in one place may not be in another.
- 5.3.1 This policy prohibits any inducement which results in a personal gain or advantage to the recipient or any person or body associated with them, and which is intended to influence them to take action which may not be solely in the interests of the Group or of the person or body employing them or whom they represent.
- 5.3.2 This policy is not meant to prohibit the following practices providing they are customary in a particular market, are proportionate and are properly recorded:
- a Appropriate and reasonable hospitality;
 - b the giving of a ceremonial gift on a festival or at another special time;
 - c the use of any recognised fast-track process which is available to all on payment of a fee;
 - d the offer of resources to assist the person or body to make the decision more efficiently, provided that they are supplied for that purpose only.
- 5.4 The College prohibits payments including "facilitating" or "expediting" payments to others in order to secure prompt or proper performance of routine duties.

6 Responsibilities

- 6.1 The Senior Management Team and Board of Management have overall responsibility for the Policy and for fostering a culture within the organisation in which bribery is never acceptable.
- 6.2 The Chief Operating Officer has responsibility for implementing the Policy, monitoring compliance and ensuring the Policy is regularly reviewed and updated as appropriate.
- 6.3 The responsibility to control the risks of unethical business practices occurring resides at all levels of the organisation. The prevention, detection and reporting of bribery is therefore the responsibility of all staff. To this end staff should be aware of the Public Interest Disclosure process outlined in the College's Whistle-blowing Procedure.
- 6.4 Quality approval check of the policy is the responsibility of the Head of Quality who will arrange for the policy to be posted on the web.

7 Linked Policies/Related Documents

- 7.1 Fraud Prevention Policy and Response Plan
- 7.2 Whistle-blowing Policy
- 7.3 Staff Disciplinary Procedure
- 7.4 Student Disciplinary Procedure
- 7.5 Procurement Policy
- 7.6 The Bribery Act 2010 – Guidance
- 7.7 Financial Regulations

8 Relevant Legislation

The Bribery Act 2010

Paper for Consideration

Subject: Fraud Prevention Policy and Response Plan

Author: Chief Operating Officer/Board Secretary

Date of paper: 15 May 2018

Date of meeting: 22 May 2018

Action requested of committee:

(Tick as appropriate) For information only:
For discussion:
For recommendation/approval:

Cost implications:

(Tick as appropriate) Yes: No:

Executive Summary:

The Fraud Prevention Policy and Response Plan has been updated to reflect the change in job title of the Chief Operating Officer – formerly the Vice Principal, Finance and Estates. The Audit Committee is invited to note the change and approve the updated Policy.

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Fraud Prevention Policy and Response Plan

January 2018

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Version Control History

Version Number	Date of Change	Summary of Revisions Made
3	June 2013	Schedule review approved at Audit Committee 3-June-14. Publication held pending clarification over job title of the owners. Ownership and responsibility changed from Director of Finance and Resources to Vice Principal Estates and Finance. Also Director of Human Resources and Communications changed to Vice Principal Human Resources and Communications. Footer remains as Director of Finance and Resources as there is currently an Acting Director in post, but not a VP.
3.1	July 2016	Footer updated to reflect new template model Role Title Changed: VP, Finance and Estates; Principal and Chief Executive.
3.2	January 2018	Role Title Changed: Chief Operating Officer.

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Fraud Prevention Policy and Response Plan

1 Purpose

This document has been established to set out the College Policy to avoid fraud and establish procedures to deal with fraud if it occurs. The College recognises its responsibility to prevent fraud and the documentation within this policy provides information in respect of key roles and responsibilities relating to the prevention of fraud.

The Policy is designed to meet the following objectives:

- Minimise the risk and impact of fraud.
- Create a culture which deters fraudulent activity.
- Create an environment that encourages the prevention of fraud while promoting its detection and reporting.

The accompanying Response Plan provides information relative to investigating the circumstances surrounding fraudulent activity and dealing with the impact of the business of the College.

2 Scope

This Policy and the accompanying Response Plan (Appendix 1) cover fraud in relation to financial and management systems.

3 Definitions

No precise legal definition of fraud exists; many of the offences referred to as fraud are covered by the Theft Acts of 1968 and 1978.

Fraud is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

4 Key Principles

4.1 The College will:

- Establish appropriate and effective systems of financial and management control.
- Establish an Audit Committee with a clear remit to ensure financial systems are in place.
- Appoint independent internal auditors to advise on, review and report on these systems and develop procedures to be followed by staff who have a suspicion of fraudulent activity.

Title: Fraud Prevention Policy and Response Plan
Version/Status: 3.2, Final
Approved By/Date: Audit Committee/05/2014
Effective Publication Date: May 2014

Owner: Chief Operating Officer
Lead Author: Head of Finance
Review Timing/Date: 1 Year / 2018/19

- Establish a Fraud Response Plan setting out the procedures to be followed in the event of the reporting of possible fraud or the discovery of actual fraud.
- Publish appropriate guidance in the College's Financial Regulations with which all staff must comply.

4.2 Systems of Internal Control

Internal controls such as budgetary controls, segregation of duties, internal checks and staff supervision are designed to minimise the incidence of fraud, limit its impact and assure its prompt detection.

Prevention and detection of fraud is only possible where strong internal controls are present and constantly applied. Routine checks and monitoring by management are therefore essential.

The implementation of a culture of strong management control will have a deterrent effect when it is known that management are actively involved in ensuring that procedures are followed.

The Internal Audit Service assists management in preventing fraud by examining and evaluating the adequacy and effectiveness of internal control systems and by making recommendations for improvement.

It is a condition of the Financial Memorandum between the Scottish Funding Council (SFC) and the College that the College establishes a sound system of internal financial management and control.

4.3 Staff/Training

The recruitment of suitable staff is the College's first defence in preventing fraud and the adoption of best practice processes must be strictly adhered to.

Staff provide the best protection against fraud and awareness of policy and procedures is fundamental to the effective operation of systems. This will be addressed as part of induction, formal staff training and regular notices regarding changes to financial procedures.

4.4 Reporting and Investigation

Having proper and consistently applied procedures for reporting and investigating fraud will have an important part to play in preventing further fraud.

The College has developed a Response Plan for investigating and reporting on all suspected fraudulent activity. Such investigations will by necessity remain confidential but management will ensure that the lessons to be learned from each incident are disseminated to staff as appropriate.

5 Responsibilities

- 5.1 The Board of Management has overall responsibility for this Policy and Response Plan.
- 5.2 The College Audit Committee is responsible for approving any changes to this Policy and Response Plan.
- 5.3 The Chief Operating Officer is the owner of this Policy and Response Plan, and is responsible for reviewing it.
- 5.4 The Principal and Chief Executive is responsible for informing the SFC about actual or suspected frauds. The Principal and Chief Executive is also responsible for reporting any incident matching the criteria in the SFC's mandatory requirements to the Chairs of both the Board of Management and the College Audit Committee.
- 5.5 The Head of Human Resources and Organisational Development is responsible for answering requests for references for a member of staff who has been disciplined or prosecuted for fraud.
- 5.6 The prime responsibility for preventing fraud lies with management through the implementation and operation of internal controls and the fostering of an anti fraud culture across the College. Managers are responsible for assessing and controlling the level of risk within their areas of authority.
- 5.7 It is the responsibility of all staff to be aware of fraud and to take the necessary steps to minimise the risk to the College and where appropriate report their suspicions to a member of the Executive or a member of the Board as appropriate.
- 5.8 Quality approval check of the final policy is the responsibility of the Head of Quality who will arrange for the policy to be posted on the web.

6 Linked Policies/Related Documents

Anti Bribery Policy

7 Relevant Legislation

Theft Act, 1968
Theft Act, 1978
Police and Criminal Evidence Act, 1984
Finance and Accountability (Scotland) Act, 2000
The Bribery Act, 2010

Appendix 1

Fraud Response Plan

Purpose

The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity.

The use of the plan should enable the College to:

- Prevent further loss.
- Establish and secure evidence necessary for criminal and disciplinary action.
- Notify the SFC, if the circumstances are covered by the mandatory requirements within the Financial Memorandum.
- Recover losses.
- Discipline staff found responsible for fraud.
- Deal with requests for references for employees disciplined or prosecuted for fraud.
- Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud.
- Keep all personnel with a need to know suitably informed about the incident and the College's response.
- Establish lines of communication with the police for guidance.
- Inform the police where appropriate.
- Assign responsibility for investigating the incident.
- Establish circumstances in which external specialists should be involved.

Initiating Action

All actual or suspected incidents will be reported without delay to the Chief Operating Officer, the Principal and Chief Executive, Chair of the Audit Committee or Chair of the Board of Management.

The Chief Operating Officer/Principal and Chief Executive will, within 24 hours, hold a meeting of the following project group to decide on the initial response:

- Head of Human Resources and Organisational Development.
- Chief Operating Officer – A representative of the College Internal Audit Providers may also be invited to participate.

The Project Group will decide on the action to be taken. This action will normally be in the form of an investigation. The decision by the Project Group to initiate a special investigation shall constitute authority to College Internal Audit Provider to commit the time provided in the internal audit plan for special investigations if required, or contingency time, or to switch internal audit resources from planned audits. The approval of the College Audit Committee will be sought at this stage.

Title: Fraud Prevention Policy and Response Plan
Version/Status: 3.2, Final
Approved By/Date: Audit Committee/05/2014
Effective Publication Date: May 2014

Owner: Chief Operating Officer
Lead Author: Head of Finance
Review Timing/Date: 1 Year / 2018/19

Prevention of Further Loss

Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Project Group will decide how to prevent further loss. This may require the suspension of the suspect(s). It may be necessary to plan the timing of suspension to prevent the suspect(s) from destroying or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the suspect(s) will be approached unannounced. They will be supervised at all times before leaving the College premises. They will be allowed to collect personal property under supervision, but will not be allowed to remove any property belonging to the College. Any keys to premises, offices and furniture will be returned.

Advice will be obtained on the best means of denying access to the College while suspect(s) remain suspended (for example, by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the computer systems will be withdrawn without delay.

College Internal Audit Provider will be invited to consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect(s) may have had opportunities to misappropriate the College's assets.

Establishing and Securing Evidence

A major objective in any fraud investigation will be the punishment of the perpetrator(s), to act as a deterrent to other personnel. The College will follow disciplinary procedures against any member of staff who has committed fraud. The College will normally pursue the prosecution of any such individual.

College Internal Audit Provider will:

- Maintain familiarity with the College disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation.
- Establish and maintain contact with the police where appropriate.
- Establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act.
- Ensure that staff involved in fraud investigations are familiar with, and follow rules on, the admissibility of documentary and other evidence in criminal proceedings.

Notifying the SFC

The circumstances in which the College must inform the SFC about actual or suspected frauds are detailed in the SFC's mandatory requirements. The Principal and Chief Executive is responsible for informing the SFC of any such incidents.

Recovery of Losses

Recovering losses is a major objective of any fraud investigation. The Project Group will ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses will be sought in all cases.

Where the loss is substantial, legal advice will be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice will also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The College will normally expect to recover costs in addition to losses.

References for Employees Disciplined or Prosecuted for Fraud

The staff handbook includes a requirement that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud will be referred to the Head of Human Resources and Organisational Development. The Head of Human Resources and Organisational Development will prepare any answer to a request for a reference having regard to employment law.

Reporting to the Board of Management

The incident matching the criteria in the SFC's Mandatory requirement will be reported without delay by the Principal to the Chairs of both the Board of Management and the Audit Committee.

Any variation from the approved Response Plan, together with reasons for the variation, will be reported promptly to the chairs of both the Board of Management and the Audit Committee.

On completion of a special investigation, a written report will be submitted to the Audit Committee containing:

- A description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud.
- The measures taken to prevent a recurrence.
- Any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

This report will normally be prepared by the Project Group.

Reporting Lines

The Project Group will provide a confidential report to the Chair of the Board of Management, the Chair of the Audit Committee, the Principal and Chief Executive and the External Audit Partner. The scope of the report will include:

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Version/Status: 3.2, Final
Approved By/Date: Audit Committee/05/2014
Effective Publication Date: May 2014

Owner: Chief Operating Officer
Lead Author: Head of Finance
Review Timing/Date: 1 Year / 2018/19

- Quantification of losses.
- Progress with recovery action.
- Progress with disciplinary action.
- Progress with criminal action.
- Estimate of resources required to conclude the investigation.
- Actions taken to prevent and detect similar incidents.

Responsibility for Investigation

The extent, complexity and source of the fraud will determine how the investigation will take place and in some circumstances might be led by representatives of the College Internal Audit Provider.

Some investigations may require the use of technical expertise and in these circumstances, the Project Group may approve the appointment of external specialists to lead or contribute to the investigation.

Review of Fraud Response Plan

This plan will be reviewed for fitness of purpose every 3 years or after each use. Any need for change will be reported to the Audit Committee for approval.

Uncontrolled When Printed

Paper for Consideration

Subject: Strategic Risk Register

Author: Jackie Mackenzie

Date of paper: 15 May 2018

Date of meeting: 22 May 2018

Action requested of committee:

(Tick as appropriate) For information only:

For discussion:

For recommendation/approval:

Cost implications:

(Tick as appropriate) Yes: No:

Executive Summary:

Risk Register

The fourth review of the Strategic Risk Register for the academic year 2017-18 has been carried out and any changes made to the register highlighted in red.

The Strategic Risk Register is reviewed at the start of the Academic year and adjusted to reflect the current executive considerations of the current risks to the College. This register is then reviewed and updated throughout the academic year and presented to the Audit Committee together with notes on any emerging risks. The updated register is shown at Appendix 1 for the Committee's approval.

In addition to the College Strategic Risk Register, the Audit Committee now periodically reviews the Health & Safety Risk Register and the ICT Risk Register as part of the normal cycle of business.

Emerging and Updated Issues

1. Income

The main sources of income for the College are derived from student numbers, FE, HE and International. We are on track to deliver our FE student targets and current indications are that we will reach our HE target for the current academic year after inclusion of students starting in January. There is a continuing risk of a funding clawback from EO if we fail to deliver HE targets despite there being no clawback from SFC and an already onerous burden of fees only students included within the target numbers.

International students have been a substantial source of income in previous years but the downward trend has continued and, despite a reduced budget, fee income is forecast to be £200k below budget for the year.

2. Finance Systems Convergence Project

This project started three years ago to, eventually, bring all of the academic partners onto one finance system which would assist with reporting etc. Perth College's current finance system is long overdue for replacement and this project was the route to our solution. Currently the project is nearly two years behind schedule and our participation has been deferred until the new system can be demonstrated to be fit for purpose and deliver the specified requirements agreed at the outset of the project. Perth College are progressing an update to Symmetry, our current finance system, which will mitigate the risk to Perth College.

3. UHI Future Integration

The current discussions around a more integrated organisation within UHI may have implications for Perth College which are difficult to fully assess given the current uncertainty, particularly the impact on staff recruitment, retention and morale. Indications are that this could also have implications for future funding models.

UHI Common Risks

The Risk Register now includes the agreed UHI common risks which will now be monitored as College risks. These common risks are identified as such in the Risk Register.

Information recorded in College minutes and papers is subject to release under the Freedom of Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information relating to procurement items still under tender, legal advice from College lawyers, items related to national security.

Status of Papers **Open** **Closed**

An **open** item is one over which there would be no issues for the College in releasing the information to the public in response to a freedom of information request.

A **closed** item is one that contains information that could be withheld from release to the public because an exemption under the Freedom of Information (Scotland) Act 2002 applies.

The College may also be asked for information contained in minutes and papers about living individuals, under the terms of the Data Protection Act 1988.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1988? **Yes** **No**

Ref	Risk Status	Category	Risk Description	Causes	Impacts/ Evidence	Owner	Likely-hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
5*	Active	Inspiring and supporting our students to achieve their potential. Developing a successful and sustainable organisation. UHI Common Risk	College estate not fit for purpose.	<ul style="list-style-type: none"> Reduction of Capital Grant. Backlog of essential maintenance. Uncertainty of future Governance model. Lack of available funds. Age of current campus. 	<ul style="list-style-type: none"> Estate poorly maintained Inability to deliver a new improved estate fast enough. Availability of classrooms and academic equipment does not match demand. 	Chief Operating Officer	4	3	12	<ul style="list-style-type: none"> Attracting external investment. Backlog maintenance risk register has now been developed. Weekly 'Walk the Campus' and engage staff – Visible Management. Approval of identified major building projects. Priority to increase classroom accommodation. Update estates planning to ensure optimum use of space freed up by completion of ASW 	9 (3,3)	↔	<ul style="list-style-type: none"> Identify estates requirements. Develop future campus vision. Ensure additional funding allocated by SFC for backlog maintenance is spent appropriately 	Chief Operating Officer	Ongoing July 2018 March 2019
6*	Active	Inspiring and supporting our students to achieve their potential.	Technology not fit for purpose. No replacement or upgrade of critical ICT and academic equipment.	<ul style="list-style-type: none"> Changes in ICT development and technology. Changing in Learning and Teaching practices. Increase in network delivery of teaching. Increased use of social networking. Inadequate VC facilities for larger classes. Additional requirements from curriculum development and growth. Technological innovation. 	<ul style="list-style-type: none"> Higher investment in resources required. Need to continually alter accommodation. Available resources limit delivery options. Poor student and staff feedback. 	Chief Operating Officer/ Interim Deputy Principal	4	3	12	<ul style="list-style-type: none"> Developed robust Curriculum Development Plan. Link changes in L&T practice to Estates Planning. Review and implement working practices to optimise available space and working times through use of CELCAT Management Reports. Operational Planning process and resource commitments system in place. Prioritise investment required for resources for key curriculum areas. Ongoing evaluation of VC capacity and teaching space in line with curriculum delivery plan. ICT rolling programme of replacement Shared licence purchases with UHI 	9	↔	<ul style="list-style-type: none"> Rigorous approach to timetabling and utilisation of rooms. ICT Budget and replacement. UHI ICT strategy discussions. 	Director Curriculum and Business Engagement Principal Principal	Ongoing Ongoing July 18

Ref	Risk Status	Category	Risk Description	Causes	Impacts/ Evidence	Owner	Likely-hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
10*	Active	Inspiring and supporting our students to achieve their potential. Providing a progressive curriculum which meets economic and social needs and aspirations. UHI Common Risk	Academic quality is sub standard	<ul style="list-style-type: none"> Insufficient tracking of student. Poor understanding of student requirements. Product not fit for purpose. Poor delivery. Insufficient support for students. Mis-selling of courses/provision.. 	<ul style="list-style-type: none"> Loss of students. Loss of earnings. Adverse PR and poor reputation. Poor future recruitment. Poor achievement and retention. 	Interim Depute Principal	3	3	9	<ul style="list-style-type: none"> Student tracking programme and reviews by Student Advisers. Heightened student focus on internal communication and training evidenced by the BRAG reporting system. Managing student expectations. Active listening to student voice and acting on evidenced by feedback to students. Act on Student Survey outcomes evidenced by action planning with quality reviews. Ensure regular/ constructive formative assessment feedback to students/ customers. Implement Complaints Procedure in line with new legislation and refresh training. ASW opportunities roll out. Student Partnership Agreement 	6 (2,3)	↔	<ul style="list-style-type: none"> Complaints Review NSS Action Plans Student funding at Regional and National level. Work with HISA on further developments. Ongoing self-evaluation review. 	Interim Depute Principal	Ongoing
11*	Active	Providing a progressive curriculum which meets economic and social needs and aspirations.	Regional curriculum plan and delivery not aligned to local demand.	<ul style="list-style-type: none"> Fragmented ownership. Lack of planning. Over ambitious change in delivery methodology. Wrong blend between online and face to face. ESIF changes. 	<ul style="list-style-type: none"> Lose students. Financial risk through reallocation. Students choose another provider. Poor retention and achievement. Disputed ownership/ responsibility for failings. 	Principal	3	3	9	<ul style="list-style-type: none"> Influence/engage with development. Meetings arranged with UHI Deans. Keep in touch/listen to student views. Active engagement in SMCT, QAEC and PPF. UHI to commission research on impact of changed delivery methodologies. Work with UHI, SDS and local stakeholders to enhance demand analysis. Regional Outcome Agreement development and implementation. 	6 (2,3)	↔	<ul style="list-style-type: none"> Proactively engage in implementation of UHI Strategic Plan. Support increased effectiveness of SMCT group. Keep abreast of ESIF developments. Tertiary working groups. 	SMT	Ongoing July 18 July 18 July 18
12*	Active	Developing a successful and sustainable organisation.	Threat to Business Continuity	<ul style="list-style-type: none"> Major incident. Pandemic. Major fire. Terrorist Activity. UHI ICT loss of service. Radicalisation 	<ul style="list-style-type: none"> College closure. Reduced/loss of service. 	Principal	2	4	8	<ul style="list-style-type: none"> Annual Reviews of Business Continuity Plan. Fibre ring installed. ICT Risk Register developed and dynamic review. Live ICT shutdown test. Desktop exercise with CMT successfully completed. UHI wide live exercise concluded 	6 (2,3)	↔			

Ref	Risk Status	Category	Risk Description	Causes	Impacts/ Evidence	Owner	Likely-hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
13*	Active	Developing a successful and sustainable organisation.	Lose control of critical processes and systems through Shared Services Shared Service Model controlled by UHI EO and UHI Finance & General Purposes and University Court.	<ul style="list-style-type: none"> Insufficient planning. Inadequate backup. Poor training and inadequate communications. Loss of control of direct employees. Reduced service level. Additional cost. Lag in service improvement. Loss of control over capital investment. 	<ul style="list-style-type: none"> Disruption to business systems and student learning. Increased costs. 	Chief Operating Officer /International & Corporate Services Director	3	3	9	<ul style="list-style-type: none"> Involved in thorough planning. Members of the LIS Shared Service Board. Member of the Shared Service Programme Board. Maintain Perth College input into development of shared services. Retain DH as nominated director of USSL. 	9	↔	<ul style="list-style-type: none"> Service Level Agreements – Staffing, Communication, Core Services (operational details to be fleshed out). Proactive within commissioning board. 	SMT	Ongoing
14*	Active	Developing a successful and sustainable organisation.	Failure to ensure sustainability	<ul style="list-style-type: none"> Change in Government control/legislation. Ongoing Implications of ONS 	<ul style="list-style-type: none"> Unable to plan longer term. Unable to save to invest in larger projects. Capital Expenditure programme halted since depreciation cash equivalent no longer available. 	Chief Operating Officer	3	5	15	<ul style="list-style-type: none"> Lobbied Colleges Scotland providing evidence of unintended consequences. Staff professionally updated in public sector accounting. Raised issues with SFC and Scottish Government. Constantly review as clarification of rules continues to roll out. 	10	↔	<ul style="list-style-type: none"> Keep abreast of interpretation and updates. Maintain awareness. Involvement with sector, Colleges Scotland and SFC working groups. 	Chief Operating Officer	Ongoing
15*	Active	Developing a successful and sustainable organisation. UHI Common Risk	Financial failure/operating loss. Inability to achieve a balanced budget.	<ul style="list-style-type: none"> Lack of student numbers. AST poor performance. Reduction in commercial income. Relaunch in international recruitment. Underfunding of student support. Dilution of unit of resource by increase in fees only students, topslice etc. 	<ul style="list-style-type: none"> Increased competition. Reduced funding available to invest or cover operational costs. Strategic imperatives not met. Reduction in quality of delivery/student experience. 	Principal	3	5	15	<ul style="list-style-type: none"> Excellent internal control systems. Ongoing dialogue re UKVI (Link to AST Risk Register) Increased forecasting. Flexing targets where appropriate. Close working with sector and UHI partners 	6 (2,3)	↔	<ul style="list-style-type: none"> Review of International Recruitment Strategy. Develop Business Plan for AST 	Principal Principal	Ongoing July 2018

Ref	Risk Status	Category	Risk Description	Causes	Impacts/ Evidence	Owner	Likely-hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
16*	Active	Developing a successful and sustainable organisation. Developing staff to successfully deliver our Vision.	National Pay Bargaining unaffordable	<ul style="list-style-type: none"> National bargaining has local consequences. Agreed pay awards unaffordable for individual college. 	<ul style="list-style-type: none"> Loss of autonomy. Risk of national strike. Lack of sector agreement of mandate for negotiations. Lack of additional funding for sector pay claims. 	Principal	4	4	16	<ul style="list-style-type: none"> College membership of national forums via Chair and Principal. VP/HR & Communications attended Colleges Scotland HR & OD Group and keeps abreast of national bargaining and workforce of the future developments and how these will affect the College. 	16 (4,4)	↔	<ul style="list-style-type: none"> Continue to participate in national bargaining. Contribute to thinking on Workforce of the Future. Engage fully with Colleges Scotland 	Principal	Ongoing
17	Active	Developing a successful and sustainable organisation.	Non-compliance of Statutory Health and Safety Legislation and Equality Legislation	<ul style="list-style-type: none"> Introduction of amendments to existing legislation or new unforeseen and unplanned legislation. 	<ul style="list-style-type: none"> Introduces financial and staffing resources to administer. Legal Action. Risk of Business Continuity. Financial fines. Reputational damage. 	Principal	1	5	5	<ul style="list-style-type: none"> Produced and implemented a detailed Health and Safety Operational Risk Management Register. Updated quarterly and reviewed by Audit Committee every 6 months. Produce Annual Report on Health and Safety. Competent Health & Safety Officer. Internal audit actions/recommendations achieved. Equalities Outcomes and Mainstreaming Report. 	2 (1,2)	↔			
18	Active	Developing a successful and sustainable organisation.	Implication of outcome of EU Referendum Leading to: Loss of EU Funding. Decrease in overseas (EU) students. Loss of EU national staff.	<ul style="list-style-type: none"> Lack of numbers. Students wishing to study within EU Economic and fiscal uncertainty over EU exit. Staff uncertainty 	<ul style="list-style-type: none"> Reduced numbers of students/staff Loss of commercial potential. Loss of EU funding 	Principal	5	4	20	<ul style="list-style-type: none"> Keep up to date with info flow. Lobby through Colleges Scotland and Universities Scotland to increase funding to compensate. Understanding the status of EU residents. Use next two years productively as planning. Look at opportunities, e.g. Increased fees. 	15 (5,3)	↔		Principal	Ongoing

Ref	Risk Status	Category	Risk Description	Causes	Impacts/ Evidence	Owner	Likely -hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
19	Active	UHI Common Risk	College does not achieve allocated HE student number targets.	Failure to recruit sufficient students due to various factors such as: over ambitious PPF target, poor marketing, curriculum gaps, poor NNS results etc.	Reduction of college income from UHI, regional student number target at risk resulting in possible claw back to SFC from UHI in year or reduction in future years grant.	Principal	5	3	15	<ul style="list-style-type: none"> •Review curriculum to ensure robust and up to date. •Continue close partnership working within UHI. •Ongoing dialogue with PPF and academic partners. •Plan, monitor and review student numbers/applications. 	9 (3,3)	↑			
20	Active	UHI Common Risk	College does not achieve allocated FE Credit targets.	Failure to recruit sufficient students due to various factors such as: over ambitious target, curriculum gaps, ineffective marketing and engagement with local schools/ employers.	Reduction of college income from UHI, regional student number target at risk resulting in possible claw back to SFC from UHI in year or reduction in future years grant.	Principal	5	3	15	<ul style="list-style-type: none"> •Review curriculum to ensure robust and up to date. •Develop external partnerships with schools. DYW and employers. •Plan, monitor and review student numbers/applications. 	9 (3,3)	↑			
21	Active	UHI Common Risk	Non-compliance with relevant statutory regulations.	Lack of awareness of relevant laws and penalties. Management failures. E.g. new General Data Protection Regulation from 25th May 2018, Bribery Act, Health and Safety Regulations etc.	GDPR will provide new rights for individuals and impose additional obligations on data controllers and processors. GDPR will also introduce an increased penalty framework for non-compliance/ data breaches and includes new requirements for authorities to ensure that they maintain evidence to demonstrate compliance with the Law.	Principal	4	3	12	<ul style="list-style-type: none"> •Robust governance policy. •Robust management policies, procedures and systems in place. •Dedicated Health & Safety officer. •IT/Data Protection staff in place. •Mandatory staff training. •Close working relationship within UHI. 	6 (2,3)	↔	<ul style="list-style-type: none"> • GDPR Implementation Plan. • GDPR policies and procedures agreed. 	FOI/DPO	May 18 May 18

Ref	Risk Status	Category	Risk Description	Causes	Impacts/ Evidence	Owner	Likely-hood	Impact	Gross Risk	Actions to minimise risk IN PLACE	Residual Risk	Trend	ACTION PLAN		
													Actions to minimise risk TO DO	Action Owner	Completion Date
22	Active	UHI Common Risk	Governance Failure.	Governing body does not have an appropriate balance of skills and experience. Role of a governor/director is onerous and it is difficult to attract a broad range of high calibre individuals to serve for non-remunerated roles	Recent advertisements for new members have attracted few applications	Chair, Board of Management	3	3	9	<ul style="list-style-type: none"> Recruitment process robust, transparent and open. Skills matrix approach in place. Networking/proactively encouraging diversity of applicants. 	4 (2,2)	↔			
23	Active	UHI Common Risk	Poor Student Experience	Poor college estate. Dispersed campus with limited facilities for social interaction. Technology failures. Limited teaching/library resources.	Poor performance in national student satisfaction surveys. Reputational damage. Impact on ability to recruit future cohorts. Risk to core income streams.	Chief Operating Officer	3	2	6	<ul style="list-style-type: none"> Partnership approach with HISA Continuous student engagement, feedback and dialogue. 	4 (2,2)	↔			
24	Active	UHI Common Risk	Institutional, personal and sensitive data is corrupted, lost, stolen or misused or services are disrupted through malicious and illegal activities by external individuals or bodies.	Poor IT security measures. Equipment with security holes. Poor patching regime. Anti-virus is not up-to-date and comprehensive. Firewalls are configured incorrectly. Coordinated DDOS attack on university infrastructure. Increasing number of security alerts. DDOS attacks on UK academic institutions up to 527 in 2015 - Janet CSIRT. Increase in cyber-attacks such as ransomware reported in national media.	Information Commissioner fine of up to £500k. Adverse press coverage. Loss of confidence by regulators, stakeholders and HE sector. Ransomware encryption has been detected on UHI network.	Principal	4	4	16	<ul style="list-style-type: none"> Firewalls and filters updated regularly. Anti virus software on all corporate devices. UHI protocols applied and adhered to. Passwords changed regularly. 	12 (3,4)	↔			

Note: Risks 4, 5, 7, 8, 10, 12, 15, 19-24 are UHI Common Risks.

LIKELIHOOD CRITERIA

TIMESCALE 3 YEARS

Score	Descriptor	Probability
5 - Almost Certain	More than likely – the event is anticipated to occur	>80%
4- Likely	Fairly likely – the event will probably occur	61-80%
3 - Possible	Possible – the event is expected to occur at some time	31-60%
2 - Unlikely	Unlikely – the event could occur at some time	10-30%
1 - Very Rare	Remote – the event may only occur in exceptional circumstances	<10%

IMPACT – CRITERIA

TIMESCALE 3 YEARS

Score	Descriptor	Financial	Operational	Reputational (need to link to communications process for incident management)
5 - Catastrophic	A disaster with the potential to lead to: <ul style="list-style-type: none"> • loss of a major UHI partner • loss of major funding stream 	> £500,000 or lead to likely loss of key partner	<ul style="list-style-type: none"> • Likely loss of key partner, curriculum area or department • Litigation in progress • Severe student dissatisfaction • Serious quality issues/high failure rates/major delivery problems 	<ul style="list-style-type: none"> • Incident or event that could result in potentially long term damage to UHI's reputation. Strategy needed to manage the incident. • Adverse national media coverage • Credibility in marketplace and with stakeholders significantly undermined.
4 - Major	A critical event which threatens to lead to: <ul style="list-style-type: none"> • major reduction in funding • major reduction in teaching/research capacity 	£250,000 - £500,000 or lead to possible loss of partner	<ul style="list-style-type: none"> • Possible loss of partner and litigation threatened • Major deterioration in quality/pass rates/delivery • Student dissatisfaction 	<ul style="list-style-type: none"> • Incident/event that could result in limited medium – short term damage to UHI's reputation at local/regional level. • Adverse local media coverage • Credibility in marketplace/with stakeholders is affected.
3 - Significant	A Significant event, such as financial/ operational difficulty in a department or academic partner which requires additional management effort to resolve.	£50,000 - £250,000	<ul style="list-style-type: none"> • General deterioration in quality/delivery but not persistent • Persistence of issue could lead to litigation • Students expressing concern 	<ul style="list-style-type: none"> • An incident/event that could result in limited short term damage to UHI's reputation and limited to a local level. • Criticism in sector or local press • Credibility noted in sector only
2 - Minor	An adverse event that can be accommodated with some management effort.	£10,000 - £50,000	<ul style="list-style-type: none"> • Some quality/delivery issues occurring regularly • Raised by students but not considered major 	<ul style="list-style-type: none"> • Low media profile • Problem commented upon but credibility unaffected
1 - Insignificant	An adverse event that can be accommodated through normal operating procedures.	<£10,000	<ul style="list-style-type: none"> • Quality/delivery issue considered one-off • Raised by students but action in hand 	<ul style="list-style-type: none"> • No adverse publicity • Credibility unaffected and goes un noticed

Note: Select criteria most appropriate. Use highest score if more than one criterion applies.

RISK MAP (for Gross risk & residual risk)

TIMESCALE 3 YEARS

IMPACT					
5 - Catastrophic	5	10	15	20	25
4 - Major	4	8	12	16	20
3 - Significant	3	6	9	12	15
2 - Minor	2	4	6	8	10
1 - Insignificant	1	2	3	4	5
	1 - Very Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost Certain
LIKELIHOOD					

Attention should also be paid to risks that are very rare or unlikely that could cause a catastrophic impact.



Perth College UHI

Internal Audit Progress Report 2017/18 Annual Plan

22 May 2018

Progress with the annual plan for 2017/18, approved in November 2017, is shown below.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
Internal Audit Annual Plan 2017/18	September 2017	Draft 21/08/17 2 nd Draft 29/08/17 3 rd Draft 21/11/17 Final 29/11/17	2018/01	N/A	05/09/17 and 29/11/17	
Credits Audit	November 2017	Draft 28/09/17 Final 28/09/17	2018/02	Audit opinion unqualified	29/11/17	
Space Management (Business Process Review) 2017/18	March 2018	Draft 09/02/18 Final 19/02/18	2018/03	N/A	27/02/18	The review identified a range of areas for investigation or improvement through facilitated focus group sessions and interviews with staff. Actions were prioritised for the College to take forward. All of the identified actions were improvement actions designed to enhance efficiency and effectiveness. No issues subjecting the College to material or significant risk were identified during the review.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
IT Network Arrangements	March 2018	Draft 16/02/18 Final 19/02/18	2018/04	Satisfactory	27/02/18	
Equalities Mainstreaming	May 2018	Draft 14/05/18 Final 16/05/18	2018/06	Satisfactory	22/05/18	
Follow Up Reviews	May 2018	Draft 14/05/18 Final 16/05/18	2018/05	N/A (see comments)	22/05/18	Of the 17 recommendations followed-up: 11 were fully implemented; 5 partially implemented; and 1 showed little or no progress.

Perth College UHI

Equalities Mainstreaming

Internal Audit Report No: 2018/06

Draft Issued: 14 May 2018

Final Issued: 16 May 2018

LEVEL OF ASSURANCE

Satisfactory

Contents

	Page No.
Section 1	Overall Level of Assurance 1
Section 2	Risk Assessment 1
Section 3	Background 1
Section 4	Scope, Objectives and Overall Findings 2
Section 5	Audit Approach 2
Section 6	Summary of Main Findings 2 - 3
Section 7	Acknowledgements 3
Section 8	Findings and Action Plan 4 - 16

Level of Assurance

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

Gradings are defined as follows:

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

Action Grades

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

1. Overall Level of Assurance

Satisfactory

System meets control objectives with some weaknesses present.

2. Risk Assessment

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

- 17 – Non-compliance of Statutory Health and Safety Legislation and Equality Legislation (risk rating: low); and
- 21 (UHI common risk) – Non-compliance with relevant statutory regulations (risk rating: medium).

3. Background

As part of the Internal Audit programme at the College for 2017/18 we carried out a review of the College's processes and activities to comply with the Equality Act 2010 ('the Act') and related regulations. Our Audit Needs Assessment, completed in September 2016, identified this as an area where risk can arise and where internal audit can assist in providing assurances to the Board of Management and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The public sector equality duty set out in the Act, which is often referred to as the general duty, requires Scottish public authorities (including the College) to have 'due regard' to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

There are eight protected characteristics: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

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

- report progress on mainstreaming the general equality duty;
- publish equality outcomes and report progress;
- assess new or revised policies and practices, and review existing policies and practices;
- gather, use and publish employee information;
- use and publish members information;
- publish gender pay gap information;
- publish an equal pay statement; and
- consider award criteria and contract conditions in relation to public procurement.

4. Scope, Objectives and Overall Findings

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

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

Objective	Findings				Action already Planned
	1	2	3	No. of Agreed Actions	
The objective of our audit was to obtain reasonable assurance that:					
1. The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended.	Satisfactory	0	0	9	✓
Overall Level of Assurance	Satisfactory	0	0	9	
		System meets control objectives with some weaknesses present			

5. Audit Approach

We assessed whether the above objectives had been met by meeting with the Head of Human Resources and Organisational Development, Curriculum and Business Engagement Director and Head of Student Services and compared the current approach to equalities mainstreaming against the requirements set out in the Act and Regulations, making use of good practice guidance issued by the Equality and Human Rights Commission in doing this.

6. Summary of Main Findings

Strengths

- From our review of documentation, we consider that, overall, the College is complying with equalities legislation and regulations;
- The College has a range of policies, procedures and strategies in place covering the Act and Regulations requirements;
- The College has published a range of reports to meet its duties under that Act and Regulations, including to: report progress on mainstreaming the general equality duty; publish equality outcomes and report progress; publish gender pay gap information; and publish statements on equal pay; and
- The Equality Outcomes Report 2017-2021 sets out a range of areas of focus for equality activities at the College.

6. Summary of Main Findings (Continued)

Weaknesses

- The College has an Equalities and Diversity Advisor post however this has been vacant for some time. A new member of staff has now been appointed to this post, starting in June 2018;
- A number of improvement points have been raised as recommendations in this report, including developing an equalities strategy and equalities operational plan, and ensuring that there are equalities actions included in Faculty and Departmental operational plans;
- The College had reviewed participation from those with protected characteristics, by trend over time, but had not compared this against relevant benchmark groups;
- From reading the College's equalities documents it was not clear how these related to each other, and the documents were not always easy for readers to understand;
- It was considered that the effectiveness of the Equality Diversity and Inclusion Team (EDIT) and Equality and Diversity Champions could be enhanced. EDIT does not always meet regularly, is not always well attended, and has only one student representative. The Champions have only met once, and are not undertaking an active role in the College's equality activities;
- It is unclear whether all new and revised policies and procedures have had an Equalities Impact Assessment and that these have all been published on the College website as is required; and
- There were no checks over the calculations of equalities data to ensure that these were correct.

7. Acknowledgements

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

8. Findings and Action Plan

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended

From discussion with those interviewed, and review of relevant documentation, we determined how the College met its obligations under Section 149 of the Equality Act 2010 and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended. A summary of our findings is shown below:

Requirement of Section 149 of the Equality Act 2010	Findings
<p>The College must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Act.</p>	<p>The College has a range of policies, procedures and strategies in place covering this Act requirement including:</p> <ul style="list-style-type: none"> • Equality and Diversity policy; • Dignity in the College – Anti-bullying and harassment policy; • Fitness to Study Staff Guidelines (for at risk students); • Safeguarding policy – protecting children, young people, adults, and staff; • Staff disciplinary procedure; • Stress management policy; • Student engagement strategy; • Student pregnancy, paternity and adoption procedure; • Whistleblowing policy; • Student charter; • Social media policy; • Protecting vulnerable groups scheme policy; • Lone working policy; • ICT Acceptable Use Policy; • Student Guidance policy; and • Complaints handling procedure.

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (Continued)

Requirement of Section 149 of the Equality Act 2010	Findings
<p>The College must have due regard to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, including the need to:</p> <ul style="list-style-type: none"> • remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; • take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and • encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. 	<p>There are a range of policies and procedures in place that advance equality as required by the Act. This includes the applications process, support provided by Student Services, the College’s Access and Inclusion Strategy, and a fair academic assessment process. The Equality Outcomes Report 2017-2021 sets out what is in place and what is planned regarding this requirement.</p> <p>The College’s Equality Diversity and Inclusion Team (EDIT) discusses steps to meet the needs of persons who share a relevant protected characteristic and continue to mainstream equality. A representative from the Students’ Association sits on this group.</p> <p>The College has an Equalities and Diversity Advisor post. The previous post holder retired in July 2017 and a support staff member was seconded into this role for a period, however they moved back to their substantive post in January 2018. A recruitment process has since taken place and a person has been appointed to the post and is due to take this up in June 2018.</p> <p>We have included a recommendation (R4) at the end of this section, regarding comparing participation of those with protected characteristics against an appropriate benchmark group.</p>
<p>Taking into account the needs of disabled persons that are different from the needs of persons who are not disabled.</p>	<p>EDIT considers changes to improve the physical infrastructure of the College to assist disabled students’ mobility. The Student Support Team provides support for disabled students.</p>

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (Continued)

Requirement of The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended	Findings
<p>Duty to report progress on mainstreaming the general equality duty Mainstreaming the general equality duty refers to the process of making the general equality duty an integral part of all of an organisation’s relevant functions and practices by all staff at all levels, embedding it across policies, procedures and corporate systems and reflecting it in business planning and reporting cycles.</p> <p>The College must publish a report on the progress it has made to ensure that its duty to have due regard to the needs mentioned in the general equality duty is integral to the exercise of its functions so as to better perform the duty.</p>	<p>The College published its 2013-17 Progress in Achieving Equality Outcomes Report in April 2017.</p>
<p>Duty to publish equality outcomes and report progress The College must prepare and publish a set of equality outcomes at four yearly intervals beginning with the date of publication of the previous set of outcomes.</p> <p>The College must publish a report on progress made to achieve the equality outcomes two years after publishing their outcomes and at intervals of not more than two years from the publication of the previous report</p> <p>In setting its outcomes, the College must:</p> <ul style="list-style-type: none"> • take reasonable steps to involve persons who share a relevant protected characteristic and any person which appears to the College to represent the interests of those persons, and • consider relevant evidence relating to persons who share a relevant protected characteristic. 	<p>The College published in April 2013 its 2013-17 Equality Report and Mainstreaming Plan and, in April 2017, published its Equality Outcomes 2017-2021 report.</p> <p>The College published progress reports in 2015 and 2017 as required.</p> <p>The Equality Outcomes 2017-2021 report states that the College has, in developing its outcomes, taken reasonable steps to involve people who share relevant protected characteristics, or who represent the interest of those people and has considered relevant evidence relating to people who share a relevant protected characteristic.</p> <p>The Equality Outcomes 2017-2021 report includes a range of relevant evidence.</p>

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (Continued)

Requirement of The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended	Findings
<p>Duty to assess and review policies and practices To the extent necessary to fulfil its general equality duty, the College must assess the impact of applying any proposed new or revised policy or practice against the needs mentioned in the general equality duty.</p> <p>The College must also make appropriate arrangements to review and, where necessary, revise all of its policies or practices to ensure that in exercising its functions it complies with the general equality duty.</p> <p>In assessing impact, the College must consider relevant evidence relating to persons who share a relevant protected characteristic, including any such evidence received from those persons.</p> <p>The College is required to take into account the results of any assessment of impact of a proposed new or revised policy or practice in the development of that policy or practice. Where the College assesses the impact of a new or revised policy or practice and then decides to apply the policy or practice, it must publish the results of the assessment within a reasonable period.</p>	<p>The Quality department has a process in place to review policies in line with their review dates and have these approved by the relevant management or Board groups. If there are significant changes, such as changes in legislation, it is up to the individual policy or practice manager to identify this, update the policies or practice, and have these reapproved. As part of the Quality approval process there is an Equalities Impact Assessment (EIA) process that needs to be followed, and the findings from this should be included in the final policy or practice.</p> <p>From discussion with those interviewed it was noted that this process had stopped being applied in the absence of an Equality and Diversity Advisor in post. In addition, it was noted that:</p> <ul style="list-style-type: none"> • The EIA form does not have space for evidence. The Head of Human Resources and Organisational Development advised that she is revising this form and, as action is already being taken, no recommendation has been raised regarding this; and • Although there are some EIAs on the College website, there has not been a recent check to ensure that the listing on the website is complete, and the Head of Human Resources and Organisational Development was not certain that all EIAs had been completed. There are a significant number held in hard copy that need to be cross-referenced against the policy list. <p>A recommendation (R8) has been raised about this at the end of this section.</p>

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (Continued)

Requirement of The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended	Findings
<p>Duty to gather and use employee information The College must take steps to gather information on:</p> <ul style="list-style-type: none"> • the composition of the College’s employees, and • the recruitment, development and retention of persons as employees, • with respect to the number and relevant protected characteristics of such persons. <p>The College must also take steps to gather information in relation to recruitment, development and retention of staff with respect to protected characteristics.</p> <p>The College is required to use the employee information it gathers to better perform the general equality duty.</p>	<p>The College publishes an annual report on employees, the last being the 2016-17 Annual Employee Information Report which gives the:</p> <ul style="list-style-type: none"> • Composition of College staff broken down by protected characteristics as at January 2017 and January 2016; • Staff recruitment broken down by protected characteristics as at January 2017 and January 2016; • Staff development broken down by protected characteristics as at January 2017 and January 2016; and • Staff retention broken down by protected characteristics as at January 2017 and January 2016 <p>This includes an action plan which analyses the data and aims to respond to findings from the information.</p>

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended

Requirement of The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended	Findings
<p>Duty to use member information The College must use the information on members relevant protected characteristics to better perform the general equality duty.</p> <p>The College must use its mainstreaming report to publish the number of men and women who have been members of the College during the period covered by the report.</p>	<p>The College's Equality Mainstreaming Report 2017 gives a table showing the improvement over time in the gender balance of the College Board. It notes that the College does not currently collect protected characteristics of Board members and advises that the Scottish Government, as a result of engagement with organisations, is currently considering how best to implement regulation 6A, specifically the collection of diversity data. It also sets out that going forward the gender balance of the College Board will be an action in the College's Gender Action Plan and the objectives set will adhere to the Scottish Government's Gender Representation on Public Boards (Scotland) Bill once enacted (the Bill was passed by the Scottish Parliament on 30 January 2018 and received Royal Assent on 9 March 2018).</p>
<p>Duty to publish gender pay gap information The College must publish gender pay gap information every two years, or more frequently.</p> <p>This should be produced as one set of comparative figures for the whole workforce. All staff, including part-time and temporary employees, should be included.</p>	<p>The College publishes this information every year, the last time being in the College's Equal Pay Statement published in April 2017 which incorporated:</p> <ul style="list-style-type: none"> • The College's Equal Pay Policy; • Gender Pay Gap Report including occupational segregation; • Disability Pay Gap Report including occupational segregation; • Race Pay Gap Report including occupational segregation; • Equal Pay Action Plan 2015-2017 update; and • Equal Pay Action Plan 2017-2019.

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended

Requirement of The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended	Findings
<p>Duty to publish statements on equal pay The College must publish an equal pay statement every four years.</p> <p>An equal pay statement must specify:</p> <ol style="list-style-type: none"> 1. the College’s policy on equal pay among its employees between: <ol style="list-style-type: none"> a. women and men b. persons who are disabled and persons who are not c. persons who fall into a minority racial group and persons who do not, and 2. occupational segregation within its workforce, being the concentration of: <ol style="list-style-type: none"> a. women and men b. persons who are disabled and persons who are not, and c. persons who fall into a minority racial group and persons who do not, in particular grades and in particular occupations. <p>As part of the equal pay statement the College is required to include its policy on equal pay between women and men, persons who are disabled and persons who are not, and persons who belong to a minority racial group and persons who do not.</p>	<p>The College’s Equal Pay Statement was last published in April 2017 and includes the Equal Pay Policy. This states ‘Key Principles - We believe that in eliminating gender, race or disability bias in our pay systems we are sending a positive message to our staff and customers. It makes good business sense to have a fair, transparent reward system and it helps us to control costs. We recognise that avoiding unfair discrimination will improve morale and enhance efficiency’.</p> <p>Occupational segregation reports are included in the College’s Equal Pay Statement which show:</p> <ul style="list-style-type: none"> • Gender Pay Gap by Grade at January 2017; • Gender Breakdown by Number by Grade Scale Points at January 2017; • Disabled Staff in Each Pay Grade at January 2017; and • Minority Ethnic Staff in Each Pay Grade at January 2017

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended

Requirement of The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended	Findings
<p>Duty to consider award criteria and conditions in relation to public procurement</p> <p>The College must have due regard to whether the award criteria should include considerations to enable it to better perform the general equality duty. The College is not subject to any requirement in relation to a relevant agreement if that requirement would not be related to and not proportionate to the subject matter of that agreement. If the needs mentioned in the general equality duty are therefore not relevant to the subject matter of the contract in question and if it is not proportionate to consider them given the subject matter of the contract then the College will not be subject to any duty under Regulation 9 (relating to procurement).</p>	<p>The College’s Procurement policy states: ‘To Promote Equality, Diversity and Sustainability – The College has a statutory duty to outlaw disability, race and gender discrimination in all of its functions. We will ensure that the purchase of goods, services and facilities is undertaken in line with our equality and diversity commitments. We will not use suppliers who do not share our values on equality of opportunity and diversity. The College remains responsible for meeting its obligations under the various statutes even when an external contractor provides one or more of the College’s functions. In all cases the general equality duty requires staff and its contractors to have due regard to the need to:</p> <ul style="list-style-type: none"> • Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Equality Act 2010. • Advance equality of opportunity between people who share a relevant protected characteristic and those who do not. • Foster good relations between people who share a protected characteristic and those who do not.’ <p>It also states ‘If you are involved in the purchase of goods and / or services you must be clear on how to develop an output-based specification for a product. This usually includes:.... Equality / accessibility issues. ‘</p>

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (Continued)

From discussion with those interviewed and review of documentation we noted a number of areas for improvement. These are set out below.

Observation	Risk	Recommendation	Management Response		
<p>Strategy The Equality Outcomes Report 2017-2021 sets out a range of areas of focus for equality activities at the College. However, in order to make significant improvements in equality there is a need to break down individuals' existing misconceptions about the protected characteristics and bring about culture change. We noted such changes were not in the Equality Outcomes Report 2017-2021 and discussed with the Head of Human Resources and Organisational Development whether there would be benefit in having an equality and diversity strategy which would cover such matters.</p>	<p>Although equality activities may be planned there may not be a change in people's misconceptions about those with protected characteristics and the College's underlying culture in this regard.</p>	<p>R1 Develop an equality and diversity strategy. This may be included within existing equalities documents, or as a separate document.</p>	<p>To be actioned by: Stuart Hall and Susan Hunter</p> <p>No later than: 31 October 2018</p>		
			<table border="1"> <tr> <td>Grade</td> <td>3</td> </tr> </table>	Grade	3
Grade	3				
<p>Operational Plan Although the Equality Outcomes Report 2017-2021 sets out a range of planned equality and diversity activities it does not set out how these will be delivered over the four years of the plan.</p>	<p>Without implementation plans for the actions in the Equality Outcomes Report 2017-2021 there is a greater risk that these actions will not be completed successfully.</p>	<p>R2 Develop an equality and diversity operational plan.</p>	<p>To be actioned by: Stuart Hall, Richard Ogston, David Gourley and Susan Hunter</p> <p>No later than: 31 July 2018</p>		
			<table border="1"> <tr> <td>Grade</td> <td>3</td> </tr> </table>	Grade	3
Grade	3				

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (Continued)			
Observation	Risk	Recommendation	Management Response
<p>Faculty and Departmental Operational Plans</p> <p>Mainstreaming equality involves embedding equality and diversity within the College’s Faculties and Departments. We noted however that there was no requirement for Faculties and Departments to have equality and diversity actions in their operational plans. The Gender Action Plan did have sections relating to each Faculty however, from discussion with those interviewed, it was noted that there was no process currently in place to drive forward these actions in the Faculties and Departments.</p>	<p>Faculties and Departments may not be undertaking actions to embed equality within their areas.</p>	<p>R3 Ensure that appropriate equality actions are built into Faculty and Departmental operational plans.</p>	<p>To be actioned by: CMT</p> <p>No later than: 30 September 2018</p>
			<p>Grade</p>
<p>Participation</p> <p>As set out on page 5 of this report, under Section 149 of the Equality Act 2010 there is a requirement to consider participation of those with a protected characteristic where there is disproportionately low involvement of such groups. Although analysis was provided in equalities documents about trends over time in those with protected characteristics we noted that there was no comparison against appropriate benchmark groups, such as those with protected characteristics in the general population (either nationally or regionally) or in the Scottish college sector.</p>	<p>The College may not be doing enough to support those with protected characteristics to participate.</p>	<p>R4 Compare College protected characteristics statistics against a suitable benchmark and from this identify any areas where there is disproportionately low participation by those with protected characteristics.</p>	<p>To be actioned by: Stuart Hall and Aishling Fagan (staff) Deborah Lally and Stuart Hall (students)</p> <p>No later than: 31 July 2018</p>
			<p>Grade</p>

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (Continued)

Observation	Risk	Recommendation	Management Response
<p>Framework of Documents From review of the College’s main equality documents (the 2013-17 Equality Report and Mainstreaming Plan, the 2013-17 Progress in Achieving Equality Outcomes, the Equality Mainstreaming Report 2017 and the Equality Outcomes Report 2017-2021) it was difficult to see how these documents related to each other, and the documents would benefit from clearer use of headings and linkages.</p>	<p>Readers reviewing equalities documents may not be clear on what the College’s equalities plans are, or what has been achieved.</p>	<p>R5 Prepare a summary of the equality documents and how they relate to one another. This should be published on the College website. In addition, ensure that all equalities documents are easy for readers to identify what is planned, what has been achieved, and what the key issues are.</p>	<p>To be actioned by: Stuart Hall</p> <p>No later than: 30 September 2018</p>
			<p>Grade</p>
<p>Equality Diversity and Inclusion Team (EDIT) We noted that the College’s EDIT does not always meet regularly, is not always well attended, and has only one student representative. From discussion with those interviewed it was considered that this group could be more effective.</p>	<p>The EDIT group may not be effectively working to support the Colleges equality goals.</p>	<p>R6 Review the remit of EDIT (including ensuring this makes it clear how it fits into the College’s equality work), its membership, who EDIT reports upwards to and what is reported upwards.</p>	<p>To be actioned by: Susan Hunter</p> <p>No later than: 31 July 2018</p>
			<p>Grade</p>

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (Continued)			
Observation	Risk	Recommendation	Management Response
<p>Equality and Diversity Champions The College has a number of Equality and Diversity Champions however they have only met once, and they are not undertaking an active role in the College's equality activities.</p>	<p>The Equality and Diversity Champions may not be effectively working to support the Colleges equality goals.</p>	<p>R7 Clearly set out the role of the Equality and Diversity Champions, how often they will meet, what they will discuss, and who they will report up to. Ensure the role of the Equality and Diversity Champions is communicated to all staff and students.</p>	<p>To be actioned by: Stuart Hall</p> <p>No later than: 31 August 2018</p>
			<p>Grade</p>
<p>Equalities Impact Assessment (EIA) As set out on page 7 of this report, the College is required have an EIA process. From discussion with those interviewed it was noted that this process had stopped being applied in the absence of an Equality and Diversity Advisor in post. In addition although there are some EIAs on the website, there has not been a recent check to ensure that the listing on the website is complete.</p>	<p>EIAs may not be completed as required.</p>	<p>R8 Review the EIA process to ensure:</p> <ul style="list-style-type: none"> • all policies and practices are identified; • where an EIA has not been undertaken for a policy or procedure, ensure that there is a formal justification for this; • all EIAs are on the College website; • as part of the process for reviewing policies and practices undertaken by the Quality department ensure that this includes the requirement for an EIA or justification for not requiring an EIA to be done; and • all EIAs are kept centrally. 	<p>To be actioned by: Stuart Hall</p> <p>No later than: 31 August 2018</p>
			<p>Grade</p>

Objective 1: The College is complying with its legal duties under Section 149 of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended (Continued)

Observation	Risk	Recommendation	Management Response	
<p>Accuracy of Data There is a large amount of data that must be collected, analysed and interpreted for the required equalities reports. We were advised that a user guide has been developed, which sets out what reports have to be run in order to obtain the required information and this should ensure that there is consistency between years if different people are compiling the figures.</p> <p>We established however that there were no formal checks on the figures calculated to ensure that they were correctly extracted from the source data, and that formulas and calculations were correct..</p>	<p>The equality information prepared may be incorrect, leading to incorrect decisions being made about where to focus the College's equality and diversity activities.</p>	<p>R9 Once the calculations for the College's equalities reports are prepared, have a second person review the calculations for accuracy of compilation, and to ensure that all required data has been included in compliance with statutory definitions.</p>	<p>To be actioned by: Sarah Macfarlane</p> <p>No later than: 30 June 2018</p>	
			<p>Grade</p>	<p>3</p>



Perth College UHI

**Follow-Up Reviews
2017/18**



Internal Audit Report No: 2018/05

Draft Issued: 14 May 2018

Final Issued: 16 May 2018



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Management summary

Introduction and Background

As part of the Internal Audit programme at Perth College UHI ('the College') for 2017/18 we carried out a follow-up review of the recommendations made in the following Internal Audit reports issued during 2016/17:

- Internal Audit Report 2017/04 – Student Recruitment
- Internal Audit Report 2017/06 – Follow-Up Reviews 2016/17

Internal Audit Reports 2017/01 Audit Needs Assessment and Strategic Plan 2016 to 2020, 2017/02 – Annual Plan, 2017/05 – College Nursery, 2017/07 Annual Report and 2017/08 – Capital Projects – Academy for Sport and Wellbeing Post-Project Review did not contain any action plans and therefore no follow-up of these was carried out as part of this review. Internal Audit Report 2017/03 – 2015/16 Student Activity Data has already been followed-up as part of Internal Audit Report 2018/02 – 2016/17 Student Activity Data, issued September 2017.

Objectives of the Audit

The objective of each of our follow-up reviews was 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 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 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

Overall, we found that the College has made good progress in implementing the recommendations followed-up as part of this review. 11 of the 17 recommendations followed-up have been assessed as 'fully implemented'.

Only one recommendation has been assessed as showing 'little or no progress':

- Report 2016/07 – International Activity – Products, Partnerships and Student Recruitment (covered by previous year's Follow-Up Reviews). The College has not conducted a PESTLE analysis of activities in China to ensure that it has a real understanding of the risks associated with the market as it is waiting on development of the University of the Highlands and Islands International Strategy. This has not been progressed and is outwith the College's control.

Perth College UHI – Follow-Up Reviews 2017/18

Overall Conclusion (Continued)

Of the five recommendations that have been assessed as ‘partially implemented’, two relate to Report 2013/07 – Health & Safety (covered by previous year’s Follow-Up Reviews). The Head of Human Resources and Organisational Development, and new Health, Safety and Wellbeing Adviser, have identified that much work remains to be done to populate the centrally held electronic risk assessment register and improve the completion rate for online health and safety training modules, and plans are in place to address this. Status reports will be provided to the Health and Safety Committee.

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

From Original Reports			From Follow-Up Work Performed			
Area	Recommendation Grades	Number Followed-Up	Fully Implemented	Partially Implemented	Little or No Progress Made	Considered but not Implemented
Student Recruitment	1	-	-	-	-	-
	2	-	-	-	-	-
	3	2	2	-	-	-
Total		2	2	-	-	-
Follow-Up Reviews 2016/17	1	-	-	-	-	-
	2	1	1	-	-	-
	3	6	4	1	1	-
	A	1	1	-	-	-
	B	5	3	2	-	-
	C	2	-	2	-	-
Total		15	9	5	1	-
Grand Total		17	11	5	1	-

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

Reports issued from 2015/16

Priority 1	Issue subjecting the College to material risk and which required to be brought to the attention of management and the Audit Committee.
Priority 2	Issue subjecting the College to significant risk and which should have been addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, would have enhanced efficiency and effectiveness.

Reports issued prior to 2015/16

- A Issues which require the consideration of the Board of Management or one of its committees.
- B Significant matters that the members of the SMT can resolve.
- C Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

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 2017/04 – Student Recruitment

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2018
<p>R1 Improve follow-up processes for those applicants that were rejected from their first-choice course. This should include:</p> <ul style="list-style-type: none"> recruitment reports should be altered to show applications rejected (by the College) and applications declined (by the applicant) in separate columns; processes should identify rejected applicants on a timely basis; and focussed resource should be provided to following-up rejected applicants. 	3		Yes	Deborah Lally, Head of Student Records Richard Ogston, Head of Student Services	June 2017	<p>Report now separates rejections and declines.</p> <p>Given the relatively large number of applicants who are rejected from their first-choice course it is not possible for the College to systematically follow-up all of these. Where an applicant receives a rejection letter they are provided with information on who to contact at the College to discuss further options, with the onus on the applicant to follow this up.</p> <p>Fully Implemented</p>

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2018
<p>R2 Consider the frequency and type of 'keep warm' activities and communications that should be undertaken.</p>	3		Yes	Richard Ogston, Head of Student Services Sector Managers	June 2017	<p>This was also identified at a CMT Away Day and a meeting of the Student Recruitment Group was arranged by the Depute Principal to take this forward. There was discussion around who does what, and when, for example what communication is the responsibility of Student Services and what falls within the remit of the Marketing Team.</p> <p>There also needs to be co-ordination between the College and UHI in relation to information sent out to higher education students.</p> <p><i>Fully Implemented</i></p>

Appendix II – Updated Action Plan Internal Audit Report 2017/06 – Follow-Up Reviews 2016/17

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May2018
<i>Internal Audit Report 2013/04 – Budgetary Control</i>						
R1 Procedures should be developed outlining the operational needs and requirements that relate to the preparation of monthly management information.	C	Accepted. Detailed procedural notes will be prepared to provide backup understanding.	IM	31.07.13 Revised Completion Date: 31 March 2017	<p>At April 2015 The Head of Finance advised that procedure notes have not been drawn up and it is planned that these will be drawn up after the proposed new finance system has been implemented.</p> <p>At May 2016 Progress as per April 2015. Awaiting new finance system implementation.</p> <p>At May 2017 Continual delays with the new UHI finance system implementation have resulted in no progress being made with this.</p> <p>(Continued on next page)</p>	<p>Draft procedure notes have been drawn up pending final review.</p> <p>Partially Implemented</p> <p>Revised Completion Date: 31 December 2018</p>

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May2018
<p>R1 (continued)</p>					<p>The College will now prepare procedural notes outlining the current practice in order to action this recommendation without further delay.</p> <p>Little or No Progress Made</p> <p>Revised Completion Date: August 2017</p>	

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<i>Internal Audit Report 2013/06 – IT Network Arrangements</i>						
Appendix I to '2013/06 – IT Network Arrangements' 2012 Consultancy Review Follow-Up Action Plan						
<p>R1 The College should develop its BCP beyond the existing structure to provide the information that the ISP Director can use to develop a subsidiary ICT Disaster Recovery Plan. The information required by the ISP Director will include:</p> <ul style="list-style-type: none"> Whenever an important building or service is affected by a disaster episode, the fall-back plans for the continued provision of business services; Users' priorities, according to the season of the academic year, for the phased recovery of applications and ICT services; The alternative location that will be used to house staff for curriculum and support functions during the disruption following a disaster episode. 	B	<p>Agreed that this needs to be done but it requires the input from all other BCP owners in respect of the estate and working from home etc first.</p> <p>This will also require input from EO as we host some UHI services here. They have tried to convene a business continuity/disaster recovery meeting on a number of occasions but are unable to get people from partnership to attend.</p> <p>We will make a start on the user priorities in the meantime then distribute that element more widely for consultation.</p> <p>Also need to consider the role that shared service will have in this.</p>	SMT / DH	<p>Feb 13</p> <p>Revised Completion Date: 31 December 2016</p>	<p>At April 2013 Due to on-going discussions surrounding UHI shared services the development of the subsidiary ICT Disaster Recovery Plan will require input from UHI Executive Office and UHI Academic Partners. Discussions are on-going at this time.</p> <p>At May 2015 The Network and Systems Team Leader advised that the main data servers are migrated or are in the process of migration so that data will be mirrored between the Webster and Brahan buildings. Tests have been carried out to establish a recovery process should loss of a building occur. It is hoped that this will be done in Summer. There are currently no offsite backups, with this mirroring arrangement considered adequate. There is a draft for recovering servers.</p> <p>(Continued on next page)</p>	<p>Discussions are still ongoing with the University re a unified disaster recovery plan however there is a UHI DRP in place, which is available to Academic Partners.</p> <p>Server recovery documentation is complete.</p> <p>BCP – ICT elements updated at the start of the academic session to reflect changes in infrastructure.</p> <p>New server recovery documentation was complete at a point in time but since this was written further investment in the infrastructure has taken place and this needs to be reflected in the documentation now. This is an ongoing task due to the nature of changing technologies and changes imposed by the University will influence the accuracy at any given time.</p>

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<p>R1 (Continued)</p>					<p>At May 2016 The main Business Continuity Plan has not been developed to the point that it can be used to support the development of an ICT Disaster Recovery Plan.</p> <p>New server recovery documentation is in the process of being completed.</p> <p>At May 2017 Discussions are ongoing with the University re adopting a common IT disaster recovery plan.</p> <p>Server recovery documentation is complete.</p> <p>Partially Implemented</p> <p>Revised Completion Date: 31 December 2017</p>	<p>However, the changes are less likely moving forward now that the new network has been fully implemented.</p> <p>Actions Noted at Audit Committee on 30 November 2016</p> <ol style="list-style-type: none"> 1. Migrate less critical systems to mirrored volumes as time allows. 2. As Part of LAN refresh, there is still some work to be finalised to ensure fully redundant compliance of new HP network installation. This cannot take place during term time. Summer 2017. 3. Move one backup repository to ASW building – this new location has given use the opportunity to further improve resilience. June 2017. 4. Establish a regular test restoration programme to ensure integrity of data backups. June 2017

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<p>R1 (Continued)</p>						<p>Item 3 remains outstanding as the College is unable to relocate the back-up repository due to the unforeseen introduction of equipment (including CCTV monitor and additional UHI server equipment) so this has been deferred until Summer to mitigate disruption and to allow time to reconsider relocation of the monitor.</p> <p>Although there is still some work ongoing we consider that the original recommendation has been addressed.</p> <p>Fully Implemented</p>

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<p>R16 The College should consider relocating the secondary units for the Domain Controllers, core switches and Finance servers to alternative locations across the campus. This could include, for example, moving one of the core switches to the Webster building. However, further investigation is required by the ICT team to determine if this will be feasible as there may be some compatibility issues with cabling connections due to the different ages of each building on the campus and variations in the type of connections already in use. In the Brahan building, older multimode connections are used whereas in the Webster building there are single mode connections. The effect of this may be that it is not currently possible to relocate secondary units to the Webster building unless additional resource is utilised to upgrade the cabling in room 227 to single mode fibre.</p>	B	<p>This is in progress. We have contacted an external agency to scope and detail the specification required. We have this in our budget for this year.</p> <p>Work needs to take place when no students. This limits the time window.</p>	SD	<p>April 2013</p> <p>Revised completion date: 31 October 2016</p>	<p>At April 2013 A review determined that relocating the secondary Domain Controller to the Webster building was not cost effective and so a new third Domain Controller has instead been installed at that site to improve resilience. The secondary core switch is planned to be relocated in the summer of 2013 as part of an upgrade to existing fibre so as to minimise service disruption. The planned upgrade of the Symmetry Finance system will involve moving to a cloud based solution.</p> <p>At May 2015 The Network and Systems Team Leader advised this is mainly complete, with a few ancillary systems planned to be fully virtualised in Summer 2015.</p> <p>(Continued on next page)</p>	<p>The move of the Symmetry Finance System to the cloud is now finalised.</p> <p>Fully Implemented</p>

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<p>R16 (Continued)</p>					<p>At May 2016 All domain controllers are distributed redundantly across buildings while the secondary core switch move has been completed.</p> <p>Some systems cannot be virtualised due to supplier’s requirements (e.g. software license server), or limitations of virtual hardware (e.g. backup server).</p> <p>When the finance system upgrade process and migration to the cloud-based system are completed recommendation will be fully implemented.</p> <p>At May 2017 Finance system migration to cloud is currently the subject of discussion with supplier.</p> <p>Partially Implemented</p> <p>Revised Completion Date: 31 August 2017</p>	

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<i>Internal Audit Report 2013/07 – Health & Safety</i>						
<p>R1 Risk assessments should be reviewed annually by College managers. The H&S Adviser should also perform an annual review of risk assessments in place to ensure that these have been updated.</p>	B	<p>During 12/13, a centralised risk assessment system was established which, by each College area, identified the Duty Holder, Responsible Person, and Risk Assessor for each area, training requirements, number of risk assessments required / in place and annual review date. From this system, it was identified that there were a number of risk assessments that had passed their review date and over the past 2 – 3 months this has been addressed. Almost all risk assessments have now been reviewed and updated, and will now be monitored using the centralised system to ensure on-going annual review and update. All risk assessments will be reviewed and updated by the end of May 2013.</p>	Director of HR & Communications	<p>31 May 2013</p> <p>Revised Completion Date: 31 December 2016</p>	<p>At April 2015 A desktop review of risk assessments was carried out by H&S Officer in early 2015 and this identified that some areas needed new Risk Assessments (RAs) and others needed to be improved to ensure they were robust and not all had been reviewed on an annual basis. General H&S Risk Assessment Guidance and College Management Arrangements have been reviewed and a file has been set up on the College’s network for all risk assessments to be stored. The H&S Officer plans to further review these to ensure all are uploaded and robust.</p> <p>At May 2016 The H&S Officer has carried out a significant amount of work in this area including continuing to review and upload College RAs received from departments onto Perth Net. A new RA form has been implemented and RAs are being converted to the new format as they are reviewed. This is an ongoing process. We noted some RAs on Perth Net that were past their stated review date however the H&S Officer advised that they were still relevant. Some departments have still to provide electronic copies of RAs for upload however the H&S Officer is confident that RAs are all in place and reviewed.</p> <p>(Continued on next page)</p>	<p>The new Health, Safety and Wellbeing Adviser has now met with all areas of the College and has been unable thus far to find evidence of the completion rate reported in 2017.</p> <p>There is very little held electronically and a mix of missing assessments, out-of-date assessments and assessments on the old form.</p> <p>The plan is to work with all areas to look at their paper-based reporting and move this onto the correct electronic forms and have a centrally held register and manage this through reporting of the status to Health and Safety Committee.</p> <p>Partially Implemented</p> <p>Revised Completion Date: 31 October 2018</p>

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<p>R1 (Continued)</p>					<p>The recommendation has been left open until all RAs are uploaded onto Perth Net and the H&S Officer will continue to assist departments to convert RAs into an electronic format using the new form. The aim would be to complete this by the end of the calendar year and departments will be advised of this timescale.</p> <p>The H&S Officer has provided RA training to 65 staff throughout the College to assist them in reviewing and preparing / updating RAs.</p> <p>At May 2017 The Health and Safety Officer has reviewed where the College is at and is satisfied this action is now 95% complete and will be 100% complete by August 2017.</p> <p>The 5% outstanding is a mixture of: risk assessments in place but need a review; and risk assessments where some gaps have been identified.</p> <p>Partially Implemented</p> <p>Revised Completion Date: August 2017</p>	

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<p>Training</p> <p>R3 The College should ensure that all staff with outstanding mandatory H&S training receive this as soon as practical.</p>	B	As noted in the report there was a planned change in on-line training provider which resulted in a number of staff not completing the health & safety module. This is being addressed and outstanding staff have or are in the process of completing the module.	Director of HR & Communications	31 May 2013 Revised Completion Date: 31 August 2015	<p>At April 2015 Since June 2014 an e-Learning module has been brought in to replace training previously run through Blackboard. As the new reports from the e-Learning module do not include training records from Blackboard it is not clear whether all staff have received their mandatory training. It is planned to analyse staff who have not received this training and ensure they receive this.</p> <p>At May 2016 The completion rate for the mandatory on-line training module was not available at the time of finalising this report.</p> <p>At May 2017 Approximately 80% of staff have completed online H&S training. For those still to complete, there are quite a significant number who are new and within their first six months of employment. There are however a number of other staff who have still to complete the updated on-line module.</p> <p>(Continued on next page)</p>	<p>The e-modules completion rate is reducing. The plan is to report on this regularly and work with managers to achieve completion.</p> <p>In addition, additional mandatory training has been identified for specific roles. It is proposed that this is formalised in an action plan and then monitored and reported to Health and Safety Committee.</p> <p>Partially Implemented</p> <p>Revised Completion Date: 31 January 2019</p>

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<p>R3 (Continued)</p>					<p>The Vice Principal, Human Resources and Communications has sent reminders to staff and will do so again however, with the current strike action, this may not be a priority therefore a deadline has been set for 100% completion by August 2017.</p> <p>Partially Implemented</p> <p>Revised Completion Date: August 2017</p>	

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<i>Internal Audit Report 2014/03 – Campus Security</i>						
R1 Implement a campus security policy and documented procedures which are communicated to all staff and students.	B	Policy and procedure should be implemented as there is nothing in place at present. This will help set out our key security objectives and responsibilities.	Head of Estates	July 2014 Revised Completion Date: 30 September 2016, once the Academy of Sport and Wellbeing project has been completed.	<p>At April 2015 Due to high workload by Estates staff on the Academy of Sport and Wellbeing and Halls of Residence Refurbishment this has not been progressed. The Head of Estates advised that there are no indications of security risks increasing, and with the exit to Appin Terrace being permanently closed this has assisted with College security.</p> <p>At May 2016 Campus security policy and procedures have been drafted by the Head of Estates and passed to the SMT for consideration.</p> <p>At May 2017 Campus Security Policy re-drafted and submitted to SMT / CMT in February 2017. Referred to Health & Safety Committee for further consideration. Policy still to be finalised and issued.</p> <p>Partially Implemented</p> <p>Revised Completion Date: 1 September 2017</p>	<p>A Campus Security Policy was implemented in June 2017.</p> <p>Fully Implemented</p>

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<i>Internal Audit Report 2015/05 – Corporate Governance</i>						
<p>R6 Draw up a detailed skills matrix based on the skills, experience and knowledge that is considered necessary for the Board to collectively possess.</p>	<p>A</p>	<p>There is a UHI Board of Management Independent Member Role Description and a Perth College Board member person spec with roles and responsibilities. These could be used as a basis to develop and map a skills matrix.</p>		<p>For consideration during recruitment exercise to be held Jan 2016</p> <p>Revised Completion Date: 31 December 2016</p>	<p>At May 2016 The College has recently completed recruitment of four full members of the Board and co-opted an additional two. Role descriptions and person specifications were created as part of this exercise.</p> <p>An induction programme has commenced, following the Guidance contained in the Guidance Notes for Boards in the College Sector – a Board Development Framework. From this will flow the revised skills matrix and Board of Management development programme.</p> <p>At May 2017 This issue was highlighted in March 2017 as part of the Externally Facilitated Board Effectiveness Review. A recommendation was agreed to address this issue as follows: ‘A Board Member Core Skills Matrix should be developed, which captures the skills and knowledge of individual Board Members, to allow comparison against the core attributes described in Annex B of the Guidance Notes for Boards in the College Sector.</p> <p>(Continued on next page)</p>	<p>A skills matrix has been developed and Board level development activity for 2017/18 mapped against the core skills matrix. Individual Board members will be invited to update their skill set before Board Chair / Member 1:1 meetings at the end of the current academic year and these individual records will prompt discussion about individual member’s training and development needs.</p> <p>Fully Implemented</p>

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<p>R6 (continued)</p>					<p>Development of this matrix should pay particular attention to the needs of Student members who, by the nature of their role, are appointed to the Board for shorter periods. Thereafter this matrix should be reviewed annually as part of the appraisal process to ensure that training needs are identified, recorded and addressed for both new and established Board Members’.</p> <p>The target implementation date for this recommendation is 31 July 2017 with responsibility assigned to the new Clerk to the Board.</p> <p><i>Partially Implemented</i></p> <p>Revised Completion Date: 31 July 2017</p>	

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
R9 Compile records of development activities of Board members in a central Board training register.	C	Agree. To be developed in conjunction with a refreshed Board Induction Agenda and more structured CDP programme for Board members.		Dec 2015 Revised Completion Date: 31 December 2016	<p>At May 2016 There is ongoing development of Board members with CPD evenings and Board development days organised. A record of attendance is also kept.</p> <p>Going forward a more formal framework is to be developed in line with guidance issued by the College Development Network.</p> <p>At May 2017 This issue was highlighted in March 2017 as part of the Externally Facilitated Board Effectiveness Review which stated that 'Board Members expressed the view that the induction provided to newer Board Members had been adversely affected by the restricted time available to the previous Clerk to the Board of Management. This has impacted on the ability of newer Board Members to receive tailored guidance on the way that the College works and how this impacts on the individual committees they sit on'.</p> <p>(Continued on next page)</p>	<p>As noted above, Board member 1:1s will provide the opportunity to identify training and development needs for individual members. This process may also highlight any generic L&D requirements for the Board as a whole.</p> <p>Partially Implemented</p> <p>Revised Completion Date: 31 August 2018</p>

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2018
<p>R9 (continued)</p>					<p>Two separate recommendations were made to address this issue and one of these recommendations relates to the specific point raised in report 2015/05, around the need for a central Board training register, as follows: ‘In future the Clerk to the Board of Management should maintain a record of the formal skills assessment, arising from the one-to-one meetings with the Chair of the Board of Management, to identify any training required, over and above the generic corporate induction, and to tailor training to meet the needs of individual Board Members and the committees they will be aligned to’.</p> <p>The target implementation date for this recommendation is 31 July 2017 with responsibility assigned to the new Clerk to the Board.</p> <p><i>Partially Implemented</i></p> <p>Revised Completion Date: 31 July 2017</p>	

Perth College UHI – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2017	Progress at May 2018
<i>Internal Audit Report 2016/03 – Student Fees and Contracts / Registry</i>							
R1 The Student Records Team should produce a timeline of tasks setting out what tasks should be done on a monthly and annual basis.	3	Agreed although there are sufficient staff with overarching knowledge to ensure that this is not a risk.	Y	Head of Student Records	December 2016	This is started and ongoing to ensure all tasks are picked up and noted throughout the academic year. Partially Implemented Revised Completion Date: August 2017	A calendar of events has been created in the Student Records Team. Fully Implemented
R5 Consider ways to improve the SITS debt management process, including making this more efficient and less time consuming. There should also be regular monitoring by the Head of Student Records to ensure that SITS debtor follow-up is being undertaken in accordance with College requirements.	2	Working group to be set up to review processes and identify potential improvements.	Y	Head of Student Records	31 July 2017	We were advised that this was initially down to a reduction in staff resources at the time of audit. Staffing levels are now adequate and the College can take forward the working group, so this is now work in progress. Not Past Agreed Completion Date	Full staff complement to take this forward – debt management process has been reviewed and actioned accordingly. Fully implemented

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at May2017	Progress at May 2018
<i>Internal Audit Report 2016/05 – Commercial Developments / Research and Development / IPR</i>						
R2 Consider increasing the visibility of training opportunities on the College website and producing a catalogue which specifically highlights to employers and industry the relevant training programmes available at the College.	3		Team Leader Marketing with assistance from Genoa Black	September 2016	<p>An action plan has been developed to review the portfolio of training programmes offered to employers and industry based on market opportunity, demand and those areas where there is a legislative requirement for qualifications. In parallel to this, discussions are going on about strategies for making these training opportunities more visible on the web site.</p> <p>Partially Implemented</p> <p>Revised Completion Date: August 2017</p>	<p>The College has been working on initiatives, including a big push on FWDF.</p> <p>With additional budget, the College carried out a huge drive to schools and employers for foundation apprenticeships including a prospectus.</p> <p>There is now a webpage for some of the College’s commercial courses: https://www.perth.uhi.ac.uk/business-enterprise/certified-training--professional-development/</p> <p>Fully Implemented</p>

Perth College UHI – Follow-Up Reviews 2017/18

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at May2017	Progress at May 2018
<p>R5 Amend the costing and pricing forms to add a section to record which competitors' prices have been reviewed, what these were, the date of review, source of information and justification of prices if these are significantly different from competitors' rates.</p>	3	<p>This may not always be appropriate as overall market forces may be more relevant than competitive pricing. However if a contribution of less than 30 per cent is asked for then justification for this should be given.</p>	<p>Curriculum and Business Engagement Director</p>	<p>August 2016</p>	<p>The College Curriculum and Business Planning Group has requested that the Head of Quality convene a team to review the costing and pricing process within the appraisal cycle.</p> <p>Little or No Progress Made</p> <p>Revised Completion Date: August 2017</p>	<p>The Head of Quality, together with the Head of Finance convened a team to review the costing and pricing process. This work is on hold until the new SMT and CMT is in place.</p> <p>Partially Implemented</p> <p>Revised Completion Date: 30 September 2018</p>

Perth College UHI – Follow-Up Reviews 2017/18

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at May2017	Progress at May 2018
R8 Identify relevant staff involved in business development and research activities and consider the need to provide targeted training which includes managing the risks relating to intellectual property.	3	This should be done in partnership with UHI.	Curriculum and Business Engagement Director	July 2017	Staff have been identified but the training has been delayed due to the death of the UHI Vice-Principal Research and the current industrial action. It is planned that the training will commence in September 2017. Not Past Agreed Completion Date	The UHI as a partnership has developed an Intellectual Property Policy which will form the basis for managing risk with regard to intellectual policy. Fully Implemented

Perth College UHI – Follow-Up Reviews 2017/18

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at May2017	Progress at May 2018
<i>Internal Audit Report 2016/07 – International Activity – Products, Partnerships and Student Recruitment</i>						
<p>R1 Within the international activity reported in the management accounts consider providing an analysis of the income and expenditure for each market, including China, showing performance of actual against budget</p>	<p>3</p>	<p>Separate analysis is already provided for direct income and expenditure against budget on China specific projects. Indirect costs are more difficult to allocate to specific markets and work is ongoing to produce an accurate analysis of all direct and indirect international income and expenditure which incorporates a further analysis of China activity. Following the implementation of a new finance system, currently due in April 2017, we will investigate the possibility of incorporating such analysis within the main management accounts suite of reports.</p>	<p>Lynne Stewart, Management Accountant</p>	<p>July 2017</p>	<p>There continues to be a separate report produced to reflect income and expenditure within each market, including direct costs and an attempt to attribute indirect costs. Implementation of a new finance system has been postponed indefinitely so work will not progress in that area.</p> <p>Not Past Agreed Completion Date</p>	<p>A separate international Activity Report has now been included within the monthly Management Accounts Pack.</p> <p>Fully Implemented</p>

Perth College UHI – Follow-Up Reviews 2017/18

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at May2017	Progress at May 2018
<p>R2 Consider conducting a PESTLE analysis of activities in China to ensure that the College has a real understanding of the risks associated with the market.</p>	3	<p>We have a plethora of information provided by the British Council in China, Universities UK etc. so we are fully aware of the PESTLE factors that will (not may, but will) affect how we do business in the future. It is not the College brand that sells in China, it is the University, thus we must work together to ensure that we are clear what the approach is for the next 5-10 years. We have no issue with this recommendation but it must reflect that ‘the College’ is unable operate in China without the University on a number of levels. Through our very active participation in the development of the University’s International Strategy we can influence the priorities in this regard.</p>	<p>Dawne Hodgkinson, International and Corporate Services Director</p>	<p>April 2017 (dependent on agreement of proposed University Internationalisation Strategy)</p>	<p>No progress has been made on the University strategy.</p> <p>Little or No Progress Made</p> <p>Revised Completion Date: not available – outwith College control</p>	<p>No progress made on the University Strategy.</p> <p>Little or No Progress Made</p> <p>Revised Completion Date: not available – outwith College control</p>

Perth College

Annual Audit Plan Year ending 31 July 2018

Audit Committee – 22 May 2018

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About this report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 31 May 2016 through which the Auditor General for Scotland has appointed us as external auditor of Perth College (the College) for financial years 2016/17 to 2020/21.

This report is for the benefit of the College and is made available to the Auditor General for Scotland and Audit Scotland (together the Recipients). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Diane McGiffen, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Purpose of this report

The Auditor General for Scotland has appointed us as auditor of the College under the Public Finance and Accountability (Scotland) Act 2000 (“the Act”). The period of appointment is 2016-17 to 2020-21 inclusive.

This Annual Audit Plan, prepared for the benefit of Perth College management and the Audit Committee, sets out our proposed audit approach for the audit of the financial year ending 31 July 2018, the second year of our appointment. In preparing this plan, we have updated our understanding of the College through planning discussions with management, review of relevant documentation and committee reports, and our general understanding of the environment in which the College is currently operating. After consideration by the College, the plan is provided to Audit Scotland and published on their website.

Scope and responsibilities

We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in May 2016; International Standards on Auditing (UK); relevant legislation; and other guidance issued by Audit Scotland. The Code sets out the responsibilities on audited bodies, more details of which are provided in Appendix A.

Financial statement audit

We are responsible for conducting an audit of the financial statements of the College. We will provide an opinion on the financial statements as to whether they:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the College and its group’s affairs as at 31 July 2018 and of the Group and College surplus or deficit for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102: The Financial Reporting Standard applicable in the UK and Ireland.
- have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder issued by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

We also review and report on the consistency of the other information prepared and published by the College along with its financial statements.

Wider scope audit

The wider scope audit, as set out in the Code, plays a key role in the public sector audit framework in Scotland. In accordance with Audit Scotland planning guidance, for 2017/18 we have assessed it is appropriate to classify the College as a smaller body for the purposes of our wider scope audit consideration. This will focus our consideration of the College’s arrangements as they relate specifically to the audit dimensions of financial sustainability and governance and transparency.

Notwithstanding our understanding of the general environment in which the College operates, no wider scope audit focus areas for 2017/18 have been identified during our audit planning.

Materiality

Planning materiality £440,000	Materiality has been set at £440,000 (2016/17 - £350,000), which represents approximately 1.9% of the gross expenditure for the year.
Tolerable Error £330,000	Tolerable error has been set at £330,000 (2016/17 - £262,500) , which represents 75% of materiality.
Summary of uncorrected differences £22,000	We will report all uncorrected misstatements relating to the primary financial statements greater than £22,000 (2016/17 - £17,500). Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report, providing an overview of our initial risk assessment and any change in risk profile in the year.

Financial statements audit

Risk / area of focus	Risk identified	Change from PY	Details
Risk of fraud in revenue and expenditure recognition	Fraud risk / Significant risk	No change	In accordance with ISA (UK) 240, we consider the presumed fraud risk in respect of improper income recognition. Due to the nature of SFC funding to the College, we have rebutted the risk of fraud around this specific income stream. We extend our work to consider the recognition of expenditure, in accordance with Practice Note 10, issued by the Financial Reporting Council, as applicable to public sector audit.
Management override	Fraud risk	No change	As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud due to the ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Property, Plant and Equipment	Inherent Risk	No change	Given the value of the College's estate and the fact that a number of assumptions are made in the valuation, we assign a higher inherent risk to property, plant and equipment.
Pension liabilities	Inherent Risk	No change	We have identified an inherent risk in relation to the valuation of the pension liabilities. The College are an admitted body of the Tayside Pension Fund. The net pension liabilities on the balance sheet arising from participation in the scheme at 31 July 2017 were £8.98 million.

Independence

We confirm that we have undertaken client and engagement continuance procedures, included in which is our continuing assessment of our independence to act as your external auditor.

Key contacts

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1. Financial statements and accounting

The annual financial statements enables the College to demonstrate accountability for, and its performance in the use of its resources. They are prepared in accordance with proper accounting practice and applicable law.

Audit opinion

We provide an opinion on the financial statements as to whether they give a true and fair view of the financial position of the College and its group, and whether they have been properly prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended). We also review and report on the consistency of the other information prepared and published by the College along with its financial statements.

We undertake our financial statements audit work in accordance with the four phases of EY's Global Audit Methodology: Planning; Identification and assessment of risk; Design and execution of our response to those risks; and Conclude and communicate.

Audit approach

We determine which accounts, disclosures and relevant assertions could contain risks of material misstatement. Our audit involves:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the College to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Audit Committee reporting appropriately addresses matters communicated by us to the Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.
- Substantive tests of detail of transactions and amounts. For 2017/18 we plan to use a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated. We will consider the design and implementation of key controls through the course of our understanding of financial processes.

Materiality

For the purposes of determining whether the financial statements are free from material error, in accordance with ISA (UK) 320 we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Prior Year expenditure 2017/18 = £23.241million

Planning materiality
£440,000

Planning materiality (PM) - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements. For planning purposes, materiality for 2017/18 has been set at £440,000 (2016/17 - £350,000). This represents approximately 1.9% of the College's prior year gross expenditure.

Tolerable Error
£330,000

Tolerable error (TE) - materiality at an individual account balance, which is set so as to reduce to an acceptably low level that the aggregate of uncorrected and undetected misstatements exceeds PM. We have set it at £330,000 (2016/17 - £262,500) which represents 75% of planning materiality.

Summary of Audit Differences
£22,000

Summary of Audit Differences (SAD) Nominal amount - the amount below which misstatements whether individually or accumulated with other misstatements, would not have a material effect on the financial statements. The Code requires that auditors report at no more than £0.25 million. We have set it at £22,000 (2016/17 - £17,500), which represents 5% of planning materiality.

Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. Factors which we consider include the perspectives and expectations of users of the financial statements as well as our risk assessment as to the likelihood of material misstatements arising in the financial statements.

The amount we consider material at the end of the audit may differ from our initial determination. At the end of the audit we will form, and report to you, our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

We have set out the significant risks (including fraud risks) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Significant risk - risk of fraud in income and expenditure recognition

What is the risk?	Our identified response to the risk
<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>Given the nature of Scottish Funding Council (SFC) funding to the College through The University of the Highlands and Islands (UHI), we rebut the presumed revenue recognition risk for this income stream. However we recognise a revenue recognition risk for tuition income and other material income in respect of possible manipulation of cut-off around the financial year end.</p> <p>We also recognise the same risk around incorrect recognition of non-pay expenditure in line with Practice Note 10.</p>	<p>Our response will include:</p> <ul style="list-style-type: none"> ➤ review and test all relevant income and expenditure policies against the relevant accounting standards and SORP ➤ review, test and discuss with management any accounting estimates on income and expenditure recognition for evidence of bias ➤ develop a testing strategy to test material income and expenditure streams ➤ review and test income and expenditure cut-off around the year end.

Significant risk - risk of management override

What is the risk?	Our identified response to the risk
<p>Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.</p> <p>The risk of management override is pervasive to the audit and impacts the testing of all areas. Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk. This takes account of the fact that management are in a unique position to override controls which otherwise appear to be operating effectively.</p>	<p>Based on the requirements of auditing standards our approach will focus on:</p> <ul style="list-style-type: none"> ➤ identifying fraud risks during the planning stages ➤ inquiry of management about risks of fraud and the controls put in place to address those risks ➤ consideration of the effectiveness of management's controls designed to address the risk of fraud ➤ determining an appropriate strategy to address those identified risks of fraud ➤ focusing our audit procedures on manual journals that could be used by management to manipulate the true and fair position of the College's financial statements.

- Significant risks identified in the audit relate to the risk of fraud in income and expenditure recognition. We also perform general procedures in all audits to respond to the risk of misstatement due to fraud or error caused by management override of controls.
- We will report our findings in these areas to you within our 2017/18 Annual Audit Report.

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

Inherent Risk - Valuation of Property, Plant and Equipment

What is the risk?	Our identified response to the risk
<p>The College's property portfolio totals £36.6m as at 31 July 2017, with the major elements of this being in respect of land and buildings. Land and buildings are revalued to fair value with a full revaluation taking place at least every five years. In accordance with the College's approved policy and the applicable financial reporting framework, an interim valuation is undertaken in year three of the cycle and is due on 31 July 2018.</p> <p>Given the size of this balance and the fact that a number of assumptions are made in the valuation, we assign a higher inherent risk to property, plant and equipment. The College is also anticipating a material capital grant from the SFC to fund backlog capital maintenance identified at the College. This expenditure could have implications for the wider impairment consideration of assets being replaced.</p> <p>We do not, however, at the planning stage not have any specific concerns over management's approach to property valuations.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ➤ analysis of the source data and inquiries as to the procedures used by management's specialist to establish whether the source data is complete ➤ assessment of the reasonableness of the assumptions and methods used, including their compliance with the SORP ➤ consideration of the appropriateness of the timing of when the specialist carried out the work ➤ assessment of whether the substance of the specialist's findings are properly reflected in the financial statements. ➤ Reviewing all material capital expenditure and management's assessment of the capital value of this, and the corresponding impairment or disposal of existing assets.

Inherent Risk - Valuation of Pension Liabilities

What is the risk?	Our identified response to the risk
<p>The College participates in two pension schemes; the Tayside Pension Fund, the Local Government Pension Scheme (LGPS), and the Scottish Teachers Superannuation Scheme (STSS). While both are defined benefit pension schemes, the College is unable to identify its share of the underlying assets and liabilities of the STSS scheme on a consistent and reasonable basis and therefore, the scheme is accounted for as if it were a defined contribution scheme.</p> <p>The Tayside Pension Fund is accounted for as a defined benefit scheme. The net pension liabilities on the balance sheet arising from participation in the scheme at 31 July 2017 were £8.98m.</p>	<p>Our approach will include:</p> <ul style="list-style-type: none"> ➤ obtaining an actuarial report at the year end date for the Tayside Pension Scheme and as recommended in our 16/17 Audit Report we will consider the robustness of the methodology used to form assumptions underpinning such reports ➤ we will utilise our in-house actuaries to assess the reasonableness of the key assumptions used such as discount rate, inflation and expected market return ➤ ensuring compliance with funding agreements ➤ we will perform substantive testing on the verification of the pension assets

➤ The valuation of property, plant and equipment and accounting for net pension deficit are assessed as inherent risks. Management involves specialists in the preparation of these accounting valuations and estimates. We utilise our own specialists, as appropriate, to support the core audit team in the performance of audit procedures on these balances.

We also plan and perform certain general audit procedures on every audit which may not be directly related to financial statement account assertions. Examples of such procedures compliance with applicable laws and regulations, litigation and claims and related parties.

Other audit considerations

Data analytics

We will use our computer-based data analysers to enable us to capture whole populations of your financial data, in particular covering manual journal entries and payroll. These tools:

- Help identify specific exceptions and anomalies to direct more traditional substantive audit tests.
- Give greater likelihood of identifying errors than random sampling techniques.

Use of specialists

When auditing key judgements, such as the valuation of property, plant and equipment, or certain assets and liabilities, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the College's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable.
- Assess the reasonableness of the assumptions and methods used.
- Consider the appropriateness of the timing of when the specialist carried out the work.
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

Management may use their own specialists in the preparation of the financial statements. This year we understand management will use specialists as part of its recurring valuation of the yearend pension scheme liabilities and for the interim valuation of the College estate.

Internal audit

We will review internal audit plans and the results of their work, including the discussion of audit findings at the Audit Committee and management's response to findings.

We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements or our wider responsibilities.

Group audit

The College has a subsidiary company, Air Service Training (Engineering) Limited (AST Ltd), which delivers aeronautical engineering courses for both the aviation industry and individual students. We have been appointed as auditor to AST Ltd. We will report on the findings of our audit as part of our year-end audit reporting.

The Financial Reporting Council (FRS) issued Amendments to FRS 102 in December 2017 following a triennial review of the standard. The principal effective date for these amendments is accounting periods beginning on or after 1 January 2019, however, included in the amendments is a change in the accounting for gift aid payments from subsidiaries to parent charities, which was the subject of Financial Reporting Exposure Draft 68. This amendment can be adopted early without having to early adopt all of the amendments. There are potential consequences for the treatment of a gift aid payment between AST and the College which we will discuss with management in advance of the year end.

2. Wider scope audit risks



**Board of Management
Audit Committee**

Evaluating the External Auditors: Questions to Consider

The Audit Committee has the responsibility of evaluating the External Auditors. In discharging these responsibilities, the Audit Committee should answer a series of questions about its relationship with the External Auditors and should also ask college senior management for their comments. In considering information gathered through the process of evaluating the External Auditors, it is important that the Audit Committee gives consideration to the source of the information and the different perspectives and motivations of those having input in to the deliberations.

External Auditors for 2017/18 Audit

Review of EY

Key:
 SA: Strongly Agree
 A: Agree
 D: Disagree
 SD: Strongly disagree
 NA: Not Applicable

External Audit Evaluation

Questions for Audit Committee

No	Statement	SA	A	D	SD	NA
1. The Auditor's interaction with the Audit Committee						
1.1	Senior external staff made their accessibility and availability known to the audit committee.					
1.2	Senior external audit staff attended the committee regularly, or attended when requested to do so.					
1.3	The auditors presented their audit plan to the committee and responded appropriately to any questions that were raised.					
1.4	The auditors presented external audit reports to the committee and responded appropriately to any questions that were raised.					
1.5	External audit reports were of a high standard (eg clear, well written and aimed at achieving action).					
1.6	The external auditors' oral presentations were of a high standard.					
1.7	The external auditors' reports made, or will make, a positive impact on the finances, standards of governance, internal control or service delivery in the body.					
2 Reporting the Audit						
	In relation to the annual audit report for members:					
2.1	• The report was an appropriate length (if you disagree, please say whether it was too long or too short).					
2.2	• The report provided an appropriate summary of the significant matters arising from the audit.					
2.3	• The content was relevant to board members, and not just officers.					
2.4	• Issues were reported clearly.					
2.5	• The report contained a clear action plan with recommendations for improvement.					
2.6	• The report was issued timeously.					
2.7	• The annual audit report had, or will have, a positive impact on the body's finances, standards of governance, internal control, or the delivery of services.					

No	Statement	SA	A	D	SD	NA
3	Overall Views of the Audit					
3.1	Overall, the external auditors provided a high quality service.					
3.2	Overall, the external audit made, or will make, a positive impact on the finances, standard of governance, internal control or service delivery in the body.					

Completed by:

(Audit Committee Chair)

Date:

2. Wider Scope Audit Risks



Together the Accounts Commission and the Auditor General for Scotland agreed the dimensions set out in the Code which comprise the wider scope audit for public sector in Scotland. We will audit the College under the smaller body provisions of the Code and consider financial sustainability and appropriateness of governance disclosures in the financial statements.

Application of Wider Scope

The wider scope audit, as set out in the Code, plays a key role in the public sector audit framework in Scotland. No wider scope audit focus areas for 2017/18 have been identified during our audit planning.

In accordance with Audit Scotland planning guidance, for 2017/18 we have assessed it is appropriate to classify the College as a smaller body for the purposes of our wider scope audit consideration. This will focus our consideration of the College's arrangements as they relate specifically to the audit dimensions of financial sustainability and governance and transparency. The judgement of applying the small body clause is revised annually to reflect that the risks to wider scope dimensions may change.

This change will allow our planned audit work to be proportionate to the nature and size of the College. Under the smaller body provision we will consider the financial sustainability of the College and the arrangements it has to maintain a financially sound position over the medium to longer term, as well the appropriateness of the disclosures in the governance statement.

We undertake certain audit procedures which impact on the wider scope audit dimensions, both separately and as a consequence of our core financial statements audit work. We will report our findings on completion of our audit.

Basis for risk assessment

The Code sets out an expectation that 'significant' risks identified through our planning process that relate to the wider scope dimensions will be communicated with you.

In undertaking our risk assessment in respect of the wider scope audit areas, we distinguish between the definition of 'significant risks' which apply to the audit of the financial statements, by referring in our report to 'Wider Scope Audit Focus Areas', where these have been identified.

Outcome of risk assessment

We have not identified any wider scope audit focus areas for the year. We do, however, recognise that the financial environment in which the college operates continues to be very challenging, with pressures on core SFC grant funding and traditional sources of other income, and pressures on expenditure, including around national bargaining pay agreements for employees and the costs related to maintaining a fit for purpose estate.

We undertake work in respect of our Wider Scope considerations through evidence available to us through various aspects of our core financial statement work, as well as additional specific procedures. We will report accordingly our findings in respect of the following:

- **Financial sustainability** - our view on the effectiveness of the medium to longer term financial planning arrangements in place at the College, and the risks, assumptions and key sensitivities in relation to financial sustainability facing the College.
- **Appropriateness of disclosures in the governance statement** - our view on how the College's arrangements and disclosures comply with requirements and best practice in respect of good governance. This includes checking that the College's governance statement reflects arrangements in place.

In line with auditing standards, as part of our consideration of the College's governance arrangements this year, we have written to the College Audit Committee to confirm how those charge with governance ensure oversight of management and appropriate governance arrangements are in place, This is not reflective of specific risks identified at the College but rather in line with our process to periodically make formal inquiries beyond standard management meetings and representations. We understand the College Audit Committee will consider our inquiry at the May Audit Committee and respond accordingly.

3. Timing and deliverables; fees

3. Timing and deliverables



We deliver our audit in accordance with the timeline set by the College, in accordance with guidance from Audit Scotland. Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2017/18.

	Audit Activity	Deliverable	Expected Timing
JAN			
FEB			
MAR			
APR	<ul style="list-style-type: none"> ➤ Audit planning and setting scope and strategy for the 2017/18 audit ➤ Planning meeting with management (3 May 2018) ➤ Walkthrough of key systems and processes 	Annual Audit Plan	22 May 2018
MAY			
AUG			
SEPT			
OCT	<ul style="list-style-type: none"> ➤ Year-end substantive audit fieldwork on College unaudited financial statements ➤ Year-end substantive audit on AST Ltd financial statements ➤ Conclude on results of audit procedures 	Issue opinion on College Annual Financial Statements	31 December 2018
NOV		Issue opinion on AST Ltd Financial Statements	
DEC		Issue Annual Audit Report	

3. Fees



The audit fee is determined in line with Audit Scotland's fee setting arrangements, set out in recent communications to all audited bodies in line with their publication on 'Our Approach to setting audit fees' (http://www.audit-scotland.gov.uk/uploads/docs/um/audit_fee_approach.pdf).

Audit fees		
Component of fee:	2017/18	2016/17
<i>Auditor remuneration</i>	£14,930	£14,780
Pooled costs	£960	£920
Contribution to Audit Scotland costs	£830	£840
Other assurance fees	-	£1,500
Total fee	£16,720	£18,040

We have agreed with management to set the auditor remuneration at the expected fee element, being £14,930, with a total audit fee for 2017/18 of £16,720 (2016/17: £18,040). The auditor remuneration element of the fee is for final agreement between College management and the appointed auditor, and can be increased dependent on circumstances in the audited body.

We have agreed separately with AST management the audit fee in relation to the audit of the College subsidiary arrangement.

The non-audit fees in 2016/17 relate to our work over the student support and Educational Maintenance Allowance returns. We have agreed with management that for the 2017/18 audit cycle internal audit will perform this assurance work.

Appendices

- A – Code of Audit Practice: responsibilities**
- B – Required communications with the audit committee**
- C – Auditor independence**

The Code of Audit Practice (the Code) summarises the responsibilities on all audited bodies falling within the public sector audit framework. We summarise these on this page.

Responsibilities of audited bodies	
Corporate governance	<p>Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.</p>
Financial statements and related reports	<p>Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:</p> <ul style="list-style-type: none"> ▶ preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation. ▶ maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support their financial statements and related reports disclosures. ▶ ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority. ▶ maintaining proper accounting records. ▶ preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body. <p>Management, with the oversight of those charged with governance, should communicate clearly and concisely relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework.</p> <p>Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.</p>
Standards of conduct / prevention and detection of fraud and error	<p>Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.</p>
Financial position	<p>Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> ▶ such financial monitoring and reporting arrangements as may be specified ▶ compliance with any statutory financial requirements and achievement of financial targets ▶ balances and reserves, including strategies about levels and their future use ▶ how they plan to deal with uncertainty in the medium and longer term ▶ the impact of planned future policies and foreseeable developments on their financial position.
Best Value	<p>The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure best value.</p>

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard. 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

Relationships, services and related threats and safeguards

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We are not aware of any relationships between Ernst & Young LLP and the College that may reasonably be thought to bear on our independence as of the date of this letter.

As part of our considerations for any non-audit engagement, we review potential threats in respect of self-interest, self-review, acting as management and advocacy. There are no non-audit services provided to the College at this time.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate any potential threats identified and we therefore confirm that EY is independent and the objectivity and independence of Stephen Reid, your audit engagement partner and the audit engagement team have not been compromised.

Required communication	Our reporting to you
<p>Terms of engagement / Our responsibilities</p> <p>Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.</p> <p>Our responsibilities are as set out in our engagement letter.</p>	<p>Audit Scotland Terms of Appointment letter - audit to be undertaken in accordance with the Code of Audit Practice</p>
<p>Planning and audit approach</p> <p>Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.</p>	<p>Annual Audit Plan</p>
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	<p>Annual Audit Plan</p> <p>Annual Audit Report</p>
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<p>Annual Audit Report</p>
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	<p>Annual Audit Report</p>
<p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	<p>Annual Audit Report</p>
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	<p>Annual Audit Report (to be issued on completion of audit work) or as occurring, if material.</p>

Required communication	Reference
<p>Related parties</p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	<p>No such matters have been identified.</p> <p>Annual Audit Report (to be issued on completion of audit work) or as occurring, if material.</p>
<p>Group audits</p> <ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components, and of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	<p>Annual Audit Report</p>
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Annual Audit Plan</p> <p>Annual Audit Report</p>
<p>Internal controls</p> <p>Significant deficiencies in internal controls identified during the audit</p>	<p>Annual Audit Report (to be issued on completion of audit work) or as occurring, if material.</p>
<p>Representations</p> <p>Written representations we are requesting from management and/or those charged with governance</p>	<p>Annual Audit Report (to be issued on completion of audit work) or as occurring, if material.</p>
<p>Material inconsistencies</p> <p>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</p>	<p>Annual Audit Report (to be issued on completion of audit work) or as occurring, if material.</p>

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Paper for Consideration

Subject: Audit Committee Response to EY letter
Author: Audit Committee Chair and Board Secretary
Date of paper: 10 May 2018
Date of meeting: 22 May 2018

Action requested of committee:

(Tick as appropriate) For information only:
For discussion: ✓
For recommendation/approval: ✓

Cost implications:

(Tick as appropriate) Yes: ✓ No:

Executive Summary:

EY the College's External Auditors have written to the Audit Committee, in line with normal auditing standards, to request information around governance arrangements and management oversight in the College. The letter from EY is attached together with a follow up email from which sets out their requirements. A table has been prepared which lists all of the questions together with a proposed draft response on behalf of the Audit Committee.

The Committee is invited to note the proposed responses and provide comments so the response can be finalised on behalf of Audit Committee for EY.

Information recorded in College minutes and papers is subject to release under the Freedom of Information (Scotland) Act 2002 (FOI(S)A). Certain exemptions apply: financial information relating to procurement items still under tender, legal advice from College lawyers, items related to national security.

Status of Papers Open Closed

An **open** item is one over which there would be no issues for the College in releasing the information to the public in response to a freedom of information request.

A **closed** item is one that contains information that could be withheld from release to the public because an exemption under the Freedom of Information (Scotland) Act 2002 applies.

The College may also be asked for information contained in minutes and papers about living individuals, under the terms of the Data Protection Act 1988.

Do the papers contain items which may be contentious under the terms of the Data Protection Act 1988? Yes No



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Members of the Audit Committee
Perth College UHI
Crieff Rd
Perth
PH1 2NX

06 April 2018

Ref: SR/KM/RJ

Direct line: 0131 777 2839

Email: SReid2@uk.ey.com

Perth College

Dear Sirs,

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

1) How does the Audit Committee, as 'those charged with governance' at Perth College ("the College"), exercise oversight of management's processes in relation to:

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

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

3) Is the Audit Committee aware of any:

- breaches of, or deficiencies in, internal control; and
- actual, suspected or alleged frauds during 2017/18?

4) Is the Audit Committee aware any organisational or management pressure to meet financial or operating targets?

5) How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2017/18?

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

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

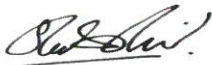
8) How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with the Scottish Funding Council's ("SFC") Accounts Direction and Financial Memorandum?

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

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

Thank you for your assistance. Please respond to the inquiries above (or if you have any queries in respect of this letter) by emailing Rob Jones at rjones9@uk.ey.com.

Yours faithfully



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

Maureen Masson

From: Rob Jones <rjones9@uk.ey.com>
Sent: 19 April 2018 07:54
To: Jackie Mackenzie
Cc: Keith Macpherson; Kate Morgan; Maureen Masson
Subject: Audit letter to Audit Committee
Attachments: Perth College Inquiries to TCWG.pdf

Jackie,

Hope you're well. We just wanted to make you aware that we have written to the Audit Committee (see attached letter) requesting information around governance arrangements and management oversight, in line with auditing standards. Firstly apologies, we were intending to send out the letter after we'd had the upcoming planning meeting to explain the context and we will include commentary on this in our annual audit plan to the Committee, so this has been sent early due to an internal miscommunication. Just to reassure you this is not reflective of any perceived or suspected issues with the governance arrangements, it's just something auditors do periodically (we didn't do last year so don't do every year) to have formal responses on record per auditing standards, and of course address any issues if identified.

I've cc'd in Maureen, if you'd be able to let the Committee know the position on receipt of the letter that would be appreciated, just so there isn't unnecessary concern. Jackie we're happy to provide more context in our planning meeting and discuss the best approach to responding in due course, and we can discuss further at the next Audit Committee of course.

Any questions please let me know.

Thanks,
Rob.

Rob Jones | Senior Manager | Government & Public Sector Audit | Scotland

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Questions for Audit Committee from EY

Question	College Response
<p>1. How does the Audit Committee, as 'those charged with governance' at Perth College ("the College"), 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); 	<p>As an assigned College the Board is accountable to the University of the Highlands as the Regional Strategic Body. As set out in College's Governance Manual, the Board is collectively responsible to students and stakeholders for the proper management of all aspects of College business including the operation of sound risk management and internal control systems, and the remits for the Committees of the Board. The Audit Committee has responsibility delegated by the Board to review relevant processes and procedures regularly.</p> <p>The Finance and General Purposes Committee (F&GPC) receives and scrutinises the College's management accounts quarterly. Any issues of concern would immediately be escalated to the Audit Committee and Board. In addition, a joint annual meeting is held with the F&GPC and the College's Internal and External Auditors to review the annual accounts and issues of concern would be raised at that meeting.</p>
<ul style="list-style-type: none"> • identifying and responding to risks of fraud in the College, including any specific risks of fraud which management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; 	<p>The College has an Anti-Bribery Policy which sets out the obligations, procedures and legal context for staff and those working in the College to prevent bribery. In addition, the Fraud Prevention Policy seeks to avoid fraud and establish procedures to deal with any suspected cases of fraud. The Board, through the Audit Committee owns these policies and reviews them periodically to ensure they continue to be fit-for-purpose. Any area of high risk would be identified and recorded in the Risk Register which is reviewed quarterly by the Audit Committee.</p>

<ul style="list-style-type: none"> communicating to employees its view on business practice and ethical behaviour, for example by updating, communicating and monitoring against the College's code of conduct; 	<p>Audit Committee reports to the Board after each meeting and relevant issues on business/ethics would be raised and, if necessary, communicated as appropriate or delegated to the Principal to raise with staff via other means.</p>
<ul style="list-style-type: none"> encouraging employees to report their concerns about fraud; and 	<p>The Fraud Policy sets out the approach and procedures to dealing any alleged fraud. A response plan sets out what will happen when fraud is reported and the process for investigating it.</p>
<ul style="list-style-type: none"> communicating to you the processes for identifying and responding to fraud or error? 	<p>As above in terms of process for reporting fraud. The response plan also makes it clear that any lessons learned would be disseminated as appropriate.</p>
<p>2. How does the Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?</p>	<p>The Board through the Audit Committee has responsibility for College policies and these are reviewed periodically. Relevant draft policies come to Audit Committee who then review and suggest changes and ultimately make a recommendation to the Board about their endorsement.</p> <p>In terms of procurement risk and possible fraud in that regard, the Audit Committee receives an annual report on procurement activity in the College. This provides an opportunity for the Audit Committee to engage with the Executive Management Team on the College approach to procurement. Thus the Audit Committee can be assured that proper procedures are in place for managing procurement business through the established College processes and APUC.</p>
<p>3. Is the Audit Committee aware of any:</p> <ul style="list-style-type: none"> breaches of, or deficiencies in, internal control; and actual, suspected or alleged frauds during 2017/18? 	<p>No</p> <p>No</p>

<p>4. Is the Audit Committee aware of any organisational or management pressure to meet financial or operating targets?</p>	<p>No, other than the challenging funding environment which is monitored by the Executive Management Team and reported quarterly F&GPC. Any issues of concern would be highlighted by F&GPC to Audit Committee. Board meetings provide an opportunity for the Chairs of Audit Committee and F&GPC to discuss any areas of concern with the Board and the Executive Management Team.</p>
<p>5. How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with?</p> <p>Are you aware of any instances of non-compliance during 2017/18?</p>	<p>The Principal signs an annual statement of compliance for the Regional Strategic Body to confirm that the College has complied with the terms of the Financial Memorandum, following review through established management processes.</p> <p>In addition, the College's Governance Manual sets out the responsibilities of the Board and Audit Committee to ensure compliance and an annual report is discussed at the 2nd quarter meeting for the year past. This provides a mechanism for the Audit Committee to review compliance and assurance against relevant laws and regulations. At that meeting the Audit Committee also meets with the internal and external auditors separately from the Executive Management Team and that provides a forum to raise any issues of concern.</p> <p>No</p>
<p>6. Is the Audit Committee aware of any actual or potential litigation or claims that would affect the financial statements?</p>	<p>No</p>
<p>7. How does the Audit Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?</p>	<p>The Audit Committee approves the approach to monitoring and managing the College's accounts and approves the basis of final projections. Any issues would be identified and resolved following established management processes.</p>

<p>8. How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with the Scottish Funding Council's ("SFC") Accounts Direction and Financial Memorandum?</p>	<p>The Principal signs an annual statement of compliance for the Regional Strategic Body to confirm that the College has complied with the terms of the Financial Memorandum following review through established management processes.</p> <p>In addition, the College's Governance Manual sets out the responsibilities of the Board and Audit Committee to ensure compliance and an annual report is discussed at the 2nd quarter meeting for the year past. This provides a mechanism for the Audit Committee to review compliance and assurance against relevant laws and regulations. At that meeting the Audit Committee also meets with the internal and external auditors separately from the Executive Management Team and that provides a forum to raise any issues of concern.</p>
<p>9. How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with its requirements as an independent charity as set out by OSCR?</p>	<p>Through the College's Governance Manual and regular review of key elements.</p>
<p>10. How does the Audit Committee satisfy itself that the College has arrangements to monitor and maintain the regularity of income and expenditure?</p>	<p>Audit Committee receives quarterly risk register updates and mitigating actions. This would flag any concerns that the Executive Team had in relation to the regularity of income and expenditure. In addition, F&GPC receives and scrutinises the College's management accounts quarterly. Any issues of concern would be reported to the Audit Committee and on to the Board.</p>

**DRAFT MINUTE
JOINT MEETING OF CHAIRS OF ACADEMIC PARTNER AUDIT COMMITTEES AND UHI
HELD ON THURSDAY 3RD MAY
IN ROOM EO3, EXECUTIVE OFFICE
AT 13:30 HRS**

PRESENT:	Willie Printie (Chair) – Chair of UHI Audit Committee Jessie McLeman – Chair of Moray College UHI Audit Committee Robbie Rowan Tree – Chair of North Highland College UHI Audit Committee Brian Crichton – Chair of Perth College UHI Audit Committee VC Hazel Allen – Chair of Inverness College UHI Audit Committee (difficulties by VC then Phone) Jane MacIver – Chair of Lews Castle College UHI Audit Committee Bill Ross – Principal of Orkney College UHI VC
APOLOGIES:	Hilary Stubbs – Chair West Highland College UHI Paul Brennan – Chair SAMS Audit Committee Blair Gardner – Highland Theological College Fiona Larg – Chief Operating Officer & Secretary
IN ATTENDANCE:	Jason Thurlbeck - UHI Head of Internal Audit (HIA) Roger Sendall – UHI Head of Governance & Records Management (HGRM)

ITEM	ACTION
<p>1 WELCOME AND APOLOGIES</p> <p>The Chair thanked members for their attendance. The above apologies were noted.</p> <p>DECLARATIONS OF INTEREST</p> <p>None.</p> <p>REVIEW OF DELEGATED DECISIONS</p> <p>None.</p>	
<p>2 MINUTES</p> <p>2.1 Minute of Meeting of 15th November 2017 (paper 1): The minute was approved subject to minor amendment.</p> <p>2.2 Matters Arising (paper 2): The meeting considered the matters arising paper. The following points were noted:</p> <ul style="list-style-type: none"> - Item 1 – The group noted the value of regular two way communication in relation to internal audit activities and sharing of best practice information. - Item 2 – The group was pleased to note that the SFC had agreed in principle to the University submitting a regional audit certificate for activities including Student Support Funds, Education Maintenance Allowance and FE Credits. It was noted that the University’s Director of Corporate Resources and the Vice Principal for Strategic Harmonisation and Operational Efficiencies had been 	

tasked to liaise with auditors to progress this matter. Academic Partner Audit Chairs requested confirmation in writing from SFC of this change.

DOCR

- Item 3 – Noted that the University's question bank for effectiveness reviews had been made available to all Board Secretaries via SharePoint.
- Item 4 – The group supported the proposal to host two formal induction/briefing sessions for independent members of Court and academic partner boards. It was suggested that consideration be given to making the events CPD accredited sessions.
- Item 5 – The possibility of developing an e-learning module for new audit members was still under consideration. (Subsequent to the meeting details of the College Development Network Governance Hub were circulated. This resource includes specific information for new audit committee members).

3 **Governance Update/Progress towards Integration**

The HGRM reported that the Principal and Vice Chancellor and the Integration Board Project Director had briefed Partnership Council (PC) on recent progress towards integration at a meeting the previous day.

The following points were highlighted:

- The Integration Board (IB) had met in Stornoway on 25th April and had unanimously agreed to commit to work towards implementing integration via the fusion model with the four in scope partners transferring their staff and assets into the University. The SFC had been in attendance at the meeting and had advised that they were fully supportive of the decision to use the fusion model because they considered this was the simplest and most appropriate mechanism for UHI.
- It had been acknowledged that following integration all parts of the university partnership would need to adapt to effectively facilitate new arrangements and the IB was committed to ensuring that the process of integration was wholly inclusive and that the non-integrating partners were not disadvantaged in any way.
- The IB had expressed some concern that the timeline for integration may be overly ambitious and had requested the P&VC to discuss and review the time line with PC colleagues in the context of what needed to be done before an effective stakeholder consultation could take place. The SFC had advised that whilst they considered that a September 2018 target date for consultation was ambitious that it may be appropriate and achievable since not all due diligence needed to be completed before a consultation was started. The PC had noted that the suggested timeline would be challenging, however, they had agreed that it was important to maintain momentum and to aim for initiating consultations in September 2018 with a vesting date of June 2019 but had accepted that it may be necessary to delay consultation and extend the timeline if the academic partner boards involved in the process were not satisfied that sufficient detail or due diligence information was available to facilitate a meaningful consultation by September 2018.
- The IB was currently developing a high level vision statement setting out the primary aims and benefits of integration and this would form the basis of the

narrative for a briefing with the Minister for Higher Education, Further Education and Science on 18th May 2018.

4 **Academic Partner Internal Audit Assurances**

The meeting discussed paper 3 which highlighted inconsistencies with the opinions provided within academic partner annual internal audit reports for 2016/17.

The group agreed that there would be a benefit in adopting a consistent approach to the format and content of future such opinions and reports particularly in relation to assurances for risk management, control and governance and value for money activities.

4.1 **Opportunities to develop best practice.**

The group agreed that there was a need to communicate regularly and to share best practice and guidance whenever possible. This may include developing audit committee members own knowledge in relation to what best practice should look like and routinely reviewing key policies such as the Value for Money policy as well as trusting each other with bad as well as good news stories.

5 **Academic Partner Audit Committee Annual Reports 2016/17**

The group noted paper 4,

6 **Code of Good Governance for Scotland's Colleges**

The group considered paper 5 providing a summary of assigned college compliance with the above code and the requirement to comply or explain compliance against the governance principles. as well as the obligation to ensure the Regional Strategic Body was fully informed and briefed in relation to any issues/concerns with regards to compliance. It was noted that audit committees had a key role in relation to challenging management and monitoring performance in this area.

7 **Effectiveness Reviews**

The group noted paper 6.

8 **Business Continuity Planning – Live Exercise**

The HIA advised that the University had recently conducted a live test of partnership business continuity arrangements. The scenario involved an outbreak of meningitis across a variety of campuses and had provided a useful test of emergency management responses and communication. A number of useful lessons had been identified and these would be highlighted in a report that would be shared with partners in due course.

HIA

9 **Data Protection Officer Appointment – Shared Service**

The group noted paper 7.

10 **Any Other Business**

10.1 Information Security – It was noted that the University was seeking to achieve accreditation in relation the government's cyber essentials initiative.

11 **Date of next meeting**

14th November 2018 (agenda to include risk management)



PERTH COLLEGE UHI

Health & Safety Committee

Note of Meeting held on 3rd May 2018
1pm, Rm 019, Brahan

Members Present:

Susan Hunter (Chair), Head of HR & OD
Charles Shentall, Board of Management
Ian Bow, Health & Safety Adviser
David Gourley, Curriculum & Business Engagement Director
Jen Thompson-Young, SDD – STEM
Mike Haufe, AST
Tony Grant, EIS H&S Rep
Ian Gibb, Sector Manager - Hospitality
Jane Edwards, Unison representative

Apologies:

Charlie Collie, Subject Leader, Social & Vocational Studies
Eleanor Brown, SDD – ALS
Lorenz Cairns, SDD – CCI
Richard Ogston, Head of Student Services
Student VP Welfare & Activities

In Attendance:

Lorna McWilliam, Kitchen Operations Controller

Note Taker:

Niamh Gilmartin, HR Assistant

Summary of Action Items

Ref	Action	Responsibility	Timeline
	Committee Membership – request for interest in joining the committee - SH advised she would arrange this for the next committee meeting.	SH	TBC

AOCB Working Time Regulations - IB to set up working group.	IB	TBC
Accident Reports - Discuss case separately	SH, JE, GV, IB	TBC
Health & Safety Officer – Welcome and Update – SH & IB To issue annual plan for next committee meeting.	IB, SH	Next meeting.
Misuse of Drugs update – RO to provide committee with update at next meeting.	RO	Next meeting.

Minutes

Item	ACTION
<p>1. Welcome and Apologies</p> <p>Susan Hunter (SH) welcomed everyone to the Health and Safety Committee meeting.</p> <p>SH introduced Ian Bow, (IB) as the college's new Health, Safety and Wellbeing Adviser and also welcomed Niamh Gilmartin (NG) to the meeting.</p> <p>Apologies were noted.</p>	
<p>2. Additions to the Agenda for AOB</p> <p>Jane Edwards (JE) advised that she wanted to add working time regulations, stress and the statistics around sickness absence.</p>	
<p>3. Minutes of the Last Meeting</p> <p>The notes of the Health and Safety Committee meeting held on 1 February 2018 were circulated prior to the meeting and were approved as an accurate reflection of the discussions that had taken place.</p>	
<p>4. Matters Arising not included elsewhere on the Agenda / Review of Actions</p> <p style="padding-left: 40px;">a) Committee Membership Update</p> <p>SH explained that at the last meeting gaps filled by representatives from CA and the Health & Safety Union. SH suggested that we call out to people interested.</p> <p>Gilbert Valentine (GV) agreed.</p>	

Item	ACTION
<p>SH advised she would arrange this for the next committee meeting.</p> <p>5. Health & Safety Officer – Welcome and Update</p> <p>IB explained it was his first committee meeting and that he has met all of CMT with the exception of David Gourley. IB explained that he has been working to establish any areas of concern. IB's intention is to have an initial inspection, group analysis to find out what is needed and what can be improved.</p> <p>IB explained he was in the process of establishing the status of risk assessments and of departmental inspections to measure performance, but there was not much stored electronically so this would take some time.</p> <p>IB explained that he can see from the previous minutes that there was an intention to have electronic risk assessments on Perth Net. IB to check his permissions on Perth Net.</p> <p>SH advised they would have a much clearer idea and plan for the next meeting.</p> <p>Action – SH & IB to plan for next committee meeting.</p> <p>6. Health and Safety Risk Management Profile – Update</p> <p style="padding-left: 40px;">a) CCTV Survey</p> <p>GV explained that there is a proposal to mimic the cameras in ASW – 9 cameras with low light so they work well at night time. GV explained that 8 of the cameras are external and 1 camera at the front.</p> <p>Charlie Shentall (CS), asked if that was using the existing footprint.</p> <p>GV explained that there are a dozen footprints being considered.</p> <p>CS asked about the expensive equipment around the back of the college and GC explained that would be covered with the new system and there is tracking on the new cameras.</p> <p>TG asked if this was a proposal and GV confirmed.</p> <p>CS explained that he is nervous about having cameras internally but wants to keep an eye on certain areas.</p> <p>GV explained there was a lot of issues and expense with internal cameras. GV advised that there is no CCTV allowed in toilets, where we have some issues, so it would be a case of regularly checking</p>	

Item	ACTION
<p>the toilets.</p> <p>CS suggested it would be a deterrent.</p> <p>GV agreed and advised that the proposal was a reasonable approach and advised a cost of £30,000.</p> <p>SH thanked GV for the update.</p> <p>Misuse of Drugs update</p> <p>SH advised there was a paper and flowchart that RO was working on. SH explained that RO had agreed at the last meeting to arrange training on spotting the symptoms of drug use in students and there will be an update at the next committee.</p> <p>Action – RO to update at next committee meeting.</p> <p>Head of Estates – Update</p> <p style="padding-left: 40px;">a) Steps from the Brahan car park – Update</p> <p>GV explained that estates have been regularly picking up litter on the stairs.</p> <p style="padding-left: 40px;">b) Taxis and Cars – Update</p> <p>GV explained that he has asked the contracted Taxis to drop off at the Webster Building, GV has had no response back but explained that the drivers are aware of this.</p> <p style="padding-left: 40px;">c) Gate valve/stopcock – Update</p> <p>GV advised this is now resolved, it had been there since the original building and it was reported as soon as possible.</p> <p style="padding-left: 40px;">d) Heating in the Gas Training Area</p> <p>GV explained that the heater was switched off, and put back in operation.</p> <p>SH asked if there was any questions.</p> <p>No questions.</p> <p>Accident Reports</p> <p>GV went through the Accident Reports and the reason that the Mercure Hotel was listed, was that was a student with a part time</p>	<p>SH</p>

Item	ACTION
<p>job, had an accident at work and then came to college and was attended to at Brahan.</p> <p>There was discussion about an epileptic seizure and the requirements for an investigation. SH advised this was more a case management discussion, it was agreed to take this discussion out of the meeting.</p> <p>Action – Discuss separately</p> <p>IG stated that the report is not quite up-to-date as it does not include incidents that happened in his area. IB explained that he received three forms for three individuals after the report was produced.</p> <p>GV stated that the forms should be handed in within 24 hours of the incident and IB explained that this does not always happen. SH suggested that there needs to be promotion around the reporting procedures of accidents and near misses.</p> <p>JTY suggested that the dates are amended on the report to make it more accurate. There was discussion about how IB's accidents missed the deadline and it was discovered the forms are paper based and delivered through internal mail.</p> <p>TG advised that there was an incident on Friday and the form was not handed in until Wednesday because the lecturer wasn't back until Wednesday. CS confirmed this was a breach of the 24 hours. SH thought this was a process issue. SH and IB agreed to look at making this an electronic process.</p> <p>JE explained that there was a conversation previously around the First Aider completing this and there was some resistance. CS suggested that the first aider reacts to the incident then records it.</p> <p>SH confirmed that there was still some work to do on Accident Reporting and the process needs to be looked at.</p> <p>AOCB</p> <p>Working Time Regulations</p> <p>JE explained that the Union had raised this some time ago. There are issues around people taking TOIL. SH explained that there is no central recording for TOIL. JE asked if the college was compliant and SH confirmed that from what the college pays, yes.</p> <p>JE explained that we are not keeping records of TOIL and that we need to bring this into line so that we are compliant.</p> <p>SH suggested that there is a working group that comes together to</p>	

Item	ACTION
<p>discuss this.</p> <p>Action – IB to set up working group.</p> <p>Work Related Stress</p> <p>JE advised that the college is understaffed and this can lead to work related stress. JE explained that staff feel they have to get through the work and suggested looking at flexi-time. DG advised that the college gives staff the option of flexible working patterns.</p> <p>JE explained that she has not seen any staff sickness absence reports and asked if we are seeing an increase in work related stress. SH explained that there is areas where there is an increase and in certain change scenarios there is no way to remove the associated stress.</p> <p>JE asked SH what is currently being done about work related stress. SH explained that she is working with managers and occupational health across the college and undertaking risk assessments in line with the HSE regulations</p> <p>IB advised that each individual is different and has different stressors.</p> <p>SH suggested awareness sessions on stress and looking at the signs before they build up.</p> <p>JTY asked about the change in job title from Health and Safety Officer to Health and Safety Adviser. SH explained that this was to make the role clearer, as there was a previous expectation, in some areas, that one individual was responsible for all health and safety activity, rather than advising staff, managers and the board. SH added that, as such, the job description had not changed.</p> <p>JTY mentioned that the FTE had reduced and asked what had been removed from the description, SH said that training was ad-hoc and not planned, and if that was programmed in a different way, without doing lots of pone to one sessions, the FTE was appropriate. SH provided the example Midas training, which on some weeks 5 separate training sessions were arranged due to individual demand, that was not reviewed holistically.</p> <p>SH asked if there was anything else to be added.</p> <p>The meeting closed 3pm.</p> <p>7. Date and time of next meeting:</p>	

Item		ACTION
	<ul style="list-style-type: none"><li data-bbox="336 219 448 250">• TBC <p data-bbox="284 286 1214 318">All meetings take place on Thursdays, 2.00-4.00pm, in room 019.</p>	

DRAFT

Membership

No fewer than 4 members of the Board of Management.

- Board members not eligible for appointment are the Chair of the Board, the Principal, the Chair of the Finance and General Purposes Committee, the persons elected by the teaching staff and the non teaching staff of the College and the persons appointed by the Perth College Students' Association.
- No member of the Finance and General Purposes Committee shall also be a member of the Audit Committee.
- The Chair of the Board, the Principal and the Chair of the Finance and General Purposes Committee shall be invited to attend meetings.
- The Committee may sit privately without any non-members present for all or part of a meeting if they so decide.
- The College Executive will attend meetings at the invitation of the Committee Chair and provide information for Agenda items

In attendance

Vice Principal, Finance and Estates

Vice Principal, Academic

Vice Principal, Human Resources and Communications

Quorum

The Quorum shall be 3 members.

Frequency of Meetings

The Committee shall meet no less than three times per year.

Objectives

The Audit Committee's main responsibilities include advising the Board on whether:

- There are systems in place to ensure that the College's activities are managed in accordance with legislation and regulations governing the sector.
- A system of governance, internal control and risk management has been established and is being maintained, which provides reasonable assurance of effective and efficient operations and produces reliable financial information.
- There are systems in place to ensure the Committee engages with financial reporting issues

Terms of Reference

Internal Control

1. Reviewing and advising the Board of Management of the internal and the external auditor's assessment of the effectiveness of the college's financial and other internal control systems, including controls specifically to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness; and
2. Reviewing and advising the Board of Management on its compliance with corporate governance requirements and good practice guidance including a strategic overview of risk management.
3. Strategic oversight of Health and Safety, Freedom of Information and Data Protection on behalf of the Board.

Internal Audit

1. Advising the Board of Management on the selection, appointment or reappointment and remuneration, or removal of the internal audit provider.
2. Advising the Board of Management on the terms of reference for the internal audit service.
3. Reviewing the scope, efficiency and effectiveness of the work of internal audit, considering the adequacy of the resourcing of internal audit and advising the Board of Management on these matters.
4. Advising the Board of Management of the Audit Committee's approval of the basis for and the results of the internal audit needs assessment and the strategic and operational planning processes.
5. Approving the criteria for grading recommendations in assignment reports as proposed by the internal auditors.
6. Reviewing the internal auditor's monitoring of management action on the implementation of agreed recommendations reported in internal audit assignment reports and internal audit annual reports.
7. Considering salient issues arising from internal audit assignment reports, progress reports, annual reports and management's response thereto and informing the Board of Management thereof.
8. Informing the Board of Management of the Audit Committee's approval of the internal auditor's annual report.
9. Ensuring establishment of appropriate performance measures and indicators to monitor the effectiveness of the internal audit service.

10. Securing and monitoring appropriate liaison and co-ordination between internal and external audit.
11. Ensuring good communication between the Committee and the internal auditors.
12. Responding appropriately to notification of fraud or other improprieties received from the internal auditors or other persons.
13. Reviewing the Risk Management Register.

External Audit

The appointment of external auditors to the College is directed by Audit Scotland.

1. Considering the college's annual financial statements and the external auditor's report prior to submission to the Board of Management by the Finance Committee. Care should be taken, however, to avoid undertaking work that properly belongs to the Finance and General Purposes Committee. If within its terms of reference, the Committee should consider the external audit opinion, the Statement of Members' Responsibilities and any relevant issue raised in the external auditor's management letter.
2. Reviewing the external auditor's annual Management Letter and monitoring management action on the implementation of the agreed recommendations contained therein.
3. Advising the Board of Management of salient issues arising from the external auditor's management letter and any other external audit reports, and of management's response thereto.
4. Reviewing the statement of corporate governance.
5. Establishing appropriate performance measures and indicators to monitor the effectiveness of the external audit provision.
6. Reviewing the external audit strategy and plan.
7. Holding discussions with external auditors and ensuring their attendance at Audit Committee and Board of Management meetings as required.
8. Considering the objectives and scope of any non-statutory audit work undertaken or to be undertaken, by the external auditor's firm and advising the Board of Management of any potential conflict of interest.
9. Securing appropriate liaison and co-ordination between external and internal audit.

Value for Money

1. Establishing and overseeing a review process for evaluating the effectiveness of the college's arrangements for securing the economical, efficient and effective management of the college's resources and the promotion of best practice and protocols, and reporting to the Board of Management thereon.
2. Advising the Board of Management on potential topics for inclusion in a programme of value for money reviews and providing a view on the party most appropriate to undertake individual assignments considering the required expertise and experience.
3. Advising the Board of Management of action that it may wish to consider in the light of national value for money studies in the further education sector.

Advice to the Board of Management

1. Reviewing the college's compliance with the Code of Audit Practice and advising the Board of Management on this.
2. Producing an annual report for the Board of Management.
3. Advising the Board of Management of significant, relevant reports from the Scottish Funding Council and National Audit Office and successor bodies and, where appropriate, management's response thereto.
4. Reviewing reported cases of impropriety to establish whether they have been appropriately handled.

Version 1 - Approved by BOM 13 December 2013

Version 2 – Approved by Audit Committee and BOM December 2015