

Board of Management Audit Committee

Date: 21 February 2018

Time: 2pm

Room: 1074b

A G E N D A

			Presented by
1	Welcome and Apologies		HC
2	Declaration of Interest		HC
3	Minute of Meeting of 21 November 2017	(attached)	HC
4	Matters Arising		HC
4.1	Feedback from Recommendations to the Board	(verbal)	HC
	<ul style="list-style-type: none"> • Publication of Individual Internal Audit Reports • External Audit Report and Financial Statements for 2016-17 • Audit Committee annual report 		
4.2	Strategic Risk Register – amend inherent risk in risk no. 4	(verbal)	CT
5	Internal Audit Contract – Tender update	(attached)	KH
6	GDPR & Cyber Security		
6.1	GDPR Update Report	(attached)	CT/AG
6.2	Cyber Security Update Report	(attached)	CT/AG
7	*Internal Audit Reports		
7.1	*Human Resource Management - Sickness Absence	(attached)	PC
7.2	Progress Report	(attached)	PC
8	Audit Scotland Statutory Fees Letter	(attached)	CT
9	Strategic Risk Register	(attached)	CT
10	Any Other Business		
11	Date and Time of Next Meeting – Tuesday, 15 May 2018 at 2pm		

*Individual Internal audits reports are not published on the website; they are included in the published annual internal audit report

Board of Management-Audit Committee

Minute of the Meeting of the Audit Committee of the Board of Management of Dumfries and Galloway College held on 21 February 2018 at 2 pm in Room 1074b

Present: Hugh Carr (Chair) Pat Kirby
Stuart Martin Naomi Johnson

In attendance: Carol Turnbull, Principal Karen Hunter, Finance Manager
Philip Church (RSM) Brian Johnstone (Board Chair)
Andy Glen (VP Performance & Planning) Ann Walsh (Board Secretary)

Minute Taker Heather Tinning, (Executive Team Assistant),

1 Welcome and Apologies

The Chair welcomed members to the meeting. The Chair advised that Delia Holland had resigned from the Audit Committee and he extended thanks to her for her years of contribution and commitment to this committee. He will seek for a new member to join the Committee at the next Board meeting.

The Secretary to the Board confirmed the meeting was quorate.

Action: Discussion to be taken forward to the Board Meeting on 13th March, for a volunteer to join the Audit Committee, following Delia Holland's resignation

2 Declaration of Interest

Members agreed to indicate declarations of interest as appropriate throughout the meeting.

3 Minute of Meeting of 21st November 2017

The Minute of the meeting of 21st November 2017 was approved.

4 Matters Arising

4.1 Feedback from Recommendations to the Board

- Publication of Individual Internal Audit Reports
- External Audit Report
- Financial Statements for 2016-17
- Audit Committee Annual Report

The Chair confirmed that the Board approved the Committee's recommendation that Individual reports will not be published on the website, with the Annual Summary continuing to be published on the college website.

The Board received the external audit report and approved the financial statements for 2016/17.

The Board received and approved the Audit Committee Annual Report

4.2 Strategic Risk Register – amend inherent risk in risk number 4

The Principal advised that the error in the calculations had now been amended.

5 GDPR & Cyber Security

5.1 General Data Protection Regulations (GDPR) Update

The Vice Principal Performance and Planning (VP (P&P)) spoke to the report which had been issued, highlighting the Action Plan which details the requirements for the new General Data Protection Regulation which comes into effect from 25 May 2018. Moving forward, the VP (P&P) advised:

- New Data Audit Software had been purchased
- Following Interviews in March and a successful recruitment of a Shared Data Protection Officer (DPO), the DPO will be based one day a week at Dumfries and Galloway College
- Currently progressing an additional service from JISC to undertake an audit and report on GDPR
- Staff training comprising of an e-learning package will take place in the new Financial Year. The training will also be rolled out to all Board Members

Action: The Board Secretary to liaise with all Board members with regard to the e-learning training

Members noted the report and subsequent actions by the College.

5.2 Cyber Security Update

The VP (P&P) spoke to the report which had been issued, highlighting key points:

- The Cyber Security Information Sharing Partnership (CiSP) Membership is now in place
- Positive reports received from the Cyber Essentials Pre Assessment carried out on 12th February 2018
- The VP (P&P) reported on the activity within the IT Department with regard to actions that have been undertaken in terms of moving forward

The Principal asked the committee to note how robust college systems and processes are.

Members noted the report and progress made to date.

6 Internal Audit Reports

6.1 Human Resource Management – Sickness Absence

Philip Church spoke to the report, which had been issued following an Audit of Sickness Absence. The college's iTrent programme was introduced in 2015, which allows Managers to update Sickness Absence, process Return to Work and identify patterns in absence for staff within their area. Training had been arranged for the new Curriculum Managers when they commenced their new posts. Ownership of recording absences lies with Line Managers and not the HR Department. In conclusion the report detailed reasonable assurance that controls are in place, based on one medium and four low actions.

Members noted the report.

6.2 Internal Audit Progress Report

Philip Church spoke to the report, which had been issued advising that the Internal Audit Plan for 2017/18 was approved by the Audit Committee on 16th May 2017. Mr Church advised that no negative opinions have been provided within reports to date and that the remaining reports will be presented at the May 2018 Committee meeting.

Members noted the report.

7 Audit Scotland Statutory Fees Letter

The Principal asked members to formally note the Audit Scotland Statutory Fees Letter, as an indication of the fees for the 2017/18 audit of Dumfries and Galloway College.

8 Strategic Risk Register

The Principal spoke to the Strategic Risk Register, highlighting changes to the risks, including:

- Risk No 14 – ‘Non-compliance with GDPR’ (new risk added)
 - Mitigating actions in place with an inherent risk of 12
- Risk No 5 – ‘University of the West of Scotland’ - Propose to remove the risk
 - Dialogue will be kept open and should discussion re-occur would bring back to the table
- Risk No 2 – ‘Public Sector Funding Cuts’ – Propose to amend to ‘Financial Sustainability’
- Risk No 4 – ‘Unable to achieve credit (activity) target’ – Propose to reduce the risk factor from 12 to 8
 - The Principal reported on the improved position of 500 credits short of target, and that it is expected to achieve the credit target. The Principal advised of funding received specifically for HN Childcare places. As we were not able to achieve the amount of places, a potential clawback is expected.

Decision: Members approved the changes to the Strategic Risk Register

9 Any other Business

None.

10 Date and time of Next Meeting

The next meeting of the committee is to take place on Tuesday 15 May 2018, at 2 pm.

Philip Church left the meeting.

11 Internal Audit Contract – Tender Update

The Finance Manager spoke to the report which had been issued, seeking Members’ views regarding the process and other aspects of the tender. The report highlights the Advanced Procurement for Universities and Colleges (APUC) Framework, identifying eight appointed contractors. The Finance Manager advised of the options identified in the Framework, including a mini-competition for the Companies listed in the Framework, which would allow more influence over choice and appointment of service. The Finance Manager advised that a new APUC Framework will replace the current one at the end of June 2018. Should members choose to wait until the new Framework, which will have an increased focus on Quality, is in place it would mean extending the appointment of the current internal auditor for a further year. Members discussed the options.

Decision: Members decided to wait for the new APUC Framework to be in place

Action: To extend the contract with the current internal auditor, RSM, for a further year

Board of Management-Audit Committee

Minute of the Meeting of the Audit Committee of the Board of Management of Dumfries and Galloway College held on 21 November 2017 at 2 pm in Room 1074b

Present: Hugh Carr (Chair) Pat Kirby
Stuart Martin Naomi Johnson

In attendance: Carol Turnbull, Principal Karen Hunter, Finance Manager
Philip Church (RSM) Brian Johnstone (Board Chair)
David Eardley (Scott-Moncrieff)
Ann Walsh (Board Secretary)

Minute Taker Heather Tinning, (Executive Team Assistant),

1 Welcome and Apologies

The Chair welcomed members to the meeting. Apologies were intimated on behalf of Delia Holland.

The Secretary to the Board confirmed the meeting was quorate with enough members present to allow decisions to be made.

2 Declaration of Interest

Members agreed to indicate declarations of interest as appropriate throughout the meeting.

3 Minute of Meeting of 19th September 2017

The Minute of the meeting of 19th September 2017 was approved.

4 Matters Arising

4.1 Removal of Names within all Audit Reports

Following discussion at the last Audit Committee meeting, the Principal confirmed that the names recorded in all future Audit Reports will be replaced with Job Titles.

4.2 Marketing Strategy

The Principal advised that the Board Members approved the 3-year Marketing Strategy, at the Board Meeting on 10th October 2017.

4.3 GDPR

The Chair confirmed that the discussion on the General Data Protection Regulation (GDPR) is to be deferred to the Board Meeting, taking place on 12th December 2017.

4.4 Publication of Individual Internal Audit Reports

The Secretary to the Board provided governance advice, taking note of the College Development Network (CDN) guidance which is that all reports should be published where possible, dependant on the sensitivity of the content. This is advice from CDN also notes that the decision regarding what to publish is taken by each individual organisation. Philip Church reminded Committee Members that the Internal Audit Annual Report summarises all work undertaken, and includes decisions from each Internal Audit Report. During discussion concern was raised that individuals could be recognised from the reports even without names due to the small numbers that may be included in the audits.

Decision: Individual Internal audits reports will remain internal documents and not published on the website; these audits are included in the published annual internal audit report. This to be recommended to the Board

5 2016-17 External Audit Annual Report - draft

David Eardley spoke to the draft External Audit Annual report for 2016/17, which is a summary of work undertaken on the Audit of the Financial Statements and the Annual Accounts. The Draft Accounts will be signed at the Board of Management Meeting on 12th December 2017. David Eardley reported that following assessment of the Annual Accounts, there were no significant weaknesses identified. Although three areas for improvement were identified during the final audit, these improvements have already been actioned ie:

- For future severance schemes the College considers the form of the contract made between the college and the employee, mindful of SFC guidance
- The College should ensure registers of interest are updated on at least an annual basis
- Review of reconciliations between the Payroll System and General Ledger should be undertaken in a timely manner to reduce the risk of error

The Chair thanked the Finance Manager and the Finance Team.

Discussion took place regarding the 5-year projection going forward and the concern that the majority of colleges will be facing deficit. The Principal advised that the Scottish Government are aware of funding pressures.

Members noted the work of the Audit Committee for the period August 2016 to July 2017.

6 Draft Financial Statements 2016-17

The Finance Manager spoke to the report and draft Financial Statements for year ended 31 July 2017, reporting on the highlights, including:

- Finance and General Purposes Committee have monitored the budget over the year with the aim to have an underlying break-even position which has been achieved
- Although the accounts will show a loss for the year of just over £1m, the non-cash pension adjustment and use of depreciation cash enables the break-even position
- Achieved credit target for 2016/17
- Deferred Government Grants included in the balance sheet
- Depreciation cash used for Voluntary Severance Payments

Members discussed the impact that the new GDPR regulations may have on personal details included in the financial statements, including:

- Names of the Executive Team Members
- Pension Contribution, of which some may be personal

Members noted that the College is compliant in what is disclosed and that this information must be identified.

Members commended a Comprehensive report.

Actions:

- Members to feedback any comments on the narrative to the Finance Manager
 - The Finance Manager to include a reference on the External Review of Board Effectiveness
- Decision:** Members noted the draft audit opinion and recommended for approval to the Board the draft Financial Statements for the year ended 31 July 2017

7 Draft Audit Committee Annual Report - updated

The Chair spoke to the report, advising of the activities and decisions of the Committee during the Financial Period 2016-17. Members noted the increase in Membership.

Decision: Members recommend the Draft Audit Committee Annual Report to the Board of Management

8 Internal Audit Reports**8.1 Student Activity Data**

Philip Church spoke to the final Student Activity Data report, advising that there were adequate procedures in place. The College has well designed controls which are operating effectively. Members noted overall a very positive report, with Substantial Assurance that controls are effectively managed.

Members noted the report.

8.2 Student Support Fund

Philip Church spoke to the revised final Student Support Fund report, reporting of Substantial Assurance that controls are consistently applied and operating efficiently. Mr Church advised that the report has been revised, following removal of names from the previous report.

Mr Church advised that both reports will form part of the Annual Internal Audit Report.

Members noted the report.

8.3 Progress Report

Philip Church spoke to the Internal Audit Progress report, which is an update in terms of the Internal Audit Plan 2017/18 approved by the Audit Committee on the 16th May.

Members noted the report.

(Philip Church left the meeting, prior to discussion on re-tendering)

9 Internal Audit Contract – due to be re-tendered

The Finance Manager advised that the current Internal Audit Contract, with RSM, has been in place since 2009, and suggested that it would be good practice to re-tender. Procurement Agency, APUC, will administer the tender process on behalf of the college, for a 3-year contract period with the option to extend. The Finance Manager reported on the Firms identified on the Procurement List. The Chair suggested that Audit Committee Members take part in a panel to evaluate tender returns. Members agreed that the last annual fee amounting to over £17,000 was very competitive.

Decision: The Committee agreed to start the process and will advise the Board

10 Strategic Risk Register

The Principal spoke to the Strategic Risk Register, highlighting that no new risks had been added, however changes to the narratives include:

- Risk No 6 – ‘Public Sector funding cuts – forecast for session 2017/18’

Updated to reflect the current budget for 2017-18 is forecasting a break-even position

- Risk No 4 – ‘Unable to achieve credit (activity) target’

Updated to reflect the ongoing work to monitor progress against targets

Decision: Members approved the Strategic Risk Register

Action: The Principal to amend the error of the Inherent Risk in Risk No 4, for approval at the Board Meeting on 12th December 2017

11 Any other business

None.

12 Date and time of Next Meeting

The next meeting of the committee is to take place on Tuesday 20 February 2018, at 2 pm.

DRAFT

Audit Committee

TENDER FOR THE COLLEGE INTERNAL AUDIT CONTRACT

1. Purpose of the Report

- 1.1 The purpose of this report is to provide an outline of the procurement and tender for the College Internal Audit Contract, and ask for the Committee's input for the evaluation criteria and other aspects of the tender.
- 1.2 Advance Procurement for Universities and Colleges (APUC) have established a Framework Agreement for internal audit services, which has eight appointed contractors:
- Scott Moncrieff
 - Tiaa
 - BDO
 - Henderson Loggie
 - KPMG
 - Mazars
 - PWC
 - Ernst & Young
- 1.3 The Framework allows the College to undertake a mini-competition in order to appoint a contractor, which will be more efficient and straightforward to undertake than implementing a full tender exercise, and is still fully compliant with the relevant procurement regulations. Alternatively, the Framework allows for a 'call-off' and the College could simply appoint the first-ranked contractor.
- 1.4 This report has been prepared on the assumption that the Audit Committee would prefer to opt for a mini-competition in order to have some input over the evaluation and appointment of the Internal Audit Contractor.

2. Timetable for the mini competition

- 2.1 The proposed timetable for running the mini competition is as follows:

Draft timetable and evaluation criteria to be reviewed by Audit Committee	Wednesday 21 February 2018
Send Mini Competition Invitation to Tender (ITT) to APUC to Review	Monday 16 April 2018
Review APUC recommendations prior to uploading to PCS / Quick Quotes	Thursday 18 April 2018
Tender Issued	Tuesday 01 May 2018
Tender Return	Midday Friday 25 May 2018

Audit Committee

Evaluation of Tender Responses/ Presentation?	Thursday 31 May 2018
Award Date	Friday 01 June 2018
Service Commences	Wednesday 01 August 18

2.2 The proposed timetable above allows for a presentation by the tenderers as per of the evaluation, and allows some flexibility in the timing of the tender evaluation and any presentations.

3. Evaluation criteria

3.1 The draft evaluation criteria for the ITT is as follows:

	Weighting	Award Criteria	Sub-weighting
Price	45%		45%
Quality	55%		
		Management Structure	10%
		Audit Experience	10%
		Audit Cycle –plan and responsibilities	5%
		Sample Reports	5%
		Audit Approach	5%
		Quality assurance	5%
		Audit Procedures	2.5%
		Range of Specialist expertise	2.5%
	10%	Presentation	5%
		Question and Answer Session	5%

Audit Committee

4. Recommendation

Members are asked to review the proposals, including the timetable and evaluation criteria, as well as assess if a presentation by the tenderers would be appropriate and suggest any changes.

Audit Committee

General Data Protection Regulations (GDPR) Update Report

1 Introduction

The new General Data Protection Regulations (GDPR) come into effect on 25 May 2018 and puts the subject rights at the forefront. These regulations emphasise that data subjects continue to 'own' data. The regulations apply to the processing of data in the EU, whether the data subject is an EU citizen or not, and also to data concerning an EU citizen processed outwith the EU. This means that any institution working with any EU based organisation or who has EU staff or students will require to comply and be able to demonstrate that they meet the requirements. Furthermore, under GDPR, the definition of personal data has been expanded to include IP address, biometric data, mobile device ID and genetic data, if they can be linked back to an identifiable individual.

This report aims to give Board members an indication of the progress to date for the College to become fully compliant with the new GDPR.

2 The Report

2.1 Progress To Date

In order to ensure the review and documentation of data is as accurate and GDPR compliant as possible, the College has purchased Data Audit software, specifically designed for use with GDPR. This software records all of the key information related to data the College holds, including the reason for processing, the legal basis for processing, retention periods and who the data is shared with. The software also produces GDPR compliant reports and GAP analysis on areas of GDPR which have not been recorded. The College has begun to conduct data audits on data held in the main College systems, using this software. The outcomes of these data audits will help define new privacy notices, which under GDPR have to be specific about the data the College is collecting. Ayrshire College are due to visit the College to see this software.

The College is in the final steps of formally signing up to the APUC DPO (Advanced Procurement for Universities and Colleges Data Protection Officer) shared service. Once in place, the shared service will act as a nominated DPO for the College, to comply with the GDPR requirement. The current proposal, from APUC, is that we share the nominated DPO with Ayrshire College and The Royal Conservatoire of Scotland. As part of this shared service, the College will have a DPO on site for 1 day per week. APUC are issuing job adverts for these posts w/c 5th February, with interviews scheduled for 12th and 13th March.

The College has arranged for GDPR consultancy from Jisc, which is available at no additional cost above the current Jisc subscription. Jisc's consultant will prepare a report on the Colleges compliance with GDPR. The first step of this is a survey which will be sent to pre-identified members of staff. This is scheduled to take place w/c 12th February. JISC should then provide a report around the end of February, highlighting areas the College needs to address for GDPR compliance. This will be compared to the current College plan to ensure there are no gaps.

The College has been attending the, newly formed, SCIGG user group (Scottish College Information Governance Group). This has proved a useful resource with presentations from UCAS lawyers and the

Information Commissioner’s Office (ICO) on GDPR. It has also proved a valuable means of discussing the interpretations and impacts of GDPR with other colleges and HE institutions as well as sharing resources.

After discussions with Dumfries and Galloway College HR Manager and HR Officer it was decided to offer GDPR training to all staff, including members of the Board. It is unclear from the GDPR guidance if this is a legal requirement but it was considered to be best practice by HR. Three providers were identified, our current HR software supplier, our current online training provider, and one provider being used by another college, as having suitable online GDPR training materials. After review by HR, the College will use the training content provided by our current online training provider. A roll out plan for staff will be agreed with HR and implemented in the near future. Further discussions with HR and individual departments will dictate whether more specialist training is required for any staff.

2.2 Action Plan

Below is a summary of the high level actions required for GDPR compliance, with the progress to date

Action	Status	Target Completion Date
Audit and document all personal data held by the College	In progress	25 May 2018
Appoint DPO	In progress	25 May 2018
Review and rewrite policies and procedures relating to GDPR	In progress	25 May 2018
Review and rewrite privacy and data collection statements	Incomplete	25 May 2018
Staff training (including Board members)	Incomplete	25 May 2018
Review requirement for and agree data sharing agreements with 3 rd parties	Incomplete	25 May 2018

3 Recommendation

The Audit Committee is asked to note the paper and subsequent actions by the College.

Andy Cowan
 Business Systems Manager
 9/2/2018

Audit Committee

Cyber Resilience

1 Introduction

Progress update on Cyber Resilience accreditation compliance. As detailed previously to the full board of the College. This update gives a timeline of key activities and progress made on each milestone area.

2 The Report

As previously reported the college is well placed on the compliance timeline. The Audit Committee will wish to assure themselves in more detail that operationally that we are progressing to ensure that we are fully compliant with the cyber resilience framework.

Appendix A outlines the high level project plan that the college is adopting.

Highlights of the project so far include:

- The working level and senior management contacts have been communicated to the Scottish government resilience unit.
- CiSP membership was completed in December 2017.
- Cyber Essentials pre assessment carried out on 12/02/18. (Awaiting results)

The Cyber Essentials pre assessment will give a baseline of what areas will need attention to allow progression to compliance. This key piece of information will demonstrate a gap analysis of where we need to be and how close we are to that level. It will also pinpoint key areas of action required.

3 Recommendation

The Committee is asked to note the paper and progress made to date

Eric Dunbar
IT Manager
13/02/18

Audit Committee

Appendix A

Cyber Resilience Action Points

	Key Action	Action Taken	Action Deadline	Completion Date	Notes
1	Register with Scottish Government Cyber Resilience Unit	Registered IT Manager & Network Administrator as nominated contacts.	31/11/17	21/11/17	
2	Board/Senior Management-level commitment	Carol Turnbull Principal & CEO Nominated.	30/06/18	15/12/17	
3	CiSP Membership	Membership sponsor found and application lodged successfully	30/06/18	15/12/17	
4	Cyber Essentials pre assessment		30/06/18	12/02/18	Carried out by Barrier Networks
5	Review and implementation of Cyber Essentials pre assessment report		31/03/18		
6	Incident Response procedure implementation.		30/06/18		
7	Training and Awareness Raising		30/06/18		Outside ICT departments remit

8	Review 5 Active Cyber Defence Measures and procedures	30/06/18	Complete before applying for final accreditation
9	Apply for Cyber Essentials accreditation	31/10/18	
10	Next steps review	31/10/18	Review process and decide if higher level of accreditation is required in future.
11	Monitoring and Evaluation of achieved accreditation	Ongoing	

Eric Dunbar
IT Manager
13/02/18



DUMFRIES AND GALLOWAY COLLEGE

Internal Audit Progress Report

21 February 2018

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no
responsibility or liability in respect of this report to any other party.





CONTENTS

1 Introduction.....	2
2 Reports considered at this Audit Committee.....	3
3 Looking ahead.....	4
4 Other matters	5
Appendix A: Internal audit assignments completed to date	6
For further information contact	7

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Management actions for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is solely for the use of the persons to whom it is addressed and for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

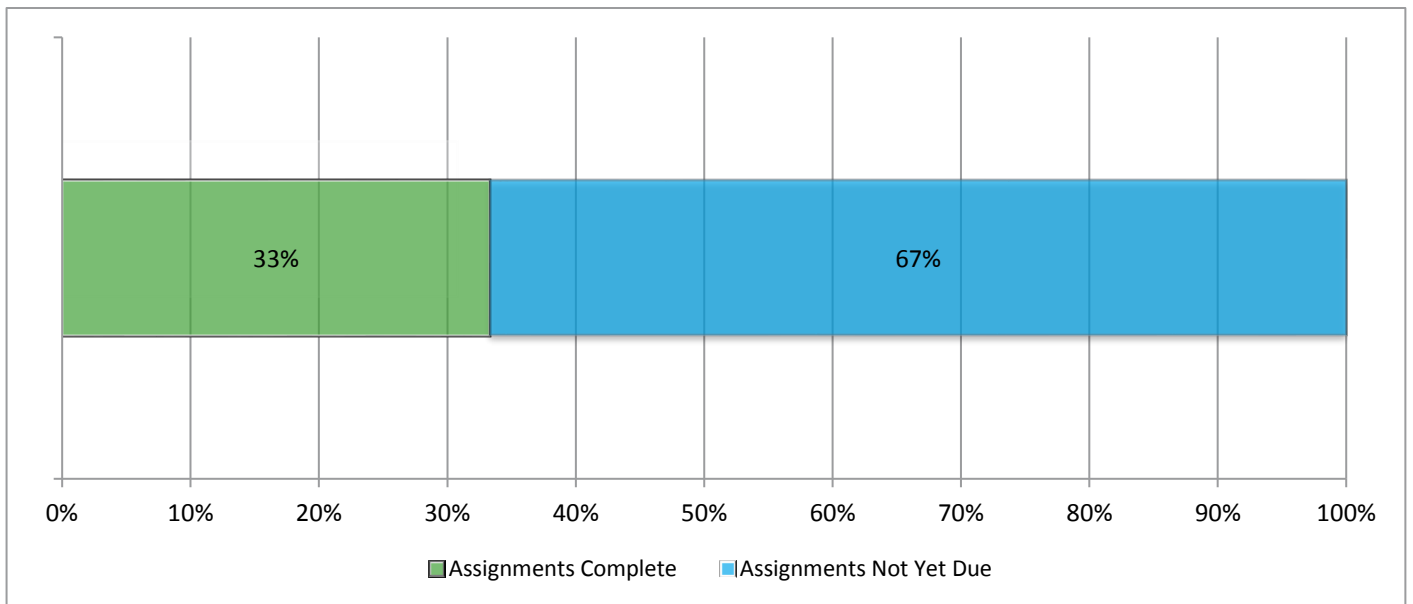
We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

1 INTRODUCTION

The internal audit plan for 2017 / 2018 was approved by the Audit Committee on 16th May 2017.


The table below provides a summary update on progress against the 2017 / 2018 plan.



2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

This table informs of the audit assignments that have been completed and the impacts of those findings since the last Audit Committee held.

We have finalised one report since the previous meeting and this is detailed in the table below:

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Human Resource Management – Sickness Absence	Final		4	1	0

2.1 Impact of findings to date

The Audit Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. In particular, the Audit Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion.

3 LOOKING AHEAD

Assignment area	Status	Target Audit Committee meeting
CTS	Fieldwork complete	May 2018
Student Journey	Fieldwork planned for week commencing 26 th February	May 2018
Follow Up of Previous Internal Audit Recommendations	Fieldwork planned for week commencing 26 th February	May 2018
Value for Money	Fieldwork planned for week commencing 26 th March	May 2018
Procurement	Fieldwork planned for week commencing 26 th March	May 2018

4 OTHER MATTERS

4.1 Key performance indicators (KPIs)

Delivery	Quality		Quality	Quality	
	Target	Actual		Target	Actual
Draft reports issued within 10 days of debrief meeting	10 days	8 days (average)	Conformance with PSIAS and IIA Standards	Yes	Yes
			Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	As and when required
Final report issued within two days of management response	2 days	3 days (average)	% of staff with CCAB/CMIIA qualifications	>50%	100% ytd
			Turnover rate of staff	<10%	No staff turnover in 2017 / 2018
			Response time for all general enquiries for assistance	Two working days	2 days (average)
High & Medium recommendations followed up	100%	Follow up review planned for week commencing 26 th February	Response for emergencies and potential fraud	One working days	N/A

APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Reports previously seen by the Audit Committee and included for information purposes only:

Assignment	Opinion issued	Actions agreed		
		L	M	H
Student Support Fund	Substantial	0	0	0
Student Activity Data	Substantial	0	0	0

FOR FURTHER INFORMATION CONTACT

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Philip Church, Client Manager

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Mrs Carol Turnbull
Principal
Dumfries and Galloway College
College Gate
Bankhead Road
DUMFRIES
DG1 4FD

13 December 2017

Dear Mrs Turnbull,

Audit Scotland Statutory fees – 2017/18 audits

The purpose of this letter is to give you an indication of the fees for the 2017/18 audit of Dumfries and Galloway College. This is based on Audit Scotland's overall budget proposals that will be considered by the Scottish Commission for Public Audit (SCPA).

Fee setting arrangements

We have set audit fees based on our fee strategy which was revised in 2016 following consultation with stakeholders. The two key principles underpinning our fee setting arrangements are that:

- audit fees should be set with the objective of recovering the full cost of audit work in each sector
- the cost of the audit should be independent of the identity or location of the auditor.

We reduced average fees by 8.6% in real terms last year. We told you then that we expected to further reduce 2017/18 audit fees in real terms. I am pleased to confirm that this year we are reducing average fees by a further 1.1% in real terms.

Fees

The expected fee for each body assumes that it has sound governance arrangements in place and operating effectively throughout the year, prepares comprehensive and accurate unaudited accounts and meets the agreed timetable for the audit.

The average change in audit fees from the 2016/17 for further education bodies is -0.1% in real terms (+1.5% in cash terms).

Expected fee for 2017/18

The expected fee for Dumfries and Galloway College for the 2017/18 audit is:

	2017/18	2016/17
Auditor remuneration	£13,740	£13,600
Pooled costs	£880	£850
Audit support costs	£760	£770
Total expected fee	£15,380	£15,220

The actual amount that you will pay will depend on the amount of the audit fee agreed with your auditor Scott-Moncrieff. Fees can be agreed between the auditor and audited body by varying the auditor remuneration by up to 10% above the level set (20% for bodies with an expected fee below £25,000), for example, where significant local issues require additional work to be undertaken. In exceptional circumstances higher remuneration can be agreed with the prior agreement of Audit Scotland.

What do audited bodies receive for the fee?

The scope of the public sector audit model in Scotland, as explained more fully in Public audit in Scotland¹ means that the audit fees cover a wide range of audit work and related outputs.

All bodies receive a **financial statements audit** that includes an auditor's opinion on whether the financial statements present a true and fair view for the year. This opinion is supplemented by an annual audit report that summarises the key audit findings and auditor conclusions on aspects of the wider scope requirements of the Code of Audit Practice². These are public documents and help to explain the local audit work that was undertaken and key findings.

Every year around 10 to 12 **performance audit reports** are produced and published on our website. The aim of these is to provide independent assurance to the people of Scotland that public money is being spent properly and that it provides value for money. Local government bodies contribute to the costs of relevant reports through audit fees. Other performance audit work is funded by the Parliament. Some examples of forthcoming reports **due out in 2018 and 2019** are:

- Early learning and childcare
- Local Government Overview reporting in 2017/18
- Managing the implementation of the Scotland Acts
- Scottish Fire and Rescue Service - an update
- Are ALEOs improving council services?
- Children and young people's mental health

Best Value toolkits have also been prepared to provide support to all public bodies in improving their services.

Invoices

Bodies will be invoiced shortly for a payment on account, based on 1/3 of the expected fee. Further instalments (adjusted where possible for the amount of the fee agreed with the auditor) will be invoiced in March/April 2018 and August 2018.

A final invoice will be issued if necessary, once all 2017/18 audits are complete, to adjust for any late changes to agreed fees.

Please let me know if there is anything that you wish to clarify or discuss further.

Yours sincerely



Elaine Boyd
Assistant Director – Appointments and Assurance

¹ http://www.audit-scotland.gov.uk/docs/corp/2015/as_150511_public_audit_scotland.pdf

² <http://www.audit-scotland.gov.uk/report/code-of-audit-practice-2016>

Audit Committee

Strategic Risk Register

1 Introduction

- 1.1 The purpose of this paper is to provide the Audit Committee with the opportunity to review the College's Strategic Risk Register.

2 The Report

- 2.1 In accordance with the College's Risk Management Policy any risk with an inherent rating of 12 or above must have mitigating controls in place and where the residual rating remains above 12 should be reviewed at least quarterly in order to identify if any further actions could be taken to reduce the residual rating to below 12. For completeness all risks are included in the attached register, in order of high to low ratings.
- 2.2 The Principal and Executive Management Team routinely review the Strategic Risk Register to reflect the risks the College is facing and the mitigation that will be applied to each risk. There are currently 10 strategic risks, four of which are rated 12 or above.
- 2.3 One new risk has been added:
- Risk No 14 – 'Non-compliance with GDPR', with an inherent risk rating of 12
- Changes have been made to the following:
- Risk No 1 – 'National Pay Bargaining'. No change to the risk factor but updated to reflect that the college still awaits its funding allocation for 2018-19
 - Risk No 5 – 'University of the West of Scotland – Review of property and provision in Dumfries'. There has not been any further discussion/information regarding this for some considerable time. It is recommended to remove this from the risk register
 - Risk No 2 – 'Public Sector funding cuts – forecast for session 2017-18'. It is recommended that this should be changed to 'Financial Sustainability' to better describe the risk faced by the college. An update has been provided
 - Risk No 13 – 'Cyber Attack'. No change to the risk factor, however updated to reflect current position
 - Risk No 4 – 'Unable to achieve credit (activity) target'. It is recommended to reduce the Risk factor from 12 to 8 to reflect current position

3 Recommendation

- 3.1 It is recommended that the Audit Committee consider and, if so minded, approve the Strategic Risk Register.

Strategic Plan 2017-2018 Risk Register

Risk No.	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Risk Owner
		Likelihood	Impact	Total				Likelihood	Impact	Total		
1	National Pay Bargaining	4	4	16	1. Detailed financial planning undertaken and approved by Finance and General Purposes Committee to ensure "affordability" of any offer. 2. National negotiation processes in place with recognised unions. 3. Government public sector pay guidance for 2017-18 is for maximum 1%, College budget will reflect this.	1. Feedback to EMT and the Board 2. Included in budget which is monitored and reported through F&GP and Board 3. Sound internal planning and monitoring to ensure service continuity in event of industrial action 4. College adopts a pragmatic approach to budget and scenario planning.	Internal/ External	3	4	12	December 2017 - EIS have declared a formal dispute in respect of 2017/18 Cost-of-Living Pay Award. February '18 - Discussions re 2017-18 pay award are ongoing. SFC have indicated that there will be funding to cover costs of harmonisation of lecturer's pay for 2018-19 in Funding allocation but no confirmation received as yet.	EMT
6	Failure to achieve attainment targets	4	4	16	1. Real time monitoring systems in place 2. Strategies in place to improve retention. 2. Strategies in place to improve student success 3. Poorly performing programmes removed from the curriculum.	1. Monitored at course level and review by Vice Principal (Learning and Skills) 2. Monitored through self evaluation process and reported to ET and L&T committee	Internal/ External	3	4	12	Moving forward achieving attainment targets agreed with the SFC in the Regional Outcome may be a condition of grant. Low attainment can also be detrimental to college reputation. For 2017-18 changes been made to Induction, ongoing monitoring of KPIs and data analysis. New Academic structure allows for closer monitoring. Moving towards proactive flagging of vulnerable students for close monitoring.	EMT
3	Governance issues: Reclassification and other changes to governance reduce the flexibility of the College to manage financial and estates issues and meet targets in the Outcome Agreement.	4	4	16	1. Executive Management Team and Finance Manager representation at relevant briefings and ongoing monitoring of changes 2. External audit advice	1. Appropriate and robust internal planning and monitoring arrangements 2. Regular liaison with Scottish Funding Council	Internal/ External	3	4	12	The Board of Management and EMT continue to monitor the situation. December 17 - Capital Funding remains a concern.	EMT
14	Non-compliance with GDPR	3	4	12	1. Recruitment of specialist, 1 day per week in partnership with Ayrshire College and Conservatoire in Glasgow. 2. JISC undertaking audit of college current processes. 3. Internal check on systems and Processes. 4. Online training of staff.	1. Standing agenda item on Audit Committee agenda. 2. Senior College Manager leading on development.	External/ Internal	3	4	12	College is well placed in terms of data protection but work is ongoing to measure gap and take appropriate actions.	EMT
4	Unable to achieve credit (activity) target	3	4	12	1. Real time monitoring system. 2. Contingency plans in place to offer additional provision as required. 3. Annual review of staffing and provision to rebalance areas of growth with areas of decline. 4. Annual review carried out by internal audit	1. Reviewed by EMT on a weekly basis 2. Curriculum areas looking to run additional courses to address shortfall. 3. KPI reported and discussed at each board meeting 4. Provision made in accounts for clawback 5. Marketing strategies for 18/19 recruitment	Internal / External	2	4	8	Early warning strategies to be implemented to improve early retention. . November 2017 - work is ongoing to monitor and progress against targets. February 2018 - College is maximising all credits for FE and HE courses, resulting in a reduction in the predicted gap between actual v target credits.	EMT

Strategic Plan 2017-2018 Risk Register

Risk No.	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Risk Owner
		Likelihood	Impact	Total				Likelihood	Impact	Total		
5	University of West Of Scotland - Review of property and provision in Dumfries.	4	3	12	1. Principal continue to discuss with Senior Management of UWS. 2. Principal and Vice Principal on the Joint Academic Strategy Group. 3. Regular reporting and discussion at EMT as information becomes available.		Internal/ External	2	3	6	Continue dialogue with UWS. Keep SFC informed of potential loss of contribution to college overheads from UWS for shared accommodation. Also potential loss of articulation opportunities for College students if UWS provision if reduced. Recent discussion indicate UWS not near making a decision at this point in time.	EMT
2	Public sector funding cuts - forecast for session 2017-18	4	4	16	1. Scenario planning undertaken and measures to offset reduction identified which is then used to inform curriculum planning. 2. Annual review of provision undertaken through planning and budgetary process to ensure match of income and expenditure.	1. Curriculum plans approved by EMT and L&T 2. Budget approved by the Board	Internal	1	4	4	November 2017 - Current Budget for 2017-18 forecast break-even position. December 2017 - Recent budget announcement forecast flat cash settlement for colleges, however details unknown at this stage. February 2018 - Break-even position forecast for 2017-18. No further details re settlement for 2018-19 available as yet.	EMT
13	Cyber attack	3	4	12	1. Janet network (via JISC) provides secure connectivity. 2. Regular reporting at ET. 3. Constant scanning to identify potential attacks/network vulnerabilities. 4. VP CS&G and IT Manager meets regularly with JISC account Manager	1. Janet secure network provides a high speed, highly reliable and secure, world-class network, enabling national and international communication and collaboration to the UK research and education community. 2. Regular updates from JISC on potential attacks/network vulnerabilities 3. EMT meetings/minutes 4. Internal Audit 2016/17	External/ Internal	1	4	4	Jisc's Security Operations centre is responsible for monitoring and resolving any security incidents (detect, report, investigate) that occur on the network. They also provide an enhanced service for the detection and mitigation of Denial of Service (DoS) attacks that occur across the network. February 2018 - The recent requirement placed on the college by the Scottish Government to adhere to the cyber resilience measures have resulted in the college undertaking an audit of where we are compared to the new standards. If necessary an action plan to achieve the cyber resilience standards will be developed and monitored through our audit committee.	EMT

Strategic Plan 2017-2018 Risk Register

Risk No.	Risk Description	Inherent Risk			Controls in Place	Assurances	Internal/ External	Residual risk			Further Action	Risk Owner
		Likelihood	Impact	Total				Likelihood	Impact	Total		
10	Imbalance between demand for student support funds/bursaries and funds available	3	3	9	1. Detailed analysis and monitoring of spend undertaken on an ongoing basis by Finance Manager, discussed monthly with VP (CS&G) who updates ET. 2. Allocation and amounts reviewed on an annual basis to ensure funding constrained within amount available. 3. Annual review carried out by internal audit	1. EMT Meetings/Minutes 2. Internal Audit Report presented to Audit Committee	Internal /External	1	3	3	December 2017 - Requested additional funding for 2017/18 that has been provided. February 2018 - College received additional student support grant that will meet demand.	EMT
9	Prevent Duty – disruption due to threat of extremism / risk of external influences	3	4	12	1. Vice Principal attendance at local multi-agency CONTEST group 2. Regular reporting of Prevent issues at EMT. 3. Constant scanning to identify new potential threats.	1. College Prevent Action Plan 2. CONTEST meetings/minutes 3. EMT meetings/minutes 4. 80% staff trained by Sept '17	External/ Internal	1	2	2	Vice Principal leading on Prevent Action Plan, any issues would be identified through regular reporting at EMT. Immediate concerns to be raised with contact within Police Scotland. Review of evacuation procedures in relation to 'stay safe' has taken place. The College is kept updated through SOCCT Group and appropriate action taken	EMT