

# Audit Committee

## Agenda

**Meeting reference:** Audit 2018-19/04

**Date:** Tuesday 14 May 2019 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.

	<b>Part 1</b>			
	<b>Agenda Items</b>	<b>Author</b>	<b>Led by</b>	<b>Paper</b>
1	Welcome and Apologies			
2	Additions to the Agenda			
3	Declaration of a Conflict of Interest in any Agenda Item			
4	Minutes of the Meeting of the Audit Committee held on 19 February 2019			Paper 1
5	Actions arising from previous minutes			
6	Safeguarding Presentation: Impact of recent legislation		Student Services Manager	
7	Revised Balanced Scorecard	Project & Planning Manager	Principal	Paper 2
8	Risk Management			
*8.1	Strategic Risk Register	Project & Planning Manager	Principal	Paper 3
9	Internal Audit Plan			
*9.1	Internal Audit Progress Report 2018/19 Annual Plan	Henderson Loggie	Henderson Loggie	Paper 4
*9.2	HR and Payroll Systems	Henderson Loggie	Henderson Loggie	<del>Paper 5</del> VERBAL UPDATE

*9.3	International Activity – Products, Partnerships and Student Recruitment	Henderson Loggie	Henderson Loggie	Paper 6
*9.4	Follow Up Reviews	Henderson Loggie	Henderson Loggie	Paper 7
10	Deferred income matter		Head of Finance	Verbal
*11	External Audit			
*11.1	Annual Audit Plan	EY	EY	Paper 8
12	Committee minutes			
12.1	Health and Safety Committee <ul style="list-style-type: none"> <li>Minutes - meeting May 2019</li> </ul>	Committee Secretary		Paper 9
13	Date and time of next meeting: <ul style="list-style-type: none"> <li>To be confirmed</li> </ul>	Secretary		
*14	Review of meeting (to include check against the Terms of Reference to ensure all competent business has been covered)			Paper 10
	<b>Part 2</b>			
15	Evaluation of Internal Audit Service	Secretary	Chair	Paper 11
16	Evaluation of External Audit Service	Secretary	Chair	Paper 12

# Audit Committee

## Minutes

**Meeting reference:** Audit 2018-19/03

**Date and time:** Tuesday 19 February 2019 at 5.30pm

**Location:** Room 019

**Members present:** Jim Crooks, Andrew Comrie, Ann Irvine, Lynn Oswald

**In attendance:** Margaret Cook, Principal  
Lorenz Cairns, Depute Principal (Academic)  
Veronica Lynch, Vice Principal (External)  
Rob Jones, EY  
Stuart Inglis, Henderson Loggie  
Maureen Masson, Board Secretary

**Apologies:** Anna Zvarikova, Stephen Reid, EY, David Archibald, Henderson Loggie,  
Andrea Saunders, Head of Finance

**Chair:** Jim Crooks

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

**Quorum:** 3

Summary of Action Items			
Ref		Responsibility	Time Line
6	<b>Balanced Scorecard</b>  Revise the Balanced Scorecard	Principal/ Project & Planning Manager	For implementation next Academic Year
8	<b>Risk Management Strategic Risk Register including ICT Risk Register Update</b>  Review the scoring of risks 10, 17 and 23	Project & Planning Manager	For next Audit Committee meeting
10	<b>Safeguarding Update</b>  Invite the Student Services Manager to a future meeting of the Audit Committee to provide an update on the impact of recent legislation	Secretary	For next Audit Committee meeting
12	<b>Committee minutes</b>  <b>Health and Safety Committee - Terms of Reference</b>  Review quorum for the Committee and introduce a template for common reporting for areas represented on the Committee	Health, Safety & Wellbeing Adviser	For next H&S meeting

	<p><b>Minutes from meeting on 7 February 2019</b></p> <p>Remind staff who use their own vehicles for College business about the terms of the business insurance.</p>	<p>Head of Finance</p>	<p>Next H&amp;S meeting</p>
--	--	------------------------	-----------------------------

Item	Action
<p><b>1 Welcome and apologies</b></p> <p>The Chair introduced everyone to the meeting.</p>	
<p><b>2 Additions to the Agenda</b></p> <p>There were no additions to the agenda.</p>	
<p><b>3 Declaration of Interest in any Agenda Item</b></p> <p>There were no declarations of a conflict of interest.</p>	
<p><b>4 Minutes of the Meetings of the Audit Committee held on 28 November 2018</b></p> <p>The minutes were accepted as an accurate record subject to the Principal being noted as an 'in attendance' member.</p>	
<p><b>5 Actions arising from the meeting on 28 November 2018</b></p> <p><b>9.5 Presentation</b></p> <p>Action: Check the level of basic training that students receive.</p> <p>Action Update: The Principal reported that the College's Health and Safety Adviser had confirmed that students receive class-based health and safety training. The delivery of this would be verified through audit/assessment processes.</p> <p><b>6.1 H&amp;S reporting</b></p> <p>Action: Report back on the sickness absence figures</p> <p>Action Update: The figures that were prepared for the Engagement Committee would be circulated when they had been checked.</p> <p><b>10.1 Strategic Risk Register</b></p> <p>Action: Draft an estates risk for consideration</p> <p>Action Update: A paper on estates risks was on the agenda for the</p>	

meeting

**Action:** Report back on where high level risks related to the protection of children are recorded and how they are mitigated

**Action Update:** A paper on Safeguarding was on the agenda for the meeting

**Action:** Include the ICT Risk Register on the next Audit Committee meeting agenda

**Action Update:** The ICT Risk Register was on the agenda for the meeting

### **11.2 Revised Internal Audit Annual 2018-19**

**Action:** Consider whether the procurement audit should go ahead and possible timing

**Action Update:** As noted in the Internal Audit Progress Report, the fieldwork for Procurement and Creditors/Purchasing audit was deferred until August 2019 and the report will be presented to the September 2019 Audit Committee meeting.

**Action:** Include a further objective regarding pastoral support provided to students in the international business audit

**Action Update:** This was included in the updated scope.

### **11.3 Internal Audit Report: 2017/18 Student Activity Data**

**Action:** Implement recommendations contained in the report

**Action Update:** The two actions recommended were being taken forward.

### **12 Audit Committee Annual Report to the Board of Management**

**Action:** Forward to the Board for consideration at the December 2018 meeting

**Action Update:** Complete

### **13.1 Health and Safety Committee**

**Action:** Feed back to the Health and Safety Adviser the items the Board would expect to see on the Health and Safety Committee agendas. items

**Action Update:** the items were fed back to the Health and Safety Adviser. These were considered when drawing up the Terms of

Reference for the Committee.

## **6. Balanced Scorecard**

The Committee noted the Sustainability and Health and Safety Balanced Scorecard indicators. The Principal reported that she intended to revise the Balanced Scorecard for implementation at the start of the next Academic Year so it was strategic in focus with meaningful and measurable indicators. Currently, the document is not widely seen internally nor is it requested by the SFC or UHI. The Committee noted that the 'breakeven position' was 'red' due to the impact of the technical deficit. Although this was understood by the Committee, it was important that individual measures included contextual information, particularly for wider audiences, and the new Balanced Scorecard would reflect this.

Principal/  
Project  
& Planning  
Manager

## **7 Procurement Strategy and Annual Action Plan**

The Committee noted the paper which set out the review of procurement activity for the year past and the action plan for the 2019 calendar year. The Committee noted that in November 2018, the College decided to outsource procurement to APUC under their shared services scheme, and a new member of staff was currently being recruited to a new post. As a result, there would be much greater procurement and planning support as well as the ability to source suppliers from the APUC Framework. In addition, the College would benefit from market intelligence that APUC held in relation to BREXIT and other areas.

The Board endorsed this approach whilst noting the impact on local suppliers. This was an issue for all public bodies using national frameworks and was something that was being considered by the Perth and Kinross Fairness Commission, which had not yet reported.

## **8 Risk Management**

### **8.1 Strategic Risk Register including ICT Risk Register Update**

The Principal introduced the paper setting out the updated risks for the third quarter, pointing out that there were no significant changes. The ICT Risk Register had been incorporated into the College's Strategic Risk Register. Following discussion, the Committee noted the most significant risk was ICT sustainability and the Brightspace rollout where no parallel run with the existing system was planned. The Committee was keen to hear of the mitigation measures to manage this risk. The Head of Learning and Teaching Enhancement was active in managing the transition working with the UHI Educational Development Unit. Perth College UHI was well placed within the partnership, and a number of issues were being worked through including copyright licensing. The Committee recommended that this might be an area for Internal Audit to review in future.

## 8.2 Estates Risk

The paper had been prepared as a follow up to from the last Audit Committee meeting following discussion about the risks associated with estates funding. The Committee noted the paper and the College outcomes from the SFC sector wide condition survey published in December 2017, the most pressing items and their cost.

The Committee noted the Principal's update about the sector-wide funding environment and the limited resources available for capital spend/new build. The impacted on the College's ability to control and properly manage the estates risk. With this in mind, it was agreed that a review of Risk 23 should be undertaken with a view to potentially changing the residual risk score.

Depute  
Principal  
(Academic)  
and Head of  
Estates

## 8.3 Health and Safety Risk Management Profile

The Committee noted the H&S risk profile which represented the position at October 2018 and the ongoing work to mitigate the amber risks. The graphic used to show this was found to be particularly helpful.

A query was raised in relation to PAT testing equipment owned by students. This was recognised to be an issue but H&S had mitigation measures in place.

### General discussion in relation to all risk registers

The Committee discussed financial risks and management of them particularly in the light of the Chief Operating Officer leaving the College. The Committee noted that the Head of Finance was a qualified accountant and had access to professional support networks. The Committee recommended a review of risk items 10 and 17 to ensure they were still amber and green respectively.

Project &  
Planning  
Manager/  
Health and  
Safety and  
Wellbeing  
Adviser

The Chair asked the Audit Committee whether there were any H&S items to be flagged to the Board. There was none.

## 9 Internal Audit Progress Report 2018/19 Plan

The Committee noted the Internal Audit Progress report and the update provided by the Internal Auditor and revised timings.

## 10 Safeguarding Update

The Depute Principal (Academic) introduced the paper which had been prepared the Student Services Manager. The Committee noted that a pan UHI policy on safeguarding had been drafted, but the Academic Affairs Committee recommended some 'tidying up' up of the policy before its approval. The Board would have an opportunity to see the

policy at its next meeting.

The Committee noted the comprehensive description of the processes around how safeguarding was managed in the College, which it found helpful. The Committee was also keen to hear more about the impact of recent legislation for the College in terms of how it takes account of that and how it takes forward actions and resource implications. The Committee was keen for the Student Services Manager to attend a future meeting of the Committee to cover this.

Secretary

**11 Freedom of Information and Data Protection six monthly report 2018-19**

The Committee noted the report.

**12 Committee minutes**

**Health and Safety Committee - Terms of Reference**

The Terms of Reference were noted. However, a query was raised in relation to the quorum particularly when the Board wanted to drive mandatory attendance at meetings. It was agreed that the quorum should be adjusted to reflect the fact that attendance should be across all areas. In addition, it was suggested that a worthwhile approach would be to ask each area represented to provide a written report, via a standard template, for their areas.

Health,  
Safety &  
Wellbeing  
Adviser

**Minutes from meeting on 7 February 2019**

A Board Member queried whether all staff understood the business insurance requirement when using their own vehicle for College business. A reminder would be sent to all staff.

Head of  
Finance

**13 Date and time of next meeting**

14 May 2019 at 5.30pm

**\*14 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 General Data Protection Act 2018.

Do the papers contain items which may be contentious under the terms of the General Data Protection Act 2018?      **Yes**                       **No**

<b>Committee</b>	Engagement Committee
<b>Subject</b>	A review of the College's Balanced Scorecard
<b>Date of Committee meeting</b>	02 May 2019
<b>Author</b>	Kirsty Campbell, Transitions Project Coordinator
<b>Date paper prepared</b>	24/04/2019
<b>Executive summary of the paper</b>	<p>This proposal outlines how Perth College's Balanced Scorecard could be more effective in highlighting performance and progress against its strategic objectives. The Balanced Scorecard currently measures the KPIs set out by the four cross-cutting sectors in the College's strategic plan <a href="#">Vision 2021: Strategic Plan 2016-21</a>.</p> <p>The proposal will review and offer recommendations on:</p> <ul style="list-style-type: none"> <li>• whether the current KPIs being tracked provide a true reflection of the college's strategic position year on year to allow for meaningful forward strategic planning</li> <li>• consider whether the current design is fit for purpose in layout, content and in providing sufficient strategic context to be a meaningful reporting tool</li> </ul> <p>Work in building the proposal focused on feedback and research with the Heads/Leads of each area within the college as well as research into best practice within the sector to identify the right measures to capture strategic performance and inform strategic planning.</p> <p>The aim of the proposal is to identify two draft proposals for the content and design of the Balanced Scorecard and present these to SMT and the Board for their consideration and feedback. The development of a proposed new Balanced</p>

## Perth College UHI

	Scorecard would be expected to benefit the Corporate Management Team, Senior Management Team and College Board with improved data and presentation of data.
<b>Consultation</b> How has consultation with partners been carried out?	
<b>Action requested</b>	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input checked="" type="checkbox"/> For recommendation <input type="checkbox"/> For approval
<b>Resource implications</b> (If yes, please provide details)	No
<b>Risk implications</b> (If yes, please provide details)	Yes A review of the College's current Balanced Scorecard has been identified as necessary by SMT and the Board, to ensure it remains fit for its purpose as a strategic tool for measuring key performance indicators and charting progress made towards strategic objectives.
<b>Link with strategy</b> Please highlight how the paper links to the Strategic Plan, or assist with: <ul style="list-style-type: none"> <li>• Compliance</li> <li>• National Student Survey</li> <li>• partnership services</li> <li>• risk management</li> <li>• other activity [e.g. new opportunity] – please</li> </ul>	Perth College UHI Vision 2021: Strategic Plan 2016-21

## Perth College UHI

provide further information	
<p><b><u>Equality and diversity</u></b></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	No
<p><b>Island communities</b></p> <p>Does this activity/ proposal have an effect on an island community which is significantly different from its effect on other communities (including other island communities)?</p>	<p><b>No</b></p> <p>If yes, please give details:</p> <p>Click or tap here to enter text.</p>
<p><b><u>Data Protection</u></b></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	<p>No</p> <p>Click or tap here to enter text.</p>
<p><b>Status</b> (e.g. confidential/non confidential)</p>	Non-confidential
<p><b>Freedom of information</b></p> <p>Can this paper be included in "open" business?*</p>	Open business

\* If a paper should **not** be included within 'open' business, please highlight below the reason.

Its disclosure would substantially prejudice a programme of research	<input type="checkbox"/>	Its disclosure would substantially prejudice the effective conduct of public affairs	<input type="checkbox"/>
Its disclosure would substantially prejudice the commercial interests of any	<input type="checkbox"/>	Its disclosure would constitute a breach of confidence actionable in court	<input type="checkbox"/>

## Perth College UHI

person or organisation			
Its disclosure would constitute a breach of the Data Protection Act	<input type="checkbox"/>	Other [please give further details] Click or tap here to enter text.	<input type="checkbox"/>

For how long must the paper be withheld? Click or tap here to enter text.

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>

and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)

# Balanced Scorecard Proposal

## Balanced Scorecard – Review Proposal

[www.perth.uhi.ac.uk](http://www.perth.uhi.ac.uk)



Perth College is a registered Scottish charity, number SC021209.

# Contents

<b>Executive Summary .....</b>	<b>3</b>
<b>Background and Introduction .....</b>	<b>3</b>
<b>Project Definition.....</b>	<b>4</b>
Purpose.....	4
Objectives .....	4
Defined Method of Approach.....	4
Scope and Exclusions .....	5
Constraints and Assumptions.....	5
Risks and Mitigations .....	6
<b>Balanced Scorecard Review.....</b>	<b>6</b>
Issues.....	6
Stakeholder Feedback .....	7
UHI Alignment .....	11
Sector Best Practice .....	11
<b>Proposal Recommendations .....</b>	<b>12</b>
Content.....	12
Design .....	13
<b>Appendix .....</b>	<b>15</b>
1.1 Project Timeline.....	15
1.2 Threats & Opportunities Matrix.....	16
1.3 Balanced Scorecard proposal one .....	17
1.4 Balanced Scorecard proposal two.....	19
1.5 UHI CPI (and related KPI) data example.....	20

## Executive Summary

This proposal outlines how Perth College's Balanced Scorecard could be more effective in highlighting performance and progress against its strategic objectives. The Balanced Scorecard currently measures the KPIs set out by the four cross-cutting sectors in the College's strategic plan [Vision 2021: Strategic Plan 2016-21](#).

The proposal will review and offer recommendations on:

- whether the current KPIs being tracked provide a true reflection of the college's strategic position year on year to allow for meaningful forward strategic planning
- consider whether the current design is fit for purpose in layout, content and in providing sufficient strategic context to be a meaningful reporting tool

Work in building the proposal focused on feedback and research with the Heads/Leads of each area within the college as well as research into best practice within the sector to identify the right measures to capture strategic performance and inform strategic planning.

The aim of the proposal is to identify two draft proposals for the content and design of the Balanced Scorecard and present these to SMT and the Board for their consideration and feedback. The development of a proposed new Balanced Scorecard would be expected to benefit the Corporate Management Team, Senior Management Team and College Board with improved data and presentation of data.

## Background and Introduction

*The Balanced Scorecard* is a strategic planning and management reporting mechanism used by Perth College to set, track and achieve its strategic objectives. Although measurement of KPIs is a key aspect of the Balanced Scorecard, it is also used as a mechanism for setting and achieving those strategic goals and objectives.

Its basic premise is that once the strategic objectives have been set they should be simultaneously measured, analysed and improved to ensure that progress is consistent against all the measures and that the organisation is therefore able to achieve real growth.

The strategic objectives set out by an organisation should therefore be congruent or consistent, work well together and have synergy of purpose.

### **What is Perth College UHI currently doing?**

Perth College UHI aligns its Balanced Scorecard with the key quantitative and qualitative measures set out within its strategic plan [Vision 2021: Strategic Plan 2016-21](#) in order to



review annual performance against its strategic aims and the targets set within the Highlands and Islands Regional HE/FE Outcome Agreement (ROA).

The key quantitative measures form four distinct elements:

- Students and staff achieving their potential
- Student satisfaction
- Student activity measures
- Sustainability

Baseline data for the quantitative measures is obtained from the previous academic year and an updated version of the Balanced Scorecard goes to each of the college's Board committees: Audit, Engagement, Academic Affairs and the Finance & General Purposes Committee throughout the academic cycle. The full Balanced Scorecard goes forward to the College Board at the end of the academic cycle.

## Project Definition

---

### **Purpose**

To ensure that the strategic KPIs set and measured by the College are fit for purpose and give a true reflection of its strategic position, while incorporating a design that allows for the setting, tracking and analysing of strategic performance in the most effective manner.

---

### **Objectives**

1. Gain an understanding on whether the current Balanced Scorecard is 'fit for purpose'
2. Review the content of the Balanced Scorecard in order to identify the key indicators which should be tracked to give a true reflection of the college position year on year
3. Review how key measures should align with UHI reporting
4. To identify the most effective method in communicating the measures within the Balanced Scorecard
5. Identify how often the Balanced Scorecard could be presented and at what times of the academic year

---

### **Defined Method of Approach**

#### **How the proposal was carried out:**

The process/methodology for the proposal included the following activities:

- Meetings with relevant senior internal stakeholders to identify the brief for the proposal and feedback on the

college's current Balanced Scorecard

- Planning sessions with relevant Heads of Service to identify the relevant KPIs and reporting mechanisms
- External research into the background and purpose of the Balanced Scorecard
- Sector-wide research to identify best practice
- SWOT analysis of current college Balanced Scorecard (see Appendix 1.2)

---

**Scope & Exclusions**

The scope of the proposal will only review and propose recommendations on the Balanced Scorecard itself, it does not highlight any recommendations or changes to the College's Strategic Aims. For the purpose of the internal stakeholder feedback, the following areas of the College were identified;

- Finance
- Estates
- Academia (Inc. Academic Practice)
- Student Experience
- Business Development
- Human Resources and Operational development

Time constraints did not allow feedback to be captured from the following College areas

- Information Services
- International

The proposal excludes:

- The inclusion of the AST (Air Service Training) as a college department

---

**Constraints & Assumptions**

The constraints on the project are:

- Staff time to reflect and feed into the review for their areas and overall Balanced Scorecard
- Time frames through;
  - Date for required proposal to go to the Senior Management team and College Board (April & May 2019)

The assumptions supporting the project are:

- Senior management will provide clear direction on feedback of the proposal before it is presented to the College Board
- The College board will provide feedback on the recommendations outlaid within the proposal
- That the proposal is used as a basis for further work on the options for the College's Balanced Scorecard moving forward

---

## **Risks & Mitigations**

The risks to the success of the proposal are:

- Not enough time given to prepare a comprehensive review before the beginning of the last Board committee cycle of this academic year
- Competing priorities of the stakeholders involved in what the Balanced Scorecard should include

The mitigation planned against these risks include:

- To receive timeous feedback from senior stakeholders to move quickly onto the second draft stage of the review
- The focus to be on the content and metrics of the Balanced Scorecard before identifying design requirements
- An implementation plan to be scoped at a later stage and not as part of the initial proposal

## Balanced Scorecard Review – Feedback on the current process

The College Board, Senior Management Team and Corporate Management Team have identified the Balanced Scorecard as no longer being effective in providing a true reflection of the College's strategic position. In particular, there is a lack of clarity around:

- The purpose of the Balanced Scorecard
- The number of high level measures
- What the high level measures should be
- A lack of context and analysis
- Whether it provides a true strategic reflection of the college position
- How it is used to drive the strategic direction of the college

Currently there is a 5-year strategic plan and the Balanced Scorecard is measuring performance against strategic aims set in 2015-16.

## Balanced Scorecard Review – Stakeholder Feedback

Meetings were held with relevant senior internal stakeholders and Heads/Leads of each area within the college for them to give their input into the proposal and feedback on the college's current Balanced Scorecard

### Board of Management

- A shorter list of measures – capturing one or two measure from each of the 4 quadrants – Students and staff achieving their potential/Student Satisfaction/Student activity measures/Sustainability
- Higher level reporting – show a stronger correlation to strategic measures rather than operational
- Show levels of tolerance rather than RAG/arrows which are misleading
- Would like a trend indicator to track the variance over the period of time
- Show whether meeting sector average
- Critical success factors – identify/show short/middle/long term factors

### Associate Principal – Curriculum

There needs to be a stronger alignment with the [ROA objectives for AY 2019-20](#). SFC will be looking closely to see whether we are meeting our objectives and the impact of the work we do to meet them.

Outcome agreements should align with strategic objectives, as we are accountable for institutional performance against the priorities set out in the agreement.

### Head of Learning & Teaching Enhancement


- Identify where we want our aims to come from - ROA / Strategic Plan / EREP
- The ROA is agreed at UHI level however Perth should set its own internal targets which the Balanced Scorecard measures.
- The Balanced Scorecard should show a trajectory which although the current version does do, it needs to be more clearly presented.
- The Balanced Scorecard is a tool to show quantitative data, however qualitative data also needs to be considered.
- How are measuring qualitative data – eg increased accessibility of our courses
- Should we use sector benchmarking, reflect LMI to set the context for our data?

### Head of Student Experience

- The current 5-year strategic plan, this feels too long a period to within a faster moving landscape –a 3-year plan like the EREP with the longer aim objectives setting out our Vision rather than our measures.
- The Balanced Scorecard cannot be:

Static measures must change to reflect current landscape/drivers/priorities

Disparate cannot exist in isolation from EREP/ROA

- How should student engagement be measured – what should the framework/model for student engagement be eg move away from a strictly representation based focus.
- Replace the reference to Class Reps with the agreed terminology Course Reps
- The questions asked in the SSES and NSS change periodically this should be reflected in the Balanced Scorecard
- The arrows/RAG are misleading where a small percentage increase/decrease is measured eg 92% down to 91% would be shown as  for what was still a good performance.
- Levels of tolerance would be a better indicator.
- There are no targets given other than improvement/upward and targets then do not reflect UHI and or national targets.
- The current Balanced Scorecard provides quantitative, consideration should also be given to providing qualitative/analytical insight.
- College managers were not involved in the last strategic plan and the measures identified which feed into the current Balanced Scorecard
- The purpose of the Balanced Scorecard should be clearly indicated
- There should be a feed down mechanism from the College's Senior Management and Board of Management.

## Human Resources (Interim Lead)

The current set of measures fulfil the minimum requirements for Human Resources KPI data.

- **3a No. of staff CPD days per annum**  
This is a typical measure and the target of 6.5 is in line with sector requirements  
A supplementary measure would be to quantify the cost/investment impact for the College.
- **3b Proportion of staff with teaching qualifications**  
This is a typical measure and Colleges Scotland gives clear guidance on the targets that must be met by Colleges.  
A supplementary measure would be to indicate the percentage of staff with 2+ years of service who have still to attain their TQFE – Colleges Scotland have indicated this group should be a priority.
- **3c Nos of staff presenting papers at conferences and number of publications**  
This measure would benefit from a clearer indication of its purpose and whether there should be a supplementary measure indicating how the College is meeting its targets in respect of research-related excellence and as part of the UHI submission to the REF2021 (Research Excellence Framework)
- **11a Staff turnover (&) to be maintained below the national average**  
It is not clear from the information available whether the national average refers to the education/public sector or includes the private sector average.

- **11b No of days staff absent on sick leave**  
This is a typical measure which would benefit from a supplementary measure showing the cost (£) impact to the College.
- **12 No. of accidents reported to HSE**  
This is a typical measure

## Head of Finance

Finance provides data against 2 lines:

- 10a. Outturn: Measure – achieve a break even underlying operating decision
- 10c. Non-core funding income (to include Knowledge Transfer (KT)): Measure: % of Income from non-SFC (inc. KT)

### What should be measured to make it more informative/useful?

A base year should be representative of a normal year eg 2015-16 the College had funding for the building of ASW which skewed figures

Set specific targets relative to the value eg for non-SFC income would give Strategic provide better strategic direction eg need to focus more on diversifying income streams eg international income or set targets for ASW income.

Using 'break-even' as a measure gives a false expectancy – in reality 'break even' is not achievable, there will always either be an over or under total.

### How should SMT/CMT/Board use the BS?

In a developed financial reporting structure it would be the driver for SMT/CMT's/Board financial mindset and what the college priorities need to be based on its financial position eg are we healthy?

### What is not being captured?

Proportion of staffing costs v total income – this is an important measure as Staffing is our biggest cost and therefore our biggest risk

Income diversification – perhaps more obvious terminology than 'Non-core Funding Income'

Break down more be more specific – Outturn is the very overarching and does not allow for any breakdown of the information

### How Often?

Financial information can be provided on a monthly basis.

## Head of Estates

The key is how the Balanced Scorecard and the KPIs it measures are communicated.

Carbon footprint KPIs report goes to CMT and SMT separately approx. 4x pa

**Current position:**

Data is aligned to current college strategic plan Vision 2021: Strategic Plan 2016-21

Sustainability – Key measures 10b Carbon footprint

Current objective as a college is to reduce our carbon footprint (no set targets for this)

Data is discussed at F&GP in March – the Head of Estates can give context and respond to Committee's questions on the data

Discussed at Audit committee – Sept & Feb

**Further context could be included by:**

SWOT analysis

External factors – give an overview

Internal factors – square footage of campus, opening hours

How we measure – absolute or relative; the way the Government measures use, affects our figures positively but is not a result of real change

**What is not being captured?**

Developing sustainability within the Curriculum eg Hair & Beauty, Construction use of resources eg water, building materials

Curriculum design – the environmental impact of our courses eg Aircraft Engineering

Wider influence – are we sending our learners into the wider world with the knowledge of what a sustainable community looks like, that they can then share.

**Head of Business Development / ASW**

- Data should be qualitative as well as quantitative eg the no. of businesses on a database also needs to be able to show how many of those have led to meaningful engagement such as live contact or to a contract.
- Qualitative data is harder to measure but there is usually a link on growth/improved figures and increased quality. Eg improved customer service/well trained staff.
- The number of contracts is a more useful measure for business engagement and it is important to capture the reasons where initial contact did not lead to meaningful engagement such as a live contract.
- The impact of the engagement should be measured.
- Modern Apprentice statistics – what is the value of splitting SDS/non-SDS? It is the income generated and not only the quantity that should be measured.
- The Academy for Sport and Wellbeing (ASW) is not currently captured. It is commercial and its targets are financial however there are also measures that cross over into student experience eg successful destinations -employing graduates, work placements, sustainability, partnership engagement. A report on the ASW goes to SMT every 3 months however its strategic importance to the College should also be reflected.
- We measure staff cpd but without aligning to government objectives eg digital literacy.

**The purpose of the Balanced Scorecard:**

- To give strategic managers an insight into the business.

- To show growth – take what works and build on it – and meet or put measures in to meet targets.
- To show what the impact has been
- To identify risk
- To mitigate against risk

## Balanced Scorecard Review – UHI Alignment

This section briefly outlines the UHI approach to measuring and reporting of both HE and FE key performance indicators (KPIs) and core performance indicators (CPIs).

- Updates of CPIs and related KPIs is presented to the University Court for HE data and Further Education Regional Board (FERB) for FE data.
- Data is presented on a quarterly basis as a full report of tabulated data together with a supplementary report providing insight and analysis of the data available since the last report. (see Appendix 1.5 for an example of the tabulated data)

## Balanced Scorecard Review – Sector Best Practice

The section briefly outlines the findings from external research undertaken to identify sector practice and capture examples of best practice.

- Five-year Strategic Plans are common across the sector
- No strong trends were identified in the sector approach to capturing and measuring strategic aims and objectives.
- No common usage of the terminology ‘Balanced Scorecard’ was identified
- **Examples of sector best practice:**  
City of Glasgow College have developed a dedicated in-house live dashboard showing ‘up to the moment’ statistical information that allows their Board of Management and senior team to access real-time analysis of progress against indicators and enable the facilitation of further refinement of key college strategies. See City of Glasgow College Strategic Plan 2017-2025  
<https://www.cityofglasgowcollege.ac.uk/sites/default/files/City-of-Glasgow-College-Strategic-Plan-2017-2025.pdf>

Edinburgh University are embarking on a Strategic plan refresh of their current Strategic Plan published in 2016. This is as a result of substantial changes within the sector environment and other key external developments. See  
<https://www.ed.ac.uk/governance-strategic-planning/strategic-planning/strategic-plan-refresh-2019>



## Proposal Recommendations- Content

The following recommendations are based on the themes emerging from the feedback received from each Head/Lead.

The Vision 2021: Strategic Plan 2016-21 is a 5-year plan that sets out the key quantitative measures, which populate the Balanced Scorecard. The 5-year period does not allow the College to reflect the changing sector landscape.

- The proposal would support either to:
  1. Retain the 5-year plan as a vision document and produce an annual review of the key quantitative measures in order to stay aligned with the relevant strategic aims.
  - or
  2. Move to a 3-year strategic plan to be able to reflect relevant strategic aims

Strategic aims should align with local and national external drivers:

- Scottish government priority outcomes and the new priorities for College Outcome Agreements: 2019-20 to 2021-22.<sup>1</sup>
- The Tay Cities Region Deal

The Balanced Scorecard should reflect all college activities and each area within the college.

- The proposal would go forward to support a more extensive review of the key measures of strategic importance, in coordination with the feedback gathered from each Head/Lead with the ambition that each area within the college have a dedicated section with KPIs
- This would be feed in to the work that will begin in 2020 to the College's next Strategic Plan

Qualitative and quantitative measures for key indicators should be included in the Balanced Scorecard.

- The proposal would support the addition of a Performance Insight section in the Balanced Scorecard for indicators that are of greatest interest and/or change as well as to highlight examples of good practice  
This would:
  - provide the opportunity to analyse and evaluate the progress toward key objectives – what is working well and what requires attention
  - inform strategic decision-making

Target setting and levels of tolerance should be clearly set out. A review of target setting and levels of tolerance in consultation with the Heads/Leads of each college area would:

---

<sup>1</sup> See SFC Guidance for the development of College Outcome Agreements: 2019-20 to 2021-22  
[http://www.sfc.ac.uk/web/FILES/guidance\\_sfcgd222018/SFCGD222018\\_College\\_Outcome\\_Agreement\\_Guidance\\_2019-20.pdf](http://www.sfc.ac.uk/web/FILES/guidance_sfcgd222018/SFCGD222018_College_Outcome_Agreement_Guidance_2019-20.pdf)

- provide specific, realistic targets with a strong correlation towards achieving strategic objectives

Discussion of targets with Heads/Leads should be on an ongoing basis to:

- maintain both a department focus and a focus on progress towards achieving strategic objectives

## Proposal Recommendations- Design

Although the design requirements of the College's Balanced Scorecard were not the focus of the feedback gathered from Heads/Leads, the following 2 outline proposals provide examples of how the data measured could be presented in order to better capture strategic performance and inform strategic planning.

### **Design Proposal One** (see Appendix 1.3):

The design presents the Balanced Scorecard in 2 parts and aims to meet the brief of providing summary high level measures together with insight and analysis of key indicators:

#### **1. Summary**

- Gives a summary of the full Balanced Scorecard in a simple table layout with performance shown for the current year only
- Target Performance Status is measured using a key colour code showing whether the target has been Achieved/Significant Progress/Missed
- KPI Performance Status is measured using arrows to indicate Improving/Maintaining/Worsening
- a Trendline column showing variance in performance for the past 3 academic years
- a Sector Average column to indicate benchmarking of current position

#### **2. Performance Insight**

- Insight and analysis into the KPI updates is provided for areas of greatest interest and/or change
- An extract from the summary table is given as a reminder of the individual indicator
- A bar chart give a pictorial representation of data over the past 3 academic years
- Insight provides context for the performance of the indicator

### **Design Proposal 2** (see Appendix 1.4):

This design aims to simplify the layout and contents of the existing table format.

- The number of columns are limited to the baseline year and the current year to give a simplified and accessible presentation of the current year's performance against the set strategic measures
- The Trendline column gives a pictorial representation of performance for the past 3 academic years
- The '?' column highlights those measures requiring further scrutiny or that are examples of good practice. (? = Mark for Attention)
- Similarly to the current process, brief commentary for each measure would be provided in the Comments column

## Appendices

### Appendix 1.1 – Project Timeline



## Appendix 1.2 – Threats & Opportunities Matrix

	Threat (if there is no change)	Opportunities (if changes are made)
<b>Short Term</b>	Stay where we are	<p>Fit for purpose</p> <p>Improved strategic measures</p> <p>Greater strategic focus across all college areas</p>
<b>Long Term</b>	<p>Lack of strategic focus</p> <p>Non-alignment with other strategic drivers – eg EREP, ROA</p>	<p>Improved links to local and national strategic drivers</p> <p>Aligns with other college plans – eg EREP, ROA</p> <p>Improved links to sector landscape</p> <p>Improved strategic decision making</p>

## Appendix 1.3 Design Proposal One - Example

# Strategic Plan Targets and KPIs: Progress Report 2018-19

## 1. Summary (Example of proposed presentation of quantitative data)

### Key: KPI performance status

Improving	↑
Maintaining	←
Worsening	↓

### Key: Target performance status

Target achieved	
Significant progress made towards achieving target	
Target missed	

Key Performance Indicator or Target	Performance	Trendline	Sector Avg.
<b>Students and staff achieving their potential</b>			
<i>1.0 Students</i>	↔		
a) Number of FT programmes that offer opportunities for work experience of equivalent to 1 unit or more			
b) Number of apprenticeships			
c) Vocational qualifications delivered to senior phase pupils			

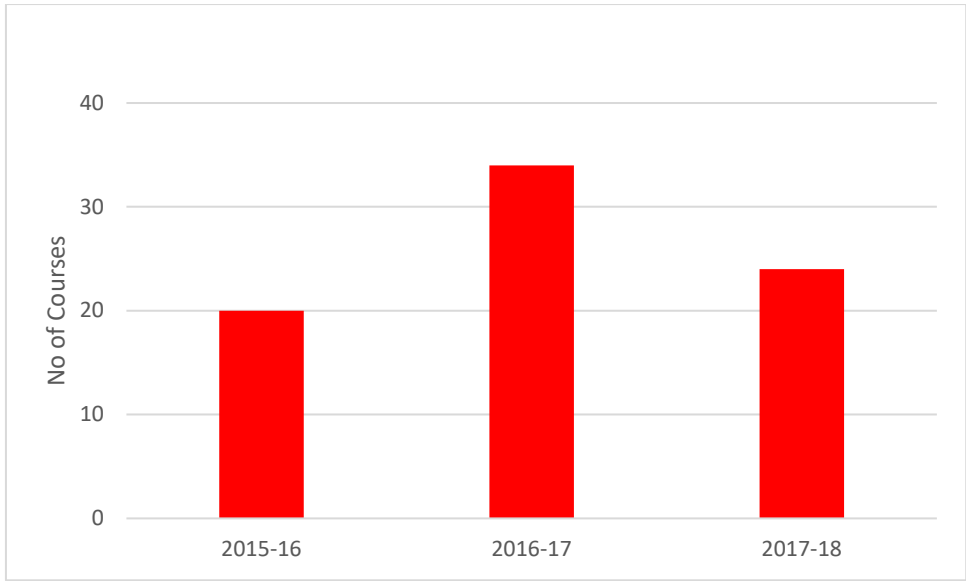
## 2. Performance Insight (Example of proposed presentation of qualitative data)

Key Performance Indicator or Target	Performance	Trendline	Sector Avg.
<b>Students and staff achieving their potential</b>			
<i>1.0 Students</i>	↔		
b) Number of apprenticeships			

**KPI 1 a)** Number of apprenticeships

**Status: Worsening**


Tolerance: 1 percentage point (+/-) previous 3 year average



**Insight (example)**  
New measure implemented for 2016-17.

## Appendix 1.4 Design Proposal Two – Example

### Perth College UHI Scorecard for Vision 2021: Strategic Plan 2016-21

No	Vision 2021 Scorecard Measure	Baseline 2015-16	2018-19 Performance	Trendline (for past 3 academic years) 	?	Comments
<b>Students and staff achieving their potential</b>						
1	Students:					
	a) Number of FT programmes that offer opportunities for work experience of equivalent to 1 unit or more					
	b) Number of apprenticeships					
	c) Vocational qualifications delivered to senior phase pupils					
2	Perth College students moving on to positive destinations (including progressors)					
3	Staff:					
	a) Number of staff days spent on CPD/year					
	b) Proportion of staff with teaching qualifications					
	c) Numbers of staff presenting papers at conferences and number of publications					
<b>Student satisfaction</b>						
4	Track FE and HE student satisfaction through national student surveys:					
<b>Definitions:</b> Current (R/A/G) = Red, Amber or Green, status at the time of reporting			? = Mark for attention			



## Appendix 1.5 UHI CPI and Related KPI Data Example

Strategic Vision and Plan 2015/2020 – March 2019 Full report

Student numbers: updated data for this reporting period is highlighted

CPI/KPI	Student Numbers	Baseline (2013/14)	2014/15	2015/16	2016/17	2017/18 (in-year 2018/19)	Target (2019/20)	
CP1 1a	Total students (all higher education)	5636 FTEs	6042 FTEs (7% growth)	6321 (5% growth)	6687 (6% growth)	7046 (5% growth, 25% over the plan period)	7700 FTEs (growth from baseline (37%).	
CPI 1b	Total further education activity	157,110 wSUMS (weighted SUMs)	159,301 wSUMS (1.4% growth)	116,644 credits (1.9% above SFC target (core+ESF))	116,778 credits (1.2% above SFC target (core+ESF))	114,969 credits (1.6% above SFC target (core+ESF))  2018-19 forecast to meet core target plus 400 of the 2200 ESIF target	Achieve regional SFC target (plus ESF)	
CPI 2	Share of entrants to UG higher education from within the region	30%	32%	33%	35%	Waiting updated data from HESA	35%	

<b>Committee</b>	Audit Committee
<b>Subject</b>	Strategic Risk Register Update
<b>Date of Committee meeting</b>	14/05/2019
<b>Author</b>	Simon Fleming, Project and Planning Manager
<b>Date paper prepared</b>	06/05/2019
<b>Executive summary of the paper</b>	<p>Perth College UHI's Strategic Risk Register is a live document that is continually managed, reviewed and updated by all members of the Senior Management Team on a regular basis, and appropriate action taken, as required.</p> <p>The Strategic Risk Register is maintained as a dynamic document and all new updates within the document have been highlighted in red.</p> <p>Following on from the last Audit meeting, three risks in particular were to be reviewed; Risks 10, 17 and 23. These have been reviewed with the appropriate Heads of Department/managers and have had their risk rating updated. The below highlights the context around each change.</p> <p><b>Risk 10:</b> The gross risk rating remained at 9 (3, 3), but the residual risk decreased from 6 (2, 3) to 3 (1, 3). The drive behind this was the increase in recent measures and activities to mitigate the risk of the academic quality being sub-standard.</p> <p><b>Risk 17:</b> After discussion with the Health, Safety and Wellbeing Officer it was recognised that the risk around Non-compliance of Statutory Health and Safety Legislation had a gross risk rating lower than the current status reflected. The gross risk rating has moved from 5 (1, 5) to 8 (2, 4), this has also reflected in the residual risk increasing also (from 2 (1, 2) to 4 (1, 4)). The purpose for this move was the recognition of the change in impact the risk holds, and in particular the possibility for a large financial loss and/or possible prosecution.</p>

## Perth College UHI

	<p><b>Risk 23:</b> As recognised within the previous meeting due to limited resources available for capital and the sector-wide funding environment the College's ability to control and properly manage the estates risks around a poor student experience has been impacted. To reflect this change, the residual risk rating has increased from 4 (2, 2) to 6 (3, 2).</p> <p>For reference since the last committee meeting the Risk register had a review and update during early February 2019, this was in line with all UHI partners. The focus of this review was on UHI common risks only.</p>
<p><b>Consultation</b> How has consultation with partners been carried out?</p>	<p>All members of SMT have ownership of the risks within the register and have been consulted on updates for the May period. Within specific risks (namely 10, 17 and 23) there were Heads of Department/Managers consulted to review the risk rating and mitigating actions.</p>
<p><b>Action requested</b></p>	<p><input checked="" type="checkbox"/> For information only</p> <p><input type="checkbox"/> For discussion</p> <p><input type="checkbox"/> For recommendation</p> <p><input type="checkbox"/> For approval</p>
<p><b>Resource implications</b> (If yes, please provide details)</p>	<p>No</p>
<p><b>Risk implications</b> (If yes, please provide details)</p>	<p>Without continual review of the risk register there are potential implications that strategic objectives are not met.</p>
<p><b>Link with strategy</b> Please highlight how the paper links to the Strategic Plan, or assist with:</p> <ul style="list-style-type: none"> <li>• Compliance</li> <li>• National Student Survey</li> <li>• partnership services</li> <li>• risk management</li> </ul>	<p>The Strategic risk register is the core risk management tool used within Perth College UHI.</p>

## Perth College UHI

<ul style="list-style-type: none"> <li>other activity [e.g. new opportunity] – please provide further information</li> </ul>	
<p><b><u>Equality and diversity</u></b></p> <p>Yes/ No</p> <p>If yes, please give details:</p>	No
<p><b>Island communities</b></p> <p>Does this activity/ proposal have an effect on an island community which is significantly different from its effect on other communities (including other island communities)?</p>	No
<p><b><u>Data Protection</u></b></p> <p>Does this activity/ proposal require a Data Protection Impact Assessment?</p>	No
<p><b>Status</b> (e.g. confidential/non confidential)</p>	Non-Confidential
<p><b>Freedom of information</b></p> <p>Can this paper be included in “open” business?*</p>	Open Business

\* If a paper should **not** be included within ‘open’ business, please highlight below the reason.

Its disclosure would substantially prejudice a programme of research	<input type="checkbox"/>	Its disclosure would substantially prejudice the effective conduct of public affairs	<input type="checkbox"/>
Its disclosure would substantially prejudice the commercial interests of any person or organisation	<input type="checkbox"/>	Its disclosure would constitute a breach of confidence actionable in court	<input type="checkbox"/>

## Perth College UHI

Its disclosure would constitute a breach of the Data Protection Act	<input type="checkbox"/>	Other [please give further details] Click or tap here to enter text.	<input type="checkbox"/>
---	--------------------------	--	--------------------------

For how long must the paper be withheld? Click or tap here to enter text.

Further guidance on application of the exclusions from Freedom of Information legislation is available via:

<http://www.itspublicknowledge.info/ScottishPublicAuthorities/ScottishPublicAuthorities.asp>  
and

[http://www.itspublicknowledge.info/web/FILES/Public\\_Interest\\_Test.pdf](http://www.itspublicknowledge.info/web/FILES/Public_Interest_Test.pdf)



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
3*	Active	Developing a successful and sustainable organisation.	Lack of International student recruitment.  Lack of RUK student recruitment.  Sustaining International Partnerships	<ul style="list-style-type: none"> <li>UK Regulation Registration (UKVI)</li> <li>In country adverse political environment</li> <li>Availability of suitable product</li> <li>Marketing and attraction strategy</li> </ul>	<ul style="list-style-type: none"> <li>Loss of income.</li> <li>Bad publicity.</li> <li>Lack of student diversification</li> </ul>	Vice Principal External	5	4	20	<ul style="list-style-type: none"> <li>Student Testimonials.</li> <li>Closer links with the curriculum areas.</li> <li>Working with UHI World/UHI VP International and External Engagement</li> <li>Explore combined product offering between College and AST.</li> <li>Delivery of Trans National Education</li> <li>Protection of Tier 4 UKVI Licence</li> <li>Review opportunities for employing staff in market</li> </ul>	16  (4.4)	↔	<ul style="list-style-type: none"> <li>Wider product range to be developed.</li> <li>International strategic approach for 2018/19 to be reviewed and revised.</li> <li>Use strengths of AST market intelligence.</li> <li>Develop International Partner Network</li> <li>Rolling sales and marketing plan re. target markets and potential customers.</li> <li>Influence UHI to create bespoke marketing and presentation materials.</li> <li>Create Chinese website</li> </ul>	Vice Principal External	July 2019
4*	Active	Developing a successful and sustainable organisation.  UHI Common Risk	The institution has a poor reputation.	<ul style="list-style-type: none"> <li>Financial failure.</li> <li>Consistent poor student experience/ performance</li> <li>Contentious investment/ divestment</li> <li>Predatory merger and acquisition</li> <li>Breakdown in Partner and Staff relations</li> <li>Confusion of brand identity re. Perth and UHI</li> <li>Adverse publicity</li> </ul>	<ul style="list-style-type: none"> <li>Loss of income</li> <li>Increased costs</li> <li>Staff retention/ recruitment</li> <li>Student retention/ recruitment.</li> <li>Loss of accreditations.</li> <li>Damage to reputation.</li> </ul>	Principal	3	4	12	<ul style="list-style-type: none"> <li>Heightened awareness of causes of poor reputation.</li> <li>Heightened reinforcement of the value of Perth College.</li> <li>Building trust with Partners.</li> <li>Effective marketing of College and UHI.</li> <li>Maintain communication via employer engagement.</li> <li>Annual marketing and PR Plan in place.</li> </ul>	8  (2.4)	↔	<ul style="list-style-type: none"> <li>Review, update and implement communications and PR strategy</li> </ul>	Principal	July 2019

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"> <li>Reduction of Capital Grant.</li> <li>Backlog of essential maintenance.</li> <li>Uncertainty of future Governance model.</li> <li>Lack of available funds.</li> <li>Age of current campus.</li> </ul>	<ul style="list-style-type: none"> <li>Estate poorly maintained</li> <li>Inability to deliver a new improved estate fast enough.</li> <li>Availability of classrooms and academic equipment does not match demand.</li> </ul>	Depute Principal Academic	4	3	12	<ul style="list-style-type: none"> <li>Attracting external investment.</li> <li>Backlog maintenance risk register has now been developed.</li> <li>Weekly 'Walk the Campus' and engage staff – Visible Management.</li> <li>Approval of identified major building projects.</li> <li>Priority to increase classroom accommodation.</li> <li>Update estates planning to ensure optimum use of space freed up by completion of ASW</li> <li>Ensure additional funding allocated by SFC for backlog maintenance is spent appropriately.</li> </ul>	9  (3,3)	↔	<ul style="list-style-type: none"> <li>Identify estates requirements.</li> <li>Develop future campus vision.</li> <li>Development of estates strategy</li> </ul>	Depute Principal Academic  Head of Estates	Ongoing  July 2019  September 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"> <li>Changes in ICT development and technology.</li> <li>Changing in Learning and Teaching practices.</li> <li>Increase in network delivery of teaching.</li> <li>Increased use of social networking.</li> <li>Inadequate VC facilities for larger classes.</li> <li>Additional requirements from curriculum development and growth.</li> <li>Technological innovation.</li> <li>Lack of Integrated Information Systems</li> </ul>	<ul style="list-style-type: none"> <li>Higher investment in resources required.</li> <li>Need to continually alter accommodation.</li> <li>Available resources limit delivery options.</li> <li>Poor student and staff feedback.</li> <li>Lack of knowledge of system design</li> <li>Duplication of data and processes</li> </ul>	Vice Principal External / Depute Principal Academic	4	3	12	<ul style="list-style-type: none"> <li>Developed robust Curriculum Development Plan.</li> <li>Link ICT changes in L&amp;T practice to Estates Planning.</li> <li>Review and implement working practices to optimise available space and working times through use of CELCAT Management Reports.</li> <li>Operational Planning process and resource commitments system in place.</li> <li>Prioritise investment required for resources for key curriculum areas.</li> <li>Ongoing evaluation of VC capacity and teaching space in line with curriculum delivery plan.</li> <li>ICT rolling programme of replacement</li> <li>Shared licence purchases with UHI</li> <li>UHI Wi-Fi Service upgrade: Continue existing Wi-Fi network service until the new service has been proved through a pilot</li> <li>Bright Space implementation</li> <li>Staff training sessions ongoing throughout February</li> <li>VC Application change to Webex teams.</li> <li>GDPR Training sessions: Awareness of issues around transferring data</li> <li>New Operational Planning Process</li> <li>Change tracker for Payroll Process</li> <li>Communicate changes to staff and students</li> </ul>	9	↔	<ul style="list-style-type: none"> <li>Rigorous approach to timetabling and utilisation of rooms.</li> <li>ICT Budget and replacement.</li> <li>UHI ICT strategy discussions.</li> <li>New Learning &amp; Teaching Enhancement Plan – will be part of the Curriculum Review</li> <li>Roll out of new UHI wireless network hardware and process</li> <li>Lead with Pilot in Webster Building before endo of Easter recess 2019.</li> <li>Install in parallel with existing equipment</li> <li>Carry out major works out of term time to reduce impact on student experience.</li> <li>Publicise new service by</li> </ul>	Depute Principal Academic  Vice Principal External  Depute Principal Academic  ICT Manager	Ongoing  Ongoing July 19  Semester 2, 2019  Starting Pilot for Easter recess; project completion 31 July 19



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
													<p><i>posters: 2019/20</i> <i>-Info sessions at 2019/20</i></p> <ul style="list-style-type: none"> <li>• Induction periods</li> <li>• Integrated Systems (Payroll, HR etc.). <i>-Identify and evaluate replacement IS</i> <i>-Purchase, design and Implement IS Systems including data migration</i></li> <li>• Creation of new digital lab to enhance digital learning and teaching approaches</li> </ul>	<p>Vice Principal External\ Depute Principal Academic</p> <p>ICT Manager</p> <p>Head of learning and teaching enhancement</p>	<p>Ongoing</p> <p>HR\Payroll: 04\2020 Ongoing: Continual improvement</p> <p>July 2019</p>
7	Active	Developing staff to successfully deliver our Vision.  UHI Common Risk	Disruption to services/projects and/or partnership working resulting from loss of a key staff member.	<ul style="list-style-type: none"> <li>• Poor performance management of competence issues.</li> <li>• Fast pace of curriculum development.</li> <li>• Excessive demand on CPD.</li> <li>• Lack of staff capability.</li> <li>• Poor workforce planning.</li> <li>• Affordability/cost of staff</li> </ul>	<ul style="list-style-type: none"> <li>• Inability to compete.</li> <li>• Loss of business and reputation.</li> <li>• Potential requirement to buy in specialist staff</li> <li>• High staff turnover.</li> <li>• Poor staff satisfaction.</li> </ul>	Principal	3	3	9	<ul style="list-style-type: none"> <li>• CPD reports to SMT re progress against CPD targets for professional reviews, mandatory training etc</li> <li>• Prioritise an appropriate level of CPD investment linked to financial sustainability.</li> <li>• Staff Survey results and IIP Assessment Action Plan in place and monitored.</li> </ul>	9	↔	<ul style="list-style-type: none"> <li>• Develop HRIS to provide robust workforce intelligence and implement effective workforce planning model. Capability Policy and procedure in updated and implemented.</li> <li>• Coaching and Conflict Resolution Training delivered to Managers.</li> <li>• Chartered Management Institute (CMI) Training Programme developed for</li> </ul>	Head of HR & OD	July 2019



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	
														provide Leisure provision	Experience	
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"> <li>• Insufficient tracking of student.</li> <li>• Poor understanding of student requirements.</li> <li>• Product not fit for purpose.</li> <li>• Poor delivery.</li> <li>• Insufficient support for students.</li> <li>• Mis-selling of courses/provision..</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of students.</li> <li>• Loss of earnings.</li> <li>• Adverse PR and poor reputation.</li> <li>• Poor future recruitment.</li> <li>• Poor achievement and retention.</li> </ul>	Depute Principal Academic	3	3	9	<ul style="list-style-type: none"> <li>• Student tracking programme and reviews by Student Advisers.</li> <li>• Heightened student focus on internal communication and training evidenced by the BRAG reporting system.</li> <li>• Managing student expectations.</li> <li>• Active listening to student voice and acting on evidenced by feedback to students.</li> <li>• Act on Student Survey outcomes evidenced by action planning with quality reviews.</li> <li>• Ensure regular/ constructive formative assessment feedback to students/ customers.</li> <li>• Implement Complaints Procedure in line with new legislation and refresh training.</li> <li>• ASW opportunities roll out.</li> <li>• Student Partnership Agreement</li> <li>• NSS Action Plans implemented for courses with poor results.</li> <li>• Appointment of Head of Student Experience.</li> <li>• Self-evaluation process redesigned.</li> <li>• Working with HISA to conduct student focus groups.</li> <li>• A Student Experience Committee has been convened</li> <li>• Ensure findings are reported on with regards to the complaints procedure and actions identified and followed up on</li> <li>• Quality review process redesigned (course KPIs by exception)</li> <li>• Identification of protected characteristics and KPIs</li> <li>• Student Support Review</li> <li>• Revamp website with regards to the services available to support learning</li> </ul>	3  (1.3)	↓	<ul style="list-style-type: none"> <li>• Complaints Review</li> <li>• Student funding at Regional and National level.</li> </ul>	Depute Principal Academic (All)	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
11*	Active	Providing a progressive curriculum which meets economic and social needs and aspirations.  UHI Common Risk	Regional curriculum plan and delivery not aligned to local demand.	<ul style="list-style-type: none"> <li>Fragmented ownership.</li> <li>Lack of planning.</li> <li>Over ambitious change in delivery methodology.</li> <li>Wrong blend between online and face to face.</li> <li>ESIF changes.</li> </ul>	<ul style="list-style-type: none"> <li>Lose students.</li> <li>Financial risk through reallocation.</li> <li>Students choose another provider.</li> <li>Poor retention and achievement.</li> <li>Disputed ownership/ responsibility for failings.</li> </ul>	Depute Principal Academic	3	3	9	<ul style="list-style-type: none"> <li>Influence/engage with development.</li> <li>Meetings arranged with UHI Deans.</li> <li>Keep in touch/listen to student views.</li> <li>Active engagement in SMCT, QAEC and PPF.</li> <li>UHI to commission research on impact of changed delivery methodologies.</li> <li>Work with UHI, SDS and local stakeholders to enhance demand analysis.</li> <li>Regional Outcome Agreement development and implementation.</li> <li>Depute now sits on SMCT.</li> <li>Vice Principal now sits on EPSC.</li> <li>Associate Principal now sits on PPF.</li> </ul>	6  (2,3)	↔	<ul style="list-style-type: none"> <li>Proactively engage in implementation of UHI Strategic Plan.</li> <li>Keep abreast of ESIF developments.</li> <li>Tertiary working groups.</li> <li>Curriculum Review</li> </ul>	SMT  Depute Principal Academic	Ongoing  July 19  July 19  Starting 5/19 Completion 1/20
12*	Active	Developing a successful and sustainable organisation.	Threat to Business Continuity	<ul style="list-style-type: none"> <li>Major incident.</li> <li>Pandemic.</li> <li>Major fire.</li> <li>Terrorist Activity.</li> <li>UHI ICT loss of service.</li> <li>Radicalisation</li> </ul>	<ul style="list-style-type: none"> <li>College closure.</li> <li>Reduced/loss of service.</li> </ul>	Principal	2	4	8	<ul style="list-style-type: none"> <li>Annual Reviews of Business Continuity Plan.</li> <li>Fibre ring installed.</li> <li>ICT Risk Register developed and dynamic review.</li> <li>Live ICT shutdown test.</li> <li>Desktop exercise with CMT successfully completed.</li> <li>UHI wide live exercise concluded</li> <li>All actively involved in Single Policy Work Environment.</li> <li>Significant increase in input to the UHI L&amp;T Review documentation.</li> </ul>	6  (2,3)	↔	<ul style="list-style-type: none"> <li>Update of Business Continuity Plan the framework for compliance with most recent BSI guidelines.</li> </ul>	Principal	Dec 2019
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"> <li>Insufficient planning.</li> <li>Inadequate backup.</li> <li>Poor training and inadequate communications.</li> <li>Loss of control of direct employees.</li> <li>Reduced service level.</li> <li>Additional cost.</li> <li>Lag in service improvement.</li> <li>Loss of control over capital investment.</li> </ul>	<ul style="list-style-type: none"> <li>Disruption to business systems and student learning.</li> <li>Increased costs.</li> </ul>	Vice Principal External	3	3	9	<ul style="list-style-type: none"> <li>Involved in thorough planning. Members of the LIS Shared Service Board.</li> <li>Member of the Shared Service Programme Board.</li> <li>Maintain Perth College input into development of shared services.</li> <li>Retain DH as nominated director of USSL.</li> </ul>	9	↔	<ul style="list-style-type: none"> <li>Service Level Agreements – Staffing, Communication, Core Services (operational details to be fleshed out).</li> <li>Proactive within commissioning board.</li> </ul>	SMT  SMT  SMT  SMT	Ongoing  Ongoing  Ongoing  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
14*	Active	Developing a successful and sustainable organisation.	Failure to ensure sustainability	<ul style="list-style-type: none"> <li>• Change in Government control/legislation.</li> <li>• Ongoing Implications of ONS</li> </ul>	<ul style="list-style-type: none"> <li>• Unable to plan longer term.</li> <li>• Unable to save to invest in larger projects.</li> <li>• Capital Expenditure programme halted since depreciation cash equivalent no longer available.</li> <li>• Potential deferral of income out with reporting periods</li> </ul>	Vice Principal External	3	5	15	<ul style="list-style-type: none"> <li>• Lobbied Colleges Scotland providing evidence of unintended consequences.</li> <li>• Staff professionally updated in public sector accounting.</li> <li>• Raised issues with SFC and Scottish Government.</li> <li>• Constantly review as clarification of rules continues to roll out.</li> </ul>	10	↔	<ul style="list-style-type: none"> <li>• Keep abreast of interpretation and updates.</li> <li>• Maintain awareness.</li> <li>• Involvement with sector, Colleges Scotland and SFC working groups.</li> </ul>	Vice Principal External	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"> <li>• Lack of student numbers.</li> <li>• AST under performance.</li> <li>• Reduction in commercial income.</li> <li>• Relaunch in international recruitment.</li> <li>• Underfunding of student support.</li> <li>• Dilution of unit of resource by increase in fees only students, topslice etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased competition.</li> <li>• Reduced funding available to invest or cover operational costs.</li> <li>• Strategic imperatives not met.</li> <li>• Reduction in quality of delivery/student experience.</li> </ul>	Principal	3	5	15	<ul style="list-style-type: none"> <li>• Excellent internal control systems.</li> <li>• Ongoing dialogue re UKVI (Link to AST Risk Register)</li> <li>• Increased forecasting.</li> <li>• Flexing targets where appropriate.</li> <li>• Close working with sector and UHI partners</li> </ul>	6  (2,3)	↔	<ul style="list-style-type: none"> <li>• Review of International Recruitment Strategy.</li> <li>• Develop Business Plan for AST</li> <li>• Create Business Development Strategy</li> </ul>	Principal  Principal	Ongoing  July 2019
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"> <li>• National bargaining has local consequences.</li> <li>• Agreed pay awards unaffordable for individual college.</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of autonomy.</li> <li>• Risk of national strike.</li> <li>• Lack of sector agreement of mandate for negotiations.</li> <li>• Lack of additional funding for sector pay claims.</li> </ul>	Principal	4	4	16	<ul style="list-style-type: none"> <li>• College membership of national forums via Chair and Principal.</li> <li>• Attend Colleges Scotland HR &amp; OD Group and keeps abreast of national bargaining and workforce of the future developments and how these will affect the College.</li> </ul>	16  (4,4)	↔	<ul style="list-style-type: none"> <li>• Continue to participate in national bargaining.</li> <li>• Contribute to thinking on Workforce of the Future.</li> <li>• Engage fully with Colleges Scotland</li> </ul>	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
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"> <li>• Introduction of amendments to existing legislation or new unforeseen and unplanned legislation.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduces financial and staffing resources to administer.</li> <li>• Legal Action.</li> <li>• Risk of Business Continuity.</li> <li>• Financial fines.</li> <li>• Reputational damage.</li> </ul>	Principal	2	4	8	<ul style="list-style-type: none"> <li>• Produced and implemented a detailed Health and Safety Operational Risk Management Register. Updated quarterly and reviewed by Audit Committee every 6 months.</li> <li>• Produce Annual Report on Health and Safety.</li> <li>• Competent Health &amp; Safety Officer.</li> <li>• Internal audit actions/recommendations achieved.</li> <li>• Equalities Outcomes and Mainstreaming Report.</li> <li>• Regular review of HSE publications, website and notifications.</li> <li>• Health and Safety Management System annual review.</li> </ul>	4 (1,4)	↑	<ul style="list-style-type: none"> <li>• Internal inspection and audit actions/recommendations actioned</li> </ul>	HoD, Estates Manager, HSWA	Nov 2019
18	Active	Developing a successful and sustainable organisation.	<p>Implication of outcome of EU Referendum</p> <p>Leading to:</p> <p>Loss of EU Funding.</p> <p>Decrease in overseas (EU) students.</p> <p>Loss of EU national staff.</p>	<ul style="list-style-type: none"> <li>•Lack of numbers.</li> <li>•Students wishing to study within EU</li> <li>•Economic and fiscal uncertainty over EU exit.</li> <li>•Staff uncertainty</li> </ul>	<ul style="list-style-type: none"> <li>•Reduced numbers of students/staff</li> <li>•Loss of commercial potential.</li> <li>•Loss of EU funding</li> </ul>	Principal	5	4	20	<ul style="list-style-type: none"> <li>• Keep up to date with info flow.</li> <li>• Lobby through Colleges Scotland and Universities Scotland to increase funding to compensate.</li> <li>• Understanding the status of EU residents.</li> <li>• Use next two years productively as planning.</li> <li>• Look at opportunities, e.g. Increased fees.</li> <li>• Scottish Government Extension of free tuition for EU students</li> </ul>	15 (5,3)	↔	<ul style="list-style-type: none"> <li>• Scottish Government looking to protect Erasmus + programme</li> </ul>		Ongoing
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"> <li>•Review curriculum to ensure robust and up to date.</li> <li>•Continue close partnership working within UHI.</li> <li>•Ongoing dialogue with PPF and academic partners.</li> <li>•Plan, monitor and review student numbers/applications.</li> </ul>	9 (3,3)	↔	<ul style="list-style-type: none"> <li>• Curriculum Review</li> </ul>	Depute Principal Academic	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
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"> <li>•Review curriculum to ensure robust and up to date.</li> <li>•Develop external partnerships with schools. DYW and employers.</li> <li>•Plan, monitor and review student numbers/applications.</li> </ul>	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"> <li>•Robust governance policy.</li> <li>•Robust management policies, procedures and systems in place.</li> <li>•Dedicated Health &amp; Safety officer.</li> <li>•IT/Data Protection staff in place.</li> <li>•Mandatory staff training.</li> <li>•Close working relationship within UHI.</li> <li>•GDPR Implementation Plan</li> <li>•GDPR policies and procedures agreed.</li> </ul>	6  (2,3)	↔	<ul style="list-style-type: none"> <li>• Continuous update and reinforcement of GDPR policies and procedures.</li> </ul>	Principal	Ongoing
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"> <li>•Recruitment process robust, transparent and open.</li> <li>•Skills matrix approach in place.</li> <li>•Networking/proactively encouraging diversity of applicants.</li> </ul>	4  (2,2)	↔			

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
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.	Depute Principal Academic	3	3	9	<ul style="list-style-type: none"> <li>Partnership approach with HISA</li> <li>Continuous student engagement, feedback and dialogue.</li> <li>Ongoing Estate Maintenance and minor Refurbishments</li> </ul>	6  (2,3)	↑	<ul style="list-style-type: none"> <li>Goodlyburn Boilerhouse refurbishment</li> <li>CCTV installation around Perth Campus</li> <li>Various minor building works during summer recess 2019</li> </ul>	Head of Estates	September 2019
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.	Vice Principal External	4	4	16	<ul style="list-style-type: none"> <li>Firewalls and filters updated regularly.</li> <li>Anti virus software on all corporate devices.</li> <li>UHI protocols applied and adhered to.</li> <li>Passwords changed regularly.</li> </ul>	12  (3,4)	↔	<ul style="list-style-type: none"> <li>Roll out of new UHI wireless network hardware and process</li> </ul>	ICT Manager	Starting Pilot for Easter recess; project completion 31 July 19
25	Active	Developing a successful and sustainable organisation	Financial failure of commercial subsidiary	Non compliance with governance, financial and legal processes and procedures.	Contracts signed without required approvals.  Failure to consult with College SMT and AST Board	Vice Principal External	5	5	25	<ul style="list-style-type: none"> <li>AST management structure reviewed.</li> <li>Interim Manager in place.</li> <li>Policies identified</li> <li>Best practice adhered to</li> <li>College Governance applied.</li> <li>Advice given to AST Management Team.</li> </ul>	12  (3,4)		<ul style="list-style-type: none"> <li>Continue to review AST policies</li> <li>Regular meetings held</li> <li>Procedural Manual review</li> <li>Appointment of Permanent General Manager</li> </ul>	Vice Principal External	31 July 2019  May 2019



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

**LIKELIHOOD CRITERIA**

**TIMESCALE 3 YEARS**

<b>Score</b>	<b>Descriptor</b>	<b>Probability</b>
<b>5 - Almost Certain</b>	More than likely – the event is anticipated to occur	>80%
<b>4- Likely</b>	Fairly likely – the event will probably occur	61-80%
<b>3 - Possible</b>	Possible – the event is expected to occur at some time	31-60%
<b>2 - Unlikely</b>	Unlikely – the event could occur at some time	10-30%
<b>1 - Very Rare</b>	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)
<b>5 - Catastrophic</b>	A <b>disaster</b> with the potential to lead to: <ul style="list-style-type: none"> <li>• loss of a major UHI partner</li> <li>• loss of major funding stream</li> </ul>	> £500,000 or lead to likely loss of key partner	<ul style="list-style-type: none"> <li>• Likely loss of key partner, curriculum area or department</li> <li>• Litigation in progress</li> <li>• Severe student dissatisfaction</li> <li>• Serious quality issues/high failure rates/major delivery problems</li> </ul>	<ul style="list-style-type: none"> <li>• Incident or event that could result in potentially long term damage to UHI's reputation. Strategy needed to manage the incident.</li> <li>• Adverse national media coverage</li> <li>• Credibility in marketplace and with stakeholders significantly undermined.</li> </ul>
<b>4 - Major</b>	A <b>critical</b> event which threatens to lead to: <ul style="list-style-type: none"> <li>• <b>major</b> reduction in funding</li> <li>• <b>major</b> reduction in teaching/research capacity</li> </ul>	£250,000 - £500,000 or lead to possible loss of partner	<ul style="list-style-type: none"> <li>• Possible loss of partner and litigation threatened</li> <li>• Major deterioration in quality/pass rates/delivery</li> <li>• Student dissatisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Incident/event that could result in limited medium – short term damage to UHI's reputation at local/regional level.</li> <li>• Adverse local media coverage</li> <li>• Credibility in marketplace/with stakeholders is affected.</li> </ul>
<b>3 - Significant</b>	A <b>Significant</b> 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"> <li>• General deterioration in quality/delivery but not persistent</li> <li>• Persistence of issue could lead to litigation</li> <li>• Students expressing concern</li> </ul>	<ul style="list-style-type: none"> <li>• An incident/event that could result in limited short term damage to UHI's reputation and limited to a local level.</li> <li>• Criticism in sector or local press</li> <li>• Credibility noted in sector only</li> </ul>
<b>2 - Minor</b>	An <b>adverse</b> event that can be accommodated with some management effort.	£10,000 - £50,000	<ul style="list-style-type: none"> <li>• Some quality/delivery issues occurring regularly</li> <li>• Raised by students but not considered major</li> </ul>	<ul style="list-style-type: none"> <li>• Low media profile</li> <li>• Problem commented upon but credibility unaffected</li> </ul>
<b>1 - Insignificant</b>	An <b>adverse</b> event that can be accommodated through normal operating procedures.	<£10,000	<ul style="list-style-type: none"> <li>• Quality/delivery issue considered one-off</li> <li>• Raised by students but action in hand</li> </ul>	<ul style="list-style-type: none"> <li>• No adverse publicity</li> <li>• Credibility unaffected and goes un noticed</li> </ul>


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

**RISK MAP (for Gross risk & residual risk)**

**TIMESCALE 3 YEARS**

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

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**  
**2018/19 Annual Plan**

**14 May 2019**

Progress with the annual plan for 2018/19, approved in November 2018, is shown below.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
Internal Audit Annual Plan 2018/19	September 2018	Draft 05/09/18 2 <sup>nd</sup> Draft 19/11/18 Final 29/11/18	2019/01	N/A	18/09/18 and 28/11/18	
Credits Audit	November 2018	Draft 08/10/18 Final 10/10/18	2019/02	Audit opinion unqualified	28/11/18	
Student Support Funds	November 2018	Draft 19/11/18 Final 21/11/18	2019/03	Audit opinion unqualified	28/11/18	
Procurement and Creditors / Purchasing	February 2019					This review has now been deferred until 2019/20 at the request of management, with the four days added to the budget for the HR and Payroll Systems review to allow the scope to be widened.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
Key Financial Controls – AST Ltd	February 2019					Timing of fieldwork deferred until 8 May 2019 at the request of management. The report will be presented to the September 2019 meeting.
HR and Payroll Systems	May 2019					Fieldwork has commenced to examine key controls and further fieldwork will now be scheduled to allow a deep dive into specific control issues. As highlighted above the four days previously allocated to Procurement and Creditors / Purchasing have been redeployed. The report will now be presented to the September 2019 meeting.
International Activity – Products, Partnerships and Student Recruitment	May 2019	Draft 28/04/19 Final 06/05/19	2019/04	Satisfactory	14 May 2019	

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
Follow Up Reviews	May 2019		2019/05		14 May 2019	Fieldwork is ongoing. Some management responses have been provided but some are still awaited. As a result, this report will be 'to follow'

**Perth College UHI**

**International Activity – Products, Partnerships and Student  
Recruitment  
2018/19**

**Internal Audit Report No: 2019/04**

**Draft Issued: 29 April 2019**

**Final Issued: 06 May 2019**

**LEVEL OF ASSURANCE**

**Satisfactory**



## Content

		Page No.
<b>Section 1</b>	<b>Overall Level of Assurance</b>	<b>1</b>
<b>Section 2</b>	<b>Risk Assessment</b>	<b>1</b>
<b>Section 3</b>	<b>Background</b>	<b>1</b>
<b>Section 4</b>	<b>Scope, Objectives and Overall Findings</b>	<b>1 - 2</b>
<b>Section 5</b>	<b>Audit Approach</b>	<b>3</b>
<b>Section 6</b>	<b>Summary of Main Findings</b>	<b>3</b>
<b>Section 7</b>	<b>Acknowledgements</b>	<b>3</b>
<b>Section 8</b>	<b>Main Findings and Action Plan</b>	<b>4 - 12</b>
<b>Appendix I</b>	<b>Example International Strategy Framework</b>	<b>13</b>

### 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:

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

### Action Grades

<b>Priority 1</b>	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit Committee.
<b>Priority 2</b>	Issue subjecting the College to significant risk and which should be addressed by management.
<b>Priority 3</b>	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 ('the College') Risk Register:

- Lack of international student recruitment / sustaining International Partnerships (risk rating: high);
- Missing viable opportunities for development and growth (risk rating: medium);
- Academic quality is sub-standard (risk rating: medium);
- Failure to ensure sustainability (risk rating: medium); and
- College does not achieve allocated HE student number targets (risk rating: medium)

## 3. Background

As part of the Internal Audit programme at the College for 2018/19 we carried out a review of the College's international activities. The 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 College has in recent years established links with educational institutions in several countries, including China, India and Japan, which include institutional agreements, articulation agreements and student and teacher exchange programmes. Separate agreements are in place between the College / University of the Highlands and Islands (UHI) and each international partner. International activity also includes Erasmus Programmes (European Community Action Scheme for the Mobility of University Students) and language school summer programmes. In 2017/18 the College received total fee income of approximately £0.533 million for international activity.

## 4. Scope, Objectives and Overall Findings

The scope of the audit was to examine the key internal controls in place within the College in relation to its operations in the international market, covering students and partnerships (UHI and other parties) and products.

## 4. Scope, Objectives and Overall Findings (Continued)

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

Objective	Findings				
	1	2	3	Action already being taken	
The objectives of this audit were to ensure that:	No. of Agreed Actions				
<b>International Students</b>					
1. key markets and courses are identified for international students.	Satisfactory	0	0	0	✓
2. marketing and agency arrangements in place support the College with the recruitment of international students.	Good	0	0	0	
3. procedures are in place to assist students who wish to attend the College, including providing advice on UK Visas and Immigration requirements.	Good	0	0	0	
4. pastoral support is provided to students.	Good	0	0	0	
5. the setting of targeted international student numbers is robust and there is an adequate system in place for monitoring achievement against targets.	Good	0	0	0	
<b>International Partnerships and Products</b>					
6. an effective strategic planning process and management structure have been established.	Satisfactory	0	0	1	✓
7. key risks and opportunities in relation to international activities, including compliance with UK Visas and Immigration requirements, are identified and mitigated / exploited.	Good	0	0	0	
8. robust agreements are signed with partners which include clear objectives, income and expenditure sharing arrangements, and monitoring and review processes.	Good	0	0	0	
9. financial information on each specific international activity is provided, reviewed and reported upwards on a timely and regular basis.	Satisfactory	0	0	1	✓
10. staff undertake continuous development in order to widen the range of products available.	Good	0	0	0	
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>	<b>0</b>	<b>0</b>	<b>2</b>	
System meets control objectives with some weaknesses present.					

## 5. Audit Approach

We discussed the processes in place with the Vice Principal – External, Director of Partnerships – China and South East Asia, and staff from the College’s International Centre. We then selected a sample of partnership agreements and ensured that these are robust and that information, including financial information, is reported on these on a regular basis. Strategic planning, risk management and staff development documents were also reviewed in detail to ensure these are comprehensive.

## 6. Summary of Main Findings

### **Strengths**

- We found that the College has identified a clear market strategy for establishing links and agreements with international educational institutions in markets such as the Middle and Far east regions. The College has developed strong links with partners in China and has ambitions to develop opportunities with these partners further;
- The College utilises a network of agents that are approved by UHI to market and recruit students under the direction of the College / UHI;
- The College provides a good level of support to overseas students who are interested in coming to study at the College, particularly in China where the majority of the College’s overseas activities are focussed. This includes providing English language support early in the students’ University experience, information on the cultural difference between the UK and China, pastoral care and guiding students through the UK Visas and Immigration (UKVI) visa application process;
- The financial arrangements clauses contained in partnership agreements provide some financial protection to the College by ensuring that the College receives a guaranteed minimum price per student where the target number of students on the course is not achieved;
- A robust process is in place for the review and approval of new agreements both by the College and UHI;
- Well established processes are in place to mitigate the risks of UKVI visa requirements; and
- Signed agreements are in place between the College / UHI and international academic partners.

### **Weaknesses**

- Financial reporting of international activity does not currently include an allocation of staff costs for those staff involved in the delivery of the activity, and therefore financial reports would benefit from ensuring that all costs are captured; and
- There is no formalised strategy in place for the development of international activities, however the Vice Principal – External is drafting an International Strategy for the College.

## 7. Acknowledgements

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

## 8. Main Findings and Action Plan

### **Objective 1: Key markets and courses are identified for international students.**

The College does not generally provide courses specifically for international students who apply to study at the College, but instead infills students onto existing courses. In recent years the College has focused on China as being the key market in terms of recruitment of international students, with the College delivering several successful Engineering courses in China in partnership with educational institutions in China to meet demand. Partnership agreements established with educational institutions in China include delivery models where either the College delivers specific elements of the partners' degree programme through guest lecturing, or where College staff deliver the UHI ordinary degree programme at the partner institution which also offers graduates the option to complete the final honours year in Perth.

Key markets within China itself are identified from direct discussions between the College and Chinese institutions, with the focus of the College's current agreements relating to Engineering degrees. From discussions with the Vice Principal – External and Director of Partnerships – China and South East Asia we understand that several partners in China are keen to develop broad institutional agreements which would provide students in China with access to UHI degrees in areas such as Business and Finance, Textiles, Media and masters programmes. The College and UHI are currently in discussion with one of its partners in China to establish a UHI micro-campus in China to build on existing relationships and to further establish the UHI reputation in the area.

The College / UHI strategy to date has been to target institutions in large cities in provincial areas of China, avoiding the need to compete directly with larger UK universities that have been longer established in the large main cities of China and are therefore better placed to attract students from these areas.

Whilst the majority of the College's international activity is currently focused in China, the College also delivers Erasmus (EuRoPean Community Action Scheme for the Mobility of University Students) student exchange programmes and language school summer programmes, for which the College has developed links with educational institutions in Japan. Collaboration agreements are in place with institutions in India although few students are currently enrolled at the College as part of these agreements.

At the time of our review the Vice Principal – External was working on a revised strategy document for the International Centre. The revised strategy will highlight the College's priority markets and will propose focusing recruitment in existing and emerging markets in the wider Far East and Indian sub-continent, including China, Thailand, Japan and India as well as North America. In addition, a focus on customers where the College's subsidiary company AST have partnerships will also be part of the strategy for the Aircraft Engineering related provision.

**Objective 2: Marketing and agency arrangements in place support the College with the recruitment of international students.**

Where the College operates in markets outwith China, such as other parts of Asia and the Middle East, the College has developed a network of partnerships or agents who are used to market and recruit students under the direction of the College / UHI.

The focus in China is Transnational Education (TNE) activity, where UHI degrees are delivered outside of the UK. Under these arrangements each partner institution is responsible for recruitment of students onto the UHI programme. A minimum recruitment figure is set out in the partner agreements and where the target minimum number of students is not achieved the College still receives a guaranteed minimum fee per student × the target number, where the minimum fee has been calculated as enough to cover the costs of delivery to ensure viability.

The Director of Partnerships – China and South East Asia maintains close working relationships with the institutional partners in China and provides input into the College's student recruitment marketing plans, including:

- understanding strategically what is important for them as a university within their Province based on their regional skills need and demand for places;
- understanding what China's education reform means for them and the status of their international partnership development and Chinese MoE relationships;
- reviewing recruitment targets for China;
- developing new marketing initiatives and ensuring their implementation;
- maintaining marketing statistics and marketing intelligence on the market in China;
- undertaking recruitment and promotional missions within China;
- undertaking relationship building with local student recruitment advisors in China; and
- liaising with the wider network of UHI approved agents in China.

The College issues promotional / information packs to advisors and agents to promote the College and UHI. Seminars are arranged in-country which are attended by staff from the College, UHI and the Chinese partner institution, as well as alumni, to promote the partnerships and programmes and to answer questions from prospective students.

**Objective 3: Procedures are in place to assist students who wish to attend the College, including providing advice on UK Visas and Immigration requirements and**

**Objective 4: Pastoral care is provided to students.**

Brochures and information packs are produced for international students, which are distributed by agents and advisors in country. These cover a range of topics, including: UKVI guidance; accommodation whilst studying at the College; details of the College student support network; and guides to living in Perth and Scotland. In China, advice is given to students on cultural differences, visa requirements, financing and travel arrangements.

The College website has a dedicated section for international students, providing a range of information to assist students who wish to attend the College, including on courses, English requirements, information about qualifications, fees, UHI, student life, information about the College and Perth, accommodation, UKVI requirements and travel requirements.

As part of the international students' orientation, International Centre staff organise a number of activities, including excursions around Perth and Scotland, which are designed to introduce students to Scottish culture and history.

Overseas students have access to the College's information, advice and guidance service which is provided to all students and prospective students. Details of how the service can be accessed are included within information packs issued to prospective students and within welcome packs provided to enrolled students.

The College operates a homestay programme which is designed to support students in adapting to life at the College and in Scotland by allowing both international and non-international students the opportunity to stay with a local host that has been approved by the College's International team. The scheme allows students to enhance their English language skills whilst learning more of the Scottish culture.

Approved agents assist applicants through the visa application and UKVI Tier 4 documentation process. Only registered bodies can give general UK immigration advice to migrants and as the College is a Tier 4 Sponsor it can provide advice and support with respect to Tier 4 applications. In order to increase the chances of applications being successful, students applying for a visa are required to submit documentation to the College for review.

The English language ability test is an important part of the UKVI Tier 4 criteria. As the College's strategy in China is to seek agreements with educational institutions in Tier 2, 3 and Tier 4 cities in China where English may not be as widely spoken, the College has worked with partner institutions in China to incorporate the IELTS (International English Language Testing System) training into years one and two of TNE activity.

**Objective 5: The setting of targeted international student numbers is robust and there is an adequate system in place for monitoring achievement against targets.**

The College's annual budget setting process includes setting a budget for income from international student fees, which is driven by the number of expected international students and is based on: the financial arrangements set out in partnership agreements; and feedback obtained from partner institutions, agents and the College's International Centre staff discussions with students in China to identify students considering applying to study at the College.

The TNE agreements in place with partners in China provide students the option of coming to the College to study in fourth year to obtain an honours degree. Although the agreement identifies target student numbers taking up this option it is difficult to forecast as there are a number of economic, social and other factors which influence a student's decision to come to the College. The College has implemented measures to address some of these influences such as incorporating English language ability testing into the design of TNE programmes to improve the confidence of students in overcoming language and communication barriers and to enhance the students' chances of satisfying UKVI licensing requirements.

These factors make it difficult to robustly determine the number of international students and therefore international student income and the College budgets for modest levels of tuition fee income from international students.

A re-forecast figure for international student income is provided quarterly which, due to having more information to hand, increases in accuracy.

Progress against target is monitored through financial reports which is considered adequate.



**Objective 6: An effective strategic planning process and management structure have been established.**

The College’s current Strategic Plan 2016 – 2021 provides a set of five strategic aims. Aim two, ‘Work in partnership to foster and drive positive change and growth in local, regional, national and international economies’, includes the objective ‘Develop and build international partnerships to deliver curriculum, innovation and foster international networks’. Internationalisation is a theme that is also included within several other strategic aims.

Having a formal written strategy has a number of benefits, including giving comfort to the Board, UHI and potential international partners that the College’s approach to international activity is coherent, structured and aligned with the College’s and UHI’s educational values and aims. It may also be beneficial to produce an International Strategic Framework which supports the International Strategy, as per the example provided at Appendix I.

Observation	Risk	Recommendation	Management Response
<p>Underlying the Strategic Plan, we noted that the College is following a strategy for the development of international activity, however at the time of our review this had yet to be formally documented. The Vice Principal – External was working with the College’s International Centre, curriculum staff and UHI to develop a formal International Strategy. Through discussion with key staff and review of available documentation we obtained evidence that work undertaken in this area by the College had included development of an international strategy map which identified: strategic drivers and objectives; priority markets; products; delivery models; market entry strategies; fee structures; and governance arrangements.</p> <p>The Vice Principal – External advised that a formal International Strategy is expected to be drafted and presented to the Board for review and approval in June 2019.</p>	<p>A clear and coherent strategy for international activity is not developed which results in international activity not being aligned with the College’s or UHI’s strategic objectives and failing to meet recruitment targets.</p>	<p><b>R1</b> The College should ensure that a formal International Strategy is developed which expands on the areas included in the high-level international strategy map. Areas for further consideration also include:</p> <ul style="list-style-type: none"> <li>Contextual analysis including identifying current international strengths;</li> <li>Aspiration / Vision;</li> <li>Key outcomes / objectives;</li> <li>Strategic themes, e.g. Student recruitment, Research, Engagement, etc.;</li> <li>Priorities / actions under each strategic theme; and</li> <li>Measures of success.</li> </ul>	<p>An international strategy is under development to inform future international business aligned within the overall governance of the college.</p> <p><b>To be actioned by:</b> Vice Principal - External</p> <p><b>No later than:</b> 31 December 2019</p> <div style="text-align: right;"> <p><b>Grade</b> <span style="background-color: #76b82a; color: white; padding: 5px 10px; font-weight: bold;">3</span></p> </div>

**Objective 7: Key risks and opportunities in relation to international activities, including compliance with UK Visas and Immigration requirements, are identified and mitigated / exploited.**

Due diligence is undertaken by UHI International Office and the College's International Centre prior to establishing agreements with international partners. New collaboration proposals outline the business case and associated risks, and these must satisfy both the College's and UHI's standards. Both the College and UHI regularly receive information from the British Council and Foreign Office about 'in country' risks. The Director of Partnerships – China and South East Asia liaises regularly with the College's representative in China who feeds back any relevant information that may impact the College's activities in China. The College International Centre also maintains regular contact with the network of UHI approved agents in other markets such as India.

Risks relating to UKVI visa requirements are mitigated by the College through:

- using networks of UHI approved and trusted overseas agents;
- directing approved agents to provide clear information to students of the UKVI process and to provide support in completing the visa application;
- applications to the College, and for study visas, are reviewed by experienced staff in the College's International Centre prior to any application being submitted to UKVI; and
- international students at the College are supported throughout their studies and made clear of the UKVI requirements in terms of attendance, working whilst studying and entitlement to remain in the UK.

A sample of five overseas students studying at the College in 2018/19 was selected and tested to ensure that the College maintained records to demonstrate that UKVI requirements were being satisfied. This testing proved satisfactory.

**Objective 8: Robust agreements are signed with partners which include clear objectives, income and expenditure sharing arrangements, and monitoring and review processes.**

The College currently has formal partnership agreements in place with a number of educational institutions in countries such as China and Japan, which include collaboration agreements, articulation agreements and student and staff exchange agreements. At the time of our review the College was exploring further partnership opportunities in China and Kuwait. All agreements are jointly signed by the College and UHI. We reviewed copies of each active agreement and noted that these covered arrangements for programme delivery, responsibilities of the respective parties, programme management and quality assurance, financial arrangements and, where applicable, articulation arrangements.

Before entering into a collaborative agreement for any UHI programme, reports prepared by the International Centre are first considered by the Senior Management Team at the College and are then submitted to the UHI Faculty and to the UHI External Partnership Steering Committee for approval to progress. Formal approval for the collaborative arrangement is required from the UHI Learning, Teaching and Quality Committee (LTQC).

Before LTQC and the UHI Academic Council can approve any collaborative proposal, it must satisfy itself that the details of the collaborative arrangement accord with relevant UHI policies, the Quality Assurance Agency for Higher Education (QAA) codes of practice and awarding body guidelines.

Due to the nature of the potential risks to UHI academic standards and other aspects of UHI's reputation, the College is required to accompany its collaborative submission to LTQC with a completed due diligence and risk assessment report.

Following LTQC approval, the College in consultation with UHI, develops an institution to institution agreement for approval by the Academic Council which includes:

- specific programme arrangements;
- duration of the agreement;
- use of UHI name;
- student complaints and discipline;
- health and safety;
- equal opportunities, racial equality and provision for students with disabilities;
- termination of the agreement;
- resolution of disputes and arbitration;
- severance terms; and
- limitation of liabilities.

**Objective 9: Financial information on each specific international activity is provided, reviewed and reported upwards on a timely and regular basis.**

Separate project codes have been established in the College’s finance system for each international market. Monthly management accounts are produced by the Finance Department which include performance of actual against budgeted income and expenditure. Results are monitored by the Vide Principal – External and the Director of Partnerships – China and South East Asia and discussed at regular Senior Management Team meetings.

Observation	Risk	Recommendation	Management Response		
<p>We noted that the financial reports generated from the finance system do not include the proportion of staff time spent delivering international activity (e.g. based on time spent in China) as these costs are instead recorded with the curriculum area budgets. Costings for each International Project are completed by the Academic team in collaboration with Finance. To streamline this process the Director of Partnerships – China and South East Asia is working with the Head of Finance to ensure that a new, consistent budget monitoring template that aims to capture all costs, including staff costs, travel and overheads is created.</p>	<p>Financial reports on international activity do not capture all costs associated with its delivery and therefore do not provide a complete picture of the surplus or deficit for the College.</p>	<p><b>R2</b> The proposed budget monitoring template being developed by the Director of Partnerships – China and South East Asia should be reviewed by Finance for reasonableness. If considered appropriate, consider adopting the template to ensure that financial reporting for each international partnership activity captures all costs associated with delivery, including an allocation of staff costs, as well as other direct costs and associated overheads.</p>	<p>We have identified this issue in the most recent Business and Curriculum Planning Meeting. A universal financial monitoring model/template for international and other projects is under development.</p> <p><b>To be actioned by:</b> Director of Partnerships (in collaboration with the Head of Finance).</p> <p><b>No later than:</b> 30 September 2019</p> <table border="1" data-bbox="1592 1187 2101 1310"> <tr> <td data-bbox="1592 1187 1854 1310"><b>Grade</b></td> <td data-bbox="1854 1187 2101 1310"><b>3</b></td> </tr> </table>	<b>Grade</b>	<b>3</b>
<b>Grade</b>	<b>3</b>				

**Objective 10: Staff undertake continuous development in order to widen the range of products available.**

The College's Strategic Plan 2016 – 2021 includes an aim 'Have talented, confident and inspirational staff who contribute to and make a vital difference to the success of students, the life of the College, the University and our communities'. Under this aim there are objectives to: support all staff to develop appropriate skills and qualifications through opportunities for training, scholarship and research.

Training needs can be identified by individual staff members or managers as part of the annual appraisal process or at any time during the year. All staff undergo the staff review and development process at least annually which provides the opportunity for identifying training and development needs in order to contribute to the achievement of departmental and College objectives. This helps ensure that the College has the staff resource available to deliver a curriculum which is responsive and attractive to the demands of students from home and overseas markets both now and in the future.

## Appendix I – Example International Strategic Framework

<b>Mission Statement</b>	The Mission of Perth College is...		
<b>Vision for PC International</b>	The Vision for Perth College International Centre is...		
<b>Principles / Objectives</b>	For example: Collaboration... Communication... Coordination...		
<b>Strategic Themes</b>	<b>e.g. Student Recruitment and International Opportunities</b>	<b>e.g. Research Partnerships</b>	<b>e.g. Growing Perth College / UHI Global Reach</b>
<b>Priorities</b>	e.g. coordinate with UHI and Academic Partners to promote Perth College / UHI / Other Academic Partners as a destination of choice	e.g. establish global networks	e.g. develop the Perth College / UHI brand
	e.g. expand overseas opportunities for study for Perth College / UHI students	e.g. access national and global research programmes	e.g. strengthen existing relationships and networks in priority areas
			e.g. engage with alumni
<b>Priority Countries / Markets</b>			
<b>1. Established markets</b>	China	India	
<b>2. Growing / Emerging Markets</b>	Kuwait	Other Middle East countries	
<b>3. Other Markets of Interest</b>	Malaysia	Thailand	



**Perth College UHI**

**Follow-Up Reviews  
2018/19**

**Internal Audit Report No: 2019/05**

**Issued: 10 May 2019**

## Content

	<b>Page No.</b>
<b>1. Management Summary</b>	<b>1</b>
• Introduction and Background	1
• Objectives of the Audit	1
• Audit Approach	1
• Overall Conclusion	1 - 3
• Acknowledgements	3
<b>Appendices</b>	
Appendix I    Updated Action Plan – IT Network Arrangements (2018/04)	4 - 6
Appendix II   Updated Action Plan – Follow-Up Reviews 2017/18 (2018/05)	7 - 18
Appendix III  Updated Action Plan – Equalities Mainstreaming (2018/06)	19 - 23



## Management summary

### Introduction and Background

As part of the Internal Audit programme at Perth College UHI ('the College') for 2018/19 we carried out a follow-up review of the recommendations made in the following Internal Audit reports issued during 2017/18:

- Internal Audit Report 2018/04 – IT Network Arrangements;
- Internal Audit Report 2018/05 – Follow-Up Reviews 2017/18; and
- Internal Audit Report 2018/06 – Equalities Mainstreaming

Internal Audit Reports 2018/01 – Annual Plan, 2018/02 – 2016/17 Student Activity Data, 2018/03 – Space Management (Business Process Review) and 2018/07 – Annual Report, did not contain any action plans and therefore no follow-up of these was carried out as part of this review.

### 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 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 limited progress in implementing the recommendations followed-up as part of this review. Only four of the 19 recommendations followed-up have been assessed as 'fully implemented'.

Eight recommendations from Report 2018/06 – Equalities Mainstreaming have been assessed as showing 'little or no progress'. The College is currently recruiting for the position of Equality and Diversity Adviser. This position has been vacant for a period of time and the recommendations raised in this report will be taken forward once the new Equality and Diversity Adviser is in post.

## Overall Conclusion (Continued)

Of the six 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 College’s Health, Safety and Wellbeing Adviser has identified that whilst improvements have been made across the College in bringing risk assessments up-to-date, further checks are scheduled during 2019 to confirm compliance in areas of the College not already reviewed; and improvement is still required in the completion rate for online health and safety training modules and plans are in place to address this. Status reports will continue to be provided to the Health and Safety Committee.

One recommendation from report 2018/04 – IT Network Arrangements has been ‘considered but not implemented’. The password policy governing access to the College IT network is applied by central policy across the UHI academic partnership. There are no plans to re-configure this policy. The College intends to investigate alternative controls including a two-factor authentication process for those staff accounts that have high-level access to sensitive information.

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
IT Network Arrangements	1	-	-	-	-	-
	2	1	-	1	-	-
	3	3	1	1	-	1
<b>Total</b>		<b>4</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>1</b>
Follow-Up Reviews 2017/18	1	-	-	-	-	-
	2	-	-	-	-	-
	3	2	1	1	-	-
	A	-	-	-	-	-
	B	2	-	2	-	-
C	2	2	-	-	-	
<b>Total</b>		<b>6</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>
Equalities Mainstreaming	1	-	-	-	-	-
	2	-	-	-	-	-
	3	9	-	1	8	-
<b>Total</b>		<b>9</b>	<b>-</b>	<b>1</b>	<b>8</b>	<b>-</b>
<b>Grand Total</b>		<b>19</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>1</b>

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

### Reports issued from 2015/16

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

## Overall Conclusion (Continued)

### *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 2018/04 – IT Network Arrangements

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2019
<p><b>R1</b> Consider implementing additional controls whereby HR issue monthly reports on joiners, leavers and staff that have changed role to departmental leads and ask them to confirm membership based on departmental composition and job roles. Any amendments would then be notified to HR who would in turn notify IT by raising a Helpdesk ticket.</p>	3	<p>We are happy to work on this basis. ICT is currently notified on starters and leavers (frequency and timings of this may need scrutiny) but additionally “movers” information is required systematically to ensure that privileged access is either enabled or disabled appropriately when staff change roles.</p>	Yes	<p><del>Susan Hunter,</del> Head of HR</p> <p>Now: Jen McGillivray, HR Team Leader</p> <p>Richard Fyfe HR Advisor</p>	1 May 2018	<p>A formal system is in place for staff account creation, suspension and deletion and is controlled by HR.</p> <p>It has been agreed that a formal process for ‘movers’ is to be incorporated into the existing formal system.</p> <p><b><i>Partially Implemented</i></b></p> <p><b>Revised Completion Date: 30 August 2019</b></p>

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2019
<b>R2</b> In order to maintain the security of the Active Directory environment undertake a review of user accounts and delete disabled accounts and test accounts that are no longer required.	3	Agreed that a process is required to identify disabled accounts and seek permission to delete. There are a number of reasons why these may not be deleted but more rigour is required.	Yes	Steve Douglas, Network & Systems Team Leader	1 June 2018	<p>A formal process is in place.</p> <p>Remaining 'Test' account privileges have been scoped to minimise potential vulnerability footprints.</p> <p>Staff leaver accounts are disabled, and then removed within four weeks (in case they return, or email content is required short term). On request these accounts can be removed immediately.</p> <p><b>Fully Implemented</b></p>
<b>R3</b> Discuss with UHI how the existing password policy can be amended by replacing the forced rotation policy with a single use password and implementing alternative controls such as notifying users of log-in attempts and blacklisting of the most common insecure and weak password choices.	3	<p>The discussion around forced change of password is ongoing with our partners who are in control of the process.</p> <p>Complex passwords are already required.</p> <p>We have raised the profile of password security etc. through the intranet and will highlight this at induction.</p>	Yes	<p><del>Dawne Hodgkinson, International and Corporate Services Director (in conjunction with EO)</del></p> <p>Now: Steve Douglas, Network &amp; Systems Team Leader</p>	1 June 2018	<p>Complex passwords and 90 day forced password rotation policy remains in place for staff accounts.</p> <p>Ongoing review of the process is in place as and when required.</p> <p>The College is keen to trial two-factor authentication process for those staff accounts that have high-level access to sensitive information.</p> <p><b>Considered but not Implemented</b></p>

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2019
<p><b>R4</b> Ensure that:</p> <ul style="list-style-type: none"> <li>Separate Administrator accounts are created for each of the members of the networking team;</li> <li>Administrator accounts are not used for day-to-day activities such as web browsing and checking email; and</li> <li>Administrator accounts are renamed and do not include 'Admin' in the title so that the purpose of the account is less obvious to hackers.</li> </ul>	2	<p>Agreed to separate admin accounts for each of the networking team.</p> <p>Administrators do not currently use their admin accounts for day to day activity</p> <p>Admin account titles to be changed.</p>	Yes	Steve Douglas, Network & Systems Team Leader	1 April 2018	<p>In relation to each element of the recommendation:</p> <ul style="list-style-type: none"> <li>Separate accounts have been created for each member of the admin team;</li> <li>Work has still to be done to ensure admin accounts are not being used for day-to-day activities. The way this is managed going forward is still to be agreed. UHI may be able to block external aces for Admin level accounts on request; and</li> <li>Only one account still has Admin in the title. Tasks have been reduced / limited for this account until this has been completed.</li> </ul> <p><b><i>Partially Implemented</i></b></p> <p><b>Revised Completion Date: 30 August 2019</b></p>

## Appendix II – Updated Action Plan Internal Audit Report 2018/05 – Follow-Up Reviews 2017/18

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2019
<b>Internal Audit Report 2013/04 – Budgetary Control</b>						
<b>R1</b> 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.	<del>Ian Martin</del>  Now: Andrea Saunders	31.07.13  <b>Revised Completion Date:</b> 31 March 2017	<p><b>At April 2015</b> 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><b>At May 2016</b> Progress as per April 2015. Awaiting new finance system implementation.</p> <p><b>At May 2017</b> 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>Procedural notes have been prepared. Delays continue with the UHI implementation.</p> <p><b>Fully Implemented</b></p>

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2019
<p><b>R1 (continued)</b></p>					<p>The College will now prepare procedural notes outlining the current practice in order to action this recommendation without further delay.</p> <p><b>At May 2018</b> Draft procedure notes have been drawn up pending final review.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Completion Date:</b> 31 December 2018</p>	



Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2019
<b>Internal Audit Report 2013/07 – Health &amp; Safety</b>						
<b>R1</b> 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.	B	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.	Director of HR & Communications	31 May 2013  <b>Revised Completion Date:</b> 31 December 2016	<p><b>At April 2015</b> A desktop review of risk assessments was carried out by H&amp;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&amp;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&amp;S Officer plans to further review these to ensure all are uploaded and robust.</p> <p><b>At May 2016</b> The H&amp;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&amp;S Officer advised that they were still relevant. Some departments have still to provide electronic copies of RAs for upload however the H&amp;S Officer is confident that RAs are all in place and reviewed.</p> <p>(Continued on next page)</p>	<p>Improvements have been made with risk assessments being completed, reviewed and stored electronically. More areas are utilising the central registry and additional assessments have been conducted for Estates Caretakers and Cleaners and Nursery. Some areas still maintain hard copy assessments for Student Training and reference. Internal Inspections by the Health, Safety and Wellbeing Adviser shall indicate if current hard copies are suitable and sufficient. Further review of risk assessments scheduled in 2019.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Completion Date:</b> 31 December 2019</p>

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2019
<p><b>R1 (Continued)</b></p>					<p>The recommendation has been left open until all RAs are uploaded onto Perth Net and the H&amp;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&amp;S Officer has provided RA training to 65 staff throughout the College to assist them in reviewing and preparing / updating RAs.</p> <p><b>At May 2017</b> 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>(Continued on next page)</p>	

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2019
<p><b>R1</b>      <b>(Continued)</b></p>					<p><b>At May 2018</b>                      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><b>Partially Implemented</b></p> <p><b>Revised Completion Date:</b> 31 October 2018</p>	

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2019
<p><b>Training</b></p> <p><b>R3</b> The College should ensure that all staff with outstanding mandatory H&amp;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 <b>Revised Completion Date:</b> 31 August 2015	<p><b>At April 2015</b> 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><b>At May 2016</b> The completion rate for the mandatory on-line training module was not available at the time of finalising this report.</p> <p><b>At May 2017</b> Approximately 80% of staff have completed online H&amp;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>A review of current staff employed, and completion of online Health and Safety related training has indicated a fall from previous years. Figures indicate 44% of current staff have completed modules, with 38% not having started any. Reminders have been forwarded to Managers and raised at the Health and Safety Committee to ensure specific training is completed by all staff.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Completion Date:</b> 31 December 2019</p>

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2019
<p><b>R3</b>      <b>(Continued)</b></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><b>At May 2018</b> 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><b>Partially Implemented</b></p> <p><b>Revised Completion Date:</b> 31 January 2019</p>	

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2019
<b>Internal Audit Report 2015/05 – Corporate Governance</b>						
<b>R9</b> 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.	Maureen Masson	Dec 2015  <b>Revised Completion Date:</b> 31 December 2016	<p><b>At May 2016</b> 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><b>At May 2017</b> 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>A skills matrix has been developed and is maintained by the Secretary to the Board. It incorporates for each member, i) Current Skills, and ii) A log that contains training attended, and any additional training required.</p> <p>The type of training received is principally through Board Development Days (strategy / current awareness of major issues impacting upon the College), attendance at formal training / networking events run by Colleges Scotland / College Development Network, and also self-driven personal development.</p> <p>Board 1:1s took place in Summer 2018 with the outgoing Chair and individual training and development needs were identified and incorporated into the skills matrix / training log.</p> <p>(Continued on next page)</p>

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2019
<p><b>R9 (continued)</b></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>(Continued on next page)</p>	<p>Academic year-end 1:1s with the new Chair will take place June / July ‘19 at which training progress will be reviewed, and further needs identified.</p> <p>Five new Board Members have joined during 2018/19 and all have attended full induction courses with College Executives, Secretary and Chair.</p> <p>1:1s with the Chair June / July will identify further training needs.</p> <p>The Board continues to look at its development needs and an informal effectiveness review undertaken in March 2019 will lead to a more structured development plan being put in place.</p> <p><b>Fully Implemented</b></p>

Recommendation	Grade	Comments	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at May 2019
R9 (continued)					<p><b>At May 2018</b>                      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&amp;D requirements for the Board as a whole.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Completion Date: 31 August 2018</b></p>	



Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at May 2019
<b>Internal Audit Report 2016/05 – Commercial Developments / Research and Development / IPR</b>						
<p><b>R5</b> 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>	<p><b>3</b></p>	<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><del>Curriculum and Business Engagement Director</del></p> <p>Now: Veronica Lynch</p>	<p>August 2016</p>	<p><b>At May 2017</b> 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><b>At May 2018</b> 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><b>Partially Implemented</b></p> <p><b>Revised Completion Date:</b> 30 September 2018</p>	<p>The Head of Finance has convened a Short Life Working Group to review costing models and approaches to costing for course development and commercial activities. Competitor analysis and an assessment of what the market will bear will form part of the costing approach.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Completion Date:</b> 30 June 2019</p>

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at May 2019
<b>Internal Audit Report 2016/07 – International Activity – Products, Partnerships and Student Recruitment</b>						
<p><b>R2</b> 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>	<p><b>3</b></p>	<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><del>Dawne Hodgkinson, International and Corporate Services Director</del></p> <p>Now: Veronica Lynch / Lorenz Cairns / Catherine Etri</p>	<p>April 2017 (dependent on agreement of proposed University Internationalisation Strategy)</p>	<p><b>At May 2017</b> No progress has been made on the University strategy.</p> <p><b>At May 2018</b> No progress made on the University Strategy.</p> <p><b>Little or No Progress Made</b></p> <p><b>Revised Completion Date:</b> not available – outwith College control</p>	<p>A PESTLE analysis of activities in China was carried out by the Director of Partnerships – China and South East Asia and was completed in January 2017, although not previously identified to internal audit. The Director of Partnerships – China and South East Asia plans to update the analysis for 2019/20 given the international business in China has had significant growth since 2017.</p> <p><b>Fully Implemented</b></p>

## Appendix III – Updated Action Plan

### Internal Audit Report 2018/06 – Equalities Mainstreaming

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2019
<b>R1</b> Develop an equality and diversity strategy. This may be included within existing equalities documents, or as a separate document.	<b>3</b>		Yes	<del>Stuart Hall and Susan Hunter</del>  Now: Jen McGilvary, HR Team Leader	31 October 2018	<p>The College is currently recruiting for the position of Equality and Diversity Adviser. This position has been vacant for a period of time and the recommendation will be taken forward once the new Equality and Diversity Adviser is in post.</p> <p><b><i>Little or No Progress Made</i></b></p> <p><b>Revised Completion Date: 31 March 2020</b></p>

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2019
<b>R2</b> Develop an equality and diversity operational plan.	3		Yes	<del>Stuart Hall, Richard Ogston, David Gourley and Susan Hunter</del>  Now: Richard Ogston, David Gourley and Jen McGilvary	31 July 2018	An Equality and Diversity Action Plan was agreed and actioned via the EDIT Committee in April 2019. Progress on an operational plan is still to begin.  The recommendation will be taken forward once the new Equality and Diversity Adviser is in post.  <b>Little or No Progress Made</b>  <b>Revised Completion Date:</b> 31 December 2019
<b>R3</b> Ensure that appropriate equality actions are built into Faculty and Departmental operational plans.	3		Yes	<del>GMT</del>  Now: Jen McGilvary	30 September 2018	The recommendation will be taken forward once the new Equality and Diversity Adviser is in post.  <b>Little or No Progress Made</b>  <b>Revised Completion Date:</b> 29 February 2020

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2019
<p><b>R4</b> Compare College protected characteristics statics against a suitable benchmark and from this identify any areas where there is disproportionately low participation by those with protected characteristics.</p>	3		Yes	<p><del>Stuart Hall and Aishling Fagan (staff) Deborah Lally and Stuart Hall (students)</del></p> <p>Now: Jen McGilvary and Deborah Lally</p>	31 July 2018	<p>For students: KPI data has been identified and compared against the sector where available. Actions have been identified in the College’s EREP action plan and these are ongoing – the impact will not be known until the end of academic year 2018/19 and KPI data is finalised.</p> <p>For staff: The recommendation will be taken forward once the new Equality and Diversity Adviser is in post.</p> <p><b><i>Partially Implemented</i></b></p> <p><b>Revised Completion Date: 31 December 2019</b></p>
<p><b>R5</b> 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>	3		Yes	<p><del>Stuart Hall</del></p> <p>Now: Jen McGilvary</p>	30 September 2018	<p>The recommendation will be taken forward once the new Equality and Diversity Adviser is in post.</p> <p><b><i>Little or No Progress Made</i></b></p> <p><b>Revised Completion Date: 29 February 2020</b></p>

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2019
<b>R6</b> 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.	3		Yes	<del>Susan Hunter</del> Now: Jen McGilvary	31 July 2018	The recommendation will be taken forward once the new Equality and Diversity Adviser is in post.  <b>Little or No Progress Made</b>  <b>Revised Completion Date:</b> 31 December 2019
<b>R7</b> 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.	3		Yes	<del>Stuart Hall</del> Now: Jen McGilvary	31 August 2018	The recommendation will be taken forward once the new Equality and Diversity Adviser is in post.  <b>Little or No Progress Made</b>  <b>Revised Completion Date:</b> 31 January 2020

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2019
<p><b>R8</b> Review the EIA process to ensure:</p> <ul style="list-style-type: none"> <li>all policies and practices are identified;</li> <li>where an EIA has not been undertaken for a policy or procedure, ensure that there is a formal justification for this;</li> <li>all EIAs are on the College website;</li> <li>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</li> <li>all EIAs are kept centrally.</li> </ul>	3		Yes	<p><del>Stuart Hall</del></p> <p>Now: Jen McGilvary</p>	31 August 2018	<p>The recommendation will be taken forward once the new Equality and Diversity Adviser is in post.</p> <p><b>Little or No Progress Made</b></p> <p><b>Revised Completion Date: 31 January 2020</b></p>
<p><b>R9</b> 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>	3		Yes	<p><del>Sarah Macfarlane</del></p> <p>Now: Jen McGilvary</p>	30 June 2018	<p>The recommendation will be taken forward once the new Equality and Diversity Adviser is in post.</p> <p><b>Little or No Progress Made</b></p> <p><b>Revised Completion Date: 31 December 2019</b></p>

# Perth College

## Annual Audit Plan Year ending 31 July 2019

Audit Committee – 14 May 2019



# Contents

Section	Pages
<b>Executive Summary</b>	<b>1-2</b>
<b>Financial Statements and Accounting</b>	<b>3-9</b>
<b>Wider Scope Audit Risks</b>	<b>10-13</b>
<b>Timing and deliverables; fees</b>	<b>14-16</b>
<b>Appendices</b>	
Appendix A – Code of Audit Practice: responsibilities	<b>18</b>
Appendix B – Auditor Independence	<b>19</b>
Appendix C – Required communications with the audit committee	<b>20-21</b>

## **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 and its group 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 management and the Audit Committee, sets out our proposed audit approach for the audit of the financial year ending 31 July 2019. In preparing this plan, we have updated our understanding of the College through planning discussions with management, review of relevant documentation and Board and committee reports, and our understanding of the environment in which the College is currently operating.

A key objective of our audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the College employs best practice and where processes can be improved. We use these insights to form our audit recommendations to support the College in improving its practices around financial management and control, as well as around key aspects of the wider scope dimensions of audit.

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; relevant Auditing Standards and applicable Practice Notes issued by the Financial Reporting Council; relevant legislation; and other guidance issued by Audit Scotland.

### Financial statement audit

We are responsible for conducting an audit of the financial statements of the College and its group. 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’s affairs as at 31 July 2019 and its surplus or deficit for the year then ended.
- They 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.
- They 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 2018/19 we have assessed it is appropriate to classify the College as a smaller body for the purposes of our wider scope audit consideration. We undertake certain audit procedures which impact on the wider scope audit dimensions as a consequence of our financial statements audit. We will report our findings on completion of our audit.

## Materiality

<b>Planning materiality £460,000</b>	Materiality has been set at £460,000 (2017/18 - £440,000), which represents approximately 1.9% of the gross expenditure for the year.
<b>Tolerable Error £345,000</b>	Tolerable error has been set at £345,000 (2017/18 - £300,000), which represents 75% of materiality.
<b>Uncorrected differences £23,000</b>	We will report all uncorrected misstatements relating to the primary financial statements greater than £23,000 (2017/18 - £24,000). 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.
Valuation of property, plant and equipment and capital funding	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. There is judgement involved in determining the appropriate actuarial assumptions to calculate the College's net pension liabilities arising from its participation in the scheme.
Remuneration report disclosures	Inherent risk	Increase in focus for 2018-19	The College has experienced significant changes in key personnel during 2018/19. Under the SFC Accounts Direction, each senior officer with responsibilities during the financial year will require compliance with the detailed disclosure requirements.

## 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

Stephen Reid, Partner  
sreid2@uk.ey.com

Grace Scanlin, Senior Manager  
grace.scanlin@uk.ey.com

Rachel Wynne, Assistant Manager  
rachel.wynne@uk.ey.com

Ernst & Young LLP, 144 Morrison Street, Atria One, Edinburgh EH3 8EX

# 1. Financial statements and accounting

# 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 financial statements.
- Reading other information contained in the financial statements, including the Board's statement that the annual report is fair, balanced and understandable, that 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 2018/19 we plan to follow a predominantly 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. Our audit approach includes the use of our bespoke data analysers to allow us to analyse 100% of the Group's transactions around key income and expenditure accounts rather than rely on random sampling.

## 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.

## Gross expenditure on provision of services, excluding the 'gross-up' of income and expenditure for the College = £23.975 million

<b>Planning materiality</b> <b>£460,000</b>	<b>Planning materiality (PM)</b> – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements. For planning purposes, materiality for 2018/19 has been set at £460,000 (2017/18 – £440,000). This represents approximately 1.9% of the College's reported expenditure in the prior year.
<b>Tolerable Error</b> <b>£345,000</b>	<b>Tolerable error (TE)</b> – 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 £345,000 (2017/18 - £330,000) which represents 75% of planning materiality.
<b>Summary of Audit Differences</b> <b>£23,000</b>	<b>Summary of Audit Differences (SAD) Nominal amount</b> – 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 £23,000 (2017/18 - £24,000), which represents 5% of planning materiality.

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.

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.

We consider all accounts and disclosures within the financial statements individually to ensure an appropriate materiality is used. In determining their materiality, we consider both the quantitative and qualitative factors that could drive materiality for the users of the financial statements. Accordingly we determine it is appropriate to use lower levels of materiality for some areas of the financial statements, including:

- Remuneration report - given the sensitivity around the disclosure of senior staff remuneration we apply a materiality of £1,000 to our audit consideration around the remuneration report and related disclosures.
- Related party transactions – related party transactions are considered material when they are material either party in the transaction. As such, we do not apply a specific materiality to related party audit work but consider each transaction individually.

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?

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.

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.

We also recognise the same risk around incorrect recognition of non-pay expenditure in line with Practice Note 10.

### Our identified response to the risk

Our response will include:

- 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 management's assessment of deferred income balances, including evidence related to the performance of conditions
- review and perform focused testing on income and expenditure around the year end to ensure correct recognition around cut-off between financial periods.

## Fraud risk – misstatement due to fraud or error

### What is the risk?

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.

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.

Beyond the noted risk around recognition of income and expenditure, we have not identified a specific account where the risk of management override is higher.

### Our identified response to the risk

Based on the requirements of auditing standards our approach will focus on:

- identifying fraud risks during 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
- performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements
- specific focus on the accounting for any identified key areas of judgement and estimates in the financial statements and significant and unusual transactions. This will include consideration of any provisions requiring to be made as at the balance sheet date for any restructuring arrangements entered into by the College.

**Significant and fraud 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 2018/19 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?

The College's property portfolio totalled £36.5 million as at 31 July 2018. Land and buildings are revalued to fair value with a full revaluation taking place at least every five years.

A full formal valuation was undertaken on 1 August 2018 and an interim valuation will next become due in August 2021.

Given the size of this balance and the requirement to use a number of assumptions in the valuation, we assign a higher inherent risk to property, plant and equipment.

We do not, however, at the planning stage have any specific concerns over management's approach to property valuations.

### Our identified response to the risk

Our approach will focus on:

- 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
- assessment of the potential for impairment across the Group estate that has not been reflected in the financial statements or most recent formal valuation.

## Inherent Risk – Valuation of Pension Liabilities

### What is the risk?

The College participates in two pension schemes; the Tayside Pension Fund (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.

In late 2018, a High Court ruling was made in relation to the equalisation of certain pension benefits payable to men and women, which could impact the measurement of the University's obligation in the Superannuation scheme going forward. The quantum of impact on the University's share of the scheme liabilities was unclear and deemed unquantifiable at the date of approval of last year's financial statements, with actuaries and pension schemes continuing to work through the impact of the ruling on individual member benefits.

### Our identified response to the risk

Our approach will include:

- obtaining an actuarial report at the year end date for the LGPS and considering the reasonableness and consistency of underpinning assumptions, in light of guidance available.
- 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
- performing substantive testing on the verification of the pension assets, by engaging with the auditors of the Pension Fund in line with the protocols laid out by Audit Scotland for IAS19 assurance.
- If necessary, we will also review the calculation of the College's valuation of future early retirement liabilities at 31 July.

➤ **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 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 – Remuneration Report

### What is the risk?

The College has experienced significant changes in key personnel during 2018/19, which will require disclosure within the Annual Report.

The SFC Accounts Direction requires compliance with the disclosure requirements of the FReM, including:

- details of the College’s remuneration policy
- a single total figure for remuneration and pension entitlement for each director
- compensation payments to directors, payments to past directors, and fair pay disclosure
- specified information on all staff.

### Our identified response to the risk

Our approach will focus on:

- confirming that all relevant senior officers are included within remuneration disclosures
- remuneration information is properly calculated and disclosed, including pension entitlement
- any information on compensation payments to former senior officers.

**Remuneration report disclosures are assessed as a specific area of risk in 2018/19. We will work with management at an early stage of the audit to ensure that disclosures are comprehensive and accurate.**

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 transactions. These analysers:

- Help identify specific exceptions and anomalies to direct 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 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 each area. We would typically perform the following:

- 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.

### ***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 our findings as part of our year-end audit reporting.

### ***Financial statements presentation and compliance with accounts direction***

We will review the College's financial statements to ensure that financial information agrees to supporting schedules, and that non-financial information is consistent the financial performance and position of the College. We will also review the financial statements against the disclosure requirements outlined under FRS 102, the further education SORP, and the SFC accounts direction.

### ***Anti-money laundering***

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on 26 June 2017 and replace The Money Laundering Regulations 2007. The regulations impose an obligation on the Auditor General to inform the National Crime Agency if she knows or suspects that any person has engaged in money laundering or terrorist financing. As appointed auditor we will consider the College's arrangements to identify and report on any instances of money laundering in line with Audit Scotland reporting arrangements.

## **2. Wider scope audit risks**

## 2. Wider Scope Audit Risks



The Accounts Commission and 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 small 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.

In accordance with Audit Scotland planning guidance, for 2018/19 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 around financial sustainability and governance and transparency matters. The judgement of applying the smaller body clause is revised annually to reflect that the risks to wider scope dimensions may change.

Under the smaller body provision we will consider the financial sustainability of the College and the services that it delivers over the medium to longer term and 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 identified risks relating to both financial sustainability and governance, and both have therefore been designated as wider scope audit focus areas for the year. The rationale for this focus is outlined in our audit consideration below.

Our findings and judgements in respect of the wider scope dimensions will be reported within our Annual Audit Report.

## 2 Wider Scope Audit Risks (continued)



Audit dimension	Risk assessment	Rationale and response
<p><b>Financial sustainability</b> considers the medium and longer term outlook to determine if planning is effective to support service delivery. This will focus on the arrangements to develop viable and sustainable financial plans.</p>	<p><b>Wider scope audit focus area</b></p>	<p>In 2017/18 the College reported an actual accounting deficit of £1.5 million for the year (2016/17: £6.4 million surplus). Following actuarial gains of £7.1 million, the College reported total comprehensive income of £5.6 million (2016/17: £7.4 million).</p> <p>In 2017/18 the College outlined its forecasted underlying financial position through to 2023 within the financial forecast return (“FFR”). This five year projection forecasts two years of underlying surpluses followed by deficits from 2020 through to 2023. Overall the College forecasts an underlying deficit of £1 million across the five year period. While we noted that the College projections highlighted a positive cash position throughout the period, this is subject to a number of assumptions and may therefore have a significant impact on the future financial position.</p> <p>The financial environment in which the College operates continues to be challenging, as is the case across the sector, as financial pressures from pay bargaining and reduced funding settlements continue. As such we have identified this area as a wider scope area of audit focus.</p> <p>The College has recently engaged additional support to develop a financial model for salary projections that reflects key factors such as national pay bargaining, unfunded cost of living expenses and the ‘permatisation’ of temporary academic and support staff costs. This work will provide a key building block in the development of the College’s medium term financial strategy.</p> <p>The College has also identified scope to reduce property costs to maintain financial sustainability, and consultation is underway relating to the closure of a number of satellite learning centres.</p> <p>Our work for the year will consider:</p> <ul style="list-style-type: none"> <li>• Does the College have robust financial plans in place over the medium term? Are assumptions included in financial plans robust and appropriate and do they align to strategic and operational plans?</li> <li>• Where gaps in financial plans are identified is the College taking corrective action through savings plans and is the pace and scale of these actions sufficient to ensure financial sustainability?</li> </ul>

Audit dimension	Risk assessment	Rationale and response
<p><b>Governance and transparency</b> is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.</p>	<p><b>Wider scope audit focus area</b></p>	<p>In our 2017/18 Annual Audit Report we noted that while the College had the key requirements for good governance in place, management had identified four areas of non-compliance with the Code of Good Governance, including:</p> <ul style="list-style-type: none"> <li>• Completion of Annual Effectiveness Review for the Board; and</li> <li>• Compliance with the College sector Staff Governance Standard.</li> </ul> <p>The College has also experienced significant changes in key personnel during the financial year. This presents an additional risk that governance processes will not operate as normal, or that key areas of corporate knowledge are lost. Our work for the year will consider:</p> <ul style="list-style-type: none"> <li>• Is the Governance Statement within the financial statements complete and does it reflect key findings from audit, scrutiny and inspection? Has progress been made to address non-compliance with the code of good governance or are appropriate mitigating actions in place and disclosed?</li> <li>• Progress against prior year audit recommendations from both internal and external audit, including the College's arrangements for ensuring these are monitored and reported on a routine basis.</li> <li>• Internal audit arrangements during 2018/19, including significant findings identified and the work done to address issues identified.</li> <li>• The quality of arrangements in place to support good governance at the College, including induction and training arrangements, and ensuring the College has processes in place to consider national reports and take action where appropriate.</li> <li>• Arrangements to ensure there is sufficient transparency around governance and decision making arrangements at the College, including consultation relating to key decisions.</li> </ul> <p>In line with auditing standards, as part of our consideration of the College's governance arrangements this year, we will write to the 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 annually make formal inquiries beyond standard management meetings and representations.</p> <p>In 2018/19 the College is required to participate in Scotland's National Fraud Initiative ("NFI") exercise, whereby public bodies share financial information to identify possible fraudulent activity where monies may be recoverable. We will consider the College's own self-assessment of how well NFI practices and culture is embedded and report back to Audit Scotland. We will report any significant findings to the committee in our Annual Audit Report.</p> <p>Similar to 2017/18, Audit Scotland requires us to consider the adequacy of the College's preparations for EU withdrawal. This will include forming an overall judgement on the College's preparedness at 31 March 2019 and any subsequent updates.</p>

### **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 2018/19.

	Audit Activity	Deliverable	Expected Timing
MAR	<ul style="list-style-type: none"> <li>➤ Review of current issues impacting the College throughout the audit process</li> </ul>	Periodic current issues return submission	22 March 2019 8 November 2019
APR			
MAY	<ul style="list-style-type: none"> <li>➤ Audit planning and setting scope and strategy for the 2018/19 audit</li> </ul>	Annual Audit Plan	14 May 2019
JUNE	<ul style="list-style-type: none"> <li>➤ Walkthrough visit</li> </ul>	Completion of internal documentation	8 April 2019
AUG	<ul style="list-style-type: none"> <li>➤ Review progress of the NFI exercise</li> </ul>	Submit NFI questionnaire	30 June 2019
SEPT	<ul style="list-style-type: none"> <li>➤ Year-end substantive audit fieldwork on unaudited financial statements</li> </ul>	Audited financial statements	21 October 2019
OCT			
NOV	<ul style="list-style-type: none"> <li>➤ Conclude on results of audit procedures and finalise Annual Audit Report</li> <li>➤ Issue opinion on the College's financial statements</li> </ul>	Issue Annual Audit Report Submit Audit Scotland minimum dataset request	31 December 2019
DEC			



## 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](http://www.audit-scotland.gov.uk/uploads/docs/um/audit_fee_approach.pdf)).

<b>Audit fees</b>		
<b>Component of fee:</b>	<b>2018/19</b>	<b>2017/18</b>
<i>Auditor remuneration</i>	<b>£15,280</b>	<b>£14,930</b>
<i>Fee variation in respect of wider scope focus areas</i>	<b>£3,000</b>	-
Pooled costs	<b>£880</b>	£960
Contribution to Audit Scotland costs	<b>£930</b>	£830
<b>Total fee</b>	<b>£20,090</b>	<b>£16,720</b>

We have agreed with management to set the auditor remuneration at £18,280 (2017/18: £14,930) to reflect the expected fee element outlined by Audit Scotland. The total fee for the year is £20,090 (2017/18: £16,720). All fees noted are inclusive of VAT.

The Audit Scotland expected fee is based on the assumption of no additional risks or issues to the core financial statements beyond the presumed risks required by the financial statements, and no additional wider scope risks.

Our audit fee has been adjusted to reflect the risks identified around the College's financial statements and wider scope areas of focus for 2018/19. Financial sustainability remains a key area of focus both at the College and across the sector. Our additional work will include consideration of the salary modelling that the College is undertaking to support and develop a medium term financial plan. We anticipate that additional work will be required on Governance and Transparency as a result of the risks associated with key changes in personnel and over compliance with the Good Governance Code. In respect of the financial statements, additional work will be required relating to Remuneration Report disclosures. We are also aware of potential additional risks relating to the College's assessment of deferred income and the implications of a High Court ruling on Guaranteed Minimum Pensions.

The audit fee is based not only on there being no additional risks to the financial statement audit but also on the timely delivery of all required information, including high quality draft financial statements and supporting schedules, in line with agreed delivery dates. Should these deliverables not be met, or there be a need to modify our opinion on the financial statements, we will seek additional fees to reflect the additional audit time required.

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

# Appendices

**A – Code of Audit Practice: responsibilities**

**B – Independence report**

**C – Required communications with the audit committee**

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

<p><b>Corporate governance</b></p>	<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>
<p><b>Financial statements and related reports</b></p>	<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"> <li>• 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.</li> <li>• maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support their financial statements and related reports disclosures.</li> <li>• ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.</li> <li>• maintaining proper accounting records.</li> <li>• 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.</li> </ul> <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>
<p><b>Standards of conduct / prevention and detection of fraud and error</b></p>	<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>
<p><b>Financial position</b></p>	<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"> <li>• such financial monitoring and reporting arrangements as may be specified</li> <li>• compliance with any statutory financial requirements and achievement of financial targets</li> <li>• balances and reserves, including strategies about levels and their future use</li> <li>• how they plan to deal with uncertainty in the medium and longer term</li> <li>• the impact of planned future policies and foreseeable developments on their financial position.</li> </ul>
<p><b>Best Value</b></p>	<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 communication

Planning Stage	Final Stage
<ul style="list-style-type: none"> <li>➤ The principal threats, if any, to objectivity and independence identified by Ernst &amp;Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</li> <li>➤ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li> <li>➤ The overall assessment of threats and safeguards;</li> <li>➤ Information about the general policies and process within EY to maintain objectivity and independence.</li> <li>➤ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard.</li> </ul>	<ul style="list-style-type: none"> <li>➤ 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;</li> <li>➤ Details of non-audit services provided and the fees charged in relation thereto;</li> <li>➤ 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;</li> <li>➤ Written confirmation that all covered persons are independent;</li> <li>➤ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent reach of that policy;</li> <li>➤ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</li> <li>➤ An opportunity to discuss auditor independence issues.</li> </ul>

### 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 in 2018/19 (2017/18: nil).

### 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><b>Terms of engagement / Our responsibilities</b></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><b>Planning and audit approach</b></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><b>Significant findings from the audit</b></p> <ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	<p>Annual Audit Plan</p> <p>Annual Audit Report</p>
<p><b>Going concern</b></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"> <li>• Whether the events or conditions constitute a material uncertainty</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The adequacy of related disclosures in the financial statements</li> </ul>	<p>Annual Audit Report</p>
<p><b>Misstatements</b></p> <ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Corrected misstatements that are significant</li> <li>• Material misstatements corrected by management</li> </ul>	<p>Annual Audit Report</p>
<p><b>Fraud</b></p> <ul style="list-style-type: none"> <li>• Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• A discussion of any other matters related to fraud</li> </ul>	<p>Annual Audit Report</p>
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ 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</li> <li>▶ 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</li> </ul>	<p>Annual Audit Report (to be issued on completion of audit work) or as occurring, if material.</p>

Required communication	Reference
<p><b>Related parties</b></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"> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the entity</li> </ul>	<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><b>Independence</b></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"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<p>Annual Audit Plan</p> <p>Annual Audit Report</p>
<p><b>Internal controls</b></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><b>Representations</b></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><b>Material inconsistencies</b></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>

#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

#### Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2019 Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

[ey.com](http://ey.com)

# Health and Safety Committee

Paper 9

## Minutes

**Date and time:** Thursday 2 May 2019, 2.00pm  
**Location:** Room 019, Brahan

**Members present:** Ian Bow, Health, Safety and Wellbeing Advisor (Chair)  
Charlie Shentall, Board of Management  
Gilbert Valentine, Head of Estates  
Ian Gibb, Sector Manager, Food Studies and Hospitality  
Jane Edwards, UNISON H&S Rep  
Lorenz Cairns, Depute Principal Academic  
Mike Haufe, AST  
Tony Grant, EIS H&S Rep

**Apologies:** Charlie Collie, Subject Leader, Social & Vocational Studies  
  
David Gourley, Head of Learning and Teaching Enhancement  
Eleanor Brown, SDD – ALS  
Jennifer Thompson-Young, SDD - STEM  
Prince Honeysett, Student Representative  
Richard Ogston, Student Services Manager

**In Attendance:** Aidan Henderson, Sector Manager - Engineering and Aviation,  
Deputy for Jennifer Thompson-Young  
Lorna McWilliam, Kitchen Operations Controller, Deputy for Ian Gibb

**Note Taker:** Janette Tosh

## Summary of Actions

Ref	Action	Responsibility	Time Line
4.	<b>Matters arising not included elsewhere on the agenda/review of actions from previous meeting</b>		
	<b>Maintenance of Academic and Work Equipment:</b> to be carried forward.	Lorenz Cairns	Next meeting
	<b>DSE Policy/Workplace Health Surveillance Policy/ Health and Safety Manual:</b> IB to prepare them to go to CMT.	Ian Bow	Next meeting
	<b>Health and Safety Committee Terms of Reference/Quorum:</b> LC to send out an email to all members regarding the importance of attendance from all departments at meetings.	Lorenz Cairns	Next meeting
	<b>Driving for Work:</b> GV to take this forward.	Gilbert Valentine	Next meeting



## Summary of Actions

Ref	Action	Responsibility	Time Line
	<p><b>Fire Marshall Training:</b></p> <ul style="list-style-type: none"> <li>IB to ask CMT to ensure that appropriate staff from their areas receive Fire Marshall Training.</li> <li>For Staff Conference Day in June, IB to look at the possibility of Fire Marshall Training.</li> </ul>	Ian Bow	Next meeting
	<p><b>Stressors in the Workplace:</b> the policy to be brought back to the Health and Safety Committee to look at again.</p>	Ian Bow	Next meeting
6.	<p><b>Health and Safety Risk Management Profile – update</b></p> <p>IB to highlight areas that he had not yet been able to verify.</p>	Ian Bow	Next meeting
8.	<p><b>Health and Safety 3 Year Plan – 2018/19</b></p> <p>IB to add dates for expected completion of items.</p>	Ian Bow	Next meeting
9.	<p><b>Health, Safety and Wellbeing Advisor – update</b></p> <p><b>Lasers:</b> Operation procedures and guidance on Lasers to be produced.</p>	Ian Bow	Next meeting
11.	<p><b>Safety Culture Survey</b></p> <p>A 5 to 10 question survey to be conducted, through the Engagement Committees in the first instance.</p>	Lorenz Cairns / Ian Bow	Next meeting

## Minutes

Item	Action
<p><b>1. Welcome and Apologies</b></p> <p>Ian Bow welcomed everyone to the meeting.</p> <p>Apologies were noted.</p>	
<p><b>2. Additions to the Agenda for AOCB</b></p> <p>Working Time Regulations Directive (JE)</p> <p>Consultation (JE)</p>	
<p><b>3. Minutes of Meeting held on 7 February 2019</b></p> <p>The minutes of the meeting held on 7 February 2019, having been previously circulated, were approved, as a true and accurate record of discussions.</p>	
<p><b>4. Matters arising not included elsewhere on the agenda/review of actions from previous meeting</b></p> <p><b>Maintenance of Academic and Work Equipment</b></p> <p>LC will carry this forward.</p>	LC
<p><b>DSE Policy/Workplace Health Surveillance Policy/ Health and Safety Manual</b></p> <p>No comments were received from Health and Safety Committee members. IB will prepare them to go to CMT.</p>	IB
<p><b>Health and Safety Committee Terms of Reference/Quorum</b></p> <p>CS said it had been agreed that Health and Safety is to be a standing item on the Board of Management agenda.</p>	
<p>It was agreed that the quorum shall be removed from the Terms of Reference. LC will send out an email to all members regarding the importance of attendance from all departments at meetings.</p>	LC
<p><b>Driving for Work</b></p> <p>GV to take this forward.</p>	GV
<p><b>Fire</b> – Mountain Studies staff member will be Duty Fire Officer.</p>	

Item	Action
<p><b>Fire Marshall Training</b> – Ian has organised Fire Marshall Training but very few people attended the sessions.</p>	
<p>In terms of Fire Marshall Training, IB to ask CMT to ensure that appropriate staff from their areas receive Fire Marshall Training.</p>	IB
<p>Staff Conference Day in June – IB to look at the possibility of Fire Marshall Training.</p>	IB
<p>The current system is acceptable going forward.</p>	
<p>JE asked who was the named person on the Health and Safety Policy. It was confirmed it was SMT.</p>	
<p><b>Stressors in the Workplace</b></p>	
<p>Training Awareness Sessions had taken place.</p>	
<p>IB asked if we had followed through on the policy.</p>	
<p>JE asked if anything had been done to identify stressors.</p>	
<p>LC asked that the policy be brought back to the Health and Safety Committee to look at again.</p>	IB
<p><b>5. Absence Statistics</b></p>	
<p>Sickness Absence Statistics for Quarter 2 were approximately 20% down.</p>	
<p><b>6. Health and Safety Risk Management Profile – update</b></p>	
<p>IB said there was a rise in Display Screen Equipment (DSE) and said that 50% of staff had not completed Mandatory on-line DSE awareness.</p>	
<p>JE said that when the Audit Committee receive the Health and Safety Committee Risk Management Profile, they would believe that the control measures were all in place.</p>	
<p>CS asked IB to highlight areas that he had not yet been able to verify.</p>	IB
<p><b>7. Health and Safety Quarterly Report</b></p>	
<p>A paper was issued for information, which IB spoke to.</p>	
<p>Key points noted were that there were 22 reported incidents in Q3 2019, one of which was serious and a full investigation has taken place. This was in comparison to 5 reported incidents in Q3 2018.</p>	

Item	Action
<p>Hazards: in Q3 2019, there were 6 incidents requiring first aid assistance and 3 Near Miss Reports .</p> <p>One additional Hazard Report form had been received.</p>	
<p><b>8. Health and Safety 3 Year Plan – 2018/19</b></p> <p>IB spoke to this report, previously circulated. He indicated that there was a great deal of work being done on this, and was ongoing, and referred to Appendix 1 for details.</p> <p>It was expected that at the next meeting an update on progress would be available for 2018/19.</p> <p>JE asked what the timescale was for this.</p> <p>LC suggested that 3 or 4 key things should be confirmed as achievable by a certain date.</p> <p>IB will add dates for expected completion.</p> <p>GV suggest that certain tasks should be championed by others.</p>	<p><b>IB</b></p>
<p><b>9. Health, Safety and Wellbeing Advisor – update</b></p> <p><b>First Aid Training</b> – IB has arranged requalification training for those who have First Aid at Work Certificate. Dates arranged for 15/16 May which may prevent academic staff from taking part.</p> <p>IB has been accepted as a Trainer Assessor with Royal Life Saving Society.</p> <p>There may be a need for some First Aid Trainers to be available over the site, rather building specific.</p> <p>Two of the Caretakers have indicated that they do not wish retrain.</p> <p><b>IOSH</b> – IB attended a recent session on LOcHEO.</p> <p><b>Lasers</b> – Operation procedures and guidance on Lasers to be produced.</p> <p><b>CIPD Survey – Health and Wellbeing at Work</b></p> <p>Shows an increase in Mental Health Conditions.</p> <p>IB indicating he has been attending the Tayside Health and Safety Forum at Abertay University.</p>	<p><b>IB</b></p>

Item		Action
	<p>An H&amp;S Newsletter will be posted on noticeboards. Additional noticeboards have been made available where required.</p>	
10.	<b>Health and Safety Inspections</b>	
	<p><b>High Risk Areas</b> – IB advised that he would be visiting AST at Scone, Construction, Joinery and Engineering Workshop and Dunn in June.</p>	
11.	<b>Safety Culture Survey</b>	
	<p>The survey was issued to the Committee.</p>	
	<p>IB asked the Committee if they thought this would be a worthwhile exercise.</p>	
	<p>CS suggested that the survey required to be more specific to College or department.</p>	
	<p>LC thought some of the questions were quiet closed. He thought it would be more beneficial, for example, to find out why people do not come forward for training or if they have read the Health and Safety Committee Policy. He thought we should deal with these sorts of areas first.</p>	
	<p>However, it was recognised that there was a need for a survey.</p>	
	<p>It was agreed that a 5 to 10 question survey should be carried out through the Engagement Committees in the first instance.</p>	LC/IB
12.	<b>Head of Estates – update</b>	
	<p>GV had circulated a paper giving an update. Key points discussed were:</p>	
	<p><b>Asbestos</b> –a further survey identified pipework in the former oil storage tank room at Goodlyburn that contains Asbestos. This will require to be undisturbed during oil tank removal works associated with the boilerhouse work.</p>	
	<p><b>Goodlyburn External Lighting</b> – The external lighting fixings were checked and found to be okay, however, the lights were removed to avoid future deterioration of fixings and external lighting to be provided at low level.</p>	
	<p><b>Alarm Receiving Centre (ARC)</b> – Due to McGills going into liquidation, there has been a change in the College ARC contractor to ICFS.</p>	

Item		Action
13.	<p data-bbox="268 226 1161 297"><b>Security</b> – The Police have been monitoring the campus more closely, in particular, they were using a van with CCTV.</p> <p data-bbox="268 338 1220 409">Good images had been captured of the people who carried out the graffiti incident at Goodlyburn.</p> <p data-bbox="268 528 820 562"><b>Working Time Regulations Directive</b></p> <p data-bbox="268 566 1220 672">JE asked if we were now keeping adequate records. IB said there was no corporate way of recording this. SB was looking into how this could be achieved.</p> <p data-bbox="268 712 1220 817">JE asked IB to check if anyone had opted out of the 48 hour EU directive. She also said that measures should be in place to make sure we are complying with the Working Time Regulations.</p> <p data-bbox="268 857 464 891"><b>Consultation</b></p> <p data-bbox="268 896 1161 1001">JE said that she didn't think consultation arrangements with Unions were very good at present. The timing of when Unison was being informed, e.g. when moving staff was not good.</p> <p data-bbox="268 1041 639 1075"><b>AST Facility Inspections</b></p> <p data-bbox="268 1079 1189 1113">MH confirmed to IB that the evidence required was now in place.</p>	
14.	<p data-bbox="268 1153 608 1196"><b>Date of Next Meetings</b></p> <ul data-bbox="316 1236 1161 1301" style="list-style-type: none"><li data-bbox="316 1236 1161 1301">• To be confirmed in due course for next academic year – 2019-20.</li></ul>	

## **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**

Chief Operating Officer

Depute Principal (Academic)

## **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, updated September 2018**

<b>Internal Audit Evaluation 2018-19 – Henderson Loggie</b>
---

**Questions for Audit Committee**

	Yes	No	Comments
1 Did the Internal Auditors meet with the Audit Committee when requested?			
2 Did the Internal Auditors adequately assess controls in place within the College?			
3 Did the Internal Auditors inform the Audit Committee of any weaknesses of which the Committee was not previously aware?			
4 Did the Internal Auditors communicate issues freely with the Audit Committee and not be protective of management?			
5 Did it appear that management exercised undue influence on the Internal Auditors?			
6 Did it appear that the Internal Auditors were reluctant or hesitant to raise issues that would reflect negatively on management?			
7 Is the Audit Committee satisfied with the planning and conduct of the audit?			
8 Is the Audit Committee satisfied with the relationship with the Internal Auditors? In making this determination, the Committee should consider whether – (a) the partner-in-charge of the audit participated in Audit Committee meetings; (b) the Internal Auditors were frank and complete in the required discussions with the Audit Committee; and (c) the Internal Auditors were on time in their delivery of services to the College.			
9 Is the Audit Committee satisfied that the Internal Auditors remain independent and objective, both in fact and appearance? This response should review – (a) all audit-related and non-audit services conducted by the Internal Auditors in the year; (b) whether the firm, the office or the partner, is dependent upon the College for a material percentage of its fee income; (c) whether former members of the audit team are now employed by the College. If any of these conditions exist, the Audit Committee should consider whether they impair the Internal Auditors' independence with respect to the College.			

	Yes	No	Comments
10 Was the audit fee fair and reasonable in relation to what the Audit Committee knows about fees charged to other non-profit organisations, and in line with fee benchmarking data which the Audit Committee might have available to it?			
11 Did the Internal Auditors provide constructive observations, implications and recommendations in areas needing improvement?			
12 Did the Internal Auditors demonstrate an on-going understanding of the uniqueness of further education?			

Completed by: Audit Committee

Signed: \_\_\_\_\_

Jim Crooks, Audit Committee Chair, May 2019

## Internal Audit Evaluation 2018-19

### Questions for the Vice Principal External

	Yes	No	Comments
1 From your perspective, in working with the Internal Auditors, are you satisfied with the scope, nature, extent and timing of testing performed by the Internal Auditors?			
2 Did the Internal Auditors work with you to ensure the co-ordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources?			
3 Are you satisfied with the knowledge, skills and abilities of the staff assigned to do the audit work?			
4 Are you satisfied with the engagement leadership assigned, including the partners(s), manager(s) and fieldwork leaders?			
5 Did the Internal Auditors work in accordance with agreed audit parameters?			
6 Was co-operative work conducted in a professional manner?			
7 Are you satisfied with the quality and quantity of information provided by the Internal Auditors?			
8 Are you satisfied that the Internal Auditors remain independent of the college in spite of any additional audit-related or non-audit services provided by the Auditors?			
9 Are you aware of any information that might impair the independence of the Internal Audit firm or of any of the firm's staff?			
10 Were problems or potential issues identified by the Auditors brought to your attention in sufficient time to be addressed without delaying or extending the completion of the audit?			
11 If the choice were yours, would you hire the firm to conduct next year's Internal Audit?			
12 If yes, are there any changes you would make?			

Completed by: Audit Committee in discussion with Vice Principal, External

Signed: \_\_\_\_\_

Veronica Lynch, Vice Principal, External, May 2019



**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 2018/19 Audit**

**Review of Ernst and Young**

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
<b>1. The Auditor's interaction with the Audit Committee</b>						
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.					
<b>2 Reporting the Audit</b>						
	In relation to the <b>annual audit report for members:</b>					
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
<b>3</b>	<b>Overall Views of the Audit</b>					
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

Signed: \_\_\_\_\_

Jim Crooks, Audit Committee Chair, May 2019