

Board of Management: Actions from the Minutes

Date of meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
24 April 2023	BM903	KPI Dashboard – Request for the number of disciplinary/grievances to be recorded and reviewed regularly. Addition of a section on people and the health of the organisation.	AMcD	This will be covered in a future KPI dashboard report. This will contain other HR data, including – short and long-term absence, staff turnover rates.	Early 2024 Board Meeting
19 June 2023	BM920	KPIs – Ms McDonald to review KPI report following board members feedback in relation to high level data, delivery of strategies and Code of Good Governance.	AMcD	The KPI dashboard report will show the College’s progress against the strategic objectives of the College.	Early 2024 Board Meeting
19 June 2023	BM920	KPIs - Virtual session to be arranged to follow up and further develop KPI report.	AMcD	This will be covered KPI dashboard report. VP(Operations) to arrange a meeting with Chair of CDC to review College KPI report	Early 2024 Board Meeting
9 Oct 2023	BM931	KP to forward details of any planned events and activities to Board for information	KP	Planned events to be forwarded in early 2024.	Early 2024
9 Oct 2023	BM934	Information on entrepreneurial and enterprising funding requests to be forwarded to WH, to be taken to the ‘Think the Unthinkable’ group	S Rae / SG	To be included in papers submitted to December Board on Implications of Funding Constraints on Curriculum	Completed
9 Oct 2023	BM934	Report on what has been delivered and where the gaps remain with the current funding restraints	SG	Paper being submitted to 11 December 2023 Board meeting	Completed
9 Oct 2023	BM939	Date to be agreed for additional, one-item Board meeting in November 2023	SM		Completed Meeting arranged 31/10/23

Date of meeting	Min Ref	Matter for Action	Responsible Person	Action Taken	Timescale (where applicable)
9 Oct 2023	BM940	Re-shaping of IT Team	AM	Project initiation documentation was approved at SMT on 31/10/23. This process is now underway and is following the 'Be The Change' governance. This will be completed by 31 July 2024. Be The Change programme will report progress to the Corporate Development Committee.	Completed Progress underway
9 Oct 2023	BM943	Corporate Strategy refresh should be completed as soon as possible	Executive Team	Development Session arranged for 17/1/24. The KPI dashboard report will show the College's progress against the strategic objectives of the College – all under-pinning strategies have been mapped to the current College Corporate Strategy creating a framework from which the College can update.	Ongoing

Title of Paper	Student Association Achievement Report
Presented by:	Kyle Prêle, Student President
Recommendation:	To Note
Status:	Public

Purpose / Executive Summary:

This paper provides the Board of Management with an update on the Student Associations achievements and activities since the last meeting.

Recommendations:

The Board of Management is asked to **note** the report.

Implications:	
Financial	All possible implications are covered within reports and activities undertaken by the SA.
Student Experience	
People	
Legal	
Reputational	
Community/ Partnership impact	
Environment	
Equalities	

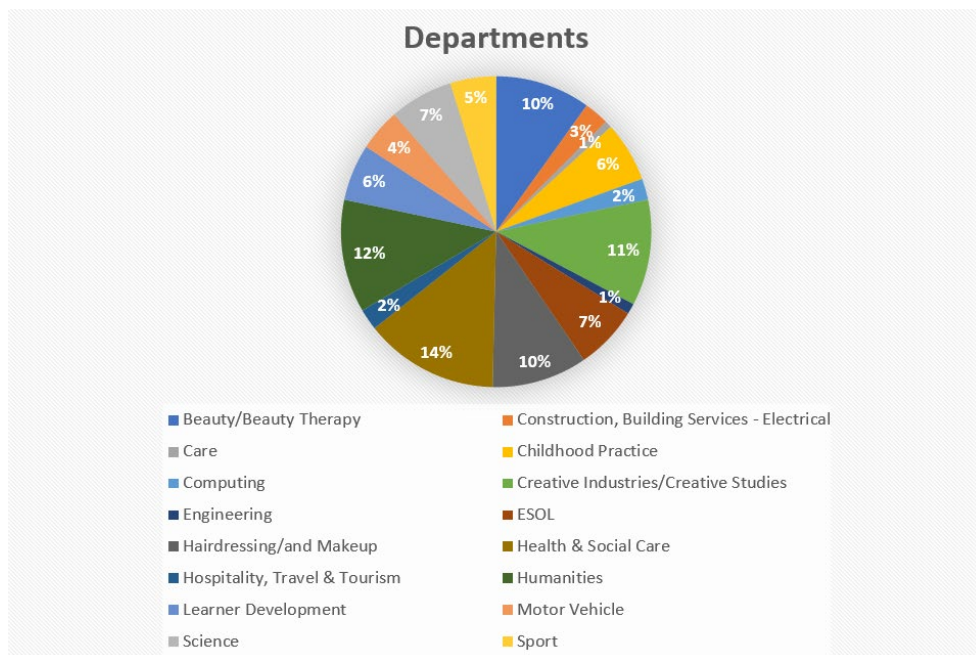


Board of Management December 2023

1. Class Reps

1.1. Since the beginning of the academic year 23-24, the Students' Association has diligently worked to recruit Class Reps from all sectors of West College Scotland. We are proud to announce that, as of 14/11/2023, we have 273 class reps from all sectors, we actively collaborate with CQLs to increase this number daily.

1.2. Currently, **276** students represent 21 departments within West College Scotland.



1.3. Class Rep training will commence in December across all 4 campuses, offering students the option to participate in person or via Moodle.

2. Progress Report on Strategic Plan

- 2.1. The previous Strategic plan ran from 2020 to 2023 and as such is up for review. Strategic plans are essential for Students' Association to ensure a consistent approach over a length of time, given the high turnover of officers. The strategic aims have been identified through a self-evaluation process as per NUS' 'Developing Effective Students' Association Framework'. As part of this strategic planning, we have arranged a series of focus groups with our members to help us inform the formulation of a Mission Statement, a set of values, and the vision of the SA. The focus groups will encompass a wide range of our members including ESOL, Learner Development, Mainstream, and Apprentice students.
- 2.2. Commencing on 24/11/23, a series of Focus Groups will be conducted to obtain valuable stakeholder input. These discussions will primarily focus on shaping the Mission Statement, establishing a set of values, and defining the vision of the SA.
- 2.3. A SWOT analysis has been completed, providing a comprehensive understanding of the SA's current standing. This analysis serves as a foundational element in the strategic planning process.
 - 2.3.1. The SWOT analysis has identified several key strengths within the SA, underscoring areas of commendable performance and positive attributes. The analysis highlights an improved election process, emphasising its role in ensuring a free and fair democratic election of officers. This strength signifies a commitment to transparent and inclusive governance process, fostering trust among the student body.
 - 2.3.2. A noteworthy strength lies in the SA's sustainably funding. This financial stability ensures that the SA has consistent access to resources, empowering it to pursue and achieve operational objectives effectively. The ability to maintain financial sustainability reflects prudent management and enhances the SA's capacity for impactful initiatives.
 - 2.3.3. The SWOT analysis recognises the presence of dedicated College staff supporting the SA in its primary objectives. This collaboration indicates a strong partnership between the SA and institutional stakeholders. The support provided not only demonstrates commitment but also contributes to the overall success of the SA's endeavours.
 - 2.3.4. Another highlighted strength is the SA's physical presence with offices and social spaces across all four campuses. This widespread accessibility enhances the SA's reach and engagement with the student body, promoting inclusivity and creating opportunities for interaction and involvement.
- 2.4. These identified strengths collectively contribute to the robust foundation of the Students' Association, positioning it favourably in achieving its mission and serving the needs of its diverse student community.

3. SA Teams Site Update

- 3.1. As per 14/11/2023, we have **2140** enrolled students on our Teams site.
- 3.2. The SA utilises this tool as an effective means of communication with students.
- 3.3. In the "General" channel, we have 331 reactions, 4 mentions, 47 replies and 13 posts in the last 90 days. Unfortunately, there is no way to determine how many students read our posts, but based on engagement we estimate 600-700 views on each post.

- 3.4. The SA believes that using Teams to communicate with students is crucial and plans to expand to invite more students.

What's next?

4. Students' Online and On-Campus Engagement

- 4.1. The SA is committed to enhancing its social presence through various initiatives, focusing on the following areas:

4.1.1. Online Engagement

1. Maintain an active social media presence with consistent updates and posts covering campus events and student opportunities.
2. Establish a student blog and newsletter that delves into popular student topics, providing guides to enhance the college experience.
3. Conduct virtual "town hall" style meetings where students can freely pose questions to the SA Executive Team. These sessions will be open for anyone to join.

4.1.2. On-Campus Engagement

1. The SA will create a comprehensive events calendar encompassing on-campus activities and club events.
2. Establish dedicated student spaces in Greenock and Clydebank to facilitate socialising, studying, gatherings, and club organisation.
3. Implement an easy-to-use feedback system for Class Representatives, conducting monthly meetings to address campus issues and gather input for potential improvements and new initiatives.
4. Acknowledge and celebrate students for their achievements through awards, giveaways and recognition programs.
5. Provide incentives for completing surveys or contributions to our initiatives.

5. Student Newsletter

- 5.1. The SA will launch a Student Newsletter, inspired by the already popular WestWorld, in January 2024. We will send this to students every 2 months.
- 5.2. The main theme will revolve around events on campus, student achievements, SA accomplishments, getting to know Board Members, useful resources, and more.

Title of Paper	2022/2023 Internal Auditors Annual Report
Presented by:	Stephen Pringle, Senior Internal Audit Manager, Wylie & Bisset
Recommendation:	To Note
Status:	PUBLIC

Purpose / Executive Summary:

The 2022-23 Internal Audit Report is presented to the Board of Management to provide further background information in considering approval of the Financial Statements. The report will also be submitted to the Scottish Funding Council (SFC).

The paper is presented following recommendation from the joint meeting of Audit & Risk and Corporate Development Committee

The key extract from the report is in relation to the overall audit opinion based on the work undertaken during the year – which is as follows:

'We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes. In our opinion, West College Scotland did have adequate and effective risk management, control and governance processes to manage the achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money.'

Recommendations:

The Board of Management is requested to **note** the the 2022-23 Internal Audit Report.

Implications:

Financial	There are no financial implications associated with this paper.
Student Experience	There are no student experience implications associated with this paper.
People	There are no people implications associated with this paper.
Legal	There are no legal implications associated with this paper.
Reputational	There are no reputational implications associated with this paper.
Community/ Partnership impact	There are no community implications associated with this paper.
Environment	There are no environmental implications associated with this paper.
Equalities	There are no equalities implications associated with this paper.

West College Scotland

Internal Audit 2022/23
Annual Report

+ August 2023





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The prime responsibility of the Internal Audit Service (IAS) is to provide the College's Audit Committee, the Principal & Chief Executive and other Senior Management of the College, with an objective assessment of the adequacy and effectiveness of management's internal control systems.

We conduct our activity within the overarching framework of the Institute of Internal Auditors, Definition of Internal Auditing, Code of Ethics and International Standards for the Professional Practice of Internal Auditing, together with the UK Public Sector Internal Audit Standards, first introduced in April 2013.

In line with these Standards, we have developed a robust quality assurance process to ensure that each of our activities and reports are of a high and consistent standard. Quality assurance activity includes interim reviews during the internal audit process and an extensive final review before reports are issued to clients and other stakeholders. We actively seek to improve the services we deliver through a programme of CPD, training, networking and engagement with internal peers, as well as by piloting new ways of working.

We had an extensive external assessment undertaken against these standards in November 2021. The assessment was undertaken by the Chartered Institute of Internal Auditors who concluded:

"We are pleased to report that the Wylie and Bisset LLP Internal Audit Department conforms with the Standards, as well as the Definition of Internal Auditing, Core Principles and the Code of Ethics, which form the mandatory elements of the Public Sector Internal Audit Standards (PSIAS) and the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the globally recognised standard of quality in Internal Auditing."

The Chartered Institute of Internal Auditors also highlighted our compliance with all 64 standards of the IPPF.

This Annual Report should be considered by the Audit Committee prior to the Committee submitting their annual report to the Board of Management.

A copy of this report requires to be submitted to the Scottish Funding Council not later than 31 December following the financial year-end to which it relates.



Overall Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes.

In our opinion, West College Scotland did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money.

Our fieldwork was carried out between September 2022 and March 2023, and we have not undertaken any further internal audit assignments at the time of this report.

The overall findings and conclusion of each report are highlighted in Section 3. As can be seen from the summary in Section 3 all areas included in the Operational Plan for 2022/23 have been completed with the exception of the Estates Strategy which was swapped with the People Strategy.

In forming our opinion, we have carried out the following work:

- + A review and appraisal of financial and other controls operated by the College;
- + A review of the established policies and procedures adopted by the College;
- + An assessment of whether or not the internal controls are reliable as a basis for producing the financial accounts;
- + A review of accounting and other information provided to management for decision making;
- + Compliance and substantive audit testing where appropriate;
- + A review of the College's procedures in place to promote and secure value for money.

The analysis of performance indicators for the internal audit work carried out in the year is included at section 5.

Basis of Opinion

As the Head of Internal Audit at West College Scotland we are required to provide the Audit Committee with an opinion on the adequacy and effectiveness of the College's risk management, control and governance processes.

In giving our opinion it should be noted that assurance can never be absolute. The most that we can provide to the Audit Committee is reasonable assurance that there are no major weaknesses in the College's risk management, control and governance processes.

In assessing the level of assurance given, we have considered:

- + All audits undertaken during the year ended 31 July 2023;
- + Any follow-up action taken in respect of audits from previous periods;
- + Any significant recommendations not accepted by management and the consequent risks;
- + The effects of any significant changes in the College's objectives or systems;
- + Matters arising from previous reports to the Audit Committee;
- + Any limitations which may have been placed on the scope of internal audit;
- + The extent to which resource constraints may impinge on the Head of Internal Audit's ability to meet the full audit needs of the College;
- + What proportion of the College's audit need has been covered to date;
- + The outcomes of our quality assurance processes.

3. Audit Findings



Summary of Work Undertaken

The following table summarises the audit work undertaken in 2022/23. The grading structure used in our reports can be found in Appendix A.

Area	Planned Days	Actual Days	Status	Overall Conclusion	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
Credits	8	8	Complete	N/A	-	-	2
SSF	4	4	Complete	N/A	-	-	-
EMA	3	3	Complete	N/A	-	-	-
Safeguarding, Wellbeing and Counselling	6	6	Complete	Strong	-	-	4
Estates Strategy*	6	-	Postponed	N/A	-	-	-
Curriculum Strategy	6	6	Complete	Strong	-	-	-
Payroll Review	8	8	Complete	Strong	-	-	-
IT Strategy	6	6	Complete	Substantial	-	2	-
Budget / Financial Planning & Monitoring	5	5	Complete	Strong	-	-	-
Curriculum Planning & Timetabling	5	5	Complete	Strong	-	-	-
C/F	57	51			-	2	6

3. Audit Findings (Cont'd)



Area	Planned Days	Actual Days	Status	Overall Conclusion	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
B/f	57	51			-	2	6
Whistleblowing	5	5	Complete	Strong	-	-	1
People Strategy*	-	6	Complete	Substantial	-	3	1
Follow Up	4	4	Complete	N/A	N/A	N/A	N/A
Audit Management	5	5	N/A	N/A	N/A	N/A	N/A
Total	71	71			-	5	8

* The Estates Strategy review was postponed to 2023/24 and was replaced with the People Strategy review.

4. Benchmarking



We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the previous financial year.

Area	High	Medium	Low	Total
Credits				
Average number of recommendations in similar audits	-	-	2	2
Recommendations at West College Scotland	-	-	2	2
SSF				
Average number of recommendations in similar audits	-	1	-	1
Recommendations at West College Scotland	-	-	-	-
EMA				
Average number of recommendations in similar audits	-	-	-	-
Recommendations at West College Scotland	-	-	-	-
Safeguarding, Wellbeing and Counselling				
Average number of recommendations in similar audits	-	2	1	3
Recommendations at West College Scotland	-	-	4	4
IT Strategy				
Average number of recommendations in similar audits	-	2	-	2
Recommendations at West College Scotland	-	2	-	2
C/f Average number of recommendations in similar audits	-	5	3	8
C/f Recommendations at West College Scotland	-	2	6	8

4. Benchmarking



Area	High	Medium	Low	Total
B/f Average number of recommendations in similar audits	-	5	3	8
B/f Recommendations at West College Scotland	-	2	6	8
Payroll				
Average number of recommendations in similar audits	-	1	1	2
Recommendations at West College Scotland	-	-	-	-
Budget / Financial Planning & Monitoring				
Average number of recommendations in similar audits	-	1	2	3
Recommendations at West College Scotland	-	-	-	-
Curriculum Planning & Timetabling				
Average number of recommendations in similar audits	1	1	1	3
Recommendations at West College Scotland	-	-	-	-
Summary				
Average number of recommendations in similar audits	1	8	7	16
Recommendations at West College Scotland	1	2	6	9

As highlighted above, the College has a lower number of recommendations in comparison with the colleges it has been benchmarked against. We did not undertake any benchmarking for the Follow Up Review, Curriculum Strategy review, Whistleblowing review or People Strategy review as these were bespoke to the College.

5. Key Performance Indicators



Performance Indicator	Target	Actual
Internal audit days completed in line with agreed timetable and days allocation	100%	100%
Draft scopes provided no later than 10 working days before the internal audit start date and final scopes no later than 5 working days before each start date	100%	100%
Draft reports issued within 10 working days of exit meeting	100%	100%
Management provide responses to draft reports within 15 working days of receipt of draft reports	100%	100%
Final reports issued within 5 working days of receipt of management responses	100%	100%
Recommendations accepted by management	100%	100%
Draft annual internal audit report to be provided by 31 August each year	100%	100%
Attendance at Audit Committee meetings by a senior member of staff	100%	100%
Suitably experienced staff used on all assignments	100%	100%



Appendix A

Grading Structure



For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately

For each recommendation, we make we assign a grading either as High, Medium or Low priority depending upon the degree of risk assessed as outlined below:

Assurance	Risk	Classification
High	High risk	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by Senior Management of the College as a matter of urgency
Medium	Medium risk	Significant issue or weakness which should be addressed by the College as soon as possible
Low	Low risk	Minor issue or weakness reported where management may wish to consider our recommendation



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3 Hardman Square,
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Board of Management

Monday 11 December 2023 at 4.00pm
at Paisley / Teams
Agenda Item No:

Title of Paper	2022/2023 Audit Committee Report to Board of Management
Presented by:	G Lyall, Chair of Audit Committee
Recommendation to Members:	For Approval

Purpose / Executive Summary:

To present to the Board of Management the 2022/2023 Audit Committee Annual Report detailing the work conducted by the Audit Committee during the year to 31 July 2023 is presented for consideration in line with SFC Accounts Direction for Scotland's Colleges 2022/2023.

The paper is presented in line with the Board of Management Scheme of Delegation:

'(d) the approval of the year-end Annual Report and Accounts, the Annual Budget, College financial plans, forecasts, delegations and regulations;
(e) Final consideration of the Annual Audit Report.'

Recommendations:

The Board of Management is requested to **approve** the 2022-23 Audit Committee Report

Implications:	
Financial	Not applicable for this report
Student Experience	Not applicable for this report
Human Resources	Not applicable for this report
Legal	The completion and approval of this report ensures that the College complies with the SFC regulations relating to year end reporting.
Reputational	Not applicable for this report
Community/ Partnership	Not applicable for this report
Equalities	Not applicable for this report
Environment	Not applicable for this report

2022/23 AUDIT COMMITTEE REPORT TO THE BOARD OF MANAGEMENT

This report covers the activities of the Audit Committee of West College Scotland for the year 1 August 2022 to 31 July 2023. The Committee notes that despite the governance and operational challenges faced by the College, the 2022-23 schedule of Committee business was completed within the year.

Background

1. The Annual Report is a requirement of both the Scottish Funding Council (SFC) Financial Memorandum and the Scottish Public Finance Manual. The Annual Report is based upon the guidance laid out in the Scottish Governments 'Audit and Assurance Committee Handbook,' which states that the Annual Report should summarise the committee's work for the year past, and present its opinion about:
 - the effectiveness of governance, risk management and control.
 - the comprehensiveness of assurances in meeting the Accountable Officer's and Board's needs.
 - the reliability and integrity of these assurances.
 - whether the assurance available is sufficient to support the Accountable Officer and Board in their decision taking and their accountability obligations.
 - the implications of these assurances for the overall management of risk.
 - any issues the committee considers pertinent to the Governance Statement and any long-term issues the committee thinks the Accounting Officer and/or Board should give attention to.
 - financial reporting for the year.
 - the quality of both Internal and External Audit and their approach to their responsibilities.
 - the Committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.

Terms of Reference

2. The Terms of Reference were reviewed by the Audit Committee on 21 September 2022. The Audit Committee remit was approved by the Board of Management at its meeting held on 10 October 2022.

Board of Management

Monday 11 December 2023 at 4.00pm
at Paisley / Teams
Agenda Item No:

Membership and Attendance

3. The Audit Committee membership and attendance for 2022-23 was as follows:

Name	Status	Date of Appointment		Attendance	
		Appointment	End Date	Possible	Actual
G. Lyall	Non-Executive Member and Chair of the Audit Committee (since October 2022)	1 February 2021	31 January 2025	4	4
G. Bold	Non-Executive Member and Chair of the Audit Committee (until September 2022)	1 February 2021	19 June 2023 ¹	4	4
J. Russell	Non-Executive Member	1 December 2022	30 November 2026	3	3
R. Leitch	Non-Executive Member and Vice Chair of the Audit Committee (since February 2023)	1 December 2021	30 November 2025	4	4

4. The following were in regular attendance at Committee meetings:
- Liz Connolly (Principal and Chief Executive)
 - Amy McDonald (Vice Principal Operations)
 - Alan Ritchie (Director of Finance)
 - Vivienne Mulholland (Head of Finance and Student Funding)
 - Governance Manager (previously the Secretary to the Board of Management)
5. The College’s internal auditors, Wylie & Bissett LLP, attended all Committee meetings during the year. 2022-23 was their third year of an initial three-year appointment. The 25 January 2023 Audit Committee approved the extension of the internal auditors’ contract for a further two years to 31 July 2025. As part of their appointment Wylie & Bissett LLP are appointed to undertake the annual audit review of SFC student activity, student support funds, educational maintenance allowances and SAAS discretionary funds.
6. The College external auditors for 2021-22, Mazars attended the 22 November 2022 Joint Audit and Corporate Development Committee, at which they presented their Management Letter and Financial Statement as of 31 July 2022.
7. In May 2022, the Auditor General for Scotland and the Accounts Commission have confirmed the appointment of the auditors to Scotland’s public bodies for the next five years. From October 2022, the audits of health, central government, and further

¹ Resigned from the Board of Management on 19 June 2023

Board of Management

**Monday 11 December 2023 at 4.00pm
at Paisley / Teams
Agenda Item No:**

education bodies, on behalf of the Auditor General, and of local government, on behalf of the Commission will be conducted by a mix of in-house Audit Scotland teams and external firms. The full list of auditors to each public body is available on the [Audit Scotland website](#).

8. Public audit appointments in Scotland are changed every five years as part of a range of measures to safeguard auditors' independence and rigour. Auditors appointed under this round will follow the new [Code of Audit Practice](#), which sets out the scope of public audit and ensures its compliance with professional and legal requirements.
9. Audit Scotland appointed Azets Audit Services to undertake the review of the Annual Report and Accounts of West College Scotland, with 2022-23 being their first year. Azets attended the 27 March 2023 Committee meeting to introduce the audit team and their approach. At the 24 May 2023 Committee meeting Azets presented their External Audit Strategy.

Meetings

10. Audit Committee meetings were held on the following dates:
 - 21 September 2022
 - 25 January 2023
 - 27 March 2023
 - 24 May 2023
11. Additionally, a joint meeting of the Audit and Corporate Development Committee was held on 22 November 2022 to approve the Annual Report and Accounts for Board of Management consideration for the year ended 31 July 2022.

A joint meeting of the Audit & Risk and Corporate Development Committee was also held on 21 November 2023 to approve the Annual Report and Accounts for the Board of Management consideration for the year ended 31 July 2023.

GENERAL EFFECTIVENESS REPORT

Assessment of the effectiveness of the College's financial and other internal control systems

12. Audit Committee members have received assurance on the College's control systems through the work undertaken by internal and external auditors. The Committee considered the following reports during 2022-23:
- The 2022-23 Internal Audit Plan was approved and update reports on progress were received by the Committee at each meeting.
 - The Committee have reviewed all Internal Audit Reports with the audit recommendations being recorded in the Rolling Audit Action Plan. Full details of the reports received and reviewed by the Committee can be found in the Internal Audit Annual Report 2022-23, which was considered by the Committee at its 6 September 2023 meeting.
 - 2022-23 year-end reports were received and considered by the Committee:
 - The Annual Internal Audit Report: the auditors were satisfied with the control framework in place.
 - EMA Audit (Education Maintenance Allowance): unqualified audit certificate.
 - SFC Aggregated Student Funding Audit: unqualified audit certificate.
 - Student Credit Audit: unqualified audit certificate.
 - Financial Statements Management Letter: unqualified audit certificate.
 - Report and Financial Statements.
 - Report on compliance with the SFC Financial Memorandum, Scottish Public Finance Manual and Code of Good Governance.
 - The Committee schedule of business was reviewed at each meeting to ensure adherence to and delivery of the Committee remit.
13. Members of the Audit Committee had the opportunity to meet in closed session with the internal and external auditors during 2022-23. This enabled a discussion to take place in relation to audit and governance matters without the College management present. No matters of concern were raised, and the internal and external auditors confirmed their satisfaction with the engagement provided by College management in relation to the audit process.
14. The Audit Committee also met in closed session with members of the College Executive and identified no issues with either the internal / external auditors or audit arrangements.

Review of Policies and Procedures

15. The 21 September 2022 Committee reviewed and approved the following policies:

a) Fraud and Corruption Policy

The Committee remit includes a requirement *'To advise the Board on the adequacy of the anti-fraud policy and processes'*

The Committee noted the commitment to communicate the requirements of the Policy to employees at least once a year. It was confirmed that the training and refresher training would be provided to all employees on a mandatory basis via the College Evolve platform and accompanied by an annual communication.

b) Public Interest Disclosure (Whistleblowing) Policy

The Policy was also reviewed by the internal auditors during 2022-23 as part of the Internal Audit Plan in which it was confirmed there were no required actions.

An annual report is provided to the Committee on the number and type of items reported under the College Public Interest Disclosure (Whistleblowing) Policy. The 6 September 2023 Committee meeting considered the 2022-23 report and noted that it did not highlight any reportable instances.

c) Acceptance Of Gifts, Benefits and Hospitality Policy

The Committee were advised that the policy had been reviewed and that the College legal advisers had confirmed it reflected best practice.

National Fraud Initiative 2022

16. The 21 September 2022 Committee considered the [Audit Scotland Report](#) of August 2022 which detailed the process for participation in the National Fraud Initiative 2022-23 and self-appraisal checklist. It was noted that the College would continue to participate in the NFI, and that completion of the self-appraisal checklist identified no further actions required in preparation for the exercise.

17. The outcomes of the 2022 exercise were later considered by the 27 March 2023 Committee, at which the actions being taken by the College to address the outcomes identified were approved.

2021-22 IT Security / Controls Report

18. The 21 September 2022 Committee received an annual report on IT security / controls and their application. The Committee was updated on the activities planned during 2022-23 to strengthen IT security within the College including the introduction of Multi Factor Authentication (MFA), cloud backups, further server rationalisation, the role of Information Security Officer and the Cyber Resilience Framework.
19. The Committee was also advised on the progress of an IT Systems Administration Internal Audit undertaken by the College's Internal Auditor during March 2022, and it was confirmed that the resulting activities would be monitored by the Audit Committee through the ongoing review of the Rolling Audit Action Plan.
20. Further updates were provided to the 27 March and 24 May 2023 Committees on the progress of IT risk identification and mitigating actions including the ongoing server rationalisation work and the move towards full utilisation of cloud storage resources.

Compliance with Corporate Governance Requirements

21. The Committee considered the annual report on governance compliance at the 24 May 2023 meeting. This confirmed that the College had complied with corporate governance requirements and good practice guidance and had operated in accordance with the SFC Financial Memorandum, the Scottish Public Finance Manual, and the Code of Good Governance for Scotland's Colleges. The Committee welcomed this report and the assurance that it brought and advised the 19 June 2023 Board of Management accordingly.
22. In accordance with Paragraph D.23 of ['The Code of Good Governance for Scotland's Colleges'](#)
"the board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness every three to five years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online."
23. It was agreed at the 27 February 2023 Board meeting that, for the annual internal Board effectiveness review 2023, the same survey that was used in 2022 should be issued to all Board members again this year. The survey was issued on 29 March 2023 with a closing date of 24 April 2023. The results from the survey, together with the outputs from the Chair and Board members one to one discussion held in 2022, will inform the 2023 Board of Management Development Action Plan.

Board of Management

**Monday 11 December 2023 at 4.00pm
at Paisley / Teams
Agenda Item No:**

24. A session for Board members was held on 24 May 2023 to discuss the survey results and to agree the formulation of the 2023 Board of Management Development Action Plan.
25. The 19 June Board meeting approved the 2023 Annual Internal Effectiveness Review Report and Board Development Action Plan. These documents will be forwarded to the SFC and are published on the College website at the following link:
<https://www.westcollegescotland.ac.uk/college/about-us/board-of-management/>
26. The Board last undertook an externally facilitated evaluation of its effectiveness in late 2019 with the feedback report being approved at the Board meeting held in February 2020.
27. Each Board member has the opportunity for individual review meeting with the Chair of the Board. This allows Board members to discuss any training or development needs and helps identify the training and development programme for the following session. The Chair has a review meeting conducted by the Vice Chair of the Board and the Board Senior Independent Member.

Review of Audit Committee effectiveness

28. The key findings of the Audit Committee Effectiveness review were considered at the 24 May 2023 meeting, which confirmed that the members were satisfied with:
 - the operation and effectiveness of the Committee.
 - the level and quality of information and assurances it received from a range of sources.
29. The review did not result in any suggestions as to how the Committee could make further improvements.

INTERNAL AUDIT SERVICE

Provider

30. During 2022-23, the internal audit service was provided by Wylie & Bisset.

2022-23 Internal Audit Report

31. The 2022-23 Internal Auditor Annual Report was considered at the 6 September 2023 Audit Committee. It was noted that the programme of internal audit activity had been fully implemented for 2022-23 and concluded that:

'We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes.

In our opinion, West College Scotland did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money. Our fieldwork was carried out between September 2022 and March 2023, and we have not undertaken any further internal audit assignments at the time of this report.'

32. The Audit Findings section of the Annual Internal Audit Report contains a table of the internal audit reports presented by Wylie & Bisset during the year to 31 July 2023. The Audit Committee has reviewed the key findings of the internal audit reports and considered the recommendations and findings contained therein.
33. There were no unplanned audit assignments undertaken during 2022-23.

Monitoring

34. The Audit Committee, through the Rolling Audit Action Plan, reviews the progress made by the College in addressing the recommendations made by both internal and external auditors. This systematic approach, which sees audit actions monitored at each Committee meeting, ensures progress is maintained in addressing audit recommendations, which is key in maintaining internal control of identified risks.
35. The Audit Committee also reviews and monitors the College identification, management, and mitigation of risk throughout the year and sees this as an essential requirement in providing assurance on audit activity to the Board of Management.
36. The College maintains an electronic register of internal audit recommendations as part of the continuous rolling review process, and this enables the relevant College Director with lead responsibility for each action to update the status of the audit recommendations on a real time basis. This allows the internal auditors to monitor progress continuously and report on the status of all audit recommendations on an ongoing basis, rather than a follow up review being undertaken on an annual basis.
37. The external auditors also review any recommendations made in the prior year external audit reports and confirm progress made in addressing these on an annual basis.

Internal Audit Effectiveness and Performance Review

38. Following a review in May 2023 the Audit Committee confirmed it was satisfied as to the effectiveness of the work conducted by the College internal auditors, Wylie & Bisset, and

with their overall performance during the previous year. This conclusion was based upon several factors including delivery of the internal audit plan, number of days used in delivering the plan, interaction with the Committee and College staff and receipt of comprehensive and evaluative reports.

Closed Meeting

39. The Committee met in closed session with Wylie & Bisset at the 24 May 2023 Audit Committee meeting. There were no issues arising and thus no matters to be reported to the Board of Management following this meeting.

Internal Audit Plan

40. At the 24 May 2023 Audit Committee meeting, Wylie & Bisset presented the draft 2023-24 Internal Audit Plan. The Internal Audit Plan was based upon the College assurance mapping process and a risk analysis exercise conducted by Wylie & Bisset in conjunction with the College Senior Management Team. The aim of the Internal Audit Plan is to provide the Board of Management with assurance on the effective management of the College's key risks. This means that the internal audit plan considers the full range of systems and risks within the College, not just the financial systems.
41. The 24 May 2023 Audit Committee approved the 2023-24 Internal Audit Plan subject to any implications that might arise from the ongoing review/updating of the College Strategic Risk Register.

EXTERNAL AUDIT SERVICE

Provider

42. Audit Scotland appointed Azets Audit Services as the external auditors of West College Scotland with effect from 1 August 2022 until 31 July 2027.
43. The 24 May 2023 Audit Committee received and approved the Azets 2022-23 External Audit Plan.
44. The External Auditors presented their Annual Report to the Board of Management and the Auditor General for Scotland on the External Audit for the year ending 31 July 2023 to the Joint Audit and Corporate Development Committee meeting held on 21 November 2023. The external audit annual report had an unqualified opinion regarding the financial statements for the year to 31 July 2023.

Cost

45. The cost of providing the external audit service to the Board of Management for the year to 31 July 2023 was £50,160 (2021-22: £34,000). The agreed external audit fee is within the parameters stipulated by Audit Scotland.

External Audit Effectiveness and Performance Review

46. The 25 January 2023 Audit Committee considered the effectiveness of the external auditors and concluded that they were satisfied with the performance of the external auditors, Mazars. This conclusion was based upon several factors including delivery of the external audit assignment, number of audit days used in delivering their opinions, interaction with the Committee and College staff and receipt of comprehensive and evaluative reports.

Closed Meeting

47. In line with best practice, the Audit Committee met in closed session with Mazars and Wylie & Bisset at the 22 November 2022 joint meeting with the Corporate Development Committee.
48. Both sets of auditors confirmed that the information provided to them by the College had allowed them to reach their opinions with confidence. Both audit firms were of the opinion the Senior Management Team at West College Scotland worked together well and were diligent and professional.

Performance and Accountability Report

49. A revised version of the Performance and Accountability report was presented to the 27 March 2023 Audit Committee meeting. The Committee were content with the proposed changes and welcomed the more compact nature of the Report. The Committee noted that the College will continue to revise the content of the Performance and Accountability Report and present these updates to the Committee for further consideration.

Other Audit Coverage

50. Additional audit work is undertaken to validate four mandatory returns required each year by the Student Awards Agency for Scotland (SAAS) and the SFC. For 2022-23 this work was undertaken by Wylie & Bisset. The College is required to submit audit certificates to the SFC / SAAS relating to:

1. HE Student Support Funds Return

Unqualified audit certificated submitted to SAAS in line with required deadline with no recommendations made on the controls operated by the College.

2. SFC Aggregate

Student Support Return

Unqualified audit certificated submitted to SFC in line with required deadline with no recommendations made on the controls operated by the College.

3. EMA Return

Unqualified audit certificated submitted to SFC in line with required deadline with one low level recommendation made on the controls operated by the College.

4. SFC Credit Return

Unqualified audit certificated submitted to SAAS in line with required deadline with one medium and four low level recommendations made on the controls operated by the College.

RISK MANAGEMENT

51. The Risk Management Policy was reviewed by the Audit Committee during its March 2023 meeting. The April 2023 Board of Management approved the updated Risk Management Policy.
52. The College continues to develop the process of risk management within the College, with several actions undertaken during 2022-23, including:
- The format of the strategic risk register was updated to reflect the needs of the College.
 - The Strategic Risk Register continues to be held on the Pentana Management System allowing users on-line access to the register, including both the internal and external auditors. The mitigating controls have been allocated to the relevant members of the Senior Management Team to allow these to be updated as required, including the addition of any new mitigating actions.
 - The consideration of risk by the College Senior Management Team continues to be ongoing throughout the year.
 - The Board and Committees have continued to consider the strategic risks faced by the College at each meeting, with the Strategic Risk Register updated as required.

OTHER REPORTING

53. During the year, the Audit Committee also received reports on:
- Register of interests for Board and Committee members.
 - Freedom of Information and Data Protection Acts requests received by the College.
 - Register of interests for staff members.
 - Hospitality/Gifts Registers for all staff members.
54. The Audit Committee was satisfied with the content of the reports and had no issues to report to the Board of Management.

2023-24 FORWARD LOOK

55. The Committee maintains a Schedule of Business which is reviewed at the end of each meeting.
56. This enables the members to assess that all areas of the Committee remit are being addressed through the work being undertaken. As part of the Schedule of Business, the Committee also look ahead to establish what work is planned and when it can anticipate receipt of the relevant reports. This ensures the work of the Committee is met throughout the year, ensuring material items are given consideration at the appropriate time.
57. The work of the Committee in 2023-24 will include:
- Receipt of internal audit reports in line with the agreed 2023-24 Internal Audit Plan.
 - Review of Rolling Audit Action Plan.
 - Review of policies as required.
 - Review of governance compliance.
 - Review of Risk Management Policy and operations of risk management and updated risk register.

COMMITTEE OPINION

58. The role of the Audit Committee is to support the Board of Management in its responsibilities of risk, control, and governance by reviewing the comprehensiveness of assurances in meeting the assurance needs of the Board, and by reviewing the reliability and integrity of these assurances through a process of constructive challenge.
59. Based on the assessments and reports provided by the internal / external auditors and the College management, the Audit Committee is satisfied that its responsibilities to the Board of Management have been satisfactorily discharged.

Signed:

Date:

Chair of Audit Committee

Title of Paper	External Audit Annual Report and Letter of Representation 2022-23
Presented by:	Amy McDonald, Vice Principal Operations
Recommendation:	To Approve
Status:	PUBLIC

Purpose / Executive Summary:

The external auditors for West College Scotland, Azets, present their report on the audit of the financial statements for the year ending 31 July 2023.

The paper is presented following recommendation from the Joint Audit & Risk and Corporate Development Committee.

Recommendations:

The Board of Management is asked to **approve**:

- The External Audit Annual Report to the Board of Management and the Auditor General for Scotland for the year ended 31 July 2023.
- The Letter of Representation

Implications:

Financial	The financial implications are described in the report.
Student Experience	There are no student experience implications associated with this Paper.
People	There are no human resource implications associated with this Paper.
Legal	There are no legal implications associated with this paper.
Reputational	There are no reputational implications associated with this paper.
Community/ Partnership impact	There are no community implications associated with this paper.
Environment	There are no environmental implications associated with this paper.
Equalities	There are no equalities implications associated with this paper.

Background / Introduction

- 1.1 The external auditors for West College Scotland, Azets, present their report on the audit of the financial statements for the year ending 31 July 2023.
- 1.2 The external report considers the following matters and provides a commentary or opinion as required:
 - Executive Summary
 - Audit of the Financial Statements
 - Internal Control Recommendations
 - Summary of Misstatements
 - Wider Scope
 - o Financial Management
 - o Financial Sustainability
 - o Governance and Transparency
 - o Value for Money
 - Fees
 - Appendices:
 - A) Draft Letter of Representation
 - B) Draft Auditor Report
 - C) Independence
- 1.3 David Eardley, Audit Director will discuss the detailed content of the report.
- 1.4 In addition to approving the Audit Report to the Board of Management and the Auditor General for Scotland for the year ended 31 July 2023, the Board of Management are also requested to approve the Letter of Representation for signature (Appendix A of the External Auditor Annual Report).
- 1.5 The external auditors require that the Letter of Representation is signed by the College prior to the external auditors signing the 2022/23 Audit Report and Financial Statements. The content of the Letter of Representation confirms to the auditors the validity of representations made by the College on which they have relied in arriving at their audit opinion.
- 1.6 The content of the letter is in a standard form with no amendments.
- 1.7 The SFC Accounts Direction issued for 2022/23 requires the College to submit the adjusted operating position calculation with draft accounts to the SFC for review before the accounts are signed off.

The College submitted the required paperwork to the SFC on 9 November 2023 which was subsequently updated following receipt of the SFC 2022/23 guidance on the introduction of a 2% credit tolerance. The SFC have not yet confirmed that they are content with the presentation of the adjusted operating position for the College however they have acknowledged receipt.

Internal Control Recommendations

- 2.1 The report contains no recommendations following from the completion of the required audit work.

Conclusion

- 3.1 In considering this report the College would highlight that the auditors have delivered an unqualified opinion concerning:
- The financial statements for the year ending 31 July 2022.
 - The regularity of income and expenditure (in all material respects the expenditure and income recognised in the financial statements have been applied for the purposes intended).
 - The remuneration and staff report, performance report and governance statement.
- 3.2 The external auditors also anticipate concluding that the College has:
- effective arrangements, including budgetary control, that help the Board members scrutinise finances.
 - adequate financial planning arrangements in place, although there remains a challenging funding environment going forward, with further efficiencies required to achieve an adjusted breakeven financial position.
 - a need for significant capital investment to maintain building standards and therefore ensure continued revenue income based on student numbers. There has been no development in obtaining funding from the SFC to support significant College estates developments during the year - and thus the risk of reduced performance because of a deteriorating estate remains.
 - governance arrangements in place that provide appropriate
 - scrutiny of decisions made by the Board.
 - an effective performance management framework in place that
 - supports progress towards the achievement of value for money.
- 3.3 The Audit Report (Appendix B to the External Auditor Annual Report) is unqualified.

Recommendations

The Board of Management is asked to **approve**:

- The External Audit Annual Report to the Board of Management and the Auditor General for Scotland for the year ended 31 July 2023.
- The Letter of Representation



West College Scotland

**2022/23 Annual Audit Report to the Board
and the Auditor General for Scotland**

December 2023



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Key messages

This report concludes our audit of West College Scotland for 2022/2023.

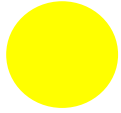

This section summarises the key findings and conclusions from our audit.

Financial statements audit

Audit opinion	<p>Our proposed independent auditor's report includes:</p> <ul style="list-style-type: none">• an unqualified opinion on the financial statements;• an unqualified opinion on regularity; and• an unqualified opinion on other prescribed matters.
Key audit findings	<p>We have reported our audit findings on pages 10-24.</p> <p>We have obtained adequate evidence in relation to the key audit risks identified in our audit plan.</p> <p>The accounting policies used to prepare the financial statements are considered appropriate. We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements. All material disclosures required by relevant legislation and applicable accounting standards have been made appropriately.</p>

Audit adjustments	<p>We are required to communicate all potential adjustments, other than those considered to be clearly trivial.</p> <p>We have identified one material adjustment to the financial statements. This was for £1.8million and relates to the incorrect impairment of the Reinforced autoclaved aerated concrete (RAAC) affected asset. It resulted from ongoing discussion between auditors, the College and Ryden and in response to emerging RAAC issue which became public just before the audit started. We identified a small number of disclosure amendments which we list in Appendix 2. These have been reflected in the finalised financial statements.</p> <p>We also identified one immaterial unadjusted misstatement in prior year figures, and therefore not requiring an adjustment.</p>
Accounting systems and internal controls	<p>We have applied our risk based methodology to your audit. This approach requires us to document, evaluate and assess the College's processes and internal controls relating to the financial reporting process.</p> <p>Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we have included these in this report. No material weaknesses or significant deficiencies were noted.</p>

Wider scope audit

<p>Financial Management</p> <p>Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.</p>	<p>Auditor judgement</p> <p>No major weaknesses in arrangements but scope for improvement exists </p> <hr/> <p>The College is has demonstrated overall sound financial management but faces unprecedented and continuing challenges resulting from the COVID-19 pandemic, current levels of inflation (particularly in relation to utilities) and related public sector funding levels/extent of increases.</p> <p>The College reported an adjusted operating surplus of £0.100 million for the year. This is an improvement on the budgeted deficit of £1.400million and was achieved mainly through the voluntary severance scheme and staff cost efficiencies.</p> <p>The accounts also report cash balances of £11.080 million at 31 July 2023 and the College has sufficient cash reserves to meet liabilities for the foreseeable future.</p> <p>We have made a recommendation to the College to improve its IT controls in relation to the key financial systems.</p>
<p>Financial Sustainability</p> <p>Financial sustainability looks forward to the medium and longer term to consider whether the College is planning effectively to</p>	<p>Auditor judgement</p> <p>Notable risks exist relating to ongoing financial pressures and given the income/funding position. This is of notable risk to optimising successful financial sustainability and to the achievement of operational objectives. </p>


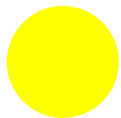
continue to deliver its services and the way in which they should be delivered.

The financial position of the College is challenging as it is forecasting operating deficits over the next five-year period in the region of a cumulative £16million.

There remain a number of forecasting uncertainties in relation to staff pay awards, inflation and sector wide issues which contribute to increased financial risk and uncertainty.

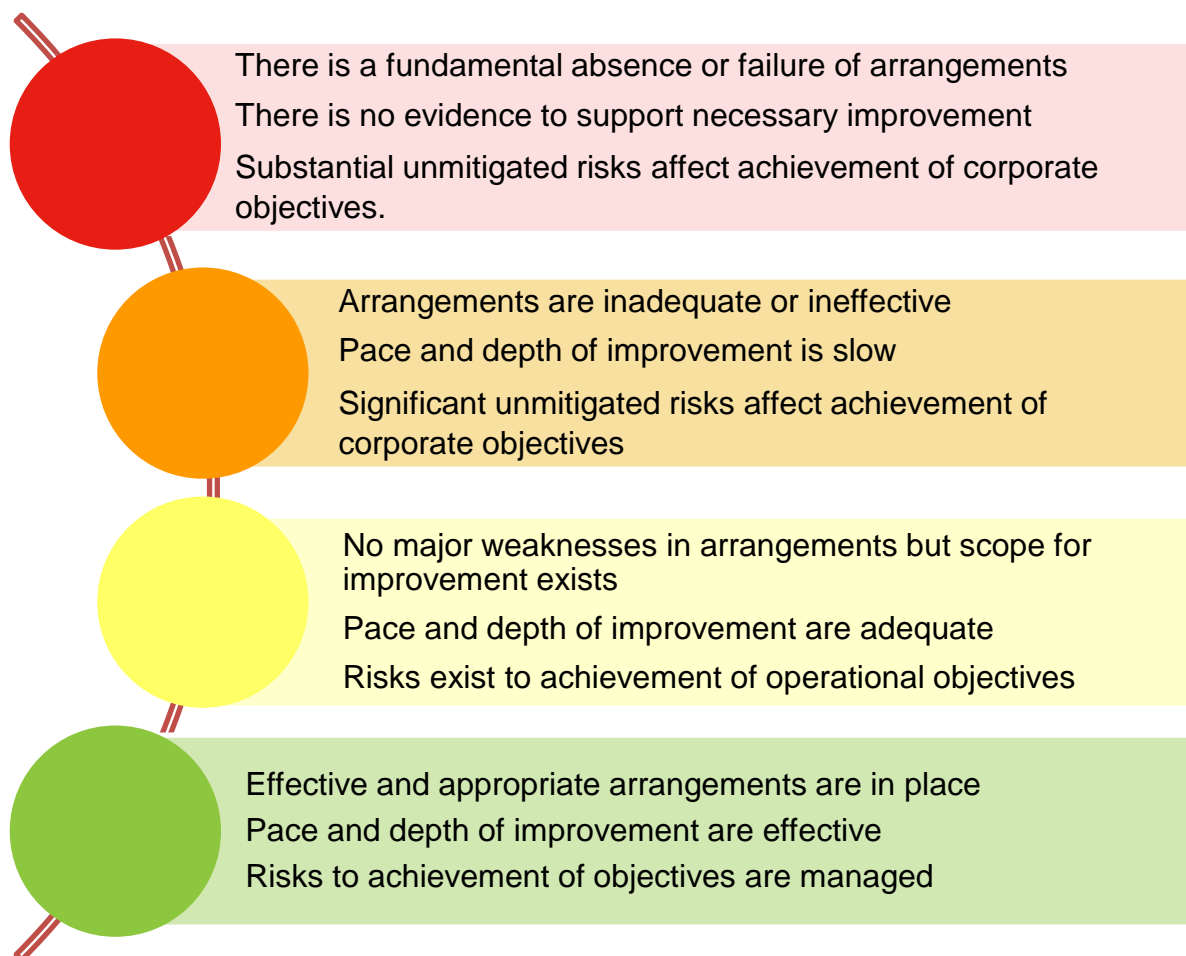
The flat cash funding settlement outcome as notified from the Scottish Government will require a significant savings programme to be implemented, and the College forecasts that this may result in a reduction of up to 22% of its workforce over the next three years. The scale of these reductions challenge the sustainability of the College's current operating model and may require further review and rationalisation of education provision (which may then have a consequential effect on future funding levels). The impact of reductions in expenditure for the student experience and on measures of positive outcomes for students have yet to be fully determined, and even then may only be projected as the actual impact will be hard to foresee exactly.

In terms of capital position, the College should establish the detail behind its capital plan beyond one year to provide the stakeholders with detailed capital and maintenance needs to support its bid for longer term capital funding.

<p>Vision, Leadership and Governance</p> <p>Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.</p>	<p>Auditor judgement</p> <p>Effective and appropriate arrangements are in place </p> <hr/> <p>The College has a clear vision and a Corporate Strategy in place to support it, with the latter currently reviewed as part of periodic review and refresh.</p> <p>Governance arrangements at the College were found to be good, with clear scrutiny and challenge and good board and committee structures/record keeping.</p> <p>Effective arrangements are in place regarding financial control, prevention and detection of fraud and irregularity, and standards of conduct.</p>
<p>Use of Resources to Improve Outcomes</p> <p>Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.</p>	<p>Auditor judgement</p> <p>No major weaknesses in arrangements but scope for improvement exists </p> <hr/> <p>2022/23 was another challenging year, with financial and liquidity indicators improving, but performance in relation to Credit targets and successful outcomes for students declining. The College under delivered its Credit target by 3%, however it is noted that this is in context of the pandemic impact on students, industrial action and general economic environment.</p> <p>Apart from the decline in the adjusted surplus, most of the College's financial performance ratios have improved over the period and the College maintains good and increasing levels of student satisfaction.</p> <p>The Board has appropriate performance management processes in place that support monitoring and scrutinising performance, however a continuous improvement opportunity exists for more detail to be provided at this level on the reasons behind student-related performance changes.</p>

Definition

Our wider scope audit involves consideration of the College's arrangements as they relate to financial sustainability, financial management, vision, leadership and governance, and use of resources to improve outcomes. We have used the following grading to provide an overall assessment of the arrangements in place as they relate to the four dimensions.



Introduction

The annual audit comprises the audit of the financial statements and the wider-scope audit responsibilities set out in the Code of Audit Practice.

We outlined the scope of our audit in our External Audit Plan, which we presented to the Audit Committee at the outset of our audit. The core elements of our work include:

- an audit of the 2022/23 annual report and accounts and related matters;
- consideration of the wider dimensions of public audit work;
- monitoring the college's participation in the National Fraud Initiative; and
- any other work requested by Audit Scotland.

Responsibilities

The College is responsible for preparing an annual report and accounts which show a true and fair view and for implementing appropriate internal control systems. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to thank all management and staff for their co-operation and assistance during our audit.

Auditor independence

International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We confirm that we complied with the Financial Reporting Council's (FRC) Ethical Standard. In our professional judgement, we remained independent, and our objectivity has not been compromised in any way.

We set out in Appendix 1 our assessment and confirmation of independence.

Adding value

All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. We add value by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to promote improved standards of governance, better management and decision making and more effective use of public money.

Any comments you may have on the service we provide would be greatly appreciated. Comments can be reported directly to any member of your audit team.

Openness and transparency

This report will be published on Audit Scotland's website www.audit-scotland.gov.uk.

Annual report and accounts audit

The College’s annual report and accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

Our audit opinion

Opinion	Basis for opinion	Conclusions
Financial statements	<p>We conduct our audit in accordance with applicable law and International Standards on Auditing.</p> <p>Our findings / conclusions to inform our opinion are set out in this section of our annual report.</p>	<p>We have proposed an unqualified audit opinion on the 2022/23 financial statements.</p>
Going concern basis of accounting	<p>In the public sector, when assessing whether the going concern basis of accounting is appropriate, the anticipated provision of services is more relevant to the assessment than the continued existence of a particular public body.</p> <p>Our wider scope audit work considers the financial sustainability of the College.</p>	<p>We reviewed the financial forecasts for 2023/24. Our understanding of the legislative framework and activities undertaken provides us with sufficient assurance that the College will continue to operate for at least 12 months from the signing date. In our going concern assessment, we take cognisance of matters relevant to public sector bodies.</p> <p>Our audit opinion is unqualified in this respect.</p>
Opinions prescribed by the	<p>We read all the financial and non-financial information in the annual report and accounts to</p>	<p>The annual report contains no material misstatements or</p>

Opinion	Basis for opinion	Conclusions
<p>Auditor General for Scotland on:</p> <ul style="list-style-type: none"> • Performance Report and Governance Statement • Remuneration and Staff Report 	<p>identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.</p> <p>We plan and perform audit procedures to gain assurance that the statutory other information has been prepared in accordance with relevant legislation and regulations.</p>	<p>inconsistencies with the financial statements.</p> <p>We have concluded that:</p> <ul style="list-style-type: none"> • the information given in the Performance Report and in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; • the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.
<p>Matters reported by exception</p>	<p>We are required to report on whether:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept; or • the financial statements and the audited part of the remuneration report are not in agreement 	<p>We have no matters to report.</p>

Opinion	Basis for opinion	Conclusions
	<p>with the accounting records; or</p> <ul style="list-style-type: none"> we have not received all the information and explanations we require for our audit. 	

An overview of the scope of our audit

The scope of our audit was detailed in our Annual Audit Plan, which was presented to the Audit Committee in May 2023. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the College. This ensures that our audit focuses on the areas of highest risk. Planning is a continuous process and our audit plan is subject to review during the course of the audit to take account of developments that arise.

At the planning stage we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.

In our audit, we test and examine information using sampling and other audit techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain evidence through performing a review of the significant accounting systems, substantive procedures and detailed analytical procedures.

Significant risk areas and key audit matters

Significant risks are defined by auditing standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. Audit procedures were designed to mitigate these risks.

As required by the Code of Audit Practice and the planning guidance issued by Audit Scotland, we consider the significant risks for the audit that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team (the 'Key Audit Matters'), as detailed in the tables below.

Our audit procedures relating to these matters were designed in the context of our audit of the annual accounts as a whole, and not to express an opinion on individual accounts or disclosures.

Our opinion on the annual accounts is not modified with respect to any of the risks described below.

Significant risks at the financial statement level

These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Risk area	Management override of controls
<p>Significant risk description</p>	<p>In any organisation there exists a risk that management have the ability to process transactions or make adjustments to the financial records outside the normal financial control processes. Such issues could lead to a material misstatement in the financial statements. This is treated as a presumed risk area in accordance with <i>ISA (UK) 240 - The auditor's responsibilities relating to fraud in an audit of financial statements</i>.</p> <p>This was considered to be a significant risk and Key Audit Matter for the audit.</p>
<p>How the scope of our audit responded to the significant risk</p>	<p>Key judgement</p> <p>There is the potential for management to use their judgement to influence the financial statements as well as the potential to override the College's controls for specific transactions.</p> <p>Audit procedures</p> <ul style="list-style-type: none"> • Review the College's accounting records and audit testing on transactions. • Adopt data analytics techniques in testing carried out. • Test high risk and / or unusual journals posted during the year and after the unaudited annual accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the College's journals policy. • Review judgements and assumptions made in determining accounting estimates as set out in the financial statements to determine whether they are indicative of potential bias. This included a retrospective review of the prior year estimates against the current year estimates.
<p>Key observations</p>	<p>Our work in this area is complete. We did not identify any indication of management override of controls from our</p>

Risk area	Management override of controls
	audit work. We did not identify any areas of bias in key judgements made by management. Key judgements were consistent with prior years.

Significant risks at the assertion level for classes of transaction, account balances and disclosures

Key risk area	Fraud in revenue recognition
<p>Significant risk description</p>	<p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed inherent risk on every audit unless it can be rebutted.</p> <p>The presumption is that College could adopt accounting policies or recognise income transactions in such a way as to lead to a material misstatement in the reported financial position.</p> <p>This was considered to be a significant risk and Key Audit Matter for the audit.</p>
<p>How the scope of our audit responded to the significant risk</p>	<p>Key judgements</p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of income around the year end. However, we do not deem this risk to be present for revenue resource allocations from the Scottish Funding Council due to a lack of incentive and opportunity to manipulate transactions.</p> <p>Audit procedures</p> <ul style="list-style-type: none"> • Evaluate the significant revenue streams and review the controls in place over accounting for revenue. • Consider the College’s key areas of revenue and obtain evidence that revenue is recorded in line with appropriate accounting policies and that the policies have been applied consistently across the year. • Test a sample of income items.
<p>Key observations</p>	<p>We have gained reasonable assurance on the completeness, accuracy and occurrence of income and we are satisfied that it is fairly stated in the financial statements.</p>

Key risk area	Fraud in non-pay expenditure
<p>Significant risk description</p>	<p>As most public sector bodies are net expenditure bodies, the risk of fraud is also present in relation to expenditure. There is a risk that expenditure may be materially misstated in the financial statements.</p> <p>This was considered to be a significant risk and Key Audit Matter for the audit.</p>
<p>How the scope of our audit responded to the significant risk</p>	<p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of accruals around the year end.</p> <p>Audit procedures</p> <ul style="list-style-type: none"> • Evaluate the significant non-pay expenditure streams and review the controls in place over accounting for expenditure. • Consider College’s key areas of expenditure and obtain evidence that expenditure is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year. • Review accruals around the year end to consider if there is any indication of understatement of balances held. Consider accounting estimates. • Test a sample of expenditure items.
<p>Key observations</p>	<p>We gained reasonable assurance over the completeness and occurrence of expenditure and are satisfied that expenditure is fairly stated in the financial statements.</p>

Key risk area	Pension Assumptions
<p>Significant risk description</p>	<p>An actuarial estimate of the pension fund asset/liability is calculated on an annual basis under FRS 102 and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership date held by the pension fund and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities. There is a risk that the assumptions used are not appropriate.</p> <p>This was considered to be a significant risk and Key Audit Matter for the audit.</p>
<p>How the scope of our audit responded to the significant risk</p>	<p>Key judgements</p> <p>Given that small movements in the underlying assumptions may translate into significant changes of the pension liability we deem this area to be subject to a high risk of misstatement.</p> <p>Audit procedures</p> <ul style="list-style-type: none"> • Review the controls in place to ensure that the data provided from the pension fund is complete and accurate. • Review the reasonableness of the assumptions used in the calculation against the pension fund actuary and other observable data. • Agree the disclosures in the financial statements to information provided by the actuary. • Consider completeness and accuracy of the information provided by the College to the actuary. • Ensure that we can rely on actuary’s work as an expert by obtaining sufficient appropriate audit evidence that such work is adequate for the purposes of the audit.
<p>Key observations</p>	<p>The actuarial report for the College identifies a pension surplus (or pension asset) of £33.9 million. This is a significant change to the prior year’s pension asset of £15.6 million and is mainly driven by a significant increase in discount rate assumption between the years. The discount rate as of 31 July 2023 has been 5.05% and</p>

Key risk area	Pension Assumptions
	<p>decreases the value of future pension obligations substantially which, when combined with no significant movement in the value of pension investments, results in a pension surplus outcome.</p> <p>Accounting standards require the College to review the pension surplus and only recognise the lower of the surplus or an ‘asset ceiling’. A detailed technical guidance note on how to calculate the pension asset ceiling was issued by Audit Scotland early in July 2023. We have discussed this matter before the audit commenced with the College and management processed these changes in the accounts which were then presented for the audit. In effect, this has limited the recorded pension asset to the asset ceiling value of £0.133 million in 2022/23. The prior year figure has been adjusted by the College by £15.649 million and reduced the pension asset to Nil value. (We noted an unadjusted immaterial difference as a result, as the actual asset cap value for prior year has been calculated at £0.145million rather than Nil. The unadjusted difference relates to the College opting to use Nil value).</p> <p>After considering a range of factors and consulting with the actuary and other stakeholders, the College used future working life in calculating the asset cap value. Another option was to use perpetuity and the actuary states that decision is for the College. While Azets is of a technical accounting view that perpetuity is more appropriate in most circumstances, the College can and has put a rationale for using future work life in the notes to the accounts and referred to uncertainty over the asset recovery over a long term period.</p> <p>Had the perpetuity has been used the difference would not have been material for both current and prior year, therefore we do not have any further comment in that matter and do not treat it as a misstatement. This is a view reinforced by our Azets technical team.</p> <p>We have observed a similar circumstances in a number of Education sector entities this year. We have considered the actuarial assumptions and the Financial Reporting Standard 102 guidance in relation to asset recognition and presentation in the financial statements.</p>

Key risk area	Estates Valuation
<p>Significant risk description</p>	<p>The College holds a significant estate, with net book value of land and buildings of £123 million as at 31 July 2023. In accordance with its accounting policies, the College measures these assets at fair value through a programme of professional valuations, with the latest independent valuation completed at 31 July 2023. Due to the specialised nature of the buildings, the carrying value of assets is based on a range of estimates and small changes in estimates have the potential to result in a material change in asset valuation.</p>
<p>How the scope of our audit responded to the significant risk</p>	<p>Key judgements</p> <p>There is the potential for management to use their judgement to influence the financial statements.</p> <p>Audit procedures</p> <ul style="list-style-type: none"> • We ensured that assets are recorded in line with the Further Education Statement of Recommended Practice (FE SORP), Accounts Direction and the College’s accounting policies, and have been accounted for appropriately. We reviewed asset valuations and ensured that the College has completed a recent assessment for impairment across its estate. This included looking to ensure there is professional advice and appropriate assurance over any impact of Reinforced Autoclaved Aerated Concrete (RAAC). • Where professional advice has been sought, we considered the competence, capability and objectiveness of the external valuer in line with ISA 500 (UK). We considered the College’s impairment review and communication with the valuer. In addition, we considered the scope of the valuer’s work and the information provided to the valuer for completeness.
<p>Key observations</p>	<p>The total value of the College’s land and buildings increased by £22.4 million as a result of the 2023 valuation and it consists of increase in the value of the four campuses’ buildings. The value of land has not changed as a result of the valuation.</p> <p>The buildings are of specialised nature and therefore are valued by using a depreciated replacement cost method,</p>

Key risk area	Estates Valuation
	<p>which means that it would cost over £119.3 million to replace them as at 31 July 2023. The buildings valuation upward movement is consistent with the inflation impact and linked to BCIS/Tender Price Index representing an overall increase in construction cost.</p> <p>Shortly before the start of the audit the auditor and the College become aware of a potential impact of RAAC assets in public sector. The College - with the help of its valuer (Ryden) - has identified one asset impacted by use of RAAC, specifically that one building had RAAC used in the construction of its roof. The initial treatment was discussed with the auditor and the College updated the accounts for the RAAC impact as suggested by Ryden valuation. The whole building has been impaired to Nil from its net book value of £1.8 million, although it was only the roof subject to RAAC and given other factors supporting continued use. We questioned the College as to why the whole asset has been impaired and whether the valuer can support that view. (We understand the College had also, separately made valuer enquiries on this). After our and College's challenge this has been revisited and only the roof element has been revalued down. A related accounting issue also resulted in a change of the accounting treatment of the change in value; impairment has been reversed and reduction in value has been included as a part of the in-year valuation movement in the revaluation reserve, as is appropriate for a depreciated replacement cost based valuation.</p> <p>We gained reasonable assurance over the valuation of estates at the year end and are satisfied that the estate is fairly stated in the financial statements.</p>

Estimates and judgements

We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements.

As part of the planning and fieldwork stages of the audit we identified all accounting estimates made by management and determined which of those were key to the overall financial statements. Consideration was given to asset valuations, impairment, depreciation rates, provisions for legal obligations, and accruals. We identified two accounting estimates listed below.

Our audit work consisted of reviewing these key areas for any indication of bias and assessing whether the judgements used by management are reasonable. We have summarised our assessment of this below, categorised between Prudent, Balanced and Optimistic.

Estimates and judgements

Present value of retirement obligations

Auditor judgement: Balanced

Management consider the present value of retirement obligations on an annual basis. The valuation is carried out by the actuarial firm Hymans Robertson. We considered key assumptions against other sources of evidence and did not identify any indication that the valuation was materially misstated as at 31 July 2023.

The assumptions of the actuary, Hymans Robertson, were overall within our expected range. The assumptions were predominantly in the middle of our expected range.

We have discussed with the College the assumptions used in the pension asset ceiling calculation as the asset cap has been calculated by using future working lifetime instead of perpetuity. The College added the rationale for the use of that basis of calculation to the accounts and because the difference between both methods is not material we have no further comments in this matter.

Estates valuation

Auditor judgement: Balanced

We ensured that assets are recorded in line with the FE SORP and the College's accounting policies and have been accounted for appropriately. We reviewed the asset valuations and ensured that the College has completed a recent assessment for impairment across its estate. This year the College's assets were revalued by a professional valuer Ryden LLP.

We considered the competence, capability and objectiveness of the external valuer in line with ISA 500 (UK). The College performed an impairment review of the assets and did not identify any indication of impairment. The results of our subsequent review of the above evidence is that the estates net book value is not materially misstated.

Materiality

Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional

judgement and is affected by our assessment of the risk profile the College and the needs of users. We review our assessment of materiality throughout the audit.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to the College and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

College Materiality

We based our initial assessments of materiality levels within our Audit Plan on the information available at that time i.e. prior years audited accounts. For the College’s financial statements, the initial materiality was set at £1.130 million. On receipt of 2022/23 unaudited annual accounts, we reassessed materiality and kept it unchanged. We consider that our updated assessment has remained appropriate throughout our audit.

	£
Overall materiality for the financial statements	1,130,000
Performance materiality	850,000
Trivial threshold	57,000

Materiality	<p>Our assessment is made with reference to the College’s expenditure levels. We consider expenditure to be the principal consideration for the users of the financial statements when assessing the performance of the College.</p> <p>Our assessment of materiality equates to approximately 1.7% of the College’s expenditure as disclosed in the 2022/23 unaudited annual accounts.</p> <p>In performing our audit, we apply a lower level of materiality to the audit of the Remuneration and Staff Report. Our materiality in this respect is set at £5,000.</p>
Performance materiality	<p>Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater</p>

	<p>level of testing on the areas deemed to be at significant risk of material misstatement.</p> <p>Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.</p>
Trivial misstatements	<p>Clearly trivial are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>

Audit differences

We have identified one material adjustment as outlined above, with the impact on the Statement of Comprehensive Income and Expenditure and on net assets of £1.801million. We identified one immaterial misstatement in the prior year figures and not requiring a restatement.

We identified some disclosure and presentational adjustments during our audit which have been detailed in Appendix 2.

Internal controls

As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the College. These matters are limited to those which we have concluded are of sufficient importance to merit being reported.

We did not identify any significant control weaknesses during our audit, however a number of weaknesses identified in relation to the general IT controls were identified and are included in recommendations.

Audit recommendations

An action plan and our recommendations are included in Appendix 2.

Other communications

Accounts preparation

We received financial statements, subject to finalisation of the pension and valuation adjustments, before start of the audit on 8 September. We received the draft

financial statements with those adjustments on the first day of the audit on 13 September. We were made aware by the College that the draft performance report will be provided later and we have received those on day three of the audit, as discussed. In future, we recommend that a full set of annual accounts and report is provided on or before the first day of the audit.

Recommendation 1

Accounting policies, presentation and disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies adopted by the College.

The accounting policies, which are disclosed in the annual accounts, are in line with the FE SORP, and are considered appropriate.

We have reviewed the disclosures made as required by relevant legislation and applicable accounting standards and concluded these have been made appropriately.

Overall, we found the disclosed accounting policies, and the overall disclosures and presentation to be appropriate.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose.

Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting the Funds. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations that would necessitate a provision or contingent liability.

Written representations

We provided the final letter of representation to the Board of Management for signing at the same time as the financial statements are approved.

Related parties

The first version of the accounts did not have the relevant disclosures made. The College updated the accounts following our findings.

Confirmations from third parties

We have received all third parties confirmations required for the purpose of our audit.

Wider Scope

Financial management

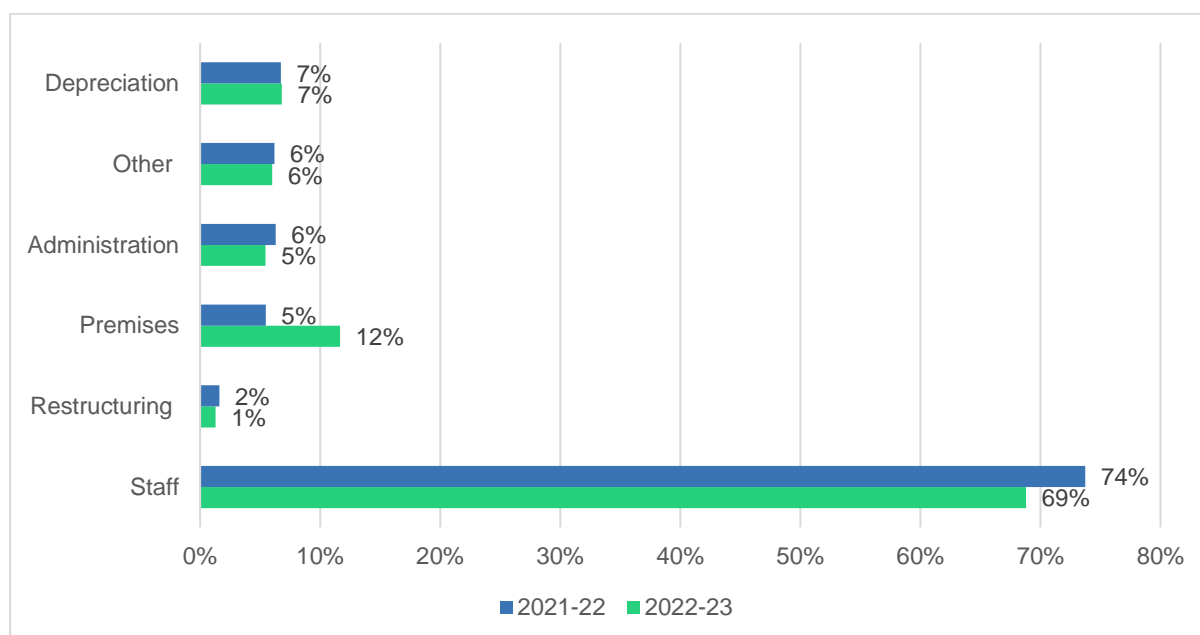
Financial performance

The College has reported an operating deficit of £2.624 million for the year ended 31 July 2023. After adjusting the operating position for non-cash items that are out with the control of the College - such as pensions and net depreciation - the College has achieved an adjusted surplus of £0.100 million. The College managed to improve in year performance when compared to the initial budget deficit of c.£1.400million due to:

- £0.600million of voluntary severance savings;
- £0.600million of vacancy management savings; and
- £0.300million of non-staff efficiency savings.

The College’s main source of income continues to be grant funding from the SFC (86% of total income in 2022/23). The financial position improved in the year due to several one-off increases in funding - primarily from the SFC - which has allowed it to undertake a significant voluntary severance programme throughout the year. Other positive variances included retention of SFC 2021/22 funding, and cost savings.

Exhibit 1 Key expenditure items 2 years comparison

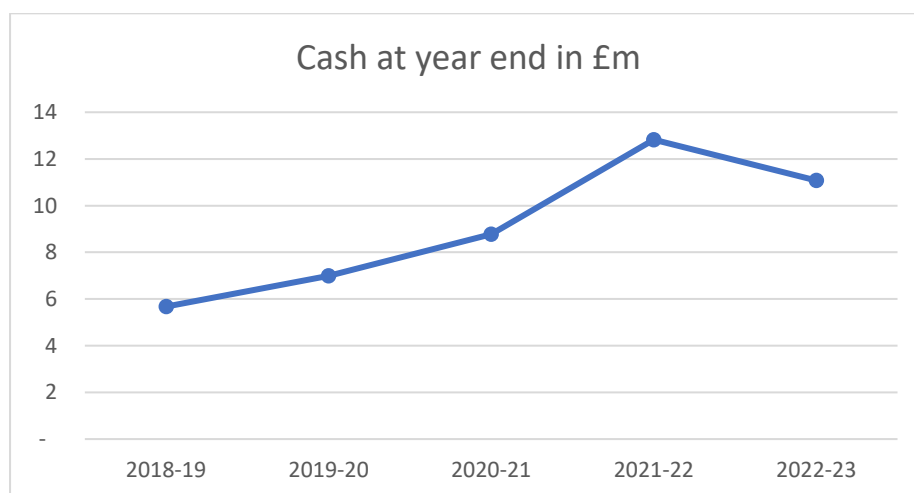


Source: West College Scotland accounts

Staff costs, taken together with the job evaluation costs, continue to be the highest area of spend for the College accounting for 69% (74% in 2021/22) of total expenditure. When compared to the previous year these costs decreased by 6% mainly reflecting savings achieved from severance schemes ongoing over the previous and current years.

The cost of voluntary severance in the year was lower than last year at £0.861 million (£1.064million in 2021/22) and 50 members of staff took advantage of the scheme in 2022/23. This represented around 5% of total headcount. The College's voluntary severance programme is expected to continue into future years as the main way to achieve savings in expenditure.

Exhibit 2 Cash position



Source: West College Scotland accounts

The cash balance held by the College was £11.086 million at year end. The College budgeted for 22 days of cash to be maintained, while the current cash position represents 68 days. The College expects that this will go down to £1.462 million (or 11 cash days) after the year end due to the timing of the following payments:

- £4.624millions of SFC and other creditors; and
- £4.994million of provisions.

The College is required to make its cash position in line with requirement of maintaining a break-even position and having cash for working capital purposes.

Budget Setting

The Financial Memorandum between the Scottish Funding Council and the College sets out the formal relationship between both bodies and the requirements with which the College must comply in return for payment of grant by the SFC. The College's objectives in relation to the public funding it receives are set out annually in a Regional Outcome Agreement with the SFC.

The College's Director of Finance is responsible for preparing an annual budget and subsequent two year forecast for approval by the Board of Management, and on the recommendation of the Corporate Development Committee. The budget is aligned with the College's strategy documents.

The budget preparation process is built upon contributions from budget holders to ensure meaningful and achievable estimates are agreed.

Capital Expenditure

There has been no significant capital expenditure undertaken during the financial year. The College spent £4.075million on ongoing maintenance of the existing estate.

Systems of internal control

We have evaluated the College's key financial systems and internal financial controls to determine whether they are adequate to prevent material misstatements in the annual accounts. Our approach has included documenting the key internal financial controls and performing walkthroughs to confirm that they are operating as intended.

We consider the system of control in place at the College to be good. Our work on general IT controls identified some weaknesses in relation to key financial systems.

Recommendation 2

Cyber security

There continues to be a significant risk of cyber-attacks to public bodies, and it is important that they have appropriate cyber security arrangements in place. Recent incidents in other organisations have demonstrated the significant impact that a cyber-attack can have on both the finances and operation of an organisation.

We have considered risks related to cyber security at the College within our integrated audit as part of our understanding of the College's use of IT. Based on this initial assessment, we concluded that overall arrangements are appropriate, caveated by our findings in relation to general IT controls as highlighted above.

Prevention and detection of fraud and irregularity

Our audit was planned to provide a reasonable expectation of detecting material misstatements in the financial statements resulting from fraud and irregularity. We found the College's arrangements for the prevention and detection of fraud and other irregularities to be appropriate.

Regular updates on fraud related matters (including Counter Fraud Services updates and based on our recommendation the National Fraud Initiative) are presented to the Audit Committee.

National fraud initiative

The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise co-ordinated by Audit Scotland working together with a range of Scottish public bodies to identify fraud and error.

The most recent NFI exercise commenced in 2022. The College uploaded the data in line with the requirements of the NFI in October 2022 ahead of the new data sets being released in January 2023. The College staff assessed the matches and investigated as appropriate. Due to identification of duplicate payments the College started a process of recovering £0.015m paid in error. The College has now implemented optical character recognition software which will alleviate the majority of input errors.

Overall, the College's arrangements with respect to NFI are satisfactory. We will follow up completion of the work as part of our 2023/24 audit.

Financial sustainability

Significant audit risk

Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities:

Extract from External Audit Plan - Financial sustainability

Significant risk description

The College continues to face significant financial challenges, operating within tight financial parameters, and activity continues to plan the measures required to ensure the College is in a long-term sustainable position.

The 2022/23 Financial Forecast Return (FFR), as approved by the Board in October 2022, anticipated an adjusted operating deficit of £1.5m in 2022/23, with future operating deficits totalling £5.6 million expected from 2023/24 to 2026/27. The adjusted operating result is the key financial measure used by the College. It takes the operating position per the accounting standards and adjusts it to exclude non-cash items. As outlined in the financial management section above the College has identified potential savings opportunities totalling £1.4 million for 2022/23 to address the budget deficit and at the year-end achieved an adjusted surplus of £0.100 million.

A key risk existed around the College's ability to deliver funding credits. The College had a shortfall of c.4,700 credits in 2022/23, which is in excess of the 2% allowance granted by the SFC. Any excess over the 2% threshold is subject to potential SFC's claw back of the related student credits funding. This resulted in 1,600 credits being repayable to the SFC (equivalent to c£600k).

Staff cost continues to be a significant pressure area for the College and a key element of the College's ambitious savings plan. With the uncertainty around public sector pay settlements, any increase in staff costs will have a material impact on the finances of the College. The emerging and uncertain impact on the College's finances and ability to deliver savings plans and services in a sustainable manner remains a significant challenge and risk.

Key observations

The College has continued to face significant financial challenges which will require additional cuts to planned expenditure to reach a long-term sustainable position.

Based on the most updated position in 2023-24 the College estimates a small adjusted operating deficit of £0.068million, followed by three years of deficits adding up to a total of £16.769million between 2024-2027. This position is based on 2% pay award assumption, inflationary pressures on non-staff cost and increased utility costs. It also includes an expectation of no other sources of income and no change to the Scottish Government or SFC funding model. The

College is working towards achieving a break even position at the end of 2023-24 with the detail outlined below.

Our work and conclusions on the budget and financial forecasts for 2023/24 onwards are set out below.

The exhibit below presents the financial forecast over the next four years, together with the main cost drivers impacting the deficit. However, as outlined in the section below the 2023-24 budget assumes a small surplus and the financial forecast is being updated by the College to reflect the changes to its finances. The detailed assumptions are presented in the sections below.

Exhibit 3 Financial Forecast

	2023-24 (£m)	2024-25 (£m)	2025-26 (£m)	2026-27 (£m)
Operating deficit	2.779	4.127	5.560	7.082
Pay award (2%)	950	970	990	1.010
Increased utility costs	718	378	443	512

Source: October 2022 Financial Forecast

Short Term Financial Planning

The further education sector has received a ‘flat cash’ settlement from the Scottish Government for 2023/24 which equates to a reduction of 8.5% in real terms.

As a result, Scotland’s further education sector faces an extremely challenging financial future given (i) general and wage inflation costs significantly exceed funding level increases, (ii) the impact of Covid-19 disruption continues to have an impact, (iii) making changes and refining the delivery models to be as sustainable as possible in the current context brings resource implications related to planning and managing this change, and the outputs themselves may have consequences (expected and potentially unanticipated) in how the College is positioned for future success and the extent to which it can meet the needs of the stakeholders it services.

The College is heavily reliant on SFC funding which currently represents c.86% of the College’s total income; as such, a small movement or impact in grant funding has a significant impact on the College’s financial position.

The SFC published final colleges' funding allocations in May 2023. The 2023/24 SFC main grant allocation for the College is £45.043 million and this is to support delivery of 140,450 of student credits. This credit target represents a reduction of 10% in education delivery, from 157,235 in 2022/23. The reduction in the 2023-24 credit target has resulted in a reduction in SFC core income of £0.337million (0.7%).

The College prepared its budget for 2023/24 based on the indicative allocations and detailed forecasts available at the time, prior to the actual SFC allocation. The key assumptions include:

- the level of lifecycle and high priority estate maintenance funding will be kept at the same level as 2022/23;
- 2% salary increase;
- the level of Flexible Workforce Development Funding - whilst not confirmed - has been reduced to core contractual levels for 2023/24;
- all other income streams have been held at historic levels after detailed discussions with the relevant budget holders;
- utility costs have been modelled based upon the latest market intelligence supplied by APUC and utilising the expected gas and electricity usage per campus. This has resulted in a reduction in the anticipated utility costs; and
- costs savings equivalent to 2% of all non-staff costs.

The College has reduced its overall core staffing costs by £2.200 million when compared to the October 2022 financial forecast 2023/24 budget. These reductions have been achieved through implementing course delivery changes across all sectors, changes to the curriculum management structure, removal of vacancies if no longer felt required, and the 2022 voluntary severance programme. This work is supported by a formal change programme called *Be the Change* which looks at transforming the College, infrastructure and delivery model. Staff efficiencies will still be required as part of the ongoing process of staff management through the management of in year vacancies and other staff costs.

The budget for the year 2023/24 was presented to the Board of Management in April 2023, projecting a small operating deficit of £0.068 million. The current level of savings achieved is £0.830million against £1.980million target in the savings plan. The College is aware that £1million of savings and the cost of the voluntary scheme might not be achieved due the time necessary to reshape the workforce. The Board expectation is that the College will be able to balance the budget.

The savings plan focuses on the following activities:

- maximisation of all revenue opportunities;
- ongoing vacancy management;
- review of class teaching times and class consolidation where possible; and

- tight control of all non-staff budgets.

Medium Term Financial Planning

The College is in the process of updating its financial planning as the current documents have been updated for 2023/24 budget, but the medium to longer term forecast is based on October 2022 financial forecast.

The Financial Strategy presented to the Board of Management in October 2022, covers the period 2022-2027. The College's overall strategy was taken into consideration when preparing this document.

The College estimates three years of deficits adding up to a total of £16.769million between 2024-2027. This position is based on a 2% pay award assumption and increased utility costs. It also includes an expectation of no other sources of income and no change to the Scottish Government/SFC funding model. The College has also prepared an alternative scenario for the years between 2022-25, with a more pessimistic assumptions of reduction in funding, pay increases and inflationary increases; this scenario would reduce the operating position by a further £2million.

The College recognises that it has a structural deficit with significant efficiencies requiring to be realised in 2023-24 and in every subsequent year thereafter.

Identified mitigating actions for the next two years relate mainly to course delivery, curriculum management and review of the Inverclyde provision. This is expected to generate c.£2.7million of savings, while the expected deficit for the next two years is c.£4million, leaving £1.3million of required savings still to be identified.

The most recent opportunity for the College to reduce the cost further is its pension fund proposal to reduce contribution rates for the next three financial years. If agreed that could provide £2.783million of savings over that period. However, it is important that the risks and potential impact of this is worked through and understood with all key parties.

The key challenges facing the College

The College is facing the following challenges:

- flat cash SFC settlement meaning reduction in funding in real terms;
- impact of the inflation on the staff cost which is the main cost driver for the College;
- ageing estate with insufficient funding available to maintain it;
- increased competition in the education sector; and
- cost of living increases and declining student number trends possible as a result.

Another key document used for financial planning is the FFR which is an established part of the SFC’s financial health monitoring framework. The FFR allows the SFC to monitor and assess the medium-term financial planning and health of colleges. The October 2022 FFR required colleges to report actual financial performance for the session 2022-24 and forecasts through to 2026-27. The FFR has been prepared and included deficits resulting from staff increases.

Whilst the cash position and projections of the College don’t suggest significant cashflow issues, if the planned savings are not achieved there is a risk of having a negative cash balance in 2024/25 financial year if no mitigating actions are taken.

Impact on education provision

West College Scotland, as any other further education institution, delivers its services to the public through teaching. Therefore, its teaching and support staff are crucial to the College fulfilling its role. We note that due to the above financial constraints, the College must identify savings, with staff costs accounting for the significant majority of College spend. It is the main cost driver as a 1% change equates to c.£0.450 million increase/decrease in cost.

In the previous three years, the College generated savings through the voluntary severance scheme and decreased its workforce by 10% (or 116 staff) with 2020/21 used as a base year. At the time when the financial forecast was presented the College considered savings that would result in a reduction in staffing levels with cumulative impact of 22% reduction across 2022-2027 period. This equates to 174 full time equivalent.

Exhibit 4 Staff plans

	2023-24	2024-25	2025-26	2026-27
	FTE	FTE	FTE	FTE
Vacancy management	10	10	0	0
Voluntary severance	54	18	37	38
% of FTE	7%	4%	5%	5%

Source: October 2022 Financial Forecast

The most recent budget monitoring update referred to at least 44 staff members needing to leave the College by the end of 2023-24 financial year in order to achieve a balanced 2024-25 budget.

Further significant reduction in staff levels would likely mean that the current College’s operating model will not be sustainable with a consequent impact on the volume of activity undertaken and in the methods of teaching delivery. Any change

will likely have consequences for student experience and the quality of education delivery and outcomes.

A reduction in staffing levels may impact the ability of the College to achieve its annual credit target and other national objectives, therefore having a knock-on effect on future financial and non-financial performance.

We do understand that these external factors (e.g. funding decisions, inflation, pay awards) are not entirely within the College's control and the College is considering all options to maintain appropriate levels of the teaching delivery. At the same time, this challenge will be partly managed by an effective and continuously changing, scenario-based workforce plan. Those plans will be informed by the future education delivery and Scottish Government education model.

The College has in place a high-level People Strategy 2022-30. We note this document analyses the key issues faced and structure of the workforce and the College is developing further detail as to possible actions and scenarios.

Capital plans - estates

The College has a high-level Estates Strategy 2016-26 to address emerging and future needs. The College maintains three campuses and its 2019 condition survey had the following findings:

- a need to invest £42million over the next 5 years to bring the estate buildings to a suitable standard;
- £153million will be required over the next 20 years to maintain the current estate in suitable conditions;
- the Greenock campus requires a high priority investment with expenditure of £21m being necessary over a 5-year period to ensure the buildings are in the condition expected of a modern teaching and working environment. The college is awaiting SFC response to its Outline Business Case submitted in 2021-22;
- similarly, the Paisley campus is requiring significant expenditure of £17million; and
- the Clydebank campus will require £5million investments over the next 5 years to maintain it.

The current College's projects included a number of roofs renovations, Oakshaw relocation, Clydebank workshop redesign and Paisley café and Leaner Development space refurbishment.

In January 2022 Ryden carried out priority surveys across all the College estate. This fed into the maintenance programme for the short to medium term period to focus the efforts on the key needs of the estate.

The delivery of the Estate Strategy is overseen by the Vice Principal Operations and supported by the Estates Management Team with the Corporate Development Committee oversight and reporting to the Board. This allows appropriate governance arrangements. The College is reviewing its Corporate Strategy which will then be followed by an update to the Estate Strategy which is scheduled to be completed in 2024.

For 2023/24, the College has allocated £2.175million for estates maintenance projects from the SFC allocation. In addition to that £2.800million has been brought forward from previous years and there has been £0.856million of grant funding. This funding is mainly used for the current maintenance priorities with only small elements of the finding being available for capital purposes. Compared to the result of 2019 survey this indicates a significant gap in capital funding available to meet the needs of the estate. The College is aware of that issue and its staff are part of a working group looking at the Education sector estate assessment across Scotland. It is expected this assessment will help to determine the whole sector capital needs, similar to what was performed for schools in local government.

We recognise that capital funding is not under direct control of the College. We have also seen detailed considerations for a number of projects planned or ongoing at the College estate. At the same time we encourage the College to develop and refine their capital plan to help manage its estate and support the College in its discussions with the funding providers on capital investment priorities. This could be used to help overtly demonstrate to all key stakeholders assessed funding challenges/gaps, including how achievement of strategic plans may be impacted depending on funding available.

Recommendation 3

Vision, leadership and governance

Our detailed findings on the College's arrangements are set out below.

Vision and leadership

As part of the re-evaluation of the College Corporate Strategy, the College undertook a series of workshops and consultations in 2023 and updated its vision and values. The vision consists of three elements: collective ambition, pride and passion, inspirational and innovative.

The College has a number of strategies in place with the Corporate Strategy 2019-25 setting out the College's ambitions and priorities across four themes: personalization, collaboration, agile and adaptive, and digital. The College plans to review this strategy, but it has been paused until later in 2023 to take into account various reviews and change programmes ongoing in the sector.

Another main document for the College is the Curriculum Strategy 2021-26. This strategy considers the priorities, student needs, pandemic impact, local communities and other stakeholders, national strategies and priorities which all are treated as key curriculum drivers. The key aims and priorities refer to four themes as per the main corporate strategy. The curriculum outlines relevant actions against each of the themes.

There is a financial memorandum in place between the SFC and the College which ensures that the terms and conditions of grant funding are clear and understood.

Additionally, there is an annual Regional Outcome Agreement (ROA) which sets out planned outputs and objectives between the SFC and the College. From review of available committee and board minutes and papers, we are satisfied that the College routinely considers reports on the development and implementation of the ROA.

Governance arrangements

The Board of Management is responsible for ensuring the overall governance of the College. In driving forward the strategic direction of the College and ensuring the governance framework is operating as intended, the Board continues to be supported by five committees:

- Audit Committee;
- Learning, Teaching and Quality Committee;
- Corporate Development Committee;
- Remuneration Committee; and
- Nominations Committee.

The Board was subject to its annual self-evaluation review and an externally facilitated effectiveness review is planned to be undertaken in 2024 as required by the Code of Good Governance for Scotland Colleges. The review was performed by a self-assessment survey and reported to the Board at the June 2023 meeting. Overall, the additional feedback received from Board members was considered as positive. Several areas were identified for improvement, and these have been incorporated into the 2023 Board Development Plan.

The College's Governance Statement asserts that the College has complied with the requirements of the Scottish Public Finance Manual (SPFM) and the Accounts Direction, and is underpinned by the required audit work we undertake on the governance statement.

Internal Audit

An effective internal audit service is an important element of a College's overall governance arrangements. The College's internal audit service is provided by Wylie Bisset. During our audit we considered the work of internal audit wherever possible to avoid duplication of effort and make the most efficient use of the College's total audit resource.

Internal Audit annual assurance opinion was provided to the Audit Committee in September 2023. In their opinion the Internal Audit concluded that the College has adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of audit work. This opinion also stated that proper arrangements are in place to promote and secure Value for Money.

Standards of conduct

In our opinion the College's arrangements in relation to standards of conduct and the prevention and detection of bribery and corruption are adequate. Our conclusion has been informed by a review of the arrangements for adopting and reviewing standing orders, financial instructions and schemes of delegation and for complying with national and local codes of conduct.

Use of resources to improve outcomes

Our detailed findings on the Funds arrangements are set out below.

Performance management arrangements

The Financial Memorandum between the SFC and fundable bodies in the college sector requires the Board to:

- have a strategy for reviewing systematically management's arrangements for securing value for money (VfM); and
- as part of internal audit arrangements, obtain a comprehensive appraisal of management's arrangements for achieving value for money.

Securing the economical and effective management of the College's resources and expenditure is the responsibility of the Board. The College is committed to ensuring value for money is achieved through good procurement practice and optimal use of procurement collaboration opportunities.

Performance framework

Performance is monitored routinely throughout the year by the Board and Committees on a regular basis, and progress against performance measures is presented to the Board for challenge and scrutiny.

In April 2023 the Board approved a newly developed *High Level Key Performance Indicator Report* aimed at bringing together performance indicators reported in various documents and to different stakeholders.

We note that the overarching themes set out within the Corporate Strategy are being currently aligned with its reporting on performance indicators with development of relevant metric to measure progress ongoing.

Overall activity is managed by the Senior Management Team at fortnightly meetings where student activity targets are monitored along with performance against budget and achievement of planned activities for the year. Financial performance is also monitored quarterly at both the Corporate Development Committee and the Board of Management. The Board of Management is informed of the progress made towards key targets and performance, through individual business reports and the Principals Report.

Performance results

Exhibit 5: Performance results

	KPI	Target 23-24	Actual 2022-23	Actual 2021-22	Movement
1	Student Activity (total credits)	140,450	152,460	157,663	↓
2	Performance against core credit activity target	100.0%	97.0%	96.7%	↑
3	% of students overall, satisfied with their college experience	96%	95%	88%	↑
4	% of full-time FE enrolled students achieving a recognised qualification	67%	67.3%	63.3%	↑
5	Early withdrawal full-time FE	*	5.7%	9.4%	↑
6	% of full-time HE enrolled students achieving a recognised qualification	69%	59.5%	56.9%	↑
7	Early withdrawal full-time HE	*	6.5%	6.6%	↓
8	% of credits delivered to students in 10% most deprived postcode areas	26%	26%	24%	↑
9	% of credits delivered to care experienced students	9.0%	9.1%	9.2%	↓
10	Number of senior phase age pupils studying vocational qualifications	2,200	2,200	1,942	↑
11	Percentage of staff sickness absence	4.0%	4.0%	4.4%	↓
12	Percentage of staff turnover	15.0%	19.2%	12.9%	↑
13	Adjusted operating surplus/(deficit)	£31,000	£400,000	£500,000	↓
14	Free cash days at year end	5	10	7	↑
15	Current assets : current liabilities	0.89	0.99	0.97	↑
16	Staff costs as a % of total cost	81.1%	82.6%	83.2%	↓
17	Percentage of non-SFC income	13.6%	13.6%	14.5%	↓

*Early withdrawal rate to be rebased to reflect withdrawal at 12.5% of year 23/24, 25% 22/23.

Source: 2022/23 draft annual report and accounts

The College's performance against key performance indicators for academic year 2023 shows that for the second year in a row the student credits target have not been met. The College delivered 152,460 credits in the academic year against its target of 157,235 (3% below the target) as set by the SFC for academic year 2022/23. We note that the actual credits delivered are lower than prior years which were at 157,663.

The main reasons for the shortfall against the core credits was August recruitment being below target and linked to other factors, including reduced progression from 2021-22 courses due to COVID, industrial action, increased University recruitment activity/impact, cost of living pressures on prospective students, and availability of employment.

On the other measures:

- the non-SFC income decreased compared to prior year and as a percentage of total income;
- sickness absence decreased and was contained within the target 4%, while staff turnover increased significantly from 12.9% to 19.2% and well above the target of 15%. The staff turnover can be linked to the severance scheme in place.
- the current ratio (ability to pay its current debts) increased to 0.99.
- students satisfaction levels increased from 88% to 95%

The College also reports on a number of measures relating to student outcomes, including successful qualification completion and partial success of withdrawals. The performance against those measures is considered regularly at the Learning, Teaching and Quality Committee meetings, with detailed performance reports being presented.

While the College has a set of reports to consider the detail of the performance at a committee level, its reporting in the annual report and accounts is largely limited to student credit targets and financial measures, and it does not provide additional commentary measures that are key to students (for example on student satisfaction levels or students achieving a recognised qualification). Providing more information on the above to the Board and readers of the accounts has also been limited and may allow for more scrutiny and informed decision making.

Recommendation 4

Climate change

Tackling climate change is one of the greatest global challenges. The Scottish Parliament has set a legally binding target of becoming net zero by 2045 and has interim targets including a 75 percent reduction in greenhouse gas emissions by 2030.

There are specific legal responsibilities placed on public bodies to contribute to reducing greenhouse gas emissions, to adapt to climate change, to act sustainably and to report on progress. All public bodies need to reduce their direct and indirect emissions and should have plans to do so. Many public bodies also have a role in reducing emissions in wider society, and in supporting activity to adapt to the current and potential future impact of climate change.

The key actions the College have taken to reduce climate change are set out in the table below:

What targets has the body set for reducing emissions in its own organisation or in its local area?

The College's Sustainability Strategy commits to a net zero target by 2040, noting that significant investment will be required to achieve this target.

Does the body have a climate change strategy or action plan which sets out how the body intends to achieve its targets?

The College has a Sustainability Strategy available on its website.

How does the body monitor and report progress towards meeting its emission targets internally and publicly?

The College reports to each Corporate Development Committee on the actions taken to address the sustainability challenges faced by the College.

Has the body considered the impact of climate change on its financial statements?

Yes, the College considered impact on their financial statements as per the comment below.

What are the areas of the financial statements where climate change has, or is expected to have, a material impact?

The College does not expect climate change to have a material impact on the financial statements in the short term. It does consider that global warming may have impact on the future learning environments required. Increasing water levels and associated flood risks were considered in 2022 as part of the insurance renewal process and no material risk was identified for those campuses close to a water source.

Does the body include climate change in its narrative reporting which accompanies the financial statements and is it consistent with those financial statements?

Yes, the College consider financial sustainability in its financial statements, discussing its strategy, progress during the year and other activities.

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Appendix 1: Responsibilities of the College and the Auditor

Responsibilities of the College

The College has primary responsibility for ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

Area	The College's responsibilities
Corporate governance	<p>The Board of Management 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. Those charged with governance should be involved in monitoring these arrangements, working with senior executives.</p>
Financial statements and related reports	<p>The Board has responsibility for:</p> <ul style="list-style-type: none"> preparing financial statements which give a true and fair view of its financial position and the expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support its financial statements and related reports disclosures; <p>ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority;</p> <p>maintaining proper accounting records; and</p> <p>preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that is consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also address the longer term financial sustainability of the College.</p> <p>Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the entity and its financial performance, including providing</p>

Area	The College's responsibilities
	<p>adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.</p> <p>The Board of Management is responsible for ensuring the development and implementation of effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. It is also responsible for establishing effective and appropriate internal audit and risk management functions.</p>
<p>Standards of conduct for prevention and detection of fraud and error</p>	<p>The College is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct.</p>
<p>Financial position</p>	<p>The College is responsible for putting in place proper arrangements to ensure its financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> • Such financial monitoring and reporting arrangements as may be specified; • Compliance with statutory financial requirements and achievement of financial targets; • Balances and reserves, including strategies about levels and their future use; • Plans to deal with uncertainty in the medium and long term; and • The impact of planned future policies and foreseeable developments on the financial position.

Auditor responsibilities

Code of Audit Practice

The Code of Audit Practice (the Code) describes the high-level, principles-based purpose and scope of public audit in Scotland. The 2021 Code came into effect from 2022/23.

The Code of Audit Practice outlines the responsibilities of external auditors appointed by the Auditor General and it is a condition of our appointment that we follow it.

Our responsibilities

Auditor responsibilities are derived from the Code, statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, and guidance from Audit Scotland.

We are responsible for the audit of the accounts and the wider-scope responsibilities explained below. We act independently in carrying out our role and in exercising professional judgement. We report to the College and others, including Audit Scotland, on the results of our audit work.

Weaknesses or risks, including fraud and other irregularities, identified by auditors, are only those which come to our attention during our normal audit work in accordance with the Code and may not be all that exist.

Wider scope audit work

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector.

The wider scope audit specified by the Code broadens the audit of the accounts to include additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Financial management



Financial management means having sound budgetary processes. Audited bodies require to understand the financial environment and whether their internal controls are operating effectively.

Auditor considerations

Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities.

Financial sustainability



Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Auditor considerations

Auditors consider the extent to which audited bodies show regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so it can continue to deliver services.

Vision, leadership and governance



Audited bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Auditor considerations

Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. Auditors also consider the effectiveness of governance arrangements for delivery, including openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.

Use of resources to improve outcomes



Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes.

Auditor considerations

Auditors consider the clarity of arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of inequalities, and deliver continuous improvement in priority services.

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an [Audit Quality Framework](#).

The most recent audit quality report can be found at <https://www.audit-scotland.gov.uk/publications/quality-of-public-audit-in-scotland-annual-report-202223>

Independence

The Ethical Standards and ISA (UK) 260 require us to give the College full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical guidance and further to our External Audit Annual Plan issued confirming audit arrangements we do not have any matters to not in that regard.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

Our period of total uninterrupted appointment as at the end of 31 March 2023 was one year.

Audit and non-audit services

The total fees charged to the College for the provision of services in 2022/23 were as follows:

	Current year £	Prior year £
Auditor remuneration	50,870	30,960
Pooled Costs	(7,460)	1,600
Audit support costs	1,310	1,440
Sectoral cap adjustment	5,440	-
Total fee	50,160	34,000

The FRC's Ethical Standard stipulates that where an auditor undertakes non audit work, appropriate safeguards must be applied to reduce or eliminate any threats to independence. We are not providing any non-audit work to the College.

Appendix 2: Audit differences identified during the audit

We are required to inform the College of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit. The non-trivial misstatement discovered during the course of our audit which have been adjusted for by management are summarised in the table below.

Adjusted misstatements

Details of the item corrected following discussions with management is as below.

No	Detail	Assets	Liabilities	Reserves	SOCIE
		Dr / (Cr) £m	Dr / (Cr) £m	Dr / (Cr) £m	Dr / (Cr) £m
1.	Fixed assets	2.365			
	Impairment				(1.801)
	Depreciation				(564)
	Fixed assets	(245)			
	Revaluation reserve			245	
Net impact on SOCIE					(1.801)
Net impact on net assets					1.801

Unadjusted misstatements

We identified one unadjusted misstatement.

No	Detail	Assets	Liabilities	Reserves	SOCIE
		Dr / (Cr) £m	Dr / (Cr) £m	Dr / (Cr) £m	Dr / (Cr) £m
1.	Pension asset	0.145			
	Actuarial gain				(0.145)

Net impact on SOCIE	(0.145)
Net impact on net assets	0.145

Misclassification and disclosure changes

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the College.

We identified a number of reclassification adjustments and some minor presentational issues in the College's accounts, and these have all been amended by management. Details of all disclosure changes amended by management following discussions are as below.

No	Detail
1.	Gain on revaluation of assets was added to the statement of comprehensive income and expenditure.
2.	Actuarial gain on pension scheme has been added to the statement of changes in reserves.
3.	Related parties disclosures were updated to include relevant amounts.

Overall, we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

Appendix 3: Action plan

Our action plan details the weaknesses and opportunities for improvement that we have identified during our audit.

Action plan grading structure

To assist the College in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been rated as follows:

Rating	Assessment rationale
High	An issue that results in a severe impact to the achievement of objectives in the area audited.
Medium	An issue that results in a moderate impact to the achievement of objectives in the area audited.
Low	An issue that results in a small impact to the achievement of objectives in the area audited.

Current year action plan

1. Accounts preparation		Low
Observation	We received financial statements, subject to finalisation of the pension and valuation adjustments, before start of the audit on 8 September. We received the draft financial statements with those adjustments on the first day of the audit on 13 September. We were made aware by the College that the draft performance report will be provided later and we have received those on day three of the audit, as discussed. In future, we recommend that a full set of annual accounts and report is provided on or before the first day of the audit.	
Implication	Incomplete and late provision of annual report and accounts can lead to audit inefficiencies.	
Recommendation	We recommend a full set of annual report and accounts is provided on the first day of the audit or before.	
Management response	<p>The College accept the audit finding.</p> <p>Responsible officer: Vice Principal Operations</p> <p>Implementation date: September 2024</p>	

2. IT general controls		Low
Observation	<p>Our specialist IT team reviewed design and implementation of IT general controls in the key systems impacting preparation of the financial statements and identified a number of areas for improvement in relation to password and access management, and change management covering low and matters and one of moderate nature. (As this is a public report and for reasons of IT/control sensitivity, we have provided specific detail to the College separately).</p>	
Implication	<p>There is a risk of systems issues adversely impacting the control environment and/or financial statements.</p>	
Recommendation	<p>We recommend that the specific IT points identified are addressed.</p>	
Management response	<p>The College have been working with Azets to conclude the IT audit. The IT audit work was carried out late in the audit which has not allowed for current audit findings to be finalised with the College. The College have reviewed and responded to all IT audit recommendations and will work to resolve any actual identified weakness and will continue to prioritise IT Security as an absolute requirement.</p> <p>Responsible officer: Vice Principal Operations</p> <p>Implementation date: 31 December 2023</p>	

3. Capital plan		Medium
Observation	Capital expenditure plans are based on SFC allocations and the College’s 2019 condition survey. The capital plans prepared by the College in effect are short term and focus on maintenance of the estate.	
Implication	We would expect the College has capital plans beyond one year to manage its asset base over the long term and to provide a wider and more strategic approach to this area.	
Recommendation	We recognise that capital funding is not under direct control of the College. We have also seen detailed considerations for a number of projects planned or ongoing at the College estate. At the same time we encourage the College to develop and refine their capital plan to help manage its estate and support the College in its discussions with the funding providers on capital investment priorities. This could be used to help overtly demonstrate to all key stakeholders assessed funding challenges/gaps, including how achievement of strategic plans may be impacted depending on funding available.	

Management response

The College undertook Estates Priority Condition survey work in January 2022 which has informed the programme of ongoing maintenance into the areas of most need. In the last 12 months this saw an extensive programme of roof works carried out across the Paisley campus. The College Estates budget is stretched each year being used to cover ongoing maintenance requirements, this work will continue into the coming year across all campuses and particularly the Oakshaw Building on the Paisley campus.

The College carried out Property Condition Reports in 2019, these reports were considered when the Priority Maintenance Survey work was conducted. These Condition Reports highlight the high volume and value of future investment required in the College Estate. The College are aware that funding required to fully maintain the College Estate will not be made available to the College however the Scottish Funding Council have kicked off an Infrastructure Group - covering Estate and Technology requirements, which will consolidate the investment necessary to maintain College infrastructure into the future with the same basis of measurement being applied across each College. The approach will follow the Scottish Government Schools review which has successfully seen over £10bn invested in Education Infrastructure across Scotland. This SFC Infrastructure group will represent all College requirements and present necessary investment requirements to SG ministers.

The College capital plan is limited by investment funding. The College are aware of the absolute necessity to Invest, particularly in the Greenock Finnart Street campus having an absolute commitment to the community of Inverclyde and the continued delivery of further education in this area. The College are aware of the difficulty in gaining capital funding and in the short to medium term are working on a structured investment programme for Greenock looking beyond Scottish Funding Council to secure capital funding for this essential project. The College's capital funding plan is restricted by the ability to achieve funding and therefore whilst there is an absolute recognition and understanding of where and when investment is needed any future plans are restricted. The College will continue to campaign for funding to support the ongoing delivery of College education in each of the communities it serves.

3. Capital plan

Medium

The College’s estates strategy runs to 2026 and is due to be refreshed in the coming year following the refresh of the Corporate Strategy. The new strategy will have a far greater emphasis on Sustainability – now a core part of all College estates works and wider. The strategy will also highlight the ongoing investment requirements for the College whether they can be funded or not. The future investment requirements will be updated through the work of the SFC Infrastructure Group.

Responsible officer: Vice Principal Operations

Implementation date: Summer 2024

4. Performance indicators

Low

Observation

While the College has a set of reports to consider the detail of the performance at a committee level, its reporting in the annual report and accounts is largely limited to student credit targets and financial measures, and it does not provide additional commentary measures that are key to students (for example on student satisfaction levels or students achieving a recognised qualification). Providing more information on the above to the Board and readers of the accounts has also been limited and may allow for more scrutiny and informed decision making.

Implication

The users of the accounts and Board members might not be able to make informed decisions due to insufficient detail provided.

Recommendation

We recommend the reporting is enhanced to provide additional detail on student and other key issues performance, allowing the decision makers and other key stakeholders a better understanding of the College’s affairs.

4. Performance indicators

Low

Management response

The College accept the recommendation and are currently working on the KPI reporting for the College. These recommendations are helpful and will be built into future KPI reports for the College.

Responsible officer: Vice Principal Operations

Implementation date: Easter 2024



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We are an accounting, tax, audit, advisory and business services group that delivers a personal experience both digitally and at your door.

Accounting | Tax | Audit | Advisory | Technology

11 December 2023

Azets Audit Services Limited
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Dear Sirs

West College Scotland

This representation letter is provided in connection with your audit of the financial statements of West College Scotland ('the College') for the year ended 31 July 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992, the Accounts Direction issued by the Scottish Funding Council, UK Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of recommended practice: Accounting for further and higher education, the Government Financial Reporting Manual (FReM) where applicable and the Financial Memorandum between the Scottish Funding Council and the College.

GENERAL

1. We acknowledge, as members of the Board of Management, our responsibility for preparing an annual report and financial statements which give a true and fair view in accordance with Further and Higher Education (Scotland) Act 1992, the Accounts Direction issued by the Scottish Funding Council, UK Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of recommended practice: Accounting for further and higher education, the Government Financial Reporting Manual (FReM) where applicable and the Financial Memorandum between the Scottish Funding Council and the College, and for making accurate representations to you.
2. All the transactions undertaken by the company have been properly reflected and recorded in the accounting records.
3. All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the college, and with all other records and related information requested, including minutes of all management and shareholder meetings.

1 of 5

ADJUSTMENTS & DISCLOSURES

4. The financial statements are free of material misstatements, including omissions.
5. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. (See appendix 1 for details of such uncorrected misstatements).
6. We have reviewed and approved all audit adjustments made in the financial statements. (See appendix 2 for details of such audit adjustments)
7. We have reviewed and approved all disclosures made in the financial statements and we are not aware of any other matters which require disclosure in order to comply with the requirements of the Further and Higher Education (Scotland) Act 1992, the Accounts Direction issued by the Scottish Funding Council, UK Generally Accepted Accounting Practice including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, the Statement of recommended practice: Accounting for further and higher education and the Government Financial Reporting Manual (FRem) where applicable.

INTERNAL CONTROL AND FRAUD

8. We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
9. We have disclosed to you all instances of known or suspected fraud affecting the college involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
10. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the college’s financial statements communicated by current or former employees, analysts, regulators or others.
11. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we deem necessary to address the likely effects of the COVID-19 pandemic on our system of internal controls.

ASSETS AND LIABILITIES

12. The college has satisfactory title to all assets and there are no liens or encumbrances on the college’s assets except for those that are disclosed in the notes to the financial statements.
13. There were no changes in fixed assets during the period ended 31/07/2023 other than those disclosed in the accounts.
14. We have reviewed the residual values attached to fixed assets and confirm they are still appropriate and reasonable reflections of these assets condition and usage.
15. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
16. We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

17. We confirm that all bank accounts have been disclosed to you and are included within the financial statements.
18. We confirm that the college has not contracted for any capital expenditure other than as disclosed in the financial statements.

ACCOUNTING ESTIMATES

19. The methods, data and significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

LOANS AND ARRANGEMENTS

20. The college has not granted any advances or credits to, or made guarantees on behalf of, directors other than those disclosed in the financial statements.

LEGAL CLAIMS

21. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

LAWS AND REGULATIONS

22. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements and disclosures, including non-compliance matters:
 - a. Involving financial impropriety;
 - b. Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the [company / group]'s financial statements;
 - c. Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the college's business, its ability to continue in business, or to avoid material penalties; and
 - d. Involving management, or employees who have significant roles in internal control, or others.
23. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, other than those already disclosed.

RELATED PARTIES

24. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and we confirm that such information is complete. We are not aware of any other matters which require disclosure in order to comply with the requirements of company law or accounting standards.

3 of 5

SUBSEQUENT EVENTS

25. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

GOING CONCERN

26. We believe that College's financial statements should be prepared on a going concern basis on the grounds that sufficient funding has been made available to the College to support the anticipated continuation of the provision of services.
27. We also confirm our plans for future action(s) required to enable the College to continue as a going concern are feasible.
28. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the College's ability to continue as a going concern need to be made in the financial statements.
29. Our assessment at the date of approval of these accounts is that the pandemic does not create a material uncertainty related to going concern. The financial statements discloses matters of which we are aware that are relevant to the College's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

DISCLOSURE OF INFORMATION TO THE AUDITOR

30. We acknowledge our legal responsibilities regarding disclosure of information to you as auditor and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.
31. Each board member has taken all the steps that they ought to have taken as a board member in order to make aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Dr Waiyin Hatton
Chair
Board of Management

Appendix 1 – Uncorrected misstatements

No	Detail	Assets	Liabilities	Reserves	SOCIE
		Dr / (Cr)	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)
		£m	£m	£m	£m
1.	Pension asset	0.145			
	Actuarial gain				(0.145)
Net impact on SOCIE					(0.145)
Net impact on net assets					0.145

Appendix 2 – corrected misstatements

No	Detail	Assets	Liabilities	Reserves	SOCIE
		Dr / (Cr)	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)
		£m	£m	£m	£m
1.	Fixed assets	2.365			
	Impairment				(1.801)
	Depreciation				(564)
	Fixed assets	(245)			
	Revaluation reserve			245	
Net impact on SOCIE					(1.801)
Net impact on net assets					1.801

Title of Paper	Articles of Governance Standing Orders Scheme of Delegation
Presented by:	Susan McDonald, Governance Manager
Recommendation:	For Approval
Status:	PUBLIC

Purpose / Executive Summary:

This paper provides the Board with updated Articles of Governance, Standing Orders and Scheme of Delegation.

The documents have been updated as per guidance provided from Colleges Scotland's Good Governance Steering Group, following the appointment of two Trade Union nominees to the Board of Management. Other updates include revised job titles and Committee name change.

Appointment of the Trade Union nominees will take place in January 2024, with those elected joining the Board at its next meeting, Monday 26 February 2024.

All additions have been highlighted in yellow across the documents.

Recommendations:

The Board of Management is asked to consider and **approve** the updated documents provided and subject to any amendments, agree for these to be published on the College Website.

Implications:

Financial	No specific implications pertaining to these reports. All relevant legal requirements have been followed in the development of these documents.
Student Experience	
People	
Legal	
Reputational	
Community/ Partnership impact	
Environment	
Equalities	

Title of Paper	Health & Safety Policy Statement 2023
Presented by:	Joe Rafferty, Director of Organisational Development & HR
Recommendation:	For Approval
Status:	PUBLIC

Purpose / Executive Summary:

This paper provides the Board with the 2023 Health & Safety Policy Statement. This statement forms part of the overall Health & Safety Policy (a copy of which is saved in the Board Teams Library - [Health Safety Policy signed Dec 22.pdf](#)) and is reviewed annually and signed off by the Principal and the Chair on behalf of the Board of Management.

Recommendations:

The Board of Management is asked to **approve** the statement for sign off by the Chair and Principal.

Implications:	
Financial	Implications covered within the Policy.
Student Experience	
People	
Legal	
Reputational	
Community/ Partnership impact	
Environment	
Equalities	

Title of Paper	Remit: Learning, Teaching & Quality Committee
Presented by:	Gordon Hunt, Chair of Learning, Teaching & Quality Committee
Decision:	For Approval
Status:	PUBLIC

<p>Purpose / Executive Summary:</p> <p>The Scheme of Delegation notes that the Board approves the detailed remit and membership of Committees. Remits are reviewed on an annual basis by each Committee.</p> <p>The Remit of the Learning, Teaching & Quality Committee is attached to this paper.</p> <p>The main changes to the remit being proposed are:</p> <ul style="list-style-type: none"> • The addition of overview of significant risk on a six monthly basis, in order to summarise and advise Audit & Risk Committee and the Board, of the adequacy of risk management.
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<p>Recommendations:</p> <p>Following discussion and agreement at the Learning, Teaching & Quality Committee meeting held on 25 October 2023, the Board is asked to approve the updated Remit for the Learning, Teaching & Quality Committee.</p>
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Implications:	
Financial	<p>All implications are covered within individual reports submitted for the Committee's consideration.</p> <p>The Remit of the Committee has been developed to ensure all areas noted are covered.</p>
Student Experience	
People	
Legal	
Reputational	
Community/ Partnership impact	
Equalities	
Environment	

Title of Paper	Learning, Teaching & Quality Committee Chair’s Report
Presented by:	Gordon Hunt, Chair of LTQ Committee
Recommendation:	To Note
Status:	PUBLIC

Purpose / Executive Summary:

The Chair of the Learning, Teaching & Quality Committee will provide Board Members with an update of discussions at the meetings of the Committee held on 25 October 2023 and 21 November 2023.

Recommendations:

The Board is asked to note the update provided.

Implications:	
Financial	Not applicable for this report.
Student Experience	
People	
Legal	
Reputational	
Community/ Partnership impact	
Environment	
Equalities	

1. Background

The Learning, Teaching & Quality Committee met via Teams on 25 October 2023. Apologies were noted from K Perle. The Committee also met via Teams on 29 November 2023. Apologies were noted from G Rice and R Binks.

2. Highlights from 25 October 2023

- 2.1 An update from the Students Association included: Freshers Week; new Student Association website and podcast; training opportunities and communication channels.
- 2.2 The revised Constitution and Partnership for the Student Association was reviewed and agreed, and would be recommended to the Board for approval, following endorsement from NUS.
- 2.3 Discussed and approved the Self Evaluation report on the Regional Outcome Agreement and noted the Quality Performance report. The Committee requested that the impact of the funding cuts be noted in the report.
- 2.4 Discussed the strong achievements on alternative income generation within the current economic and funding climate, as well as approving the ambitious income targets for 2023/2024.
- 2.5 The positive August 2023 student recruitment update was discussed and noted.
- 2.6 The draft Regional Outcome Agreement for 2023/2024 was approved and the measurements table targets for 2023/2024 were agreed, both to be submitted to SFC.
- 2.7 Agreed the changes to the Remit of the Committee, with the main change being an enhancement to the overview of Risk, to be recommended to the Board for approval.
- 2.8 Updates were also given and noted on Education & Leadership; Education Scotland report; British Council Compliance; Quality Standards Committee minutes; notification of the SQA Systems Audit 2023; and schedule of business for future meetings.
- 2.9 This was the last meeting of co-opted member, Mark Hamilton, having reached the maximum tenure.

3. Highlights from 29 November 2023

- 3.1 A presentation was given by Ian Shand, CQL, on the Cyber First Project with the College being the only one involved in the pilot programme across Scotland. The project aims to inspire and encourage students from all backgrounds to consider a career in cyber security. The project covers primary school pupils through secondary school and then on to college, with the inclusion of a bursary element and a work placement with employers such as GCHQ, MI5, MI6 and the National Cyber Security Centre, with a guaranteed articulation pathway. A copy of the presentation will be uploaded to the Teams Channel. The Committee

congratulated Iain on being nominated for an award as Best Educator at the Cyber Security Awards.

- 3.2 An update on the work of the Student Association including the encouraging number of class representative appointments (currently 309) with training take place over next few weeks; work continues on the strategic plan building relationships and increasing communication channels; the new podcast will be launched in January 2024, with requests for interviews to be issued. The Committee noted the positive impact the new Student Association team were already having across the College.
- 3.3 A comprehensive update on the work of the Digital Strategy Group including the development of guidance documents on Digital Pedagogy, AI in Education and Blended Learning; the use of JISC Elevation business transformation tool to drive forward digitalisation. The innovative and impactful work happening across the college in this area was noted including being part of pilot on the use of AI in learning and teaching.
- 3.4 The work taking place with STEM awareness and including elements of STEM across all curriculum areas. Further discussions on sustainability and the College's role within the community and schools, as well as an opportunity to include sustainable food systems as part of curriculum areas.

4. Recommendations:

The Board is asked to note the update provided.

Title of Paper	Joint Meeting of Audit & Risk and Corporate Development Committee Chair's Report
Presented by:	Grant Lyall, Chair of Audit & Risk Committee
Recommendation:	To Note
Status:	PUBLIC

Purpose / Executive Summary:

The Chair of the Audit & Risk Committee will provide Board Members with an update of discussions at the meeting of the Joint meeting of the Audit & Risk and Corporate Development Committees held on 21 November 2023.

Recommendations:

The Board is asked to note the update provided.

Implications:	
Financial	Not applicable for this report.
Student Experience	
People	
Legal	
Reputational	
Community/ Partnership impact	
Environment	
Equalities	

1. Background

The Audit & Risk and Corporate Development Committees met jointly via Teams on 21 November 2023. Apologies were noted from T Dillon, R Leitch and L Connolly.

2. Highlights

- 2.1 A closed session was held with the external auditors with no members of the College Senior Management Team present. It was noted that this was the first year with new Auditors, Azets and discussions were ongoing with the Auditors and College Management to enhance the working relationship and agree a process and timeline going forward.
- 2.2 Azets presented their report proposing an unqualified opinion on the financial statements to 31 July 2023. Two main points of discussion were the Pension position and the issue of Reinforced Autoclaved Aerated Concrete (RAAC). They also suggested that the College improve its IT controls in relation to the key financial systems. Awareness of the sector wide financial challenges ahead were also noted. The Committee discussed the report in detail and were pleased to note the unqualified opinion of the Auditors
- 2.3 Having discussed the 2022/2023 Report and Financial Statements for the year to 31 July 2023 in detail, the Joint Committee are recommending these to the Board of Management for final approval subject to enhancing the wording in the Performance Report referencing the sector wide financial challenges being faced going forward.
- 2.4 The unqualified opinion of the Internal Auditors was noted and the Joint Committee approved
 - the 2022-23 Credits Audit Report with the inclusion of one new low level audit recommendation;
 - the 2022-23 Audit Report on Student Support Funds, and
 - the 2022-23 Audit Report on Educational Maintenance Allowance.
- 2.5 The positive content of the Internal Auditor's Annual Report 2022-23 was discussed and noted.

2 Recommendations:

The Board is asked to note the update provided.



Board of Management
Monday 11 December 2023, Hybrid (Teams/Paisley Campus)
Agenda No: 19.2

Title of Paper	Corporate Development Committee Chair’s Report
Presented by:	John Leburn, Chair of Corporate Development Committee
Recommendation:	To Note
Status:	PUBLIC

Purpose / Executive Summary:

The Chair of the Corporate Development Committee will provide Board Members with an update of discussions at the meeting of the Corporate Development Committee held on 21 November 2023

Recommendations:

The Board is asked to note the update provided.

Implications:	
Financial	Not applicable for this report.
Student Experience	
People	
Legal	
Reputational	
Community/ Partnership impact	
Environment	
Equalities	

1. Background

The Corporate Development Committee met via Teams on 21 November 2023. Apologies noted from L Connolly.

2. Highlights

- 2.1 ScotGov has been meeting to review spending levels – concern that there will be no funds for core capital projects, and there may be cash reductions (rather than flat cash) to some sectors in 23/24 budget round.
- 2.2 Uncertainty on the future of tertiary education continues and limits the College's ability to develop a clear strategic reset.
- 2.3 Level of Government funding cuts to college sector cannot be achieved by saving initiatives but requires a reset to the current operating model. Recent external audit report is sobering on the financial predicament that the College (sector) finds itself in.
- 2.4 Potentially 22% of workforce reduction is needed to meet cost targets. Historic staff severance expenses have been funded by additional funding (opportunities). There is no indication that (up-front) investment will be available for future programmes.
- 2.5 Criticism that College does not have a three-year capital plan – SFC yet to publish their 3-year capital plan.
- 2.6 Key risks affecting the College were discussed and the mitigating actions in place. Updates were provided on each of the key risks.
- 2.7 Update provided on the actions where deadlines had been extended. A full review on estates was being undertaken to re-shape and embed sustainability actions across the College infrastructure.
- 2.8 A recruitment exercise to start before the end of the year for some senior vacant posts, including Director of IT, Head of Estates, Director of Finance.
- 2.9 The Management Accounts to 31 October 2023 were discussed and the adjusted operating position for the year to 31 July 2024 is forecast to be a small deficit of around £68k, compared to previous forecast surplus of £32k. This mainly being due to the reduction in HE discretionary funding. Letters were written to SAAS and NUS on the topic.
- 2.10 Approval of the Procurement Annual Report demonstrating the College's continuous improvements across overall procurement compliance and awareness of processes.
- 2.11 Three further procurement approvals were considered and recommended to the Board for approval, at the meeting being held on 11 December 2023.

- 2.12 A report was received detailing the estates and projects work that had been completed during 2022/2023 as well as planned works for 2023/2024, which includes Greenock Estates development and Oakshaw building works.
- 2.13 The Committee also received updates on IT, including re-shaping of the IT team; systems cloud back up; paperlight exercise to reduce number of printers and use of paper People & OD, including pay bargaining, job evaluation and the 'Be the Change' initiative; Communications & Marketing events and developments since the last meeting.

2 Recommendations:

The Board is asked to note the update provided.



Board of Management

Monday 11 December 2023

4.00pm, Abercorn Room 1 Paisley / Teams

Agenda Item No: 20

Title of Paper	2023-24 Board of Management Schedule of Business and Membership from January 2024
Presented by:	Susan McDonald, Governance Manager
Decision:	For review, comment and agreement
Status:	PUBLIC

Purpose / Executive Summary:

The role of the Board in its responsibilities of risk, control, and governance is to gain assurance that the College is providing sufficient information to the Board to allow it to have an overview of the risk and control framework. The Board also needs to be assured that is obtained external input where necessary from stakeholders with who the College interacts.

The attached table gives Board Members advance notice of the known items due to be discussed at forthcoming meetings. Please note that some of these will be subject to change as we progress through the year and other priorities emerge. The calendar does not take into consideration future projects that may be submitted for discussion or approval; these will be added as timescales become known.

This table will be updated and presented for information at each Board meeting. If there are material changes to the schedule of business these will be brought to the attention of the Board.

The updated Membership of the Board and its Committees from January 2024 has also been attached. This will be uploaded to the

Recommendations:

The Board of Management is requested to:

- **review** and make **comment** upon the proposed Schedule of Business and **consider** whether there are any further assurances required in work to be undertaken during 2023-24.
- **Note** the Membership of the Board and Committees from January 2024.



Board of Management

Monday 11 December 2023

4.00pm, Abercorn Room 1 Paisley / Teams

Agenda Item No: 20

Implications:	
Financial	Not applicable for this report
Student Experience	Not applicable for this report
People	Not applicable for this report
Legal	The role of the Board is covered by a suite of governance documents.
Reputational	Not applicable for this report
Community/ Partnership impact	Not applicable for this report
Equalities	Not applicable for this report -EIAs are embedded across the College's activities
Environment	Not applicable for this report



Board of Management

Monday 11 December 2023

4.00pm, Abercorn Room 1 Paisley / Teams

Agenda Item No: 20

Board of Management - Schedule of Business

Late Winter Meeting (February)	
Standing Items at every Meeting	Additional Items known for meeting
Minutes of Previous Meeting	Regional Outcome Agreement
Student Association Report	SA Constitution (awaiting endorsement by NUS)
	Risk Management
Chief Executive's Report	Review of Strategic Risk Register
Chair's Report	Board Development Plan – Mid Year Review
Committee Chairs' Reports	Board Effectiveness Review
Minutes of Committee Meetings	Chair's Appraisal review outcome
Schedule of Business	Equality Mainstreaming Report (every 2 years)
Policies:	Sustainability Statement (Annual)
	2022/2023 HR & OD Report
	KPIs
Strategies:	
Procurement approvals	
External Updates	

Spring Meeting (April)	
Standing Items at every Meeting	Additional Items known for meeting
Minutes of Previous Meeting	Modern Slavery Statement 2023
Student Association Report	Management Accounts
Chief Executive's Report	Budget 2024/2025 and Financial Forecast Update
Chair's Report	KPIs
Committee Chairs' Reports	
Minutes of Committee Meetings	Proposed dates of meetings for following year
Schedule of Business	
Policies:	
Strategies:	
Procurement approvals	
External Updates	

Summer Meeting (June)	
Standing Items at every Meeting	Additional Items known for meeting
Minutes of Previous Meeting	ROA Progress Review from Committees
Student Association Report	Strategic Risk Register
Chief Executive's Report	Self-Evaluation of Board and Committees Results
Chair's Report	Board Development Plan
Committee Chairs' Reports	
Minutes of Committee Meetings	Management Accounts
Minutes of Previous Meeting	Budget & Financial Forecast (incl SA)



Board of Management

Monday 11 December 2023

4.00pm, Abercorn Room 1 Paisley / Teams

Agenda Item No: 20

Schedule of Business	External Effectiveness Review due by Feb 2025
Policies:	
Strategies:	
Procurement approvals	
External Updates	

Autumn Meeting (October)	
Standing Items at every Meeting	Additional Items known for meeting
Minutes of Previous Meeting	Register of Interests Summary
Student Association Report	2022/2023 Report from Audit Committee to Board
Chief Executive's Report	Sustainability Strategy
Chair's Report	Staff Survey Results
Committee Chairs' Reports	Review of College Financial Regulations
Minutes of Committee Meetings	Legislative Compliance Annual Report
Schedule of Business	Financial Year End Update
	Financial Forecast 2023/2024 – 2027/2028
	Membership, Dates Meetings 2024/2025
Policies:	
Strategies:	
Procurement approvals	
External Updates	

Winter Meeting (December)	
Standing Items at every Meeting	Additional Items known for meeting
Minutes of Previous Meeting	Financial Statements for the year end 31 July 2024
Student Association Report	Internal Audit Annual Report 2023/2024
Chief Executive's Report	2023/2024 Report from Audit Committee to Board
Chair's Report	External Auditor Annual Report & Letter of Rep 2023/2024
Committee Chairs' Reports	Audit Committee Annual Report to Board
Minutes of Committee Meetings	
Schedule of Business	Regional Outcome Agreement 2024/2025 & Self Evaluation 2023/2024
	2023/2024 HR & OD Report
	HR Annual Report
	Mgt Accts
	Review of Articles / Standing Orders / Scheme of Delegation
Policies:	H&S Annual Statement
	Sustainability Statement (Annual)
Strategies:	
Procurement approvals	



Board of Management

Monday 11 December 2023

4.00pm, Abercorn Room 1 Paisley / Teams

Agenda Item No: 20

External Updates	
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Board of Management – January 2024

Under the terms of the Further and Higher Education (Scotland) Act 1992, as amended by the Post-16 Education (Scotland) Act 2013, the membership of the Board of Management shall consist of no fewer than 15 nor more than 18 members. The current membership is:

Chair	Dr Waiyin Hatton
Vice Chair (Non-Executive Member)	Linda Johnston
Principal	Elizabeth Connolly
Teaching staff – 1 elected	George Rice
Non-Teaching staff – 1 elected	Fiona McLaren
Students Association – 2 elected	Kyle Prele Ed Cselik
Trade Union Nominees – 2 elected	TBC TBC
Non-Executive Members	Hilary Cameron Dr Jillian Couto-Phoenix Terry Dillon Gordon Hunt John Leburn Ronald Leitch Jane McKie Daniel McMahon Jackie Russell Vacancy Vacancy
In Attendance	Stephanie Gunn, Vice-Principal Educational Leadership Amy McDonald, Vice-Principal Operations Susan McDonald, Governance Manager Nathan Taylor,
Senior Independent Member	John Leburn

COMMITTEE MEMBERSHIP AND ATTENDING OFFICERS
From January 2024

Audit & Risk Committee

Membership

T Dillon
Ronald Leitch (Chair)
Jackie Russell (Vice Chair)
Vacancy
Vacancy

Attending Officers

Liz Connolly, Principal
Amy McDonald, Vice Principal Operations
Susan McDonald, Governance Manager
Vivienne Mulholland, Head of Finance & Student Funding
Vacancy, Director of Finance
Internal Auditors - Graham Gillespie & Stephen Pringle, Wylie Bisset
External Auditors – Adrian Kolodziej & David Eardley Azets

Corporate Development Committee

Membership

Liz Connolly, Principal
Dr Waiyin Hatton (ex officio)
Linda Johnston
John Leburn (Chair)
Fiona McLaren, Support Staff Member
Daniel McMahon (Vice Chair)
Kyle Perle, Student President

Attending Officers

Vacancy, Director of Finance
Amy McDonald, Vice Principal Operations
Susan McDonald, Governance Manager
Vivienne Mulholland, Head of Finance & Student Funding
Joe Rafferty, Director of Organisational Development & HR
Brian Stobbs, Head of IT
Nathan Tyler, Director of Marketing & Communications

Learning, Teaching & Quality Committee

Membership

Ruth Binks (co-opted)
Liz Connolly – Principal
Dr Jillian Couto-Phoenix
Ed Cselik, Student Member
Dr Waiyin Hatton (ex officio)
Gordon Hunt (Chair)
Jane McKie (Vice Chair)
George Rice, Teaching Staff Member

Attending Officers

Stephanie Gunn, Vice Principal Educational Leadership
Assistant Principals – as required
Susan McDonald, Governance Manager

Nominations Committee**Membership**

Jillian Couto-Pheonix (Vice Chair)
Dr Waiyin Hatton (Chair)
Gordon Hunt
Linda Johnston
John Leburn
Kyle Perle, Student President
George Rice, Teaching Staff Member (2 years)

Attending Officer

Susan McDonald, Governance Manager

Remuneration Committee**Membership**

Dr Waiyin Hatton
Gordon Hunt
Linda Johnston (Chair)
John Leburn (Vice Chair)
Ronald Leitch
Jane McKie

Attending Officers

Susan McDonald, Governance Manager
Liz Connolly, Principal
Joe Rafferty, Director of Organisational Development & HR