

Meeting of Audit Committee

On Tuesday 18 February 2020

At 1330 in the Board Room

A G E N D A

Number	Item	Presented By	Action Required: Decision, Discussion, For Noting
A.20.01.01	(i) Resignations	Clerk	Noting
	(ii) Appointments		
A.20.01.02	Apologies for Absence	Clerk	Noting
A.20.01.03	Any Additional Declarations of Interest including specific items on this Agenda	Convenor	Noting
A.20.01.04	Draft Minutes of Joint Audit & F&GP Committee meeting held on 26 November 2019 *	Convenor	Decision
A.20.01.05	Draft Matters Arising/Action Sheet from Joint Audit/F&GP Committee meeting held on 26 November 2019 *	Clerk	Noting
A.20.01.06	Risk Register *	Miss S McInnes	Discussion and noting
	(i) Update on Risk Register Reporting		
	(ii) Risk Register Review		
	(iii) Deep Dive Risk Item No 8, Non-Compliance with relevant statutory regulations ~	Derek Duncan	
A.20.01.07	Externally facilitated Board Effectiveness Review – RESERVED MATTER *	Convenor Clerk	
A.20.01.08	Internal Audit	Henderson Loggie	Discussion and decision
	(i) Review of Internal Audit Plan and Scopes for 19/20		
	(ii) Detailed timeline plan ~		
	(iii) Review of Audit Register ~		

	(iv) Matters arising from Internal Audit; Quality Assurance and Improvement Progress		
A.20.01.09	Matters Arising from 2018-19 External Audit	Convenor	Discussion
	(i) Actions referenced in response from the Committee to EY *		
A.20.01.10	GDPR Update *	Mr D Duncan	Noting
A.20.01.11	Policies		
	(i) Update on Review of College Policies *	Mr D Duncan	Noting
	(ii) Reporting and Monitoring of Theft		
A.20.01.12	Terms of Reference of the Committee *	Miss S McInnes	Noting
	(I) Implications for Committee's TOR arising from the Efficiency Return from the College to RSB/SFC *		
	(II) Alignment of Audit Committee's TOR and Annual Workplan *		
A.20.01.13	Emerging Issues	Convenor/Clerk	
	(i) Update on Revised Code of Good Governance		
	(ii) Discussion on timing of November Audit Committee meeting		
	(iii) Next meeting of UHI Audit Chairs on 7 May 2020		
A.20.01.14	Date of next meeting – 19 May 2020	Clerk	Noting
RESERVED ITEMS			
A.20.01.15	Draft Reserved Minutes from Joint Audit/F&GP Committee held on 26 November 2019*	Convenor	Decision
A.20.01.16	Draft Reserved Matters arising from Joint Audit /F&GP Committee held on 26 November 2019 *	Clerk	Noting
A.20.01.17	Update on future internal Audit Provision	Convenor	Discussion
	(i) Discussion of options for future Internal Audit Provision	Miss S McInnes Mr Thurlbeck	

BOARD OF MANAGEMENT

**Joint Audit & Finance and General Purposes Committee
Draft Minutes of Meeting
held on
Tuesday 26 November 2019
at 1.30 pm in the Boardroom**

Present: Dr J McLeman (Convener)
Mrs D Newton
Mrs D McKinstrey
Mr G Johnston
Mr K Gee (HISA)
Mr Peter Graham (Chair)
Mr M Easton (Vice Chair and Convenor F&GP)
Mr J Bodman
Mrs R McCormack
Mr N Sanderson (HISA)

In attendance: Mr D Patterson (Principal)
Miss M Munro
Mr D Duncan
Mr S Reid (EY External Auditors)
Mr S Inglis (MHA HL, Internal Auditors)
Mrs C Fair (Clerk)

		ACTION	DATE
A.19.4.01 Closed Session	A closed session was held from 1.00 – 1.30 pm with members of the Audit Committee and the external auditors to discuss external audit matters.		
A.19.4.02	Resignations and Appointments		
2.1	There were no resignations. Mrs Kelly Strachan was appointed as Minute Secretary.		
A.19.4.03	Apologies for Absence		
3.1	Apologies for absence had been received from: Miss Caroline Webster Mr Jim Knowles Mrs Kelly Strachan		
A.19.4.04	Any additional Declarations of Interest including specific items on Agenda		
4.1	Mr S Reid EY and Mr S Inglis MHA HL declared an interest in Agenda item A.19.4.20.		
A.19.4.05	Draft Minutes of Meeting of the Audit Committee held on 8 October 2019		
5.1	The minutes were accepted as a true and accurate record and approved by the Committee: Proposed: Mrs D Newton		

Agenda Item: A.20.1.04

		ACTION	DATE
	Seconded: Mrs D McKinstrey		
A.19.4.06	Matters Arising/Action Sheet from meeting of Audit Committee on 8 October 2019		
6.1	Mrs Fair confirmed the status of the actions arising the majority of which had been completed and closed or were on the Agenda for discussion. The following actions remain open:		
6.2 Action	<u>5.3</u> – Issue of whether a Whistle-blower Policy or equivalent is/should be available for students. Mr Duncan had circulated a response by e-mail. It may be appropriate to take a UHI wide approach to this issue and raise within the UHI Single Policy Environment. An option could be to include within the scope of the Staff Whistleblowing Policy and the Student Guidance Policy. Remains open.	Mr Gee Mr Duncan	
6.3	<u>7.1</u> -To check whether timing of year end reports can be changed, in turn to allow earlier reporting to UHI; – checked and change was not possible this year, matter to be discussed further at Nov meeting of Audit Chairs. Dr McLeman updated the Committee following Nov Audit Chairs’ – there was a recognition there are different timings across APs so matter is now closed.		
6.4 Action	<u>7.2</u> – Dr McLeman to raise scope for collaboration on compliance framework matters at next Audit Chairs’ meeting. Following the discussion at Chairs’ meeting, a presentation on Compliance had been circulated to Committee and this should also be forwarded to Mr Duncan, in view of agenda item at the February 2020 meeting.	Mrs Fair	Immediate
A.19.3.07	Risk Register		
7.1	Mr Duncan had circulated an updated version of the Risk Register along with a cover paper highlighting increasing and decreasing risk items for noting by the Committee. Other risks remain stable. The committee noted that it is difficult to know from the report what has been updated and suggested including a date, in addition to the previous comments made by the Committee.		
Action	Dr McLeman to advise Mr Duncan of the Committee’s collective comments on Risk Register Reports, such that Mr Duncan can progress with Mr Jason Thurlbeck/ Mr Roger Sendall, including any management requirements for RR reporting.	Mr Duncan Dr McLeman	ASAP
A.19.4.08	Internal Audit		
	(i) Annual Report for 18/19 from Internal Auditors – Henderson Loggie		

Agenda Item: A.20.1.04

		ACTION	DATE
8.1	The final report provided an overall opinion as well as a summary of the individual Internal Audit reports which had taken place during the year. With the exception of the Internal Audit report on Health and Safety which was graded as 'Required Improvement', HL's opinion is that the College has adequate and effective arrangements for risk management, control, governance and proper arrangement are in place to promote and secure value for money. It was noted that page 16 of the report had been updated to reflect the current position of 7 outstanding audit actions which are 'partially implemented'.		
	(ii) Final Moray College UHI Student Support Funds Report 2018-19		
8.2	Mr Inglis confirmed that HL were able to certify the FE Discretionary Fund, FE and HE Childcare Fund and Bursary Return for this year and submit this to SFC without reservation. Two reservations were raised to the SFC on the College's EMA Return as noted in the Report with one Grade 3 recommendation in relation to award letters to students.		
	(iii) Final Moray College UHI Student Activity Data (Credits) Report 2018-19		
8.3	Mr Inglis confirmed the overall conclusion for the Student Activity Data Report was a clean certificate with two grade 2 recommendations and two grade 3.		
	(iv) Internal Audit Plan for 19/20 including timeline plan		
8.4.1	The high-level internal Audit Plan had previously been discussed at the October Audit Committee. Detailed scopes and outline timeline had been included in the updated plan, namely: <ul style="list-style-type: none"> • Health and Safety Follow Up; • Workforce Planning; • Curriculum Planning and Development; • Budgetary Control; and • Corporate Planning Follow Up and Corporate Governance as a combined audit. 		
8.4.2	A member of F&GP questioned the need for budgetary control as this was not felt to be a significant area of risk. The thinking of the Audit Committee was a combination of risk assessment and following a deep dive into staff training, a lack of take up of budget training had been noted. Discussion took place on the appropriate number of audit days; currently 33 are planned and Mr Inglis confirmed this is about average.		

Agenda Item: A.20.1.04

		ACTION	DATE
	After some discussion the Committee agreed the plan as proposed but to put a hold for the meantime the Budgetary Control Audit and review further at its next meeting in February, by which time the new FD would be in place.		
Action	To review need for Budgetary Control Audit and to finalise the internal audit plan for 2019-20 at the Committee meeting in February.	Committee	Feb 2020 Audit Committee
	Mr Inglis to adjust the proposed timelines for the 2019-20 plan, to take account of the discussion on the Budgetary Control Audit, and to progress with the other audits as decided.	Mr Inglis	
8..4.3	Mr Inglis was asked to reflect further on the scope of the governance audit, in view of the late submission of the Efficiency Return, to consider how this audit could be amended to include compliance with deadlines, such as Calls for Information.	Mr Inglis	
8.4.4	Mr Duncan tabled an initial Internal Audit Annual Plan timeline. Committee agreed that the detailed timeline approach had worked well this year.		
Action	Next iteration of the detailed internal audit timeline for 2019/20 to come to next Audit Committee.	Mr Duncan	Feb 2020
A.19.4.09	Annual Report for 18/19 from External Auditors (RESERVED)		
9.1	This item is reserved and the minute held in confidence.		
A.19.4.10	Review of 19/19 Statutory Accounts (RESERVED)		
10.1	This item is reserved and the Minute held in confidence.		
A.19.4.11	GDPR Update		
11.1	Mr Duncan provided an update on GDPR compliance monitoring including further information regarding an incident reported to the ICO in the previous reporting period. The report highlighted 3 new data breach concerns with one being classed as an actual data breach. Following review and consideration of guidance from the DPO, it was decided that this incident was not reportable. In the case of the ICO reported incident in the previous period, a number of recommendations were made by the ICO. Mr Duncan will monitor progress of the recommendations. The Committee noted the need for continuing vigilance in this area.		
A.19.4.12	Policy Schedule Update		
12.1	An update was provided to the Committee for information and noted that the previous backlog has now been cleared which represents a much-improved position. Mr Duncan confirmed that the plan as presented would mean that on completion over the year, there would be no overdue		

Agenda Item: A.20.1.04

		ACTION	DATE
	policies, apart from the ones on hold for various external reasons. Dr McLeman noted she could not find on the plan the policy reviews the Committee had noted in its recent response to EY on governance matters.		
Action	Dr McLeman to advise Mr Duncan of the additional policy reviews for inclusion on the 2019-20 plan.	Dr McLeman	
A.19.4.13	Efficiency Return from the College to RSB/SFC for AY 2017/18		
13.1	It was noted that this should have been completed in August but the return has now been submitted. Mr Paterson advised that notable were significant staffing reductions with more than 3% savings being reported, which is consistent with the policy of the Scottish Government. In its Call for Information, the SFC noted that Audit Committees should have appropriate arrangements to ensure the robustness of the efficiency information within the scope of their remit.		
Action	Ensure the SFC's audit recommendations in respect of the Efficiency Return are considered by Committee at next Audit Committee meeting.	Dr McLeman Mrs Fair	Feb 2020
A.19.4.14	Compliance with the Code of Good Governance (RESERVED)		
14.1	This item is reserved and the Minute held in confidence.		
A.19.4.15	Emerging Issues		
15.1	The Principal provided an update on FD Recruitment, confirming that the successful candidate, Mrs Shelly McInnes, will be joining the College on 2 December 2019.		
A.19.4.16	Date of next meeting – 18 February 2020		
RESERVED ITEMS			
A.19.4.17	Draft Reserved Minutes from Audit Committee meeting held on 8-10-2019.		
17.1	This item is reserved and the minute held in confidence.		
A.19.4.18	Draft Reserved Matters Arising from Audit Committee held on 8-10-2019		
18.1	This item is reserved and the minute held in confidence.		
A.19.4.19	Draft Annual Report from the Audit Committee to the Board		
19.1	This item is reserved and the minute held in confidence.		
A.19.4.20	Feedback from UHI Audit Chairs' Meeting		
20.1	This item is reserved and the minute held in confidence.		
	Meeting closed at 1630 hours		

Matters Arising from Audit Committee 26-11-2019
 Agenda item: A.20-1.05

		ACTION	DATE	Update
A.19.4.06	Matters Arising/Action Sheet from meeting Audit Committee 8 October 2019			
5.1	5.3 – Issue of whether a Whistle-blower Policy or equivalent is/should be available for students. Mr Duncan had circulated a response by e-mail. It may be appropriate to take a UHI wide approach to this issue and raise within the UHI Single Policy Environment. An option could be to include within the scope of the Staff Whistleblowing Policy and the Student Guidance Policy. Remains open.	Mr Gee Mr Duncan	Open	
5.2	7.2 – Dr McLeman to raise scope for collaboration on compliance framework matters at next Audit Chairs’ meeting. Following the discussion at Chairs’ meeting, a presentation on Compliance had been circulated to Committee and this should also be forwarded to Mr Duncan, in view of agenda item at the February 2020 meeting.	Mrs Fair	Immediate	Completed
A.19.4.07	Risk Register			
7.1	Dr McLeman to advise Mr Duncan of the Committee’s collective comments on Risk Register Reports, such that Mr Duncan can progress with Mr Jason Thurlbeck/ Mr Roger Sendall, including any management requirements for RR reporting.	Mr Duncan Dr McLeman	ASAP	Completed
A.19.4.08	Internal Audit Plan for 19/20 including timeline plan			
8.4.2	To review need for Budgetary Control Audit and to finalise the internal audit plan for 2019-20 at the Committee meeting in February.	Committee	Feb 2020 Audit Committee	Completed – on Agenda
8.4.4	Next iteration of the detailed internal audit timeline for 2019/20 to come to next Audit Committee.	Mr Duncan	Feb 2020	Completed – on Agenda
A.19.4.12	Policy Schedule Update			
12.1	Dr McLeman to advise Mr Duncan of the additional policy reviews for inclusion on the 2019-20 plan.	Dr McLeman	ASAP	
A.19.4.13	Efficiency Return from the College to RSB/SFC for AY 2017/18			
13.1	Ensure the SFC’s audit recommendations in respect of the Efficiency Return are considered by Committee at next Audit Committee meeting.	Dr McLeman Mrs Fair	Feb 2020	Completed – on Agenda

Cover Paper – Review of Risk Register
Agenda Item A.20.01.06 (i) and (ii)



Committee:	Audit Committee			
Subject/Issue:	Risk Register			
Brief summary of the paper:	An updated Risk Register (“RR”) is enclosed for the Committee’s attention.			
Action requested/decision required:	Feedback from Audit Committee on the current position of the Risk Register.			
Status: (please tick ✓)	Reserved:	X	Non-reserved:	
Date paper prepared:	14 th February 2020			
Date of committee meeting:	18 th February 2020			
Author:	Director of Information, Planning and Student Support			
Link with strategy: Please highlight how the paper links to, or assists with: compliance partnership services risk management strategic plan/enabler other activity (e.g. new opportunity) – please provide further information.	Identification and mitigation of risk areas is a key requirement in support of the College’s ability to successfully deliver its strategic aims and objectives.			
Equality and diversity implications:	N/A			
Resource implications: <i>(If yes, please provide detail)</i>	N/A			
Risk implications: <i>(If yes, please provide detail)</i>	That key risks to the College are not captured and suitable mitigating actions put in-place.			

Introduction

A summary of the College Risk Register report from the UHI SharePoint system has been included for discussion. The full Excel Spreadsheet extract is also included for information.

Additional columns have been added to the summary report:

- Risk Status Added (Active / Inactive – all inactive risks are at the end of the report)
- Gross risk level added next to residual risk
- UHI Common Risk areas identified (see below)

There are no developments to report around the core risk register reporting tool. A short discussion with Roger Sendall confirmed that it's likely to be mid-year before enhancements are completed to the reporting tool, but that is dependant on support from UHI LIS staff and other project priorities.

UHI Common Risks

The 12 common UHI risks which have been mapped and are included on the summary report:

1. HE Targets
2. FE Targets
3. Reputation
4. Key Staff
5. Compliance
6. Governance failure
7. Financial failure
8. Estates
9. Academic quality
10. Research quality
11. Student Experience
12. Data breach

Commentary

The committee made a request to add succession planning as a new risk and members should note that this is already covered in *Risk 17 Disruption to services/projects and/or partnership working resulting from loss of a key staff member*.

Risk 28 *Brexit* has an increased residual risk given that that the UK has now exited the European Union and significant uncertainty remains around the final exit terms once the transition period is over.

Action Required

The committee is invited to discuss the risk register items.

Cover Paper – Review of Risk Register
Agenda Item A.20.01.06 (i) and (ii)

Risk Register Summary

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_01	Active	Yes	1.HE Targets 2.FE Targets 7.Financial failure	Ineffective curriculum planning (College + Region)	DCAO	9	Amber	4	Green	Decreasing	Academic planning involves continual review of curriculum portfolio to ensure it meets Curriculum Strategy priorities in order to remain flexible and responsive to current and emerging opportunities. Implement FE Course Design Principles Carry out FE course reviews with HOC's to identify areas which require assistance/development of curriculum, and ensure appropriate actions taken. Carry out quality cycle actions to enable informed curriculum planning.
Moray_02	Active	No		Funding of National Bargaining not meet actual costs	FD	20	Red	15	Red	Decreasing	Currently funded by the SFC - 100% Funding being provided by SFC (via RSB/UHI), which is now assumed to continue (as reflected in recently agreed 4 Year Financial Plan). Continue to liaise with Colleges Scotland in respect of National Bargaining ("NB") data requests, to ensure correct staff FTE's and split between promoted and un-promoted staff are being reflected in NB funding submissions to SFC

Cover Paper – Review of Risk Register
Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_04	Active	No		H&S non-compliance: risk to students/staff and risk of litigation	FD	15	Red	10	Amber	Decreasing	Engage the services of an external party to under taken H&S role across the College to identify gaps in current practice identify key areas of risk. Implement findings of H&S Consultant findings/Gap Analysis, and address any other key H&S issues identified as part of this work. Utilise backlog maintenance funding in for 18/19 to assist addressing such issues. Re-establish H&S Committee (last met Nov 2018).
Moray_05	Active	No		Ineffective business continuity planning	DIPSS	10	Amber	8	Amber	Decreasing	Refreshed BCP now in place.
Moray_06	Active	Yes	9.Academic quality 11.Student Experience	Ineffective and lack of employer & external stakeholder engagement	DCAO	12	Amber	8	Amber	Decreasing	Use of CRM to record employer engagement activities. Act on all appropriate opportunities timeously as they emerge and ensure effective UHI partnership working. Collaborative working with DYWMoray and UHI Curriculum Development and Employer Engagement Officers (CDEEO)

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Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_07	Active	No		Failure to develop a student performance management system	DIPSS	12	Amber	8	Amber	Decreasing	Continued participation and contribution to the Student Data Reporting Group, ensuring College reporting requirements are fully incorporated into the new standard reporting system for FE & HE.
Moray_08	Active	No		Ineffective delivery of essential skills	DLT	9	Amber	4	Green	Decreasing	Review of best practice in delivery/support of essential skills across the college sector. DLT led the Single Policy Environment working group on UHI Essential Skills Policy. Implementation of Essential Skills Action Plan for 18/19, as an interim measure until UHI Essential Skills Policy is implemented 19/20.

Cover Paper – Review of Risk Register
Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_09	Active	No		Growth in Graduate, Modern & Foundation Apprenticeships not achieving target.	DCAO	9	Amber	9	Amber	Stable	<p>Improve employer engagement, direct marketing to employers in sectors, ensure that we operate our MA/FA/GA programmes in line with sector requirements. Flexible and proactive support to employer and apprentice to reduce drop out rates, act on opportunities to extend employer engagement, contribute/lead on apprenticeship awareness raising events.</p> <p>Head of Marketing to monitor and provide timely updates to SLT on MA performance.</p> <p>Head of Academic Partnerships to monitor and provide timely updates to SLT on FA performance.</p> <p>Engagement by HoM and HaP with the UHI WBL Hub to continue to grow apprenticeships</p>
Moray_10	Active	Yes	2.FE Targets 1.HE Targets 3.Reputation 9.Academic quality 11.Student Experience	Senior Phase programme offered/delivered does not meet needs of Moray (schools programme)	DCAO	12	Amber	9	Amber	Decreasing	<p>Continue to work closely with DYW Moray and Employability Moray Boards, LMI (labour market intelligence) and school based curriculum intelligence.</p> <p>Utilise Moray Skills Pathway, which takes into account Labour Market Intelligence (LMI) & school based curriculum to develop & ensure the College program meet the needs of the local area.</p>

Cover Paper – Review of Risk Register
Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_11	Active	No		Technology not fit for purpose.	DIPSS	16	Red	12	Amber	Decreasing	<p>5 Year IT Procurement Strategy in place supported by annual update of Capital/Maintenance Requirements. Significant work undertaken to extend life of IT equipment and strategic plans being progressed to reduce infrastructure costs gong forward.</p> <p>Upgrades to existing equipment has extended the life of the laptop trolleys. Funding sourced for new laptops.UHI investment in new WIFI system.</p> <p>Implement centralising services to UHI (i.e. servers), and leased photocopies via procurement framework.</p>
Moray_12	Active	No		Failure to attract, develop and retain a workforce fit for the 21st century in a tertiary teaching context and adapting to necessary change.	DHROD	12	Amber	8	Amber	Stable	Ongoing review of curriculum, workforce planning and CPD based on curriculum developments, performance and capability management, management development, staffing budget management, articulation with processes with Workforce Planning Strategy

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Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_13	Active	No		Failure to meet Commercial/FCR income generation targets	FD	12	Amber	9	Amber	Decreasing	Ensure that we work effectively with employers and are aware of industry requirements. Target marketing including CPD provision to employers, be aware of opportunities through effective partnership working, ensure that robust evaluation processes are in place for contract delivery to ensure that we can meet targets. Set realistic and achievable targets. Know our area of expertise and focus on these.
Moray_14	Active	Yes	1.HE Targets	College does not achieve allocated HE student number targets.	Principal	12	Amber	9	Amber	Stable	Regular monitoring (and reporting) of applications/recruitment by academic areas. Curriculum area and Marketing operational planning. Budgets for HE income/funding are set below the 'stretch' targets to ensure prudence and cash flow management. Develop SITS driven report to provide real-time updates of HE applications/enquiries - to be shared internally and with Board. For budgeting and cash flow assumption use base of 930 FTE's, to ensure appropriate cash draw-downs from SFC/UHI of HE funding. Each HOC to develop one new HE course proposal.

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Moray_15a	Active	Yes	2.FE Targets	College does not achieve allocated FE Credit targets.	Principal	9	Amber	6	Amber	Decreasing	SFC funded learning opportunities programme identified and promoted. CMT and SLT monitoring of credit position and retention. Development of Curriculum area and Marketing operational plans. SLT to monitor FE numbers/credits as standing order at all meetings, and focus on aspect where positive actions required by HOAC's to ensure FE credit target met.
Moray_16	Active	Yes	3.Reputation	The institution has a poor reputation.	Principal	9	Amber	6	Amber	Stable	Ensure strong open relationship with students/HISA, and monitor student retention rates and pass rates. Monitor red button incidents and deal with all such incidents in a professional and timely manner.

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Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_17	Active	Yes	4.Key Staff	Disruption to services/projects and/or partnership working resulting from loss of a key staff member.	DHROD	6	Amber	3	Green	Decreasing	<p>Succession planning through staff review and analysis of key risk areas, informed by appropriate staffing information. Implementation of workforce planning activities aligned to curriculum plans.</p> <p>Integrate succession planning when reviewing staffing requirements across the College, development needs identified through this process.</p> <p>Ensure workforce planning/fractionalisation work carried out in a timely fashion .</p>
Moray_18	Active	Yes	5.Compliance	Non-compliance with relevant statutory regulations.	DIPSS	12	Amber	8	Amber	Decreasing	Implement a Policy Framework and Review Schedule across the college.

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Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_19	Active	Yes	6.Governance failure	Governance Failure.	Principal	12	Amber	8	Amber	Decreasing	<p>Clerk to the Board provides support to the Chair and Board members. Programme of self evaluation and CPD being developed. Close contact between Principal and Chair.</p> <p>Addressed all Internal Audit recommendations/action points following governance review (co-ordinated by Clerk to the Board), which have been signed-off/verified with Internal Auditors.</p> <p>Completion of UHI Code of Good Governance checklist, with supporting evidence. Which provided assurance to external auditors as part of annual statutory audit.</p>

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 Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_20	Active	Yes	7.Financial failure	Financial failure/operating loss. Inability to achieve a balanced budget.	FD	25	Red	20	Red	Decreasing	<p>The College has at an early stage brought this to the attention of FERB, UHI and SFC in order to seek a solution to the immediate financial issues and also the medium term issues.</p> <p>Having recently gone through a 3 year recovery plan (AY16/17, AY17/18 & AY18/19), where the College has delivered financial sustainability and a SFC Underlying Operating Surplus throughout this period additional support from UHI and or SFC is required to address the unfunded costs of National Bargaining (i.e. CoL, increase in ERs pension contributions).</p> <p>The College has also made its external auditors aware of the financial issues it is facing in AY19/20 and the following years.</p>

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Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_21	Active	Yes	8.Estates	College estate not fit for purpose.	FD	25	Red	20	Red	Decreasing	Continue to work with region and SFC regarding campus redevelopment plans. Maximised funding of Backlog Maintenance awarded for 18/19 for the benefit of the College estate - in-line with SFC Survey findings but now only have sight of £270k of remaining £12m requirement. Develop plan for prioritising backlog maintenance works, in-light of recent SFC Condition Report funding. Update Estates Strategy Action Plan and priority list of essential works required - to include a rolling 5 year programme of statutory maintenance work requirements., funding permitting Peruse Moray Growth Deal projects as alternative accommodation offer

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Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_22	Active	Yes	9.Academic quality	Academic quality is sub standard	DLT	8	Amber	6	Amber	Decreasing	<p>Ongoing support from Education Scotland. Scrutinising of KPIs by course teams, SLT and BOM. Enhancement Framework developed to streamline quality activity through the Quality Cycle, with evaluation and enhancement planning being utilised to promote improvements in Academic Quality.</p> <p>Regular course reviews carried out to capture early warning signs of poor academic quality (i.e. student achievement & attainment rates), and taking pro-active response to such instances.</p> <p>Management and training of curriculum managers through Quality Spotlights to ensure understanding and compliance.</p> <p>Implementation of MORAGAA meetings as an additional monitoring opportunity. Broaden attendance to Quality Spotlight to HoC, HAP, DHoC, DHAP, CTLs.</p> <p>Revised Quality Cycle in place, implementation of Regional Attainment Strategy and Regional Harmonisation of Quality Arrangements to include Learning and Teaching Review.</p>

Cover Paper – Review of Risk Register
Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_23	Active	Yes	11.Student Experience	Poor Student Experience	DIPSS	9	Amber	6	Amber	Decreasing	<p>Student engagement via surveys, focus groups, class rep meetings etc. HISA reps included as Board members, to enable student voice to be heard and feedback student experience at both college and course level. Culture and ethos of College : a key aim to support students. Policy framework around support and engagement with students.</p> <p>Where possible to utilise backlog maintenance funding to enhance/upgrade College estate to improve student experience within College.</p>
Moray_24	Active	Yes	10.Research quality	Research outputs are sub standard	DLT	10	Amber	8	Amber	Decreasing	<p>Strategic focus on recognition and development of research active staff within context of the wider UHI partnership, to ensure opportunities for sharing of outcomes and wider academic engagement are maximised.</p>

Cover Paper – Review of Risk Register
Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_25	Active	Yes	12.Data breach	Institutional, personal and sensitive data is corrupted, lost, stolen or misused or services are disrupted through malicious and illegal activities by external individuals or bodies.	DIPSS	16	Red	9	Amber	Decreasing	Business Continuity Plan to be reviewed and updated, in-light of recent UHI BCP live exercise. IT disaster recovery plan identified as separate risk. Implementation of findings/recommendations from GDPR working group, which is being reviewed by Internal Audit to highlight key areas and provide assurance to SLT/Audit Committee/Board that the College is addressing this issue in a suitable manner. Regular updates on GDPR matters/incidents being reported to Audit Committee (now standing item of all Audit Committee meetings).
Moray_026	Active	No		Failure to seize the financial, reputational and developmental benefits offered by the Moray Growth Deal.	Principal	16	Red	12	Amber	Decreasing	Ensure adequate resourcing, governance, and partnership support is in place for the college's involvement in the Moray Growth Deal
Moray_27	Active	No		Industrial action	Principal	9	Amber	9	Amber	Decreasing	Completion of industrial action checklist for each occurrence of industrial action. Provide timely communications and advice to students (and 3rd party users of the College estate) of industrial action.

Cover Paper – Review of Risk Register
Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_28	Active	No		Impact of Brexit on the College	Principal	15	Red	15	Red	Increasing	Scottish government commitment to treat EU national students as home students for next 2 academic years. Fortnightly updates with Scottish government on future of Erasmus funding. DSW credit growth operations group (UHI group), overseas ESF overseas funding programmes & future funding. Continued working with APUC and framework suppliers.
Moray_03	Inactive			Not achieving AGBC income/utilisation targets	Head of Marketing/FD	12	Amber	9	Amber		Clarify the market/demand for life science business growth and start-up. Target potential companies in partnership with HIE. Approach Scottish Government with a view to obtaining consent for change of use of the research rooms in AGBC. Increase marketing efforts on conferencing facilities, and ability for hosting more professional events - to be overseen by Commercial Activity Group (chaired by FD).

Cover Paper – Review of Risk Register
Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_15	Inactive			College does not achieve allocated FE Credit targets.	Principal	12	Amber	9	Amber	Stable	SFC funded learning opportunities programme identified and promoted. CMT and SLT monitoring of credit position and retention. Development of Curriculum area and Marketing operational plans. SLT to monitor FE numbers/credits as standing order at all meetings, and focus on aspect where positive actions required by HOAC's to ensure FE credit target met. Implementing in year solutions to respond to credit trends and identified issues.
Moray_4	Inactive			DUPLICATE OF MOARY 4 - ALREADY ON RISK REGISTER. H&S non-compliance: risk to students/staff and risk of litigation	FD	15	Red	10	Amber	Decreasing	Engage the services of an external party to under taken H&S role across the College to identify gaps in current practice identify key areas of risk.
Moray_7	Inactive			DUPLICATE - Failure to develop a student performance management system	DIPSS	12	Amber	8	Amber	Stable	Continued participation and contribution to the Student Data Reporting Group, ensuring College reporting requirements are fully incorporated into the new standard reporting system for FE & HE.

Cover Paper – Review of Risk Register
 Agenda Item A.20.01.06 (i) and (ii)

Name	Risk Status	Common UHI Risk?	Relevant Common UHI Risks	Risk Description	Owner	Gross Risk	Gross Colour	Residual Risk	Res Colour	Risk Trend	Actions To Minimize
Moray_026	Inactive			Failure to seize the financial, reputational and developmental benefits offered by the Moray Growth Deal.	DIPSS	16	Red	12	Amber	Decreasing	Ensure adequate resourcing, governance, and partnership support is in place for the college's involvement in the Moray Growth Deal
Moray_29	Inactive			DUPLIACTE (See MORAY_25) Institutional, personal and sensitive data and/or services are disrupted, corrupted, lost, stolen or misused through serious inappropriate usage of IT systems or data, by internal users of the university partnership or external actors		0	Green	0	Green		

Committee:	Audit			
Subject/Issue:	Deep Dive into Risk			
Brief summary of the paper:	<p>This paper discusses options for compliance monitoring of risk areas and the merits of implementing an assurance mapping tool.</p> <p>Initial discussion with the UHI internal auditor highlights the need for a more practical approach for providing assurance to the audit committee including the reporting of gaps in assurance.</p>			
Action requested/decision required:	For discussion			
Status: (please tick ✓)	Reserved:		Non-reserved:	✓
Date paper prepared:	13 th February 2020			
Date of committee meeting:	18 th February 2020			
Author:	Derek Duncan			
Link with strategy: Please highlight how the paper links to, or assists with: compliance. partnership services risk management strategic plan/enabler other activity (eg new opportunity) – please provide further information.	Risk Register ID Moray/18: Non-compliance with relevant statutory regulations.			
Equality and diversity implications:	Yes – E&D compliance is a significant element of the College’s statutory obligations.			
Resource implications: <i>(If yes, please provide detail)</i>	None			
Risk implications: <i>(If yes, please provide detail)</i>	Non-compliance due to deficient polices, lack of training or poor leadership carries a risk to staff, learners and 3 rd parties, as well as possible legal and reputational damage to the College.			

Audit Assurance

1. Introduction

Paper A.19.2.12 (iii) presented to the Audit Committee in May 2019 provided an overview of Risk 18: *Non-compliance with relevant statutory regulations*. The paper led to further discussion about how the committee could be certain that internal procedures and monitoring activities across all areas of risk were providing adequate coverage to provide assurance.

The UHI Audit Chairs Committee was presented with an outline of a proposed UHI Compliance Framework to help inform assurance, but it's considered that such an approach is unworkable due to the changing nature of compliance. This approach is discussed in more detail in this document.

This paper also outlines a proposed approach using an *assurance map* which should provide a solution to the audit committee requirement for a "deep dive" approach.

The committee has requested improvements to the overall risk-register reporting which will be developed in due course by UHI EO and will complement the work outlined in here to improve overall reporting of risk and assurance.

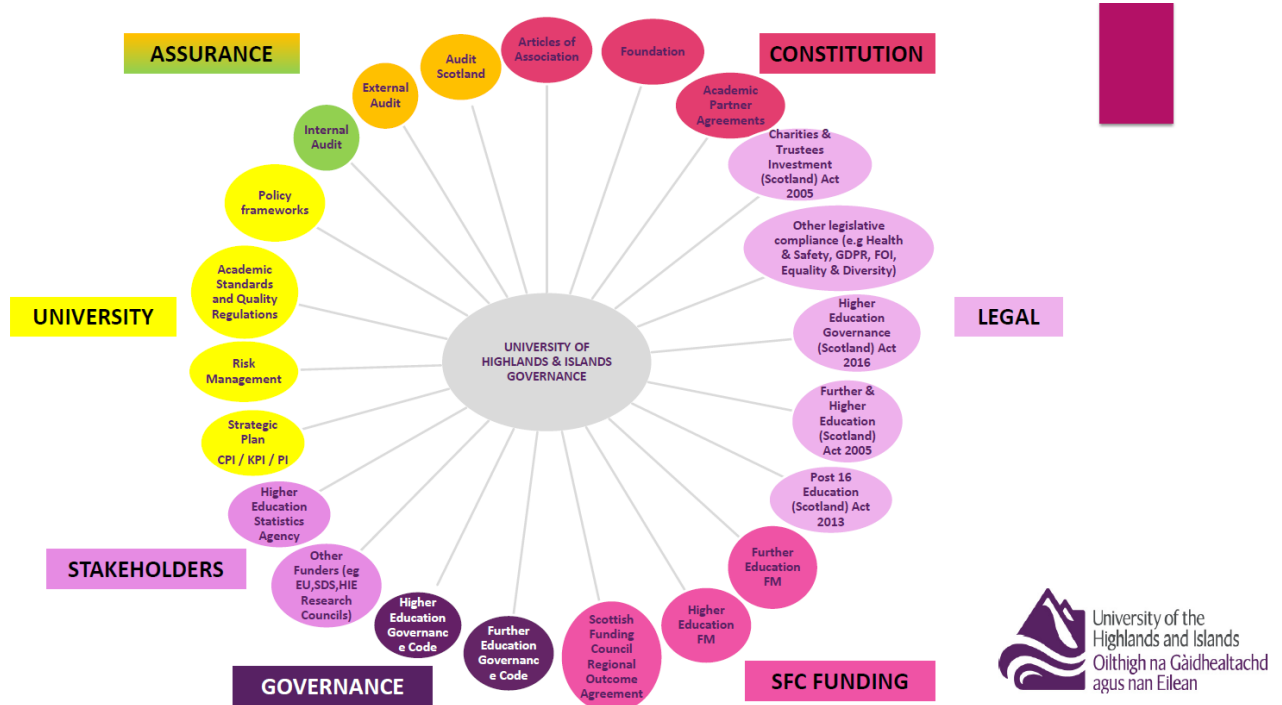
2. Audit Deep Dive

It's important to clarify that the proposed "deep dive" approach by the audit committee into specific areas is not about audit of a particular area or issue. The deep dive is about improving the understanding of risk and the management approaches to controlling risk with the aim of providing audit committee members with assurance and a clear understanding of any gaps or weaknesses.

There are a range of approaches which can help address the deep dive requirements and these are considered in more detail below.

3. UHI Compliance Framework Consideration

The UHI internal audit team provided an overview of the University Compliance Framework covering all aspects of the legal, governance, audit and assurance systems to a previous Audit Chairs committee:



A College framework would be broadly similar and could provide a checklist approach to assurance. A follow up discussion with the UHI internal auditor highlighted that in practical terms, providing a checklist based on this framework would be very challenging. The presentation reflected that *“The list goes on and it keeps changing...”*.

In summary, a more straightforward approach is required to help identify the mapping of risks and compliance activities and better identify gaps or weaknesses in controls which impact on assurance.

4. College Approaches

In considering *Moray Risk 18*, a number of approaches to control and assurance were outlined to the audit committee:

- A suite of policies and procedures developed locally and regionally.
- National policy derived from statutory acts (e.g. SFC funding guidance).
- Staff recruitment and training.
- Internal monitoring and review.
- Audit (internal and external).
- Leadership at all levels, to ensure all of the above are delivered effectively in support of statutory compliance.

There do not however answer the key question in relation to identifying gaps in assurance.

It's recognised that the approaches outlined were simply a high-level overview covering a significant number of policies, procedures and systems which provide control and lead to a level of assurance, but without a clear overview of the mapping to risks or any way to identify gaps or weaknesses.

5. Assurance Maps

A recommendation made by the UHI internal auditor is to consider the use of an assurance map which could provide:

- A clear overview across all areas of risk.
- Identification of the mechanisms in place across all levels to monitor risk.
- A method to identify gaps in assurance using a simple RAG status approach.

The output from the process could help with:

- Internal audit planning activity.
- Identification of specific actions for members of the College executive to take forward where immediate assurance is required (followed up with reports or presentations as required).

Assurance maps can help inform audit committee members of:

- Key Risks and controls
- The 3 defence mechanisms:
 - First Line defence (the management controls in place)
 - Second line defence (oversight and assurance processes)
 - Third line defence (independent assurance e.g. audit).
- Overall RAG status (where the gaps/weaknesses exist)
- Actions to improve the RAG status.

An example is shown at the end of this paper, but this could be expanded to include any other relevant risk-register items e.g. gross and residual scores.

6. Next Steps

The audit committee is asked to reflect on these approaches and decide if there is benefit in taking forward the assurance map process or other preferred approaches to resolve the deep dive requirement.

Example Assurance Map

Risk Register Entry	Risk Owner	Strategic Objective or Priority	Controls	Assurance Providers			Control RAG	Assurance Sufficient?	Improvement Actions
				Business Management Controls (First Line of defence)	Corporate and Management Oversight (Second Line of defence)	Independent Assurance (Third Line defence)			
e.g. Financial Loss due to Fraud	FD	Deliver Value for Money.	Finance procedures. Training programmes. System Reports. Quality Control Procedures.	Management Reporting. Use of risk tool kits. Training updates	National Fraud Initiative. National Policy Frameworks	Internal audit. External audit.	YES	N/A	
Data Loss	Director IPSS	Keep personal data secure	Network security system.	Network access	Unclear	Internal audit	NO	Policy/Procedure Development Training Systems audit. Etc....	



University of the
Highlands and Islands
Oilthigh na Gàidhealtachd
agus nan Eilean

Compliance Framework



CHECKLIST



Reality...



ASSURANCE

CONSTITUTION

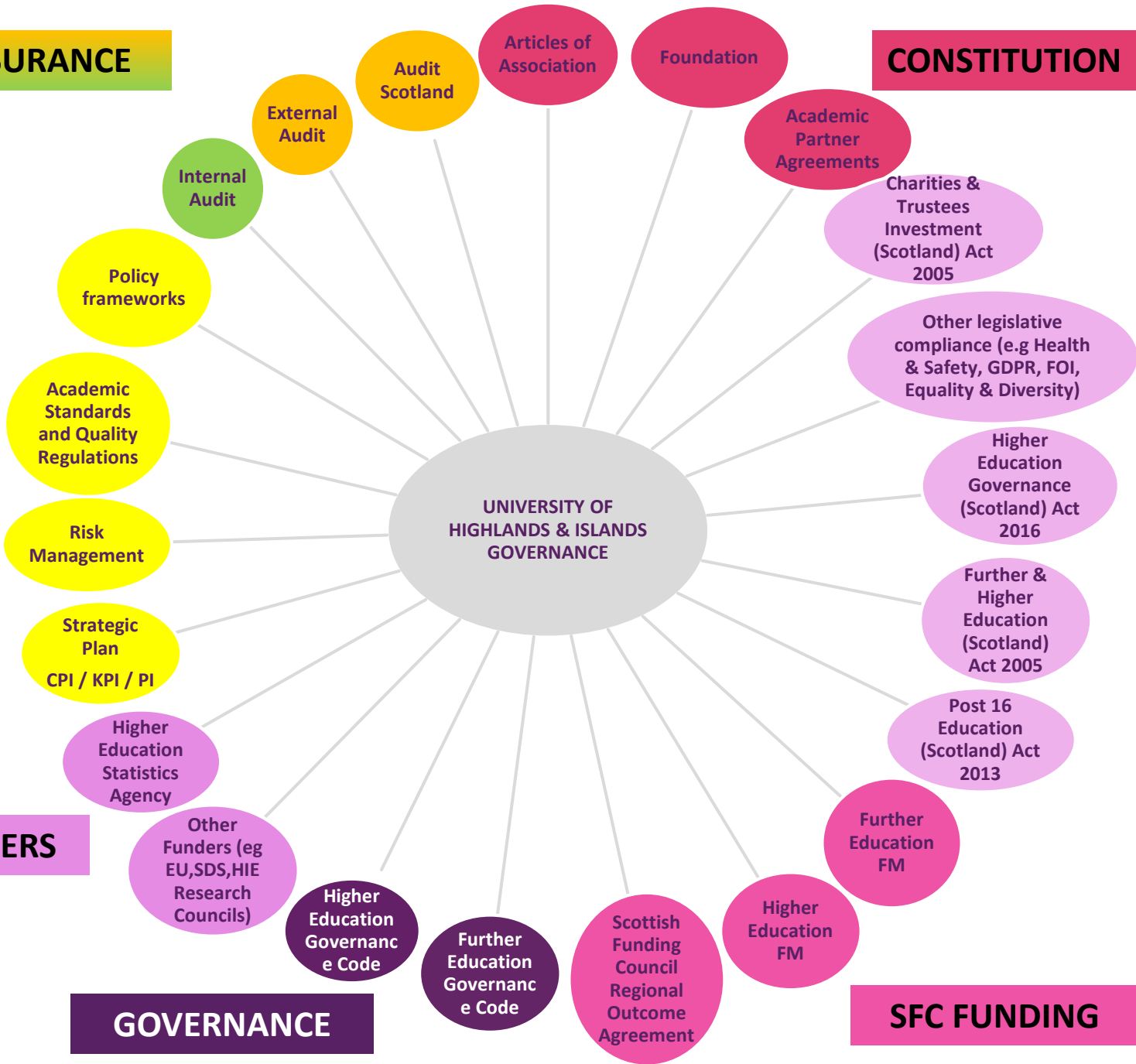
UNIVERSITY

LEGAL

STAKEHOLDERS

GOVERNANCE

SFC FUNDING



CONSTITUTION

- ▶ Foundation – guardians of our constitution – changes to articles, mission, admission of partners...
- ▶ Articles of Association – changes require approval of Privy Council and Scottish Government
- ▶ Academic Partner Agreements (need to be revised) – agreements are bilateral (between university and each partner). University is party to each agreement but is not a “partner” in the same sense as academic partners are

LEGAL

- ▶ Further Higher Education Scotland Acts
- ▶ Post 16 Education (Scotland) Act 2013
- ▶ Higher Education Governance (Scotland) Act 2016
- ▶ Charities and Trustees Investment (Scotland) Act 2005 – OSCR
- ▶ Compliance legislation – Health and Safety, Employment Law, Bribery Acts, Freedom of Information, General Data Protection Regulations, Equality and Diversity, Competition and Markets Authority, Immigration UKVI etc....

The list goes on and it keeps changing...

SFC FUNDING

- ▶ Minister Funding letter
- ▶ Scottish Funding Council Requirements, circulars, guidance etc
- ▶ Higher Education Financial Memorandum
- ▶ Further Education Financial Memorandum
- ▶ Reciprocal FMs with assigned colleges
- ▶ Annual Assurance Statements
- ▶ Regional Outcome Agreement

GOVERNANCE CODES

- ▶ Higher Education
- ▶ Further Education

STAKEHOLDERS

- ▶ Higher Education Statistical Agency
- ▶ Students, staff, estates, campuses, National student survey, destination of leavers....
- ▶ Skills Development Scotland
- ▶ European Union
- ▶ Research Councils
- ▶ Highlands and Islands Enterprise
- ▶ Philanthropic donations/legacies

UNIVERSITY

- ▶ Strategic Plan and CORE values– regional and local
- ▶ Critical performance indicators, Key performance indicators, performance indicators
- ▶ Common risk management process
- ▶ The Academic Standards and Quality Regulations
- ▶ Policy Frameworks e.g. Information Security, single policies etc

ASSURANCE

- ▶ Internal Audit
- ▶ External Audit
- ▶ Other Independent Assurances – Health and safety audits etc
- ▶ Audit Scotland

- ▶ Management Assurances

Committee:	Audit			
Subject/Issue:	Risk 18 – Non Compliance with Relevant Statutory Regulation			
Brief summary of the paper:	This paper provides an overview of Risk 18: Non Compliance with Relevant Statutory Regulations . The paper covers key statutory functions, discusses the mechanisms to mitigate risk and signposts improvements to further mitigate risk going forward.			
Action requested/decision required:	For discussion			
Status: <i>(please tick ✓)</i>	Reserved:		Non-reserved:	✓
Date paper prepared:	13 th May 2019			
Date of committee meeting:	21 st May 2019			
Author:	Derek Duncan			
Link with strategy: Please highlight how the paper links to, or assists with: compliance. partnership services risk management strategic plan/enabler other activity (eg new opportunity) – please provide further information.	Risk Register ID Moray/18: Non-compliance with relevant statutory regulations.			
Equality and diversity implications:	Yes – the College needs to fully comply with statutory acts covering equalities.			
Resource implications: <i>(If yes, please provide detail)</i>	None			
Risk implications: <i>(If yes, please provide detail)</i>	Non-compliance due to deficient polices, lack of training or poor leadership carries a risk to staff, learners and 3 rd parties, as well as possible legal and reputational damage to the College.			

Risk 18: Non Compliance with Relevant Statutory Regulations

1. Introduction

The key purpose of the College is to provide education, training and research to the community of Moray and beyond and engagement with a wide range of organisations and people of all ages and backgrounds, hosted within a large number of buildings and facilities.

2. Relevant Statutory Acts

In terms of compliance with statutory regulations, the focus is on the key objectives of the College:

- Delivery of education within an established legal and national policy framework.
- Employment of staff – the on-going work to implement NJNC guidance related to national bargaining and job evaluation was developed through statutory acts.
- Ensuring equality considerations underpin all parts of the organisation.
- Ensuring the needs of those with disabilities and a need for additional support for learning are met.
- Keeping personal information secure.
- Accounting for spend on staff, goods and services within a wide range of regulatory frameworks and directives.
- Ensuring effective safeguarding arrangements are in place.
- Ensuring the health and safety of staff, students and visitors on-site.

All of these are important, but first ensuring the College is a safe place to operate underpins these functions.

The key statutory acts and directives in this context are:

- Further and Higher Education Act 1992 – the original legal framework under which the College was incorporated in 1993
- Further and Higher Education (Scotland) Act 2005 - established the Scottish Funding Council
- Post 16 Education (Scotland) Act 2013 - covering re-classification and assignment of the College to the UHI Regional Strategic Body and also new governance arrangements
- Employment Act 2008
- Health and Safety at Work Act 1974
- The Equality Act 2010
- Protection of Children (Scotland) Act 2003
- Data Protection Act 2018 incorporating the EU General Data Protection Regulation 2018.
- Freedom of Information (Scotland) Act 2002
- Disability Discrimination Act 2005
- The Public Finance and Accountability (Scotland) Act 2000 - guidance from The Scottish Public Finance Manual.
- Procurement Reform (Scotland) Act 2014
- EU Procurement Directive and associated directives covering public procurement, tender awards, contracts and invoicing.

2.1 Other Relevant Compliance Areas

There are many other acts, conventions and covenants referenced across College policy. They are no less important than the key acts mentioned above and have a significant impact across College. These can broadly be grouped as:

- Finance – covers wide range of acts e.g. PAYE, VAT, Pensions, Procurement
- Anti-Bribery
- Employment including employee rights, whistleblowing, family law e.g. parental leave
- Equality and Diversity
- Health and Safety and all associated acts covering safe working practices and the general health and wellbeing of staff and students.
- Data Protection covering all aspects information security.
- Safeguarding - covering children's rights, disclosure, ex-offender management
- College Nursery
- Counter Terrorism – covers Prevent Duty and participation in CONTEST.
- Care Leavers
- Trade Union Relations

The College also implements national policy from other Non-Departmental Public Bodies e.g. the Scottish Funding Council. Non-compliance with national policy risks non-compliance with statutory law.

3. How the Colleges Manages the Risk of Non-Compliance

Managing the risk of non-compliance with an organisation as complex as the College is underpinned by:

- A suite of policies and procedures developed locally and regionally.
- National policy derived from statutory acts (e.g. SFC funding guidance).
- Staff recruitment and training.
- Internal monitoring and review.
- Audit (internal and external).
- Leadership at all levels, to ensure all of the above are delivered effectively in support of statutory compliance.

Risk 18 was created to ensure the Strategic Leadership Team (SLT) have oversight of the College's statutory obligations and to allow full consideration of the arrangements to mitigate the risk of non-compliance.

3.1 Strategic Leadership Team (SLT) and Board of Management

Compliance is devolved through the management structure, with each Director having a specific remit for a range of statutory functions and all having shared responsibility for common areas.

Directors responsible for support related areas tend to have specific remit for a range of statutory acts, whereas directors with responsibility for curriculum have responsibility for a wide range of national policies and acts related to the delivery of education which are also underpinned by most statutory acts.

The Principal has overall accountability as the most senior officer employed by the College, the table below broadly covers the key areas of responsibility:

College Principal (Accountable Officer)				
Director of Finance	Director of HR and OD	Director of IPSS	Director of Curriculum and AO	Director of L&T
Finance Procurement H&S	Employment and Employment Rights Disclosure	Information Security FOI Safeguarding Counter Terrorism Nursery SFC Policy	Education – significant coverage of national policy and statutory laws.	Education – significant coverage of national policy and statutory laws.
SLT Cross-Responsibility				
Health and Safety, DDA, Equalities, Safeguarding, Procurement + Others				

It is the responsibility of the SLT and all managers to ensure that operational compliance with relevant policies and procedures related to statutory regulations. All staff have a wider responsibility to comply.

3.2 Risk Mitigation

The recent work to update College policies and procedures highlighted a lack of regional policies and therefore concerns about consistency of approach and duplication of effort across the partnership. The work of the Single Policy Environment is making progress in this area and will continue.

The risks of non-compliance can be further mitigated by:

- Continued improvements to the risk assessment process.
- Continued promotion of policies and procedures to all staff in order that they fully engage with risk mitigation activities.
- Focussed training to managers to improve leadership skills to drive forward compliance.
- Regular review of high-risk areas.

These and effective arrangements for internal and external audit will help ensure effective oversight of compliance and highlight areas for continued improvement.

Moray College UHI

Internal Audit Annual Plan 2019/20

Internal Audit Report No: 2020/01

Draft issued: 6 November 2019

2nd Draft issued: 20 November 2019

Final issued:



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Introduction

- 1.1 The purpose of this document is to present for consideration by management and the Audit Committee the Annual Plan for the year ended 31 July 2020.
- 1.2 Following our re-appointment as internal auditors for the period from 1 August 2016 to 31 July 2019 we prepared an Audit Needs Assessment and Strategic Plan 2016 to 2019 (internal audit report 2017/01), issued in February 2017. In June 2019, the decision was made by the College to exercise the option to extend our appointment for a further 12 months as internal auditors, for the period from 1 August 2019 to 31 July 2020. Following discussion with management we presented a list of potential internal audit topics to the October 2019 meeting of the Audit Committee.
- 1.3 The proposed allocation of internal audit days for 2019/20 was agreed at the Audit Committee meeting of 9 October 2019.
- 1.4 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2019/20, together with the audit approach. These have been arrived at following discussion with College management. The outline scopes will be refined and finalised after discussion with responsible managers in each audit area.
- 1.5 Separate reports will be issued for each assignment, unless linkages are specified, with recommendations graded to reflect the significance of the issues raised. In addition, audit findings will be assessed and graded on an overall basis to denote the level of priority that should be given to each report.

Annual Plan 2019/20

Proposed Allocation of Audit Days

	Category	Priority	Potential 19/20 Days
Reputation			
<i>Communications and Marketing</i>	Gov	M	
<i>Health and Safety</i>	Gov	H	2
Student Experience			
<i>Curriculum</i>	Perf	H/M	4
<i>Quality assurance and improvement</i>	Perf	H/M	
<i>Student recruitment and retention</i>	Perf	H	
<i>Student support</i>	Perf	M	
Staffing Issues			
<i>Staff recruitment and retention</i>	Perf	M/L	
<i>Staff development</i>	Perf	M	
<i>Voluntary severance</i>	Perf/Fin	H	
<i>Executive Team Restructure</i>	Gov/Perf	H	
<i>Workforce planning</i>	Perf	M	4
<i>Payroll</i>	Fin	M	
Estates and Facilities			
<i>Building maintenance</i>	Fin/Perf	H/M	
<i>Capital projects</i>	Fin/Perf	H/M	
<i>Sustainability</i>	Gov/Perf	M	
<i>Space management</i>	Perf	M	
<i>Asset / fleet management</i>	Perf	M	
Financial Issues			
<i>Budgetary control</i>	Fin	H	4
<i>General ledger</i>	Fin	M	
<i>Student fees and contracts / registry</i>	Fin	M	
<i>Procurement and creditors / purchasing</i>	Fin	H	
<i>Debtors/ Income</i>	Fin	M	
<i>Cash & Bank / Treasury management</i>	Fin	M	
Commercial Issues			
<i>Business Development / Research</i>	Fin/Perf	H/M	
Organisational Issues			
<i>Risk Management / Business Continuity</i>	Perf	H/M	
<i>Corporate Governance*</i>	Gov	M	2
<i>Corporate Planning*</i>	Perf	M	2
<i>Partnership working</i>	Gov/Perf	M	

Internal Audit Annual Plan 2019/20 - DRAFT

	Category	Priority	Potential 19/20 Days
Information and IT			
<i>IT network arrangements / security</i>	Perf	M	
<i>Data protection</i>	Gov	H	
<i>FOI</i>	Gov	L	
<i>Systems development / implementation</i>	Perf	M	
<i>IT strategy</i>	Perf	H/M	
Other Audit Activities			
Credits Audit		Required	5
Bursary and Hardship Funds Audit		Required	3
EMA Audit		Required	1
Management and Planning)			4
External audit / SFC)			
Attendance at Audit Committee)			
Follow-up reviews		Various	2
Audit Needs Assessment			
Total			33
			=====

Key

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

Priority: H – High; M – Medium; L – Low

* these projects will be linked.



Outline Scope and Objectives

Audit Assignment:	Health & Safety
Priority:	High
Fieldwork Timing	June 2020
Audit Committee Meeting:	October 2020
Days:	2

Scope

This audit will review the College's response to the recommendations made in the previous Health & Safety internal audit review performed during 2018/19 (internal audit report 2019/04, issued in May 2019).

Objectives

The main objective of this audit will be to obtain reasonable assurance the College has implemented the recommendations in the previous internal audit report in the following areas and has:

- a H&S training programme which includes induction training, refresher training and training for new equipment or legislation;
- regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive;

Our audit approach will be:

From discussion with H&S staff, and review of procedural documentation, we will establish whether the key recommendations in the previous report have been fully implemented. A walkthrough of key systems will then be undertaken to confirm our understanding, and this will be followed up with compliance testing where considered necessary. We will report on any areas where recommendations have not been implemented or where controls could be further strengthened.

Audit Assignment:	Curriculum
Priority:	High/Medium
Fieldwork Timing	May 2020
Audit Committee Meeting:	October 2020
Days:	4

Scope

This audit will consider the key risks in relation to the College’s curriculum.

Objectives

The objectives of the audit will be to ensure that:

- the core College curriculum is aligned with national priorities and the needs of regional industry, employers and individual learners;
- there is a process in place to review and refresh existing programmes on a regular basis;
- adequate controls are in place over the development of new programmes covering the preparation of a business case, costing and pricing;
- the College has exploited the potential of new technology in order to widen access to the curriculum and enhance the learner experience; and
- the curriculum planning process takes sufficient cognisance of the College’s Credits and FTE targets.

Our audit approach will be:

Discussions will be held with key staff, including the Director of Curriculum & Academic Operations, the Director of Learning and Teaching and the Director of Finance to assist in documenting the systems and processes in place. A detailed assessment of the key internal controls will be performed and an audit testing programme will be devised thereon.

Audit Assignment:	Workforce Planning
Priority:	Medium
Fieldwork Timing	May 2020
Audit Committee Meeting:	October 2020
Days:	4

Scope

The scope of the audit will be to review the College’s Workforce Planning arrangements to consider whether these are in line with good practice.

The Chartered Institute of Personnel and Development (CIPD) defines Workforce Planning as: ‘a core process of human resource management that is shaped by the organisational strategy and ensures the right number of people with the right skills, in the right place at the right time to deliver short and long-term organisation objectives.’

Objectives

The main objective of this audit will be to confirm whether the College’s Workforce Planning arrangements are in line with good practice.

Secondary objectives will be to ensure that:

- the College’s workforce plans are based on the strategic direction and priorities set out in the Regional Outcome Agreement and linked strategies and plans;
- the College has analysed demand – what workforce is needed in the future to deliver the required service;
- the College has analysed supply – what workforce is available currently and how it is likely to change;
- the College has identified actions that will deliver the future workforce; and
- these actions are being implemented and outcomes regularly reviewed.

Our audit approach will be:

Through discussions with key staff, including the Director of Human Resources and Organisational Development, the Director of Curriculum & Academic Operations and the Director of Learning and Teaching, we will consider whether the above objectives are being met. Comparisons of the College’s arrangements will also be made to good practice guidance available from sources such as the CIPD.

Internal Audit Annual Plan 2019/20 - DRAFT

Audit Assignment:	Budgetary Control
Priority:	High
Fieldwork Timing	February/March 2020
Audit Committee Meeting:	May 2020
Days:	4

Scope

This audit will examine the College's budgetary control practices and protocols. It will specifically consider budget monitoring procedures in place centrally and within a sample of Curriculum Areas and Support Teams, as well as cash flow reporting to senior management, the Board and to the SFC.

Objectives

The objectives of the audit will be to ensure that:

- budgets are controlled in accordance with the Financial Regulations and Procedures;
- budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change, or funding targets are not achieved;
- information is available to management in Curriculum Areas and Support Services which is up-to-date and in a format that can be easily understood;
- budget holders have the necessary skills for managing budgets;
- budget variations are reported and acted upon;
- there is accurate cash flow reporting; and
- senior management and the Board regularly review the College's overall financial position.

Our audit approach will be:

Through discussions with Finance staff and a sample of budget holders in Curriculum Areas and Support Teams, and review of relevant reports, we will determine current working practices in budget monitoring, and the information and training provided to budget holders.

We will also establish and review the budget monitoring information provided to the College senior management team and to the Finance and General Purposes Committee and to the Board.

Audit Assignment:	Corporate Governance*
Priority:	Medium
Fieldwork Timing	January/February 2020
Audit Committee Meeting:	May 2020
Days:	2

Scope

The scope of this audit will be to undertake a high level review of the annual exercise conducted to ensure continued compliance with the Code of Good Governance for Scotland’s Colleges.

Objectives

The objective of the audit will be to obtain reasonable assurance that the:

- College complies with the principles of good governance as set out in the Code of Good Governance for Scotland’s Colleges and
- Annual reporting around ongoing self-assessment and compliance is in line with the guidance issued by the SFC.

Our audit approach will be:

We will review the individual Code principles and from discussion with the key College staff, and review of key documents, determine whether the College is complying with the Code and reporting ongoing compliance annually in line with SFC guidance.

* This work will be reported jointly as a single output together with Corporate Planning.

Audit Assignment:	Corporate Planning*
Priority:	Medium
Fieldwork Timing	February/March 2020
Audit Committee Meeting:	May 2020
Days:	2

Scope

The scope of this audit will be to revisit the work previously conducted in 2016/17 around Corporate Planning (Internal audit report 2017/03 - Corporate Planning) and to consider the progress made in addressing the issues arising from the report. This high level review will allow us to establish whether the College’s planning process is working effectively, particularly in relation to the development of the Strategic Plan and the linkage between the Strategic Plan, the Regional Outcome Agreement and the detailed operational plans.

Objectives

The overall objective of the audit will be to obtain reasonable assurance that the College’s planning process accords with good practice.

Specific objectives will be to obtain reasonable assurance that:

- the corporate planning process was adequately planned and challenged for robustness;
- linkages between the Strategic Plan, the Regional Outcome Agreement and operational plans are clearly defined and communicated;
- operational plans are robust and include detailed prioritised action plans;
- the Strategic Plan, Regional Outcome Agreement and operational plans are being appropriately monitored and controlled, including through the use of key performance indicators; and
- there is effective linkage between planning and budgeting at all levels.

Our audit approach will be:

Through discussions with key staff including the Principal, Director of Curriculum & Academic Operations and Director of Finance, we will document the planning process adopted by the College covering the setting of aims and objectives; operational planning; budgeting; implementation; monitoring and control.

A sample of the operational plans will be obtained and reviewed to ensure there are clear linkages to the Regional Outcome Agreement, the Strategic Plan and the key strategies that relate to the core activities of the College.

* This work will be reported jointly as a single output together with Corporate Governance.

Audit Assignment:	Credits
Priority:	Required audit
Fieldwork Timing	August / September 2020
Audit Committee Meeting:	November 2020
Days:	5

Scope

Credits Audit Guidance, issued by SFC, requests that colleges obtain from their auditors assurances as to the reasonableness of procedures used in the compilation of the Credits related element of the FES return.

Objectives

To obtain reasonable assurance that:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- the FES return contains no material misstatements.

Our audit approach will be:

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

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

Our testing will be designed to cover the major requirements for recording and reporting fundable activity identified at Annex C to the Credits Audit Guidance and the key areas of risk identified in Annex D.

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

Audit Assignment:	Bursary, Childcare and Hardship Funds Audit
Priority:	Required audit
Fieldwork Timing	August / September 2020
Audit Committee Meeting:	November 2020
Days:	3

Scope

We will carry out an audit on the College's student support funds for the year ended 31 July 2019 and provide an audit certificate.

Objectives

The audit objectives will be to obtain reasonable assurance that:

- the College complies with the terms, conditions and guidance notes issued by the SFC and SAAS;
- payments to students are genuine claims for hardship, childcare or bursary, and have been processed and awarded in accordance with College procedures; and
- the information disclosed in each of the returns for the year ended 31 July 2019 is in agreement with underlying records.

Our audit approach will be:

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

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

Audit Assignment:	EMA Audit
Priority:	Required audit
Fieldwork Timing	August / September 2020
Audit Committee Meeting:	November 2020
Days:	1

Scope

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

Objectives

To obtain reasonable assurance that:

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

Our audit approach will be:

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

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Fieldwork Timing	Ongoing
Audit Committee Meeting:	All
Days:	2

Scope

This review will cover reports from the 2018/19 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding.

Objectives

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

Our audit approach will be:

- for the recommendations made in previous reports verify by enquiry, review of supporting documentation or sample testing, as appropriate, the status of the recommendations as reported by College management; and
- verify the status of 'live' internal audit recommendations to allow a summary of the current status of the recommendations to be presented to each meeting of the Audit Committee.



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Overview of Proposed Internal Audit Reviews for AY19/20

	Workforce Planning		Curriculum		Health & Safety		Corporate Governance/Corporate Planning/ Budgetary Control	
	Proposed Dates	Comments	Proposed Dates	Comments	Proposed Dates	Comments	Proposed Dates	Comments
	Field Work Period: - Start Date	18-May-20		25-May-20		TBC	HL to provide dates for moving review forward to align with May audit meeting	TBC
- Completed by	21-May-20		28-May-20		TBC		TBC	
Follow-up/Prep of Draft Report: - Start Date	25-May-20		01-Jun-20		TBC		TBC	
- Completed/Draft Report Issued by	05-Jun-20		12-Jun-20		TBC		TBC	
Management Review & Finalisation of IA Report - Start Date	08-Jun-20		15-Jun-20		TBC		TBC	
- Completed/Final Report Issued by	19-Jun-20		26-Jun-20		TBC		TBC	
Audit Committee Meeting to received Final Report:	06-Oct-20		06-Oct-20		19-May-20		[TBC]	
Final Report required by:	29-Sep-20		29-Sep-20		12-May-20		[TBC]	
Key Individuals required:								
- Principal	X	Joint Primary Contact	X		X	Chair of H&S Committee		
- DIPSS	X				X			
- FD	X				X	Primary Contact		
- DLT	X		X					
- DCAO	X		X	Primary Contact				
- DHR0D	X	Joint Primary Contact						
- Finance Manager								
- Finance Team								
- HR Manager								
- HR Team								
- Academic HOC &/or DHOC			X					
- Others (please specify)					X	H&S Staff Member (If in post)		

Cover Paper – Review of Audit Register
Agenda Item A.20.01.08 (iii)



Committee:	Audit Committee			
Subject/Issue:	Review of Audit Register			
Brief summary of the paper:	Update on current position of the Audit Register. The enclosed provides an update on the current internal audit recommendations, and progress made to date.			
Action requested/decision required:	Feedback from Audit Committee on current position of the Audit Register & recent Internal Audit reports.			
Status: (please tick ✓)	Reserved:		Non-reserved:	X
Date paper prepared:	February 2020			
Date of committee meeting:	February 2020			
Author:	Director of Finance			
Link with strategy: Please highlight how the paper links to, or assists with: compliance partnership services risk management strategic plan/enabler other activity (e.g. new opportunity) – please provide further information.	Compliance and Risk Management			
Equality and diversity implications:	N/A			
Resource implications: <i>(If yes, please provide detail)</i>	N/A			
Risk implications: <i>(If yes, please provide detail)</i>	Risk of non-compliance with the finding of current (and future) internal audit reviews/actions.			

INTRODUCTION

The Audit Register (“AR”) has been updated to reflect the current position as at 17 February 2020.

UPDATE

The following internal audit recommendations remained following the November 2019 Audit Committee

Staff Development

- **SD.R2 [Complete – Additional information requested by Internal Audit]**

The above recommendation is complete. HL have requested to see, prior to signing this recommendation off, an example of a control spreadsheet maintained by HR to identify any non-compliance.

HR to provide evidence to HL by 31 March 2020.

Risk Management

- **RM.R4 [Partial Progress]**

The above recommendation is currently marked as partially complete. The audit evidence to date being the Risk Register paper provided to the Committee at the May 2019 meeting.

As discussed at the May committee meeting the current UHI Risk Register Management Information (“MI”) does not meet the needs of the Committee (or the College/management), hence this being marked as partially complete.

Given the feedback to date from UHI on the development of the Risk Register MI – expected at the earliest in Summer 2020, a revised completion date of 30 September 2020 is recommended. This remains subject to development of the new UHI partnership Risk Register software.

Health & Safety

- **HS.R1 [Complete – Additional information requested by Internal Audit]**

The development of a H & S training matrix is complete. This has now been completed by all areas, and is being input into a single spreadsheet. Discussions are underway with a H & S Consultant (in advance of the appointment of a Health, Safety & Wellbeing Officer) for delivery of the training. This will form a programme of training and steps are being taken to identify if elements of this training can be supported with the FWDF.

Spreadsheet to be provided to HL as evidence when complete, no later than 31 March 2020.

- **HS.R2 [Complete]**

The above recommendation is complete.

Cover Paper – Review of Audit Register
Agenda Item A.20.01.08 (iii)

The H & S Policy has been updated and checks of individual areas are carried out on a monthly basis by the Health & Safety monitors. The results of these checks are reported to the H&S Committee. The H & S Committee terms of reference have been updated to reflect this.

Procurement

- **PR.R2 [Complete – Additional information requested by Internal Audit]**

The above noted recommendation is complete with procurement training provided to CMT. HL have requested additional evidence of the training provided on contract management.

Evidence to be provided no later than 31 March 2020.

- **PR.R4 [Partial Progress]**

New format reporting on non-compliant spend is in the process of being created from the already existing forms that are completed. This will be tabled at the SLT meeting on 11 March 2020 and shared with HL when approved.

CONCLUSIONS

Of the six recommendations noted above, four are deemed to be complete (subject to appropriate additional evidence being received and formal sign-off/confirmation from Henderson Loggie), with two partially completed.

The College Audit Register has been updated to reflect the recommendations from the AY18/19 reviews, and actions to date.

The factors/matters impacting the partially completed actions are noted above with revised planned completion dates for these recommendations.

Feedback/agreement from the Committee is sought in respect of the revised completion dates.

The SLT remain committed to ensuring that appropriate steps/actions are taken to meet the internal audit recommendations in a timely manner, and where partial completion has been met a reasonable and acceptable revised completion timescale is set and adhered to.

6 November 2019

FAO – Stephen Reid
Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EB

Dear Stephen

**External audit: Year ending 31 July 2019, Your reference: SR/GS/SC
Moray College: Arrangements for oversight of management processes and arrangements annually**

Further to your letter of 31 May 2019 regarding the above, please see the responses from the Audit Committee of the College set out below. The questions and responses follow the order of your letter:

1. How does the Audit Committee, as ‘those charged with governance’ at Moray College (“the College”), exercise oversight of management's processes in relation to:

- a. undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);*

The following sets out the framework within which the Committee assesses risk;

The overall Risk Appetite of the Board and the Risk Management process were reviewed and updated during session 2018-19, following an Internal Audit and subsequent discussion at the Audit Committee. The Committee recommended a small number of changes arising from its May meeting, and these were subsequently approved by the Board at its meeting on 25 June 2019.

The College’s Risk Register follows the template used across the UHI partnership. The format was recently redeveloped by UHI Executive Office, who are in the process of tailoring management information to meet the needs of the College. The Risk Register is reviewed regularly by management, the Audit Committee and, as appropriate, the Finance & General Purposes Committee (F&GP). It includes UHI cross-partnership risks, which all UHI Academic Partners are required to review, as well as any Moray-specific risks identified for inclusion. UHI Executive Office also monitor risks and mitigating actions and may comment on any specific area. In addition to the above, the Audit Committee undertakes ‘deep dives’ into particular risk areas over the course of its work.

The Risk Register assists the identification of candidate areas for review by Internal Audit. The College may additionally participate in any UHI-wide audits conducted by the Executive Office.

Areas of financial risk are included in the Risk Register review and several finance-related risks have been identified as part of the review process.

The college sector in Scotland is adopting the measures and processes set out within the National Fraud Initiative (NFI), a counter-fraud exercise led by Audit Scotland, and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies and on different financial systems, that might suggest the existence of fraud or error. Although NFI is new to the college sector, it is a well-established process, with the 2018/19 exercise being the seventh iteration of NFI. EY were required by Audit Scotland to submit a report covering the College's NFI governance arrangements and initial progress in reviewing and potential issues by 30 June 2019.

The Audit Committee reviewed the overall NFI process at its May meeting. The College has submitted all requested information, and to date no issues have been raised in relation to the College's participation in this. The College also completed an NFI Self-Appraisal Checklist and provided evidence to support all answers. The Audit Committee approved the checklist relevant to it (Section A) at the October meeting.

In addition to the NFI initiative, the Committee received an annual update from the Finance Director on matters relating to fraud or fraudulent activity at its October meeting,

The behaviours expected of members of staff, processes to be followed and other relevant matters are set out in College policies. The College's policy register contains the list of all policies; the committee responsible for review of and agreement to each policy; the senior member of the College management team responsible for the review and updating of each policy; and the date of last review and next review. There has been work over recent months to update the register of policies to ensure it is complete and up-to-date. The Audit Committee regularly monitors, by means of a status report at each meeting, the overall status of all College policies, and whether policies have been reviewed or are overdue for review by the relevant Committee. To date the policy review process is progressing in-line with expectations.

The College has policies relating to fraud and financial controls. The policies relating to fraud and the response to that, anti-bribery and the acceptance of gifts were reviewed in the year and approved at the November 2018 meeting of the Audit Committee. The policies relating to financial controls are in the process of being reviewed by the F&GP as part of the overall policy review process. This review is not expected to be completed until after the appointment of a new FD.

Internal Audit may review any relevant policies as part of an internal audit or recommend a new policy area.

- b. identifying and responding to risks of fraud in the College, including any specific risks of fraud which management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;*

The following measures are relevant:

The Committee places reliance on the management processes which incorporate a number of checks to ensure no one individual is able to process financial transactions or payroll in isolation, along with the work undertaken by internal audit in reviewing how the processes operate in practice in line with

the annual internal audit plan. An internal audit on payroll took place in April 2019 and this resulted in an overall assurance of Good with no recommendations for improvement.

Section 1 a. above sets out the activities undertaken in relation to the adoption of the National Fraud Initiative (“NFI”) processes in the college. The Committee has reviewed and approved the NFI checklist.

The College’s Financial Procedures Policy recognises the risks of fraud. This policy is due for review as part of the College’s ongoing review of policies, and sits with the F&GP Committee. The policy includes a strong segregation of duties to address the risk of fraudulent activity.

The College’s Fraud Policy and Response Plan, referenced at 1 a. above, sets out the approach to be taken in the event of suspected fraudulent activities and behaviours, including the steps to be taken to inform the Convenor of the Audit Committee and the Committee. The policy will now need to be reviewed to align with the NFI initiative. The College also has a Whistle-Blower Policy, which sits with the Director of Human Resources and the Staff Governance Committee. The alignment of these two policies is part of the College’s review programme.

It was agreed this year that an Annual Report on use of the Whistle Blower process, including nil-returns, will be submitted to the Staff Governance Committee at its November meeting, and should there be any instances of use of the Whistle Blower process, the Staff Governance Committee will be informed in a timely fashion. The minutes of the Staff Governance Committee are provided to the Board.

There is a complaints procedure for use by students (i.e. UHI Red Button). However, the process for Whistle-Blowing by students is currently being investigated further.

The Audit Committee also monitors compliance with the General Data Protection Regulation (GDPR), through a report provided to each meeting. Any potential infringement of the Regulation may also have implications for fraud, given the nature of some electronic communications activities. The Audit Committee will continue to monitor and reflect on the implications of any such activities in the coming year.

With regard to internal audit, while the strategic plan covered a three-year period, in practice that is reviewed and amended over the course of the period as the perception of risk changes, or due to other changes, such as the implementation of GDPR or the audit of the revised risk management process.

- c. communicating to employees its view on business practice and ethical behaviour, for example by updating, communicating and monitoring against the College’s code of conduct;*

The Staff Governance Committee of the Board deals with staffing-related matters, including communication to employees of expectations in relation to business practice and ethical behaviour. The Committee is supported by the Director of Human Resources. The Terms of Reference of that Committee fully align with Scotland’s Colleges and STUC Staff Governance Standards. The College has for an extended time fully embedded a Code of Conduct for staff, and that is reviewed regularly and communicated to new and existing staff. In addition, a set of core values have been established as part of the College’s strategies, these are included within job descriptions and staff are mindful of the need to adhere to the values in their actions. The Staff Governance Committee receives regular reports of activities in furtherance of these values and the minutes of the Committee are reported to the Board.

The Audit Committee will, in the coming year, continue to reflect on how it will continue to exercise oversight on the communication of standards and subsequent monitoring. In relation to this, the Committee recently undertook a review of training, as part of its regular 'deep dives' into areas of risk, given that training can form an important element of the communication process. Arising from that review, additional reporting will be provided to the Staff Governance Committee.

d. encouraging employees to report their concerns about fraud;

The College's Whistle-Blower policy sets out the actions an employee should take with regard to any concerns about fraud, and how these concerns should be directed. This policy (along with others) is brought to the attention of new staff as part of the induction process, and guidance is provided on where to find the policy. The Whistle-Blower policy is currently subject to the policy review process, described at section 1 a above, to ensure it is up-to-date and in-line with UHI guidelines. As noted at section 1 b above, the alignment with the Fraud Policy and Response Plan will be reviewed as part of the review programme.

Staff are advised on new policies via email and direction given on how to access these (i.e. via College intranet and SharePoint). In addition, the monthly meeting of all College managers, the College Management Group, is used as a forum to advise on new policies, for further cascading to all staff. Depending on the nature of the change, additional training may also be appropriate.

In addition to the above measures, Board Surgeries are held in the morning prior to each meeting of the Board. Any member of staff can request a confidential appointment with a member of the Board and raise any concerns in confidence, and this invitation is regularly taken-up by staff.

e. and communicating to you the processes for identifying and responding to fraud or error?

The policy which addresses this matter is the Fraud Policy and Response Plan. This policy was reviewed and agreed by the Audit Committee in November 2018.

The Terms of Reference of the Audit Committee were also reviewed in the year and a revised version of these, together with those of other committees, will be tabled at the December meeting of the Board. The Committee has asked for a paper to its February 2020 meeting setting how the Committee derives assurance in the areas where the Board is seeking assurance from the Committee, to ensure all areas are underpinned.

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

The approach to identifying and responding to the risk of fraud is covered in section 1 above.

During AY18/19 Internal Audit reviews were carried out on both Payroll and Procurement (as noted at section 5), these being areas which account for the vast majority of the College's annual spend. The Payroll review received a rating of Good with no recommendations, and the Procurement review was graded as Satisfactory with two of the five areas audited graded as Good. All recommendations have been taken on board by Management with an action-plan and timeline set to address these.

Any actions identified through the internal audit process are formally closed by the auditor based on the evidence provided and not by College staff. The process for closing audit actions was improved in 2018-19 to ensure that all audit actions are addressed and closed in a timely fashion. The Strategic

Leadership Team continued its focus throughout 2018-19 to ensure this position is maintained. At the October Committee meeting, three audit actions were outstanding, one of which is impacted by the ongoing development of the new UHI Risk Register reporting tool. A revised date for the other two actions was agreed by the Committee.

The annual report of the Internal Auditors provides the Audit Committee with assurances on the matters covered over the year. Each year a closed meeting of the Audit Committee is held with the internal and external auditors in advance of the October meeting, allowing members to have a conversation with the auditors without the executive staff of the College being present, giving members the opportunity to probe any matters they may wish to raise.

As part of its duties, the F&GP Committee undertakes detailed scrutiny of the accounts on a regular basis and while this is not undertaken as an audit of controls, the regular scrutiny may serve to identify any underlying issues that could point to potential breaches. The F&GP reviews and scrutinises a summary of the management accounts on a quarterly basis, with particular attention given to the performance against budget and the previous year, looking at cost and revenue variances as well as trends. Members of that Committee will raise questions and discuss any issues arising, discussions are recorded in the minutes, and these form part of the agenda and papers at each meeting of the Board.

As noted at section 1 above, the work on appropriate behaviours and communication of these will be reported to the Board in line with the work of the Staff Governance Committee, as well as relevant matters relating to training. A report on the operation of GDPR, including any breaches, is provided to the Audit Committee by a member of the Senior Leadership Team as a standing item at each meeting, along with any measures to address matters arising. Additional learning has been taken on-board at a UHI/Partnership level to improve controls over the use of emails, and increase awareness of risk of emails (e.g. phishing).

The Audit Committee will continue to reflect on how it will exercise oversight of communication and monitoring of behaviours.

3. Is the Audit Committee aware of any:

a. breaches of, or deficiencies in, internal control;

All of the historic outstanding and overdue internal audit recommendations were addressed during session 2018-19 and formally signed off by the internal auditor.

As noted above, at the October Committee meeting there were 3 audit actions outstanding, one of which is impacted by the ongoing development of the new UHI Risk Register reporting tool, and revised dates were agreed by the Committee for the other two actions. Management are acutely aware of the requirement to avoid a further recurrence of overdue audit recommendations, and the Committee will continue to have oversight of this matter at each of its meetings.

In relation to GDPR, the Committee is aware of the incidents reported as breaches to the ICO.

b. actual, suspected or alleged frauds during 2018-19

No such matters or grounds for suspicion or allegations have been brought to the attention of the Committee by management, staff or students during 2018-19.

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

The College continues to face financial and operational challenges, as does the sector in general, and indeed these challenges have intensified in the year. The Committee is aware of the current status in meeting the College's financial and operating targets and of the management actions to address matters arising, through the regular reports provided to the Board.

Academic year 2018-19 represented year three of the College's three-year Financial Recovery Plan (FRP) which was set in February 2017, following the outcome of the year ending 31 July 2015 financial performance. Subject to external audit, the College's management accounts for 2018-19 indicate that the 3rd year of the plan will see a deficit of c£250k before pension adjustments. This is against an original budgeted deficit of c£100k, set at the start of the 2018-19 academic year.

The primary reason for the above-noted adverse variance to budget was the level of the unfunded costs faced by the College, namely c£200k, unknown at the time the budget was set for the year (i.e. unfunded costs as a consequence of National Bargaining decisions). The factors impacting the variance against budget have been reviewed and discussed in detail at that F&GP Committee, and the Audit Committee has had sight of these via updates and other papers provided at Board meetings.

In light of these challenges, the College must continue to focus on financial sustainability, and measures to address the increasing level of unfunded staff pay costs. A 5-year forecast was submitted to the Scottish Funding Council (SFC) by the required date of 27 September 2019. Given the continued financial challenges facing the College, as well as others in the sector, financial performance matters will continue to take up considerable management and Board time in the coming years.

Over the past three years the College has made significant progress in addressing its non-staff related costs, with further reductions planned for 2019-20, and continues to develop and grow non-funded income. The College has demonstrated strong financial controls on expenditure as described above, and regular budget and performance meetings are conducted with budget holders.

There is pressure on the Finance Director to increase commercial income, and a Commercial Activity Group has been formed with the remit of developing this area of income. The Finance Director provides quarterly updates to F&GP Committee, and through that, to the Board. It should be noted that in 2018-19 the College exceeded its target for non-funded income, which is a positive for the College during such challenging times.

The Audit Committee is aware of the pressure to meet student number targets. While FE numbers/credits for 2018-19 are subject to audit at present, the College is ahead of its core FE credits target set by UHI/SFC. However, continuing to meet the core FE credits target will remain a challenge. With regards to HE student numbers, HE FTEs were c937 in 2018-19 compared to c935 in 2017-18, a record high for College in respect of HE students. Updates on student numbers are reported to the Board on a quarterly basis via the agreed KPI Dashboard.

5. How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2018-19?

At its May meeting, the Audit Committee received a presentation by a member of the Senior Leadership Team on the College's approach to compliance with relevant laws and regulations. A follow-up discussion on this is scheduled for the February 2020 Committee meeting.

Specific actions undertaken by the Committee have depended on the perceived risk, in line with the risk management process and underpinned by the use of the College's Risk Register.

As part of the College's process to support assurance in respect of compliance with the Code of Good Governance, an annual exercise is undertaken to gather relevant evidence in relation to all the elements of this Code, using the template developed by the Executive Office for all UHI partners. Reporting on the outcome is the responsibility of the Principal, supported by the Clerk to the Audit Committee, undertaken at the November meeting of the Audit Committee.

The College has re-established a Health and Safety Committee, which provides reports and updates on all health and safety related matters to the Staff Governance Committee, and the minutes of Staff Governance Committee meetings are tabled at all Board meetings. The annual report to the Board on Health and Safety matters will have prior review by the Staff Governance Committee.

All Audit Committee papers are circulated to UHI's Head of Internal Audit, who monitors these matters for the UHI Partnership, and who can provide feedback and comments where relevant. The Convenor of the Audit Committee attends the joint meeting of UHI Audit Committee Chairs held twice per annum. Matters of wider concern may be raised at this meeting, as well as matters of alignment.

In the period to date, no instances of such matters have been reported to the Committee, or identified to the Committee by management, apart from any relevant observations contained in this response.

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

Any such instances are raised with F&GP Committee as and when the College becomes aware, and minuted accordingly. An appropriate provision would also be made or contingent liability noted.

Any such instances are also brought to the attention of the College's external auditors, and form part of the annual audit of the financial statements.

The Committee is not aware of any such matter that would affect the College's financial statements and no such instances have been noted at the F&GP Committee or brought to the attention of the College's external auditors.

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

Over the course of the academic year, the Board sees the periodic financial summary reports described above, as well as the minutes of the discussion at the preceding meeting of the F&GP. All Committee members receive board papers, including co-opted members of the Committee. To the extent that co-opted members require additional information, the Convenor will arrange for that to be provided.

The information provided allows the Board and thereby the Committee to see the impact against the Financial Recovery Plan and budget for the current year (i.e. AY18/19). The Board also sees the budget for the coming year. The most recent draft budget for AY19/20 shows a forecast deficit for the year of c£820k, with a cash shortfall of c£320k. This budget gives considerable concern to management

and the Board reflecting as it does the impact on the College of the unfunded costs for in AY19/20 as well as for future years, with implications for the sustainability of the College.

The Chair and Principal of the College have raised this matter with UHI as the College's RSB, and discussions continue in order to determine what actions can be taken to help address the situation. SFC have also been informed. A five-year forecast/FFR was submitted to SFC prior to the required date of 27 September 2019. At this stage this forecast shows increased year on year losses and cash requirements for the College. In light of these concerns, the Chair of the Board wrote to the Auditor General at Audit Scotland, copy *inter alia* to the External Auditors. The correspondence was also copied to Board and Audit Committee members.

Audit Committee members are therefore aware of status and trends, as well as any mitigating actions planned. The budget for AY19/20 and the anticipated position for future years raise significant concerns and the Committee will be mindful of this in considering the financial statements. The Audit Committee meets jointly with F&GP to review the annual statutory accounts prior to their submission to the Board for formal approval.

The conduct of the External Audit is an agenda item at the Audit Committee meetings prior to the meeting to review the final statements, and the external auditors may use these opportunities to raise any concerns identified in the conduct of the audit. A closed meeting also takes place with Audit Committee members and the External Auditors in advance of the committee meeting.

The Board's strategic plan objectives are published on the College's website and attainment is closely monitored by the Board. Performance against KPIs are included within the Principal's report at each Board meeting. The aims of the strategic plan include a forward-looking, ten-year curriculum development strategy so that the College continues to develop offerings that meet the needs of students and employers in the area.

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

SFC guidance is issued to all Colleges in respect of the preparation of the annual financial statements, and that sets out how Colleges are required to prepare their annual accounts and matters to be reported upon. The then Financial Director of the College has the requisite qualifications to prepare the financial statements in line with the requirements of the Direction. With the departure of the Finance Director, in the interim the Finance Manager will be responsible for financial management following a handover, with the Principal being responsible for wider policy matters.

The process of providing assurance to the Committee in respect of the Code of Good Governance is described above. It also provides a framework for any audit of compliance with the Code.

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

The College submits an annual return to OSCR, namely submission of the annual statutory accounts. The Finance Director provided the Committee with an update on OSCR requirements at the February 2019 meeting, and confirmation of the OSCR submission was provided at the May 2019 Committee meeting. Going forward, a report on compliance with OSCR requirements will be a standing agenda item at each May meeting of the Committee.

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

As described above, regular financial updates are provided to the F&GP and these are recorded in the minutes and papers of the Committee. Updates include quarterly management accounts showing revenues and costs, variances, updates in respect of the FRP/Budget and forecasts, the cash flow position and anticipated outcomes.

The minutes of the F&GP Committee are provided to the subsequent Board meeting, along with a summary of the management accounts. The presentation of these matters is undertaken by the Finance Director and the Chair of F&GP. The associated discussions and questions at both the Committee and the Board should identify any issues and indeed additional information and explanation can be provide between the meeting of the Committee and the Board.

Also, as described, arrangements are in place to monitor and report to the Board on student numbers as well as to report on marketing initiatives designed to ensure targets are met, student numbers being the key driver of College income. The Finance Director also reports on commercial, non-funded activities.

11. What does the Audit Committee consider to be the related parties that are significant to the College and what is its understanding of the relationship and transactions with those related parties?

The most significant related party for the College is the UHI in its capacity as Regional Strategic Body (RSB) of the College. The RSB is responsible for setting regional strategic plans consistent with wider government policy and requirements of the Scottish Government. The RSB is also responsible for the allocation of all FE (which includes funding related to National Bargaining) and HE funded income which the College receives, along with all capital and maintenance funding allocated to the College. The funding which flows to the College from the RSB accounts for c75% of the College's total annual income.

The College is also dependant on the other academic partners within UHI for example in the delivery of teaching to students and the College also plays its part within the partnership in the delivery of certain services. The extent of dependencies and inter-dependencies is wide-ranging, and has implications for governance, financial matters, financial sustainability, reputation and risk.

Other related parties, although of much less significance, include:

- NHS Grampian, though the use of the Alexander Graham Bell Centre;
- Moray Council (i.e. nursery funded places/Moray Growth Deal); and
- Developing Young Workforce ("DYW").

While the above three are related parties, the level of their transactions with the College, both in quantity and in monetary value, are extremely low compared to the importance of the transactions with the UHI as RSB and within the UHI partnership as a whole.

12. Does the Audit Committee have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?

The relationship with UHI is multi-faceted and complex, and as far as the Committee is informed, in a large number of areas staff work together to provide a positive and constructive learning and teaching environment, and to provide the necessary support facilities such as IT or developing single policies where appropriate. Committee members are aware of good relationships in support of the students. The Committee is also aware of the work in the Assembly to consider longer term approaches across the UHI partnership and to address the issues and concerns which have been identified through that forum.

More specifically, the Committee also notes that the College has at times had a fractured relationship with its Regional Strategic Body. The most recent area where there has not been agreement relates to a dispute over the allocation to Moray College of national bargaining funding for AY18/19 in relation to FE funding, namely to the Teaching Grant element (c£70k) and a deduction made by SFC (c£30k). This matter will also impact the total level of funding the College will receive in future years.

There is a concern in relation to the governance arrangements within the partnership for dealing with disagreements and for addressing appeals. It should be noted that the value of the amount disputed does not represent the total cost and adverse impact of the consequences of National Bargaining referenced at Section 7 above.

The Committee also has wider concerns in relation to the risks arising from the interdependencies across the partnership, and in particular the potential financial implications for all partners. These matters have also been voiced in the Assembly process and in wider partnership discussions.

The responses set out above have been reviewed and discussed with the members of the Audit Committee, and they reflect the Committee's views and understanding of the matters raised in response to your letter of 31 May 2019.

Yours sincerely,



Dr Jessie McLeman
Chair of Audit Committee – Moray College UHI



Committee:	Audit			
Subject/Issue:	GDPR Update (February 2020)			
Brief summary of the paper:	Reserved This paper provides an update on GDPR compliance monitoring.			
Action requested/decision required:	For noting.			
Status: (please tick ✓)	Reserved:	✓	Non-reserved:	
Date paper prepared:	11 th February 2020			
Date of committee meeting:	18 th February 2020			
Author:	Derek Duncan			
Link with strategy: Please highlight how the paper links to, or assists with: compliance partnership services risk management strategic plan/enabler other activity (eg new opportunity) – please provide further information.	Risk Register ID Moray/25: Non-compliance with relevant statutory regulations. The College must have in place effective controls to ensure personal data is kept secure and processed in line with data protection law.			
Equality and diversity implications:	Yes – the College is both a Data Controller and Data Processor of large volumes of personal data, including special category data.			
Resource implications: <i>(If yes, please provide detail)</i>	All required resources are in place.			
Risk implications: <i>(If yes, please provide detail)</i>	Data protection breaches can lead to serious financial and reputational damage to the College.			

1. Reporting Period

This report covers the period 21st November to 11th February 2020.

2. Data Breaches and Investigations

The data breach log recorded 6 new data breach concerns, all of which were contained.

A summary of all incidents is provided in the table below:

ID	Investigation or Data Breach?	Description	Resolution/Decision
35	Data Breach	<p>A student submitted a request for mitigating circumstances which was routed to one of their course lecturers instead of the designated Personal Academic Tutor.</p> <p>Crucially, sensitive medical data was not shared.</p>	<p>A review of the issue confirmed that the wrong PAT data had been communicated to the administration services centre and subsequently configured into the student records system.</p> <p>A full audit of PAT data was carried out and an additional review process was initiated to check the accuracy of the PAT data.</p>
36	Data Breach	<p>Student assessment feedback was incorrectly routed via the Brightspace Virtual Learning Environment to the wrong students.</p> <p>This was classed as a data breach because feedback is personal data. No other personal data was exposed.</p>	<p>The staff member involved was given advice on the use of Brightspace and an all-staff email was issued to highlight the mechanism for routing information to students on Brightspace.</p> <p>Students confirmed that the feedback had been deleted from their accounts.</p>
37	Investigation	<p>A staff member raised concern about personal data stored on the EST share, however the staff member was fully authorised to access the information.</p>	<p>The file was removed as a precaution.</p> <p>Permissions on the EST share were reviewed by the ITU Manager.</p>
38	Data Breach	<p>An all-student emergency SMS text message sent on the evening of 13th January following the emergency closure of the College and resulted in some former students receiving the message.</p> <p>Classed as a data breach as processing was no longer appropriate.</p>	<p>The issue was traced to an incorrect address book entry in Txttools (the SMS messaging platform).</p> <p>An audit was carried out on the HR data extract (for staff contacts) and the SITS core student extract to confirm that the data was correct.</p> <p>The TxtTools database was re-refreshed with the audited data.</p>

ID	Investigation or Data Breach?	Description	Resolution/Decision
39	Data Breach	<p>A staff member clicked on “Reply All” to an email request for exam resit students sent by the Exam Centre.</p> <p>The response was copied to all UHI Module leaders within the partnership.</p>	<p>The use of “BCC” would have mitigated the risk, but the root cause was “Reply All”.</p> <p>The breach was contained and the data did not leave the partnership.</p>
40	Data Breach	<p>A member of staff logged into the UHI Student Journey Website and forwarded a summary of student support requirements to a lecturer in Inverness with the same name as the intended lecturer based in Perth College.</p> <p>The message remained fully within the Student Journey System at all times.</p>	<p>LIS intervened and cleared the message within the Student Journey System.</p> <p>Inverness College confirmed that the person had not read the summary report.</p> <p>The summary report is designed to mitigate the impact of any breach, the full details are held centrally and not shared.</p> <p>The line manager of the staff member concerned provided additional guidance.</p>

3. Breach Summary

Recent breaches reflect the use of ICT systems and how easy a breach can occur due to either:

- Incorrect data configuration.
- Making the wrong selection on a screen.

The College Data Protection Policy notes the risks involved within the partnership due to the use of contact lists containing large volumes of staff and students, increasing the risk of multiple instances of the same or similar names and therefore increasing the risk of mis-identification.

It’s important to note that in these cases, staff generally self-refer incidents immediately, which demonstrates a good level of understanding of what to do when a breach is suspected.

4. ICO Reporting

None of the recent data breaches met the test for ICO reporting. Following feedback from the College’s independent DPO, the data breach handling guidelines issued by the Article 29 Data Protection Working Party have been adopted which has improved the breach reporting decision making process.

5. Subject Access Requests (SAR)

No subject access requests were received in the reporting period.

6. Right to Erasure

No rights to erasure requests were received in the reporting period.

Committee:	Audit			
Subject/Issue:	Policy Schedule Update			
Brief summary of the paper:	<p>The policy schedule has been updated to reflect 2 approvals since the last report.</p> <p>The HR policy review group has identified the need for further consideration of on-going work around the College Staff Survey which will slightly delay approvals slightly.</p>			
Action requested/decision required:	For noting			
Status: <i>(please tick ✓)</i>	Reserved:		Non-reserved:	✓
Date paper prepared:	14 th February 2020			
Date of committee meeting:	18 th February 2020			
Author:	Derek Duncan			
Link with strategy: Please highlight how the paper links to, or assists with: compliance. partnership services risk management strategic plan/enabler other activity (eg new opportunity) – please provide further information.	Risk Register ID Moray/18: Non-compliance with relevant statutory regulations.			
Equality and diversity implications:	Yes – a key statutory requirement which underpins all operational areas of the College.			
Resource implications: <i>(If yes, please provide detail)</i>	Schedule is achievable and involves College Directors and members of the HR Policy Review group led by the HR Manager.			
Risk implications: <i>(If yes, please provide detail)</i>	Non-compliance due to deficient policies, training or leadership carries a risk to staff, learners and 3 rd parties, as well as possible legal and reputational damage to the College.			

Policy Schedule Update

2 policies were approved by the Staff Governance Committee since the last update reducing the total outstanding from 17 to 15:

- Long Service Award Procedure
- Overtime Working Procedure (Support Staff)

The work of the HR Policy Review group identified more time was required to approve the Qualifying Period and additionally, two further HR policies:

Policy	Reason for delay
Qualifying Period	Needs to consider staff survey feedback and on-going consultation with staff.
Stress in the Workplace	Needs to consider staff survey feedback and on-going consultation with staff. Impact of new H&S and Wellbeing post to be considered.
Employing Leaving Arrangements	Consideration of a new <i>leavers exit survey</i> which is currently under consideration as part of a collaborative work within the UHI partnership.

Update on other Policies for Review 2019/20

Please see the tracking sheets at the end of this document.

Policies Updates on Hold

The following policies are on hold and the reasons are outlined in the table below:

Policy	Reason for Hold
Commercialisation Strategy	Requires further discussion within F&GP.
Estates Asset Procedures	To be integrated into UHI Servicedesk system (Unidesk).
Estates Strategy	SLT currently consideration position statement in line with future funding expectations.
Support for Consultation Procedure	This procedure is reviewed in line with the College RPA. The College local RPA is to be reviewed within session 19/20
Job Evaluation & Regrading Procedure	This procedure will be replaced by a National procedure and is therefore not being reviewed.
Staff Review Procedure	Awaiting update on national bargaining and UHI policy.
Student Advice, Personal Development Planning and Guidance Policy	To be replaced with new regional policy due session 19/20.
Student Attendance Policy and Procedures	Regional approach to be adopted.

Tracking Data – by Staff

(Including 3 regional policies as part of the Single Policy Environment)

Resp. Person	Scheduled for review 19/20	Single Policy Development	Grand Total
Director IPSS	1	2	3
Director of Finance	1		1
Director of HROD	8		8
Head of Estates	1	1	2
Quality Officer	1		1
Grand Total	12	3	15

Tracking Data – by Board Committee for Approval

Approving Committee or SLT	Policy/Strategy/Procedure Name	College or Regional?	28/01/2020	10/03/2020	12/05/20	13/05/20	06/06/20	09/06/20	16/06/20	tbc	Grand Total
Building / F&GP	Smoke-free Policy	College							1		1
Building / F&GP	Work Placement Policy	Regional						1			1
F & GP	Course Fee Policy (FE)	College		1							1
F & GP	Records Management	College							1		1
LTQ	Academic Quality Policy	College							1		1
LTQ	Student Complaints Policy	Regional					1				1
LTQ	Tertiary Equality and Diversity Policy	Regional					1				1
SGC	Absence from Work Procedure	College			1						1
SGC	Employee Leaving Arrangements	College			1						1
SGC	Qualifying Period Procedure	College			1						1
SGC	Rehabilitation Procedure	College			1						1
SGC	Relocation Scheme	College			1						1
SGC	Staff Recruitment & Selection Procedure	College			1						1
SGC	Stress in the Workplace	College								1	1
SLT	Joiners, Movers and Leavers Procedure	College				1					1
Grand Total			3	1	3	1	2	1	3	1	15

AUDIT COMMITTEE OF THE BOARD OF MANAGEMENT OF MORAY COLLEGE

Terms of Reference

Authority and Responsibility

- 1.1 The Audit Committee is accountable to the Board of Management of Moray College and is authorised to assess the adequacy and effectiveness of the College's management and control systems.
- 1.2 The responsibilities of the Audit Committee are to review and monitor the College's operations as set out below, and to advise and provide assurance to the Board appropriately:
 - 1.2.1 the governance and management of the College and the effectiveness of corporate governance, and internal management operations and control systems;
 - 1.2.2 the risk management arrangements, including the Committee's responsibilities as set out in the Risk Management Process as agreed by the Board;
 - 1.2.3. adequacy of the College's financial management arrangements and controls, including any matters raised as part of the annual external audit;;
 - 1.2.4. effectiveness of the arrangements for safeguarding the assets of the college, including the funds at its disposal;
 - 1.2.5. effectiveness of the arrangements for monitoring certain key control processes, such as disclosure arrangements;
 - 1.2.6. to review and advise on annual internal and external audit plans;
 - 1.27. to monitor and make recommendations arising from audits undertaken by College management, any UHI-wide audit or by the internal and external auditors, and monitor and advise on the timely implementation of any associated recommendations;
 - 1.28. to ensure the College systems operate in an efficient, effective and economical manner that promotes full compliance with guidance and regulations governing the Further and Higher Education Sectors;
 - 1.2.9. to ensure the College systems provide value for money in the provision of services and purchasing; and
 - 1.2.10. to review and advise on the provision of internal and external audit services.

2 Membership

- 2.1 The Committee should comprise at least three independent non-executive members appointed by the Board. The experience of the members should preferably but not exclusively cover the areas of finance, accounting or auditing and risk management, but at least one member should have recent relevant financial or audit experience.
- 2.2 In order not to jeopardise, or to be perceived to jeopardise, the Audit Committee's objectivity or independence, members should not have executive responsibility for the management of the College or its finances, or be a member of the Finance & General Purposes Committee. The Chair of the Board should not be a member of the Audit Committee.
- 2.3 The Board may appoint to the Committee co-opted independent non-executive members who are not members of the Board, and who have particular relevant experience or expertise. Co-opted members may not be appointed to be Convener of the Committee or attend Board meetings but their status in other respects will be equivalent to full Board members, including the provision of information provided to Board members.
- 2.4 The Board will appoint the Convener of the Committee.

3 Proceedings

- 3.1 The Committee will meet no less than three times a year and the timing and content should meet the requirements and schedule of the Board meetings.
- 3.2 The Committee will meet jointly with the Finance and General Purposes Committee to review the annual report of the external auditors and the associated financial statements of the College on which that report is based.
- 3.3 The Officer to the Committee will be the Finance Director of the College. The internal auditors will normally be invited to attend all meetings. The Committee Chair may invite members of the College executive/staff to attend any meeting to provide information about particular agenda items, with reference to the areas of responsibility under discussion.
3. The Committee may sit privately without any non-members present for all or part of a meeting if they so decide;
3. The external auditor should attend, as a minimum, any meetings where relevant matters are being considered such as planned audit coverage, the audit report on the financial statements and the audit management letter.
- 3.5 Both internal and external auditors have a right of access at any time to the Convener of the Committee, and also the right to ask the Convener to convene a meeting if either deems it necessary. They also have the right to ask for such meeting to be in closed session.

- 3.6 Internal and external auditors will meet with the Audit Committee once per year in private without any College executive in attendance.
- 3.7 The Clerk to the Board of Management will act as Secretary to the Committee. S/he will be responsible for establishing and maintaining effective mechanisms to inform the Committee of relevant reports and other publications that impact on the Committee's work.
- 3.8 At all meetings, the quorum shall be at least one third of the total number of its members, subject to a minimum of three where the substantive membership is five or more, or two where it is less than five.

4 Annual Report

- 4.1 The Committee will provide an annual report to the Board of Management, consistent with current relevant guidance and templates, as amended from time to time, for such reports made by Public Sector bodies.

DATE; Draft to Audit Committee May 2019.



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

SFC CALL FOR INFORMATION

Institutional Efficiency
Issue Date: 7 February 2020
Reference: SFC/CI/03/2020

Institutional Efficiency

Issue date: 7 February 2020

Deadline: 3 April 2020

Reference: SFC/CI/03/2020

Summary: A request for each institution to provide details of their contribution to the Scottish Government's efficiency objectives, in particular efficiencies for the academic year 2018-19.

FAO: Principals, Finance Directors and Board/Governing Body Secretaries of Scotland's colleges (including Regional Strategic Bodies) and universities

Further information: **Contact:** Ann Robertson
Job title: Senior Financial Analyst
Department: Finance
Tel: 0131 313 6689
Email: arobertson@sfc.ac.uk



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Institutional Efficiency

Purpose

1. This call for information requests each institution to provide details of their contribution to the Scottish Government's efficiency objectives, in particular efficiencies for academic year 2018-19.

Background

2. Scottish Ministers expect every public body to deliver efficiency savings of at least 3% in each year and to report publicly on the actions taken and the results achieved.
3. This efficiency programme allows public bodies to demonstrate, where appropriate, how and to what extent they have used efficiencies to protect quality and level of services and maintained outputs and outcomes.
4. The Scottish Funding Council (SFC) is required by the Scottish Government to publish an annual statement of efficiencies.

2018-19 Efficiencies

5. Guidance is included for your information at **Annex A**.
6. In calculating the 2018-19 efficiencies, institutions should use the previous year as a baseline, therefore showing year-on-year efficiencies, not a cumulative figure.

Regional Strategic Bodies (RSBs) and assigned colleges

7. For all assigned colleges, please send completed versions of **Annex B** and **Annex C** to your Regional Strategic Body (RSB) by 20 March 2020 to allow the RSB to send a consolidated (or batch of individual returns) to SFC to meet the deadline of 3 April 2020.

Audit requirements

8. There is a possibility that Audit Scotland will want to review this information so it is important that the evidence being held at each institution is detailed and robust enough for audit purposes.
9. We recommend that you use appropriate internal management and governance arrangements to ensure the robustness of the efficiency information by including a review of the underlying processes within the scope of your Audit Committee's remit.

Example efficiencies

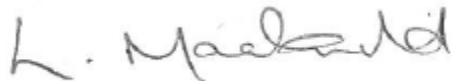
10. You will find a [list of example efficiencies](#) for your reference taken from previous returns on the SFC website.

Next steps

11. Please email a completed Excel version of **Annex B** and a Word version of **Annex C** by Friday 3 April 2020 to isg-returns@sfc.ac.uk.

Further information

12. Please contact Ann Robertson, Senior Financial Analyst, Institutional Sustainability and Governance for further information, tel: 0131 313 6689, email: arobertson@sfc.ac.uk.



Lorna MacDonald
Director of Finance

Cash-releasing and time-releasing

1. For the purposes of this efficiency savings target period 2018-19, there is a requirement for the efficiencies to be represented by cash-releasing efficiencies. Time-releasing efficiencies will not count towards the target, but should also be reported.
2. To be clear, we do not expect your efficiencies to necessarily have an impact on your level of surplus / deficit for the year as they can be savings that have been recycled within the institution.
3. The definitions of cash-releasing, notional cash and time-releasing efficiencies provided previously in Scottish Government guidance are as follows:
 - Cash-releasing efficiencies are achieved by delivering an actual resource efficiency because the organisation or function delivers the same service at a reduced cost which might be demonstrated by delivering the same outcome(s) or output(s) for a reduced input (e.g. costs, people, procurement, assets etc) or delivering a reduced unit cost allowing an increased volume of service for the same cost. Cash efficiencies release financial resources to be used for other or increased public services.
 - Notional cash efficiencies are achieved where an organisation can clearly demonstrate it has made an efficiency that releases staff resource to allow it to deliver necessary additional services e.g. in support of Ministerial priorities, within existing budget, this avoids the need for additional funding. It is essentially no different from a cash-releasing efficiency and, as such, it is likely to be eligible to contribute towards the efficiency target.
 - Time-releasing efficiencies are defined as efficiency measures which do not release cash but allow frontline services to deliver better services with the same money (for example, through workforce reform or better support).

Associated development costs

4. It should only be in very exceptional circumstances that it is necessary to offset development costs against the value of improvements as the underlying development will normally have been planned to meet one or more business objectives, and not solely to generate a contribution to the efficiency savings target.

Income generation

5. Where finance has been levered in from an organisation outwith the public sector and this has freed resources which could be redeployed, then that funding can be counted as an efficiency, provided the level of service delivery is

maintained or improved. This does not apply to funding levered in from other Scottish public sector organisations since such arrangements would have no net effect on the public sector.

6. An activity category (i) is included in the pro-forma (**Annex B**) for returns, to allow this information to be collected.

Staff restructuring

7. The efficiency gains arising from any recent staff restructuring can be included in the return.

APUC procurement savings on collaborative contracts

8. SFC collects these savings from Advanced Procurement for Universities and Colleges (APUC) direct and a total for each sector will be included in the final report.

Pro-forma (Annex B and Annex C)

9. **Annex B** will allow you to enter the activities contributing towards your institution's efficiencies for the period 2018-19, split into cash and time-releasing efficiencies in the year. The pro-forma, attached as **Annex B**, is similar to that included in sector communications in previous years.
10. An example of a cash efficiency is the sale of a surplus asset, e.g. a building or land plot. The bulk of the efficiency will be the one-off cash gain from the sale. However there may also be some recurring efficiencies from the sale of an asset if ongoing maintenance costs are reduced or eliminated and the first year of those savings should also be counted.
11. As with the previous return, we are collecting information on a wide range of activities, including the following (the workstream code is shown in brackets):
 - Business process improvements (BPI).
 - Collaborative activities (C).
 - Shared services (S) (for example, efficiencies brought about by services provided centrally by the Joint Information Systems Committee (JISC) or the Higher Education Authority (HEA)).
 - Procurement (P) (independent of and in addition to the gains secured by APUC). Where you are reporting on savings achieved through local contracts (contracts not managed by APUC) please report on the savings using the

Scottish Cross-sector Benefits Reporting Methodology¹.

- Estates (E) (for example, proceeds from sale of a surplus asset; reduction or elimination of ongoing maintenance costs; energy saving projects; space planning; and rationalisation of estates).
 - Income (i).
 - Other (O) – any other areas of improvements you are aware of that do not fit under the other headings, including one-off gains.
12. Please note that the pro-forma asks for figures to be entered in '£000'.
 13. **If you are not sure whether an activity counts towards the target** please still include it on the form and identify the uncertainty on the form beside the activity and highlight this in the email you send covering the returned form. SFC will consider and, if necessary, discuss with the Scottish Government.
 14. **Annex C**, which was introduced for the first time last year, is a high level document that summarises the information in **Annex B**. The form requires a sign-off by the head of the institution. This form is in a similar format to the final report published by SFC.

¹ Available on the APUC Buyer's Portal

Committee Plan - Audit Committee – 2019-20

<i>Date</i>	<i>Event</i>	<i>Agenda or Outcomes</i>	<i>Responsibility of</i>	<i>Notes</i>
8-10-2019	Audit Committee am	Private Meeting between Audit Committee and Internal Auditors	Convenor Committee members	
8-10-2019	Audit Committee meeting pm	Agenda: <ol style="list-style-type: none"> 1. Minutes of Previous meetings 2. Emerging Issues 3. Internal Audit Plan 2019-20 4. Internal Audit Progress Reports 2018-19 5. Student Activity Data Report 2018-19 6. Student Support Funds Report 2018-19 7. SFC Student Support Funds Return 2018-19 8. EMA Return 2018-19 9. EMA Year-end Statement 2018-19 10. Internal Audit Reports <ul style="list-style-type: none"> ○ Procurement ○ 11. Risk Register and Risk Appetite 12. Update on Status of Audit Register 13. Update on Status of Policy Schedule <ul style="list-style-type: none"> ○ Summary overview on status of all policies 14. Annual Report of Audit Scotland on Colleges 15. Draft Letter to EY to Those Charged with Governance 16. Current arrangements for monitoring theft 17. Report on NFI 18. Annual Paper on Fraud 	Convenor FD Internal Auditors External Auditors Clerk Minute Secretary Mr D Duncan	

		<ul style="list-style-type: none"> 19. Update on Quality Assurance and Improvement – Nikki Yoxall 20. Review of Committees work planning 21. Draft Annual Audit Report to the Board 22. Annual Paper on Fraud 		
26-11-2019	Audit Committee am	Private Meeting between Audit Committee and External Auditors	<ul style="list-style-type: none"> Convenor Audit Committee members External Auditors 	
26-11-2019	Joint Audit & Finance and General Purposes Committee meeting pm	<p>Agenda:</p> <ul style="list-style-type: none"> 1. Minutes of Previous Meetings 2. Emerging Issues 3. Update on Audit Register 4. Risk Register 5. Internal Audit: Annual Report to the Board of Management and Principal on the provision of Audit Services 2018-19 6. Internal Audit Plan 2019-20 and supporting timeline 7. Internal Audit Reports: Henderson Loggie 8. Policy Schedule <ul style="list-style-type: none"> a. Plan and timeline 9. External Audit: Ernst Young Draft Report on the 2018-19 Audit 10. Audit Committee's Annual Report to the Board of Management 11. Annual Procurement Report from F&GP 12. Final version of completed checklist for Code of Good Governance 13. Final letter to EY To Those Charged with Governance 14. Statutory Accounts 2018-19 	<ul style="list-style-type: none"> Convenor FD Internal Auditors External Auditors Clerk Minute Secretary 	
18-02-2020	Audit Committee am	Review and refine Board and Committee Evaluation process and documentation	<ul style="list-style-type: none"> Convenor Clerk 	Circulate revised process and agreed documents to whole Board

			Director of Learning and Teaching	
18-02-2020	Audit Committee meeting pm	<p>Agenda:</p> <ol style="list-style-type: none"> 1. Minutes of Previous Meetings 2. Emerging Issues 3. Update on Audit Register 4. Risk Register 5. Internal Audit Plan 2019-20 6. Internal Audit Progress Reports 2019-20 7. Audit committee effectiveness review 8. Discussion on arrangements for Externally facilitated Board Effectiveness Review 9. Appropriate Risk Training 10. Possible framework for centralisation of resources and shared initiatives across UHI 11. Reporting and Monitoring Theft 12. Quality Assurance and Improvement Progress Report 13. Deep Dive into Compliance 14. Alignment of Audit Committee's TOR and Annual Workplan 15. Update on future internal audit provision 16. Discussion on possible Collaboration with UHI on Internal Audit Provision 17. Discussion on timing of November Audit meeting 	<p>Convenor FD Internal Auditors Clerk Minute Secretary</p> <p>Jason Thurlbeck</p>	
19-05-2020	Audit Committee am			
19-05-2020	Audit Committee meeting pm	<p>Agenda:</p> <ol style="list-style-type: none"> 1. Minutes of Previous Meetings 2. Emerging Issues 3. Update on Audit Register 4. Risk Register 	<p>Convenor FD Internal Auditors External Auditors Clerk</p>	

		<ol style="list-style-type: none">5. Internal Audit Progress Reports for 2019-206. Internal Audit Plan for 2020-20217. External Audit: Annual Audit Plan for the 2019-20 Audit8. Board and Committee Evaluation Report9. Report to Committee on OSCR Return	Minute Secretary	
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