

**Audit Committee: Actions from the Minutes**

<b>Date of Meeting</b>	<b>Min Ref</b>	<b>Matter for Action</b>	<b>Responsible Person</b>	<b>Action Taken</b>	<b>Status / Timescale</b>
25 Jan 23	AM678	<p><b><u>Performance and Accountability Reporting</u></b>                      The Committee noted that the College will continue to revise the content of the Performance and Accountability Report and bring an update report to either the March or May Committee meetings for further consideration.</p>	A Ritchie	Update report presented to September Audit Committee. Final report will be presented to Joint Committee for approval.	<b>Complete</b>
27 Mar 23	AM698	<p><b><u>Risk Management Policy</u></b>                      Risk appetite session previously held with Board members, proposed to have another session for Board members in the future.</p>	A McDonald	Revised Risk Management Policy presented to September Committee meeting for approval.	<b>Complete</b>
24 May 23	AM710	<p><b><u>Committee Effectiveness Review</u></b>                      To arrange for Committee / Board members to visit campuses to meet students and staff as part of overall Board development sessions.</p>	L Connolly	To be arranged in the future.	<b>Pending</b> Session 2023-24

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24 May 23	AM710	<b><u>Committee Effectiveness Review</u></b> Committee members to consider if any training / development is required. To feedback to Committee Chair or to A Ritchie.	G Lyall / A Ritchie	Training and development opportunities to be considered as part of Chair 1-2-1 meetings with all Board members. Any specific Audit Committee requirements to be discussed during the year.	<b>Complete</b>
24 May 23	AM710	<b><u>Committee Effectiveness Review</u></b> Invite to be extended to wider Finance Management Team for short introduction.	A Ritchie	Student Funding Team to present to Committee in September with Procurement Team presenting in January 2024.	<b>Complete</b>
24 May 23	AM710	<b><u>Committee Effectiveness Review</u></b> Chair to arrange 1-2-1 review meetings with Audit Committee members.	G Lyall		<b>Pending</b> January 2024 Committee meeting
24 May 23	AM710	<b><u>Committee Effectiveness Review</u></b> For the future agenda to include risk, actions and appetite considerations following wider Board session.	A McDonald		<b>Pending</b> Future meeting
24 May 23	AM717	<b><u>Rolling Audit Action Plan</u></b> Outstanding recommendations to be reviewed and updated especially the progress bars	A Ritchie	Updated report to be presented to September Committee meeting taking account of comments	

<b>Date of Meeting</b>	<b>Min Ref</b>	<b>Matter for Action</b>	<b>Responsible Person</b>	<b>Action Taken</b>	<b>Status / Timescale</b>
		relating to IT issues.		made at last meeting.	
24 May 23	AM719	<b><u>Corporate Governance Review</u></b> To review and update B.7 section on Student Association Constitution if necessary.	A Ritchie	Section B7 has been updated to reflect revised SA	<b>Complete</b>
24 May 23	AM720	<b><u>IT Risk Register</u></b> To provide the Corporate Development Committee with an update report on IT Operational Risks and how they are being addressed.	A McDonald	IT Operational Risk Register considered by May 2023 CD Committee.	<b>Complete</b>

<b>Title of Paper</b>	<b>Audit Committee – Remit, Membership and Dates of Meetings for 2023/2024</b>
<b>Presented by:</b>	Grant Lyall, Chair
<b>Decision:</b>	For Approval
<b>Status:</b>	<b>PUBLIC</b>

**Purpose / Executive Summary:**

The Membership of the Committee, having been approved at the last meeting of the Board of Management is attached for agreement.

Date of Committee meetings for 2023/2024 are also attached to this document.

The Remit of the Audit Committee is subject to annual review as per paragraph 6 of the Audit Committee Remit.

The main changes to the remit being proposed are:

- Amend Committee remit to Audit & Risk Committee.
- The Remit now includes a fuller section on the management of risk - 1.4 Risk section will be reviewed over the coming year to ensure it represents the risk responsibilities overseen by the Committee.
- 2. Membership – change of job title (Governance Manager).
- 4. Quorum - ‘a minimum of two Board Members.

**Recommendations:**

The Audit Committee is asked to consider and **approve the following:**

- **Audit Committee Membership**
- **Dates of Meeting for 2023/2024**
- **Audit Committee Remit**

<b>Implications:</b>	
<b>Financial</b>	Not applicable for this report
<b>Student Experience</b>	Not applicable for this report
<b>People</b>	Not applicable for this report
<b>Legal</b>	The Remit follows best practice as per Scottish Government's <i>Audit and Assurance Committee Handbook</i>
<b>Reputational</b>	As above
<b>Community/ Partnership impact</b>	Not applicable for this report
<b>Equalities</b>	Not applicable for this report
<b>Environment</b>	Not applicable for this report

**Audit Committee Membership – 2023/2024**

Grant Lyall, Chair  
 Ronald Leitch, Vice Chair  
 Jackie Russell, Member  
**TBC, Member**

***In attendance:***

Liz Connolly, Principal  
 Amy McDonald, Vice Principal Operations  
 Alan Ritchie, Director of Finance  
 Vivienne Mulholland, Head of Finance and Student Funding  
 Susan McDonald, Governance Manager  
 Graham Gillespie, Wylie Bisset, Internal Audit  
 Stephen Pringle, Wyle Bisset, Internal Audit  
 David Eardley, Azets, External Audit  
 Adrian Kolodziej, Azets, External Audit

**Quorum:** No less than 50% of Board Members on the Committee, with a minimum of two Board Members

**Dates of Meetings 2023/2024**

Board/Committee	Time	day	Date of Meeting
Audit	4pm	Wed	06/09/2023
CDC	4pm	Tues	26/09/2023
Board	4pm	Mon	09/10/2023
LTQC	4pm	Wed	25/10/2023
CDC	2pm	Tues	21/11/2023
Joint Audit/CDC	4pm	Tues	21/11/2023
LTQC	4pm	Wed	29/11/2023
Board	4pm	Mon	11/12/2023
Audit	4pm	Wed	31/01/2024
LTQC	4pm	Wed	07/02/2024
Board	4pm	Mon	26/02/2024
CDC	4pm	Tues	12/03/2024
Audit	4pm	Wed	27/03/2024
Board	4pm	Mon	29/04/2024
Audit	4pm	Wed	22/05/2024
LTQC	4pm	Wed	29/05/2024
CDC	4pm	Tues	04/06/2024
Board	4pm	Mon	24/06/2024
Remuneration	4pm	Tues	TBC
Remuneration	4pm	Tues	TBC
Nominations			TBC

<b>Title of Paper</b>	<b>Legislative Compliance Report</b>
<b>Presented by:</b>	Alan Ritchie, Director of Finance
<b>Decision:</b>	For Noting
<b>Status:</b>	<b>PUBLIC</b>

**Purpose / Executive Summary:**

This paper provides the Audit Committee with updates in relation to the following matters:

- **SFC Accounts Direction**
  - The College does not foresee any issues with complying with the requirements of the SFC 2022-23 Accounts Direction.
- **Fixed Asset Valuation**
  - The five-year valuation of land and buildings has been concluded and the results incorporated into the Financial Statements.
- **Report on Freedom of Information and Data Protection Act Requests, Register of Interests and Gifts & Hospitality Register**
  - The College has continued to deal with Freedom of Information and Data Protection requests as required and are dealt with in accordance with the relevant legislation.
  - The review of staff register of interest did not highlight any issues that require to be brought to the attention of the Audit Committee.
  - The review by the College of the Board and Committee members register of interest did not highlight any issues.
  - A review of the gifts and hospitality register did not highlight any issues that require to be brought to the attention of the Audit Committee.
- **Other Reporting Requirements**
  - The College had no reportable matters regarding its duties under the Public Interest Disclosure Act in the year to 31 July 2023.
  - There were no significant lapses in data security, i.e., reportable to the Information Commissioner's Office, during 2022-23 or up to the date of this report.
  - There were no losses arising from fraudulent activities.

The paper is presented in line with Audit Committee Terms of Reference:

- *To advise the Board on its compliance with corporate governance requirements and good practice guidance, and in particular its compliance with the Financial Memorandum with SFC, the SPFM and the Code of Good Governance for Scotland's Colleges.*
- *To receive annual reports on Freedom of Information and Data Protection Acts requests; Register of Interests; Hospitality/Gifts Registers; and IT security / controls and their application.*

**Recommendations:**

The Audit Committee is asked to **consider and note** the report.

**Implications:**

<b>Financial</b>	Impact of revised valuations on financial statements noting non-cash nature of adjustments.
<b>Student Experience</b>	Not applicable for this report
<b>Human Resources</b>	Not applicable for this report
<b>Legal</b>	Compliance report provides assurance that reporting requirements are being adhered to.
<b>Reputational</b>	Not applicable for this report
<b>Community/ Partnership impact</b>	Not applicable for this report
<b>Equalities</b>	Not applicable for this report
<b>Environment</b>	Not applicable for this report



## 1. SFC ACCOUNTS DIRECTIONS

- 1.1. The College is required to comply with the requirements of the:
- [SFC Accounts Direction for Scotland's College](#).
  - Financial Memorandum with the Scottish Funding Council.
  - Statement of recommended Practice: Accounting for Further and Higher Education (SORP).
  - Government Financial Reporting Manual.
- in the preparation of the annual report and accounts for the College.
- 1.2. The SFC annually issue mandatory guidance for the preparation of the annual report and accounts each year. On 20 July 2023, the Scottish Funding Council (SFC) issued specific guidance to colleges for the 2022-23 year-end.
- 1.3. Page 7 of the Accounts Direction sets out the requirements for the preparation of the annual report and accounts along with the deadline for submission of 31 December 2023. Two copies of the College annual report and accounts also require to be sent to the Auditor General for Scotland by 31 December 2023.

### Changes to Reporting Requirements

- 1.4. There are no changes to the annual Accounts Direction and in line with last year the College do not see an issue with complying with the SFC requirements.

## 2. FIXED ASSET VALUATION

- 2.1. At merger, the College adopted a policy of conducting the revaluation of land and buildings owned by the College every 5 years with an interim valuation to be conducted every 3 years. At the same time as these valuations are conducted the College will also obtain updated insurance replacement costs. A copy of the Accounting Policy in relation to Fixed Assets is attached at Appendix A.
- 2.2. The purpose of this valuation exercise is to ensure that:
- The values used within the Financial Statements represent a true and fair view of the College assets.
  - The replacement values are used in renewing the College insurances portfolio.
- 2.3. The five year valuation was undertaken by a single firm of valuers (Ryden) who were appointed after a procurement exercise. Ryden have provided a report covering all land and buildings owned by the College.
- 2.4. The revised values will have a non-cash impact upon the College 2023-24 budget and future Financial Statements and these impacts will be considered by the Corporate Development Committee.

**2023 Valuation Exercise – Key Points**

- 2.5. The valuations of all the properties for accounting purposes are on a Depreciated Replacement Cost (DRC) basis. This is the appropriate basis of valuation as contained within the RICS Valuation – Global Standards (The Red Book) effective in January 2022. The College concurs with this basis of valuation as being the most appropriate. The DRC basis of valuation is used for specialist properties that are rarely, if ever, sold as part of a sale of the entire operation of which they form part, on the open market.
- 2.6. DRC is defined as ““The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.”
- 2.7. A valuation of a property in the Public Sector using a DRC method should be accompanied by a statement that it is subject to the prospect and viability of the continued occupation and use. The College is satisfied that this is the case.
- 2.8. At the 2021 interim valuation the unique circumstances associated with the early-mid stages of the pandemic resulted in the degree of uncertainty in markets at certain points since March 2020 being deemed to be “material” uncertainty. This was noted in the College Financial Statements. The 2023 valuation report is provided in a market that is experiencing some uncertainty – Ryden do not consider the assets which are being appraised to be subject to material valuation uncertainty as at the valuation date. This is because the properties in the College assets portfolio are specialised, and these have been valued on a Depreciated Replacement Cost basis. The College will therefore be removing the material uncertainty note in the Financial Statements.
- 2.9. As per accounting guidance the values are split as follows:
- Land                               stated separately
  - Externals                       stated separately
  - Building                        Building structure  
  Mechanical and electrical element  
  Externals
- 2.10. This split is to comply with the accounting requirement for buildings to be split into components where there is a material difference in the useful life of the various categories of asset. It is therefore normal practice to make an estimate of the costs of such items as boilers and electrical components as these will require replacement before the end of the useful life of the building itself.

2.11. The table below summarises the key information in respect of each property:

Property	Gross Internal Area (m <sup>2</sup> )	Land Value £'000	Building Value £'000	Total Value £'000	Remaining Economic Life (Years)
<b>2018</b>					
Clydebank	17,806	1,243	41,595	42,838	49
Drumry Rd	180	30	142	172	30
Greenock	23,185	758	13,443	14,201	18
Waterfront	3,721	211	6,197	6,408	37
Paisley	32,943	3,712	38,392	42,104	Various
<b>Total</b>	<b>77,835</b>			<b>105,723</b>	
<b>2023</b>					
Clydebank	17,806	1,243	51,202	52,445	44
Drumry Rd <sup>1</sup>	0	0	0	0	
Greenock	23,185	758	14,821	15,579	13
Waterfront	3,721	211	6,536	6,747	32
Paisley <sup>2</sup>	29,965	3,712	46,730	50,442	Various
<b>Total</b>	<b>74,677</b>			<b>125,213</b>	
<b>Movement</b>	<b>(3,158)</b>			<b>19,490</b>	

2.12. The valuation report does not provide a detailed condition survey and confirms only that the College buildings are in an operable condition and maintained as expected. In respect of the Financial Statements irrecoverable VAT (at 20%) has been added to the building valuations.

2.13. The total asset value for land and building is therefore £125.2m compared to the comparable figure as of July 2018 of £105.7m. The increase in value will be recorded in the College Financial Statements as of 31 July 2023 and will be reviewed as part of the year end audit.

<sup>1</sup> This property was sold in 2019

<sup>2</sup> Since the 2018 report the College has removed the Barshaw and Inchinnan North buildings

**3. REPORT ON FREEDOM OF INFORMATION AND DATA PROTECTION ACT REQUESTS, REGISTER OF INTERESTS AND GIFTS & HOSPITALITY REGISTER**

**Freedom of Information and Data Protection Acts Requests**

- 3.1. Appendix B provides a summary report on the Freedom of information and Data Protection Act requests compared to the previous year. It can be seen from Appendix A that the total number of freedom of information requests received during 2022-23 totalled 23 (2021-22: 18 requests), with data protection requests totalling 27 (2021-22: 27 requests).

**Register Of Interests**

**Staff**

- 3.2. The Senior Management Team and those members of the College management team with either budget holding and/or procurement responsibilities were requested to provide a register of interest form.
- 3.3. A total of 91 forms (2021-22: 96) were issued and all forms were returned. Following a review of the returns by the Director of Finance there are no issues recorded which require to be brought to the attention of the Audit Committee.
- 3.4. A review by the College of the Board and Committee members register of interest did not highlight any issues. The Audit Committee are requested to review and comment upon the register of Board and Committee members interests.

**Board of Management**

- 3.5. The College Code of Conduct sets out the principles and rules governing the conduct of members of West College Scotland. Board members are required to disclose and register any financial or other material interest they, close family, or friends, have which might impact on their relationship with the College. Information on related party transactions is also collated within this Register.
- 3.6. Members must register when they are appointed and whenever their circumstances change. Registers should be reviewed and updated if required, at least annually. The register covers their current term of appointment. Failure to do so may provide a risk to the reputation of the College or leave members of the Board open to suspicion of impropriety in their conduct of business.
- 3.7. All members of the Board of Management should ensure that they act impartially in accordance with the nine key principles of public life in Scotland and behave in accordance with these principles.
- 3.8. A copy of the current Board and Committee Members [Register of Interest](#) can be found on the College website.

### **Gifts and Hospitality**

- 3.9. The Committee is required to be provided with an annual review of the Gifts and Hospitality Registers, and to highlight that systems are in place to ensure staff members are aware of the need to inform the Director of Finance and complete the forms where gifts or hospitality are received or given to the value of £25 or over.
- 3.10. Details of gifts and hospitality received by staff over the last year are recorded by the Director of Finance. Staff are reminded quarterly via the College intranet about the requirement to register gifts and hospitality.
- 3.11. In line with previous years the College has received a limited number of declarations mainly in relation to gifts from students to staff members. None of these gifts were deemed as excessive or contravened the principles of the Policy. No declarations were received from senior staff members.

## **4. OTHER REPORTING REQUIREMENTS**

### **Public Interest Disclosures**

- 4.1. The Public Interest Disclosure Act enables and encourages individuals to raise matters of concern that are in the public interest (often referred to as whistleblowing), such as malpractice, impropriety, or wrongdoing within the College, without fear of reprisal, so that they may be investigated and where appropriate acted upon.
- 4.2. A copy of the [College Public Interest Disclosure Policy](#) can be found on the College website. The Policy was reviewed by the Audit Committee in September 2022 with the next review scheduled for September 2025. The Policy and associated procedures were the subject of an internal audit review in April 2023. The report concluded that the College had an overall strong level of assurance surrounding the whistleblowing controls in place.

### **Significant Lapses of Data Security**

- 4.3. A breach of College data security measures may be accidental, or intentional (e.g., a deliberate or malicious breach of security). A personal data breach can be broadly defined as a security incident that has affected the confidentiality, integrity, or availability of personal data. In short, there will be a personal data breach:
- whenever any personal data is lost, destroyed, corrupted, or improperly disclosed,
  - if someone accesses the data or passes it on without proper authorisation; or
  - if the data is made unavailable, for example, when it has been encrypted by ransomware, or accidentally lost or destroyed.
- 4.4. The College has an obligation to notify the ICO of a “serious personal data breach” without undue delay. There is not a statutory obligation to report within 72 hours of becoming aware of it, but if notification does not occur within that period, the College will need to include an explanation for the delay when you do notify.

- 4.5. The requirement to notify a 'serious' personal data breach means that the College needs to notify the ICO of all breaches that are considered serious. This will require the College to consider:
- the severity of the impact on the rights and freedoms of the affected individuals.
  - the scale of the data breach (i.e., how many people are affected).
  - the extent of any interference with the right to privacy under Article 8 of the European Convention on Human Rights (ECHR).
  - whether the breach involves any personal data whose processing constitutes "sensitive processing."
  - the nature of the rights and freedoms which have been impacted (e.g., a breach leading to a risk to the right to life under Article 2 ECHR would be particularly serious).
- 4.6. Consequences could be anything which seriously interferes with an individual's rights and freedoms. It is for the College to decide whether a personal data breach meets the threshold to be considered serious.
- 4.7. There were no significant lapses in data security, i.e., reportable to the Information Commissioner's Office, during 2022-23 or up to the date of this report.

**Anti-Fraud and Corruption Policy**

- 4.8. In line with the requirements of the Policy, there were no incidents of loss due to fraud reportable in the year 2022-23. The Policy is due to be reviewed by the Audit Committee in September 2023 with no material changes to the operation of the document being proposed.

## Appendix A – College Fixed Asset Policy

### Tangible Fixed Assets

In line with the FReM all tangible assets must be carried at fair value.

#### Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. Depreciated Replacement cost has been used as a measure of fair value for land and buildings, otherwise Market Value has been used. The College has a policy of ensuring a full revaluation takes place at least every 5 years, with an interim valuation conducted after 3 years, such that the fair value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

Finance costs, which are directly attributable to the construction of land and buildings, are capitalised as part of the cost of those assets.

Cost incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits of the College.

A review for impairment of a fixed asset is conducted if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs. They are not depreciated until they are brought into useful lives.

Heritable land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives.

Depreciation is calculated on a straight line basis over the expected useful life of the buildings which vary from 10 to 60 years as determined by professional opinion and valuation.

#### Buildings owned by third parties

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as stated previously. The related grants are credited to a deferred capital grant account and released to the income and expenditure account over the estimated life of the building on a basis consistent with the depreciation policy.

#### Equipment

Equipment costing less than £5,000 per individual item and motor vehicles costing less than £5,000 are written off to expenditure in the year of acquisition. All other equipment and vehicles are capitalised and carried at depreciated historical costs, which is used as a proxy for fair value. Assets of lesser value may be capitalised where they form part of a group of similar assets purchased in the same financial year and costing over £20,000 in total.

Capitalised equipment is depreciated over its useful economic life ranging from between 3 and 10 years on a straight line basis.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each balance sheet.



**Appendix B - Summary of Freedom of Information Requests**

Categories of Request	2022-23 Requests	2021-22 Requests	Type of information requested	Responses out with statutory timescales	Reason for late response
Student Data	6	2	Number of mature students, gender of renewables students.	0	N/a
HR Data	6	4	Staff numbers, voting patterns, zero hours contracts, agency use, absence, violent incidents.	0	N/a
Finance Data	9	9	Contract awards, supplier payments.	0	N/a
Other	2	3	Principal's expenses, Principal's salary.	0	N/a
Reviews requested	0	0		0	N/a
<b>Total Number of Requests</b>	<b>23</b>	<b>18</b>			

**Summary of Data Protection Act Requests**

Categories of Request	2022-23 Request	2021-22 Request	Type of information requested	Responses out with statutory timescales	Reason for late response
Student Data	27	27	<p>Application data/ enrolment data.  Attendance, enrolment, completion.  3 scores assigned by other students, during group work.  Attendance, various historical courses.  All records, reports, assessments, and appraisals.  Whether one student attended WCS at same time as another individual.  Course details, exam results, qualifications.  All college records (injury claim).  Name attached to a WCS email address (fraud investigation).  Contact details.</p> <p>Numbers include requests from third parties (Police, SAAS, and Court Orders).</p>	1	Change of staff roles led to delay.

Categories of Request	2022-23 Request	2021-22 Request	Type of information requested	Responses out with statutory timescales	Reason for late response
			There were four requests for erasure (right to be forgotten): two were serviced in full, one only partially as the College had statutory reasons to retain some of the data. One is ongoing.		
Staff Data	3	3	Payroll data, sick pay data, one request for entire HR record.	0	N/A
Other	1	0	Accident report and correspondence (member of public)	0	N/A
<b>Total</b>	<b>31</b>	<b>27</b>			

<b>Title of Paper</b>	<b>Anti-Fraud and Corruption Policy (Revised)</b>
<b>Presented by:</b>	Alan Ritchie, Director of Finance
<b>Decision:</b>	For Approval
<b>Status:</b>	<b>PUBLIC</b>

**Purpose / Executive Summary:**

The purpose of this paper is to propose several changes to the College Anti-Fraud and Corruption Policy. The main objective of the Policy has not changed, and a tracked change version of the Policy is included in the papers. The proposed amendments are:

- a) Updating of hyper-links and relevant policy documents.
- b) Disclosure of fraud report (9.24) updated to require consideration by the Audit Committee prior to release of report.
- c) If a no action decision is taken it must be validated by Principal and Chair of Audit Committee (10.2).

The paper is presented in line with Audit Committee Terms of Reference:

*'To review and advise the Board of the Internal Auditor's and External Auditor's assessment of the effectiveness of the College's financial and other internal control systems, including controls specifically designed to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency, and effectiveness (value for money).'*

**Recommendations:**

The Audit Committee is asked to **consider and approve** the Anti-Fraud and Corruption Policy.

**Implications:**

<b>Financial</b>	Not applicable for this report
<b>Student Experience</b>	Not applicable for this report
<b>Human Resources</b>	Not applicable for this report
<b>Legal</b>	College is required to have in place effective controls and reporting of fraud. The revised policy ensures that the College complies with this requirement.
<b>Reputational</b>	Not applicable for this report
<b>Community/ Partnership impact</b>	Not applicable for this report
<b>Equalities</b>	Not applicable for this report
<b>Environment</b>	Not applicable for this report

<b>Title of Paper</b>	<b>Internal Audit 2022/23 Annual Report</b>
<b>Presented by:</b>	Stephen Pringle, Wylie & Bisset
<b>Decision:</b>	For Approval
<b>Status:</b>	<b>PUBLIC</b>

**Purpose / Executive Summary:**

The report at Appendix A presents to the Audit Committee the Internal Audit 2022/23 Annual Report. Having carried out the required work and review the overall opinion expressed by the internal auditors is 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.’*

The paper is presented in line with West College Scotland Audit Committee Terms of Reference:

*‘To advise the Board on its compliance with corporate governance requirements and good practice guidance, and in particular its compliance with the Financial Memorandum with SFC, the SPFM and the Code of Good Governance for Scotland’s Colleges.’*

The paper is submitted *For Approval*.

**Recommendations:**

The Audit Committee is asked to **consider and approve for presentation to the Board of Management** the Internal Audit 2022-23 Annual Report.

<b>Implications:</b>	
<b>Financial</b>	Not applicable for this report
<b>Student Experience</b>	Not applicable for this report
<b>Human Resources</b>	Not applicable for this report
<b>Legal</b>	College is required to have in place effective controls. The annual report confirms the internal auditor's opinion on those controls.
<b>Reputational</b>	Not applicable for this report
<b>Community/ Partnership impact</b>	Not applicable for this report
<b>Equalities</b>	Not applicable for this report
<b>Environment</b>	Not applicable for this report

## 1. EXECUTIVE SUMMARY

### 1.1 The Scottish Public Finance Manual states that:

*'Internal audit should provide an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It should provide an appraisal of an organisation's internal control system and take the action needed to provide Accountable Officers with a continuing assurance that the organisation's risk management, control and governance arrangements are adequate and effective. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The operation and conduct of internal audit should comply with Public Sector Internal Audit Standards.*

*Accountable Officers are responsible for ensuring that appropriate internal control systems exist within their own organisations (or parts thereof), and for deciding whether to accept and implement internal audit findings and recommendations. Accountable Officers have overall responsibility for ensuring that prompt and effective action is taken on recommendations, and that the risks resulting from inaction are recognised and accepted. The organisation's Head of Internal Audit should have the right of direct access to the Accountable Officer and the organisation's Audit Committee.*

*Internal audit evaluates compliance with an organisation's internal control system - including relevant regulations, guidance and procedures - as part of its review process. However, the primary responsibility for monitoring compliance rests with operational areas and their line management, up to and including the relevant Accountable Officer.'*

1.2 An annual audit assurance is provided to Accountable Officers through the professional opinion of the Internal Auditor on the adequacy and effectiveness of the internal control system and the extent to which it can be relied upon. That opinion is contained in the attached Annual Report from the Internal Auditor to the Audit Committee, and forms part of the assurance required by Accountable Officers to enable them to sign a governance statement as part of the accounts for which they are responsible.

1.3 To meet the above requirements, the attached Annual Report summarises the conclusions and key findings from the internal audit work undertaken at the College during the year ended 31 July 2023, including the internal auditor's overall opinion on the College's internal control system.

1.4 The report documents the scope and responsibilities of the Internal Auditors on page 3.

- 1.5 Wylie and Bisset, as the Head of Internal Audit at West College Scotland 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. Having carried out the required work and review the overall opinion expressed by the internal auditors is 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.'*

- 1.6 In giving their opinion it should be noted that assurance can never be absolute. The most that the internal auditors 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.
- 1.7 The overall findings and conclusion of each report are highlighted in Section 3 (page 6).
- 1.8 As can be seen from the summary in Section 3 all areas included in the 2022-23 Operational Plan have been completed except for the Estates Strategy, which was swapped with the People Strategy, after agreement was obtained from the Audit Committee.



# 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	-	-	-
<b>C/F</b>	<b>57</b>	<b>51</b>			<b>-</b>	<b>2</b>	<b>6</b>

### 3. Audit Findings (Cont'd)



Area	Planned Days	Actual Days	Status	Overall Conclusion	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
<b>B/f</b>	<b>57</b>	<b>51</b>			<b>-</b>	<b>2</b>	<b>6</b>
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
<b>Total</b>	<b>71</b>	<b>71</b>			<b>-</b>	<b>5</b>	<b>8</b>

\* 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
<b>Credits</b>				
Average number of recommendations in similar audits	-	-	2	2
Recommendations at West College Scotland	-	-	2	2
<b>SSF</b>				
Average number of recommendations in similar audits	-	1	-	1
Recommendations at West College Scotland	-	-	-	-
<b>EMA</b>				
Average number of recommendations in similar audits	-	-	-	-
Recommendations at West College Scotland	-	-	-	-
<b>Safeguarding, Wellbeing and Counselling</b>				
Average number of recommendations in similar audits	-	2	1	3
Recommendations at West College Scotland	-	-	4	4
<b>IT Strategy</b>				
Average number of recommendations in similar audits	-	2	-	2
Recommendations at West College Scotland	-	2	-	2
<b>C/f Average number of recommendations in similar audits</b>	-	<b>5</b>	<b>3</b>	<b>8</b>
<b>C/f Recommendations at West College Scotland</b>	-	<b>2</b>	<b>6</b>	<b>8</b>



## 4. Benchmarking



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



## Head Office

168 Bath Street,  
Glasgow, G2 4TP

## Oban

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Oban, PA34 4BG

## Manchester

3 Hardman Square,  
Spinningfields, M3 3EB

<b>Title of Paper</b>	<b>Rolling Audit Action Plan</b>
<b>Presented by:</b>	Alan Ritchie, Director of Finance
<b>Decision:</b>	For Approval
<b>Status:</b>	<b>PUBLIC</b>

**Purpose / Executive Summary:**

The purpose of this report is to update the Audit Committee on the status of recommendations made by the College internal and external auditors.

The College has made good progress through implementing 10 recommendations (50%) since the previous Committee. The implementation of these recommendations will require validation by the audit teams.

There are seven recommendations where an extension to the previously stated deadline is being requested. The seven recommendations are reliant upon the review of the College Corporate Strategy being completed, which the Board has agreed to review during the early part of 2023-24.

The paper is presented in line with West College Scotland Audit Committee Terms of Reference:

*'To review the Internal Audit reports, the management response to them and to review implementation of the actions required.'* and *'To review the Rolling Audit Action Plan at each meeting.'*

**Recommendations:**

The Audit Committee is asked to **consider and approve** the Rolling Audit Action Plan.

<b>Implications:</b>	
<b>Financial</b>	Not applicable for this report
<b>Student Experience</b>	Not applicable for this report
<b>Human Resources</b>	Not applicable for this report
<b>Legal</b>	Not applicable for this report
<b>Reputational</b>	Not applicable for this report
<b>Community/ Partnership impact</b>	Not applicable for this report
<b>Equalities</b>	Not applicable for this report
<b>Environment</b>	Not applicable for this report

**1. BACKGROUND**

1.1 The Rolling Audit Action Plan (RAAP) (Appendix A) provides an update on the progress made by the College in addressing the recommendations arising from the work of both the internal and external auditors.

**Overall Position**

1.2 The summary table on page 2 indicates the origin of the 20 outstanding recommendations. The status table on page 3 summarise the status of the recommendations:

- 10 (50%) have been completed and are awaiting review by the auditors.
- 7 (35%) requests for extensions of time are being proposed for consideration.
- 3 (15%) are in progress with relevant deadline dates in the future.

1.3 The College has implemented ten recommendations since the last Committee meeting.

- Two recommendations relate to the external audit work carried out in 2021-22, the details of which can be found on page 5. These are expected to be reviewed in September as part of the year end work.
- The details of the remaining eight recommendations relate to previous internal audit reports and can be found on page 13 of the report. These recommendations will be reviewed by the internal auditors as part the 2023-24 internal audit work phase 1 assignments due to take place in October 2023.

1.4 There are seven recommendations where the College is seeking an **extension to the deadline** date. The details and rationale for the requested extension can be found on page 5 to 10. Most of the extension requests relate to the ongoing revision to the College Corporate Strategy and rely on this work being completed to enact the proposed audit extension recommendations.

**Recommendation Status**

1.5 Audit recommendations are graded as noted below:

	<b>Grading</b>	<b>Classification</b>
1	High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by Senior Management of the organisation as a matter of urgency.
2	Medium	Significant issue or weakness which should be addressed by the organisation as soon as possible.
3	Low	Minor issue or weakness reported where management may wish to consider our recommendation.

1.6 The table below summarises the gradings of the outstanding recommendations:

Audit Grading	Low (3)	Medium (2)	High (1)	Total
September 2022	14	18	2	34
January 2023	11	17	2	30
March 2023	13	13	2	28
May 2023	7	6	1	14
August 2023	9	11	1	20

1.7 The one high recommendation related to *IA21-22(25) IT - Create a formal and detailed Disaster Recovery Plan as a way of protecting all the College's business-critical IT resources, with a due date of 31 July 2023*. The recommendation highlighted six milestones to deliver the required actions. The College has completed the work to deliver on the milestones. Further information on the work undertaken can be found on page 18.

#### Next Steps

1.8 The College will:

- Update the Rolling Audit Action Plan following consideration by the Audit Committee.
- Engage with the external auditors to assess the ability to remove the 2 external audit recommendations.
- Continue to monitor the Rolling Audit Action Plan.
- Continue to work with the internal auditors to remove the recommendations considered as fully implemented for consideration by the next Audit Committee.



<b>Title of Paper</b>	<b>2023-24 Audit Committee Schedule of Business</b>
<b>Presented by:</b>	A Ritchie, Director of Finance
<b>Decision:</b>	<b>For review, comment and agreement</b>
<b>Status:</b>	<b>PUBLIC</b>

**Purpose / Executive Summary:**

The role of the Audit Committee is to support the Board 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.

The attached table gives Committee 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. This information has considered the internal and external audit plans, risk management responsibilities and the overall reporting requirements of the Committee. 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 Committee meeting. If there are material changes to the schedule of business these will be brought to the attention of the Committee.

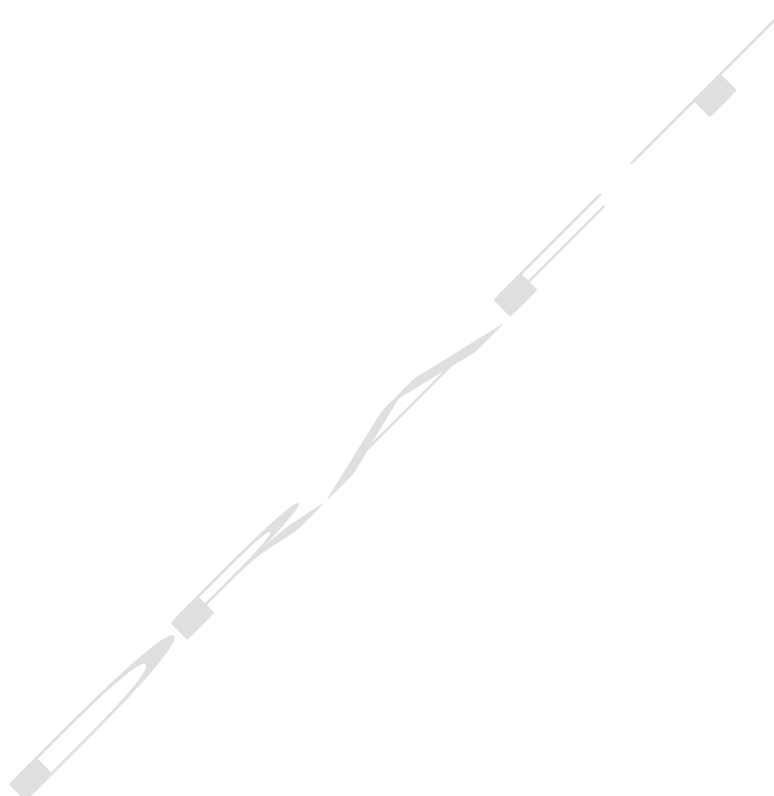
The paper is presented in line with West College Scotland Audit Committee Terms of Reference: *'To review its own effectiveness at least annually and to report the results to the Board.'*

**Recommendations:**

The Audit Committee 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.

<b>Implications:</b>	
<b>Financial</b>	Not applicable for this report
<b>Student Experience</b>	Not applicable for this report
<b>People</b>	Not applicable for this report
<b>Legal</b>	The remit of the Committee adheres to Audit Assurance Handbook guidelines and all areas are covered through the reports and information submitted to the Committee.
<b>Reputational</b>	Not applicable for this report
<b>Community/ Partnership impact</b>	Not applicable for this report
<b>Equalities</b>	Not applicable for this report -EIAs are embedded across the College's activities
<b>Environment</b>	Not applicable for this report



**Audit Committee - Schedule of Business**

<b>Winter Meeting (November) (Joint with CDC)</b>	
<b>Standing Items</b>	<b>Additional Items</b>
Previous Meeting Minute and Actions	Annual Meeting with External Auditor (no college staff)
Rolling Audit Action Plan	Financial Statements including Corporate Governance Statement
Schedule of Business	Audit Committee Annual Report to Board
Internal Audit: (Updates / Reports)	Internal Audit <b>Annual Report</b>
External Audit: (Updates / Reports)	Audit Report on Student Activity
	Audit Report on Student Funding Activity
<b>Policies</b>	

<b>Late Winter Meeting (Jan/Feb)</b>	
<b>Standing Items</b>	<b>Additional Items</b>
Previous Meeting Minute and Actions	Review of Strategic Risks
Rolling Audit Action Plan	Review of Corporate Governance Statement
Schedule of Business	
Internal Audit: (Updates / Reports)	Internal Audit <b>Contract Review</b>
	Internal Audit <b>Reports</b>
	Internal Audit <b>Plan Update</b>
External Audit: (Updates / Reports)	<b>Evaluation of</b> External Auditor
<b>Policies</b>	

<b>Spring Meeting (March)</b>	
<b>Standing Items</b>	<b>Additional Items</b>
Previous Meeting Minute and Actions	Compliance and Legislative Update Report
Rolling Audit Action Plan	Audit Needs Assessment / Assurance Map Update
	Annual Review Process Agreement - Internal and Committee
	Review of Audit Committee Effectiveness
Internal Audit: (Updates / Reports)	Internal Audit <b>Reports</b>
	Internal Audit <b>Plan Update</b>
	<b>Draft</b> Internal Audit <b>Plan for following year</b>
External Audit: (Updates / Reports)	N/A
<b>Policies</b>	

<b>Summer Meeting (May)</b>	
<b>Standing Items</b>	<b>Additional Items</b>
Previous Meeting Minute and Actions	Review of Audit Committee Effectiveness
Rolling Audit Action Plan	Compliance and Legislative Update Report
Schedule of Business	Review of Strategic Risks
	Update on IT Risk Register
	Annual Review of Internal Audit (excl. auditors)
	Annual Meeting with Internal Auditor (excl. College staff)
	Report on Legislative Compliance (SFCFM, SPFM & CoGG)
	Dates of future meetings
Internal Audit: (Updates / Reports)	<b>Internal Audit Reports</b>
	<b>Internal Audit Plan Update</b>
	<b>Internal Audit Plan (following year)</b>
External Audit: (Updates / Reports)	<b>External Audit Planning Strategy</b>
<b>Policies</b>	

<b>Autumn Meeting (Sept)</b>	
<b>Standing Items</b>	<b>Additional Items</b>
Previous Meeting Minute and Actions	Review of Committee Remit
Rolling Audit Action Plan	Audit Committee Annual Report to the Board
Schedule of Business	Compliance and Legislative Update Report
	Review of Corporate Governance Statement
Internal Audit: (Updates / Reports)	<b>Internal Audit Annual Report</b>
External Audit: (Updates / Reports)	<b>External Audit Update</b>
	IT Security / Control Report
	Annual Report on Whistleblowing
	Annual Report on FOI / DP / Hospitality and Gifts / Register of Interests
<b>Policies</b>	

<b>Items for consideration at future meetings</b>
Procurement Audit Update – Indicative date of late 2023 or early 2024 for audit work.
National Fraud Initiative – Next initiative due in 2024 as undertaken every 2 years
Internal Audit Contract – Current contract expires 31 July 2025

<b>Policies for consideration at future meetings</b>	
<b>Policy</b>	<b>Date of Review</b>
Anti-Fraud & Corruption Policy	9 September 2023
Gifts, Benefit & Hospitality Policy	31 July 2024
Anti-Bribery & Corruption Policy	31 July 2024
Public Interest Disclosure Policy	6 September 2025
Risk Management Policy	September 2026

