

**AUDIT COMMITTEE MEETING**

**MINUTE OF MEETING HELD ON 04 JUNE 2024 AT 16:00 VIA TEAMS**

<b>Present:</b>		
Gillian Brydson (Chair)	William Dowson (WD)	Malcolm MacLeod (MM)
Ann Hill (AH)	Sue Irving (SI)	Jamie Ross (JR)
<b>In attendance:</b>		
Caroline Stuart (CS)	Joe McGraw (JM)	Andrew Reid - Azets (AR) Amy Hughes - Azets (AM)
Douglas Dickson (DD)	Karen Hunter (KH)	Michael Gibson – RSM (MG)
Lorraine Grierson (LG)	Alexandra Elkins (Minute taker)	
<b>Apologies:</b>		
Joanna Campbell (JC)		

**1. Welcome and Apologies for Absence | Verbal | G. Brydson**

- 1.1. The Chair welcomed everyone to the meeting and the meeting was recorded as quorate.
- 1.2. The Committee noted that Gillian Brydson would step down as Chair of the Audit Committee following the meeting. The Chair of the Board of Management expressed gratitude for her contribution.
- 1.3. Apologies were noted as above.

**FOR APPROVAL**

**2. Minutes of Previous Meetings and Matters Arising**

**2.1. Minute of the Last Meeting 19 March 2024 | Paper 2.2 | Approval | G. Brydson**

- 2.1.1. It was noted that item 2.2.1 of the minute, Executive Capacity, will be deferred and will not be tabled at the Remuneration Committee meeting in June 2024.
- 2.1.2. The minute/confidential minute of the last meeting were approved as an accurate record of the meeting.

**2.2. Action Log | Paper 2.2 | Paper 2.3 | Approval | L. Grierson**

- 2.2.1. The Committee agreed to close item 1 due to future inclusion of an emerging risk register currently being progressed which will be tabled for the Audit Committee moving forward. All other actions were noted as complete.

**2.2.2. The Committee approved the Action Log.**

**3. External Audit Plan and Scope of Work | Paper 3.1 | Approval | AR**

- 3.1. Andy Reid and Amy Hughes from Azets joined the meeting and outlined key risks, areas of focus, and scope of the audit plan as set out by Audit Scotland. Additional detail of the timetable of reporting was shared. Comments and questions were invited on the content of the External Audit Plan.
- 3.2. The Committee scrutinised the item on the valuation of land and buildings in relation to an agreed depreciating policy on page 15. Azets confirmed that valuations would be input each year as a desk top review based on replacement, valuation, or market data, where appropriate Azets would engage professional valuers as required.
- 3.3. The Committee welcomed the clear guidance on responsibilities set out for the College and Auditors.
- 3.4. The expectation for staff to be on-site during periods of auditing was explained and it was confirmed that arrangements to move towards on-site audits in a hybrid format would be agreed with the Executive Director of Finance.
- 3.5. One Member queried the item 'use of resources to improve outcomes' and how this would be measured? It was explained that the newly introduced item referred to arrangements and processes in place to effectively identify, track and monitor KPIs and a wider range of items will be included in the scope of audits moving forward.
- 3.6. **The Committee Approved the External Audit Plan and Scope of work.**

**4. Internal Audit Plan and Scope of Work | Paper 4.1 | Approval | M. Gibson**

- 4.1. M. Gibson from RSM introduced the Internal Audit Plan 2024/25 which had been developed in conjunction with the Executive. Audit areas had been proposed and remained flexible. Comments and questions were invited on section 2 of the report.
- 4.2. A query was raised on page 4 regarding the source material of risk data for clarification. It was confirmed that the standard graphic applied to the primary strategic risk register. It was confirmed that the audit plan is risk based and mapped against the Strategic risks in the register.
- 4.3. The variation of fees per item was queried on page 5 and it was confirmed that costs were determined on the number of days allocated per audit and therefore subject to variances. It was agreed to inspect the resources allocated and make revisions as deemed appropriate with consultation and agreement with the SLT as required.
- 4.4. **ACTION: - Inspect resources allocated per audit. MG/DD/KH.**
- 4.5. **The Committee Approved the plan for 24/25 with agreed actions.**

**5. Strategic Risk Register | Paper 5.1 | Approval | L. Grierson**

- 5.1. The Committee were asked to review Risk 4 - Financial Fraud and Risk 11 - Failure to Achieve and Maintain Systems and Operable and Secure ICT, which sit with the Audit Committee. An update was provided for risks overseen by Finance and General Purposes

and Learning and Teaching committees. It was noted that Risk 8 gross and net rates had been reduced in line with continued improved PIs.

- 5.2. The committee agreed to make no further change to risk 4.
- 5.3. Risk 11 - The Committee discussed confidence in the level of residual risk and requested assurance from the Executive around the item. The Chair of the Board and other Members supported an increase in the level of residual risk and likelihood to maximum amber rating due to the elements of cyber risk outwith our control. Mitigations around the staff resource within the ICT team were queried re succession planning and reassurance was provided.
- 5.4. The Depute Principal welcomed a review of the risk but cautioned against any change without initially reviewing the existing mitigations. A number of recent interventions and key areas of focus to mitigate risk were shared ie Cyber Essentials, training and infrastructure improvements. Discussion followed on the evolution of the cyber risk, external risk factors and the impact of an amber risk level. The role of the Board in adding value to the debate was reiterated and although there was understanding that the Executive Leadership team were confident in the mitigations, the Board members on the Committee determined that an increase was required. These discussions culminated with agreement that the residual rating would be increased to 15 (3/5).
- 5.5. The Chair confirmed that an increase in likelihood and impact for risk 11 was agreed and the mitigations and narrative in relation to Risk 11 would be reviewed and tabled at the next meeting.
- 5.6. Risk 7 - An update on the progress towards resolving the Unison pay dispute was provided and settlement expected in June. EIS FELA discussions were on-going, and negotiations will continue to achieve a resolution. .... The Committee acknowledged the impact of the ongoing industrial action.
- 5.7. **ACTION: - Changes to Risk 11 to be applied as discussed. JM**
- 5.8. **The Committee approved the risk register.**

## **6. Risk Management Policy | Paper 6.1 | Approval | D. Dickson**

- 6.1. In response to Internal Audit recommendations, the Policy has been revised to encompass all activity. The Policy included increased clarity on responsibilities and a structured framework.
- 6.2. The Committee welcomed the revisions, and a query was raised on section 5 regarding the clarity of the item on escalation management and the role of ELT. The Depute Principal advised on the item, and it was suggested that inclusion of a diagram to support the narrative would be helpful, and this was agreed.
- 6.3. It was proposed and agreed that additional narrative be included to enhance the flexibility of the timescales for reviewing certain risks, for example financial sustainability. The Committee were satisfied that risks are reviewed each month at SLT meetings and escalated to Board level when necessary.

- 6.4. **ACTION: - An organogram to be designed and included at section 5 with clarity around the role of ELT/Audit Committee. Additional narrative to be included regarding flexible timeframes to monitor risks. DD**
- 6.5. **The Committee approved the Risk Management Policy.**

## FOR DISCUSSION

### 7. **Internal Audit Progress Report | Paper 7.1 | M. Gibson**

7.1. It was reported that 6 audits had been completed, 2 were in progress and 1 is at the planning stage. Both Business Continuity and On-boarding Process audits which were in progress. All audits contained within the plan were expected to be completed within the agreed timeframe.

7.2. **The Committee noted the Internal Audit Progress Report.**

### 7.3. **Awarding Body Activity Report | Paper 7.2 | M. Gibson**

7.4. Following conclusion of the Awarding Body Activity Audit Report substantial assurance had been provided with 2 low priority management actions identified. The Committee welcomed the positive report.

7.5. **The Committee noted the Report.**

### 7.6. **Internal Audit Tracker | Paper 7.3 | L. Grierson**

7.7. It was noted that 3 reports remained open and one new Report had been added. Out of 21 actions, 12 were now closed and 9 were ongoing, however completion of all actions was expected within agreed timeframes.

7.8. **The Committee noted the Report.**

Non-Board and Non-Executive attendees left the meeting at 17.21 hrs.

### 8. **Whistleblowing Report (Confidential for committee members/ELT only) | Paper 8.1 | for noting | D. Dickson**

8.1. Confidential minute taken.

### 9. **Committee Self Evaluation and Terms of Reference | Paper 9.1 | L. Grierson**

9.1 The Board Secretary discussed the content of the evaluation survey with members who were happy with the content.

9.2 LG advised that the terms of reference had been reviewed and point 4.16 had been added bringing the content up to date. LG advised that the responsibilities outlined in the terms of reference had been mapped against the business schedule and the committee could take assurance that all their remit was covered throughout the year.

- 8.5 The Committee noted the survey results and took comfort in the knowledge that all business was being attended to as per the business schedule.

**FOR INFORMATION ONLY**

**10. AOCB**

- 10.1. No further business was raised.

**11. Date of the Next Meeting**




- 11.1. The date of the next meeting is scheduled for Thursday 19 September 2024 at 1600hrs.



**Dumfries and  
Galloway College**

One step ahead

Item 2  
AUD0624-2.2

Key	
	Ongoing
	Closed
	Overdue

## AUDIT COMMITTEE ACTION LOG 04.06.24

No	Meeting Date	Action	Lead	Deadline	Status	Commentary
1	13/6/23	To ensure the Risk Register reflected the strategic needs of the College, the item is to be included as part of a future strategy event.	LG	May 24 Dec 24	Ongoing	<p>Bd Secretary to liaise with Chair of the Board to include in Strategy meeting in May 24.</p> <p><b>June Update:</b> this has been postponed to fall in line with Zurich risk training for board members and to align with Ambition 2030 which will happen later this year.</p> <p>As part of the risk review an emerging risk register is to be produced which will be presented to Audit Committee each quarter which will identify potential risks and closer scrutiny of the risk register.</p>
2	19.03.24	<b><u>Internal Audit Tender Update</u></b> KH to communicate the agreed extension to the contract with RSMUK.	KH	June 24	Closed	RSMUK have agreed to the extension.



# Dumfries and Galloway College

External Audit Annual Plan

Year ended 31 July 2024

June 2024



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# Introduction

## Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Dumfries and Galloway College (“the College”) for the year ended 31 July 2024 for those charged with governance.

Our audit work will cover:

- the financial statements within the 2023/24 annual report and accounts
- the wider scope areas of public audit
- any other work requested by Audit Scotland.

## Adding Value through the Audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the College through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the College promote improved standards of governance, better management and decision making and more effective use of resources.

## Feedback

If there are any elements of this audit plan to which you do not agree or you would like to discuss, please let us know as soon as possible.

Any comments you may have on the service we provide, the quality of our work, and our reports would be greatly appreciated at any time. Comments can be reported directly to any member of your audit team.

This plan has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audits Services to third parties.

## Openness and transparency

This report will be published on Audit Scotland’s website <http://www.audit-scotland.gov.uk/>

# Audit scope and general approach

## Responsibilities of the auditor and the College

The [Code of Audit Practice](#) outlines the responsibilities of external auditors appointed by the Auditor General for Scotland and it is a condition of our appointment that we follow it.

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

The College has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing a set of annual report and accounts that are in accordance with proper accounting practices. The College is also responsible for complying with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

[Appendix 2](#) provides further details of our respective responsibilities.

## Risk-based audit approach

We follow a risk-based approach to the audit that reflects our overall assessment of the relevant risks that apply to the College. This ensures that our audit focuses on the areas of highest risk. Our audit planning is based on:

<b>Discussions with senior officers</b>	<b>Our understanding of the further education sector, its key priorities and risks</b>	<b>Attending &amp; observing the Audit Committee</b>
<b>Guidance from Audit Scotland</b>	<b>Discussions with Audit Scotland and public sector auditors</b>	<b>Discussions with internal audit and review of plans and reports</b>
<b>Review of the College's corporate strategies and plans</b>	<b>Review of the College's corporate risk register</b>	<b>Outcomes of prior year audits</b>

Planning is a continuous process and our audit plans are updated during the course of our audit to take account of developments as they arise.

## Communication with those charged with governance

Auditing standards require us to make certain communications throughout the audit to those charged with governance. These communications will be through the Audit Committee.

## Partnership working

We coordinate our work with Audit Scotland, internal audit, other external auditors and relevant scrutiny bodies, recognising the increasing integration of service delivery and partnership working within the public sector.

### **Audit Scotland**

Although we are independent of Audit Scotland and are responsible for forming our own views and opinions, we do work closely with Audit Scotland throughout the audit. This helps identify common priorities and risks, treat issues consistently across the sector, and improve audit quality and efficiency. We share information about identified risks, good practices and barriers to improvement so that lessons to be learnt and knowledge of what works can be disseminated to all relevant bodies.

Audit Scotland undertakes national performance audits on issues affecting the public sector. We may review the College's arrangements for taking action on any issues reported in the national performance reports which have a local impact. We also consider the extent to which the College uses the national performance reports as a means to help improve performance at the local level.

During the year we may also be required to provide information to Audit Scotland to support the national performance audits.

### **Internal Audit**

As part of our audit, we consider the scope and nature of internal audit work and look to minimise duplication of effort, to ensure the total audit resource to the College is used as efficiently and effectively as possible.

## Delivering the audit

### Hybrid audit approach

We adopt a hybrid approach to our audit which combines on-site visits (as required) with remote working; learning from the better practices developed during the pandemic.

All of our people have the equipment, technology and systems to allow them to work remotely or on-site, including secure access to all necessary data and information.

All of our staff are fully contactable by email, phone call and video-conferencing.

Meetings can be held over Microsoft Teams or by telephone.

We employ greater use of technology to examine evidence, but only where we have assessed both the sufficiency and appropriateness of the audit evidence produced.

### Secure sharing of information

We use a cloud-based file sharing service that enables users to easily and securely exchange documents and provides a single repository for audit evidence.

### Regular contact

During the 'fieldwork' phases of our audit, we will arrange regular catch-ups with key personnel to discuss the progress of the audit. The frequency of these meetings will be discussed and agreed with management.

### Signing annual accounts

Audit Scotland recommends the electronic signing of annual accounts and uses a system called DocuSign.

Electronic signatures simplify the process of signing the accounts. Accounts can be signed using any device from any location and there is no longer a need for duplicate copies to be signed.

## Approach to audit of the financial statements

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an independent auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- Perform risk assessment procedures including updating our understanding of the College, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;

- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

## Materiality

“Reasonable assurance”, referred to above, is a high level of assurance, but is not a guarantee that an audit will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. We include an explanation in the auditor’s report of the extent to which the audit was capable of detecting irregularities, including fraud, and respective responsibilities for prevention and detection of fraud.

We apply the concept of materiality in planning and performing the audit, and in evaluating the effect of misstatements within the financial statements identified during the audit.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both. The basis for our assessment of materiality for the year is set out in [Appendix 1](#).

Any identified errors greater than £16,250 will be recorded and discussed with you and, if not adjusted, confirmed as immaterial as part of your letter of representation to us.

## Accounting systems and internal controls

We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the annual accounts such that we are able to design appropriate audit procedures. However, this work will not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If we identify significant deficiencies in controls, we will report these to you in writing.

## Going Concern

In most public sector entities (including Colleges), the financial reporting framework envisages that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For many public sector entities, the financial sustainability of the entity is more likely to be of significant public interest than the application of the going concern basis. Our wider scope audit work considers the financial sustainability of the College.

## Prevention and detection of fraud or error

In order to discharge our responsibilities regarding fraud and irregularity we require any fraud or irregularity issues to be reported to us as they arise. In particular we require to be notified of all frauds which:

- Involve the misappropriation of theft of assets or cash which are facilitated by weaknesses in internal control and;
- Are over £5,000.

We also require a historic record of instances of fraud or irregularity to be maintained and a summary to be made available to us after each year end.

## National Fraud Initiative

The National Fraud Initiative (NFI) in Scotland is a biennial counter-fraud exercise led by Audit Scotland, and overseen by the Public Sector Fraud Authority 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.

The most recent NFI exercise commenced in 2022 and most matches should have been investigated by 30 September 2023. As part of our 2023/24 audit, we will monitor the College's participation and progress in the NFI.

## Anti-money laundering

We require the College to notify us on a timely basis of any suspected instances of money laundering so that we can inform Audit Scotland who will determine the necessary course of action.

## Reporting our findings

At the conclusion of the audit we will issue:

- an independent auditor's report setting out our formal audit opinions within the annual report and accounts, and
- an annual audit report describing our audit findings, conclusions on key audit risks, judgements on the pace and depth of improvement on the wider scope areas, and any recommendations.

## Definitions

We will use the following gradings to provide an overall assessment of the arrangements in place as they relate to the wider scope areas. The text provides a guide to the key criteria we use in the assessment, although not all of the criteria may exist in every case.





# Financial statements - significant audit risks

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- Our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- Are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

## Significant risks at the financial statement level

The table below summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Management override of controls	Audit approach
<p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.</p> <p>Specific areas of potential risk include manual journals, management estimates and judgements and one-off</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals.</li> <li>• Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals.</li> <li>• Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the College's journals policy.</li> </ul>

Management override of controls	Audit approach
<p>transactions outside the ordinary course of the business.</p> <p>This is a significant risk and Key Audit Matter for the audit.</p> <p><b>Risk of material misstatement: Very High</b></p>	<ul style="list-style-type: none"> <li>• Gaining an understanding of the key accounting estimates and critical judgements made by management. We will challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud.</li> <li>• Evaluating the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>

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

Fraud in revenue recognition	Audit approach
<p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements).</p> <p>The presumption is that the College could adopt accounting policies or recognise income in such a way as to lead to a material misstatement in the reported financial position.</p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of income around the year end.</p> <p>In respect of the College's income for Scottish Funding Council (SFC) grant funding, however, we do not consider the revenue recognition risk to be significant due to a lack of incentive and opportunity to manipulate these revenue streams. The risk of fraud in relation to revenue recognition is however present in all other revenue streams.</p> <p>This is a significant risk and Key Audit Matter for the audit.</p> <p><b>Inherent risk of material misstatement:</b></p> <p><b>Revenue (occurrence and accuracy): High</b></p> <p><b>Receivables (existence): High</b></p>	<p>We will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"> <li>• Documenting our understanding of the College's systems for income to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements.</li> <li>• Evaluating the design of the controls in the key accounting systems, where a risk of material misstatement was identified, by performing a walkthrough of the systems.</li> <li>• Obtained evidence that income is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year.</li> <li>• Substantively testing material income streams using analytical procedures and sample testing of transactions recognised for the year.</li> </ul>

Fraud in non-pay expenditure	Audit approach
<p>As most public sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.</p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of expenditure around the year end leading to a material misstatement in the reported financial position.</p> <p>This is a significant risk and Key Audit Matter for the audit.</p> <p><b>Inherent risk of material misstatement:</b></p> <p><b>Non-pay expenditure (completeness): High</b></p> <p><b>Accruals (completeness/valuation): High</b></p>	<p>We will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"> <li>• Documenting our understanding of the College's systems for expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements.</li> <li>• Evaluating the design of the controls in the key accounting systems, where a risk of material misstatement was identified, by performing a walkthrough of the systems.</li> <li>• Obtained evidence that expenditure is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year.</li> <li>• Substantively testing material expenditure streams using analytical procedures and sample testing of transactions recognised for the year.</li> <li>• Reviewing accruals around the year end to consider if there is any indication of understatement of balances held through consideration of accounting estimates.</li> </ul>

Valuation of land and buildings (key accounting estimate)	Audit approach
<p>The College held land and buildings with a net book value of £44.132 million at 31 July 2023, with external valuations last undertaken as at 31 July 2023.</p> <p>There is a significant degree of subjectivity in the measurement and valuation of land and buildings. This subjectivity and the material nature of the College's asset base represents an increased risk of misstatement in the financial statements.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations.</p> <p><b>Inherent risk of material misstatement:</b></p> <p><b>Land &amp; Buildings (valuation): Very High</b></p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Evaluating management processes and assumptions for the calculation of the estimates, the instructions issued to the valuation experts and the scope of their work.</li> <li>• Evaluating the competence, capabilities and objectivity of the valuation expert.</li> <li>• Considering the basis on which the valuation is carried out and challenging the key assumptions applied.</li> <li>• Testing the information used by the valuer to ensure it is complete and consistent with our understanding. If there have been any specific changes to the assets in the year, we will ensure these have been communicated to the valuer.</li> <li>• For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding.</li> <li>• Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct.</li> </ul>

<b>Pension net asset / liability (key accounting estimate)</b>	<b>Audit approach</b>
<p>An actuarial estimate of the pension fund asset/liability is calculated on an annual basis and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership data held by the pension fund and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities.</p> <p>A significant level of estimation is required in order to determine the valuation of pension assets/liabilities. Small changes in the key assumptions (including discount rates, inflation, and mortality rates) can have a material impact on the pension asset/liability.</p> <p>There is a risk that the assumptions used are not appropriate.</p> <p><b>Inherent risk of material misstatement:</b></p> <p><b>Pension net asset or liability (valuation): High</b></p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Reviewing the controls in place to ensure that the data provided from the pension fund to the actuary is complete and accurate.</li> <li>• Reviewing the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data.</li> <li>• Agreeing the disclosures in the financial statements to information provided by the actuary.</li> <li>• Considering the competence, capability, and objectiveness of the management expert in line with ISA (UK) 500 Audit Evidence.</li> <li>• Evaluating whether any asset ceiling was appropriately considered when determining the value of any pension asset included in the financial statements.</li> </ul>

# The wider scope of public audit

## Introduction

The Code of Audit Practice frames a significant part of our responsibilities in terms of four wider scope audit areas:

- Financial sustainability
- Financial management
- Vision, leadership and governance
- Use of resources to improve outcomes.

Our planned audit work against these four areas is risk based and proportionate. Our initial assessment builds upon our understanding of the College's key priorities and risks along with discussions with management and review of board and committee minutes and key strategy documents.

We have identified one significant risk in relation to financial sustainability as set out in the table below. At this stage, we have not identified any significant risks in relation to the other wider scope areas. Audit planning is a continuous process and we will report all identified significant risks, as they relate to the four wider scope areas, in our annual audit report.

## Wider scope significant risks

### Financial sustainability

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

The College submitted its Financial Forecast Return (FFR) which forecasted operating deficits and adjusted operating surplus positions for in 2023/24 to 2025/26. The College has commenced several key elements of work to look at the effectiveness and efficiencies of the services to identify areas of further savings over the short and medium term. This has included approval of business cases which aim to support financial sustainability by reducing manual processing, investment in digital learning, service re-design and increasing commercial income developments.

The College will continue to face challenges over the next few years in achieving a balanced financial position due to pressures on the College sector including the projected "flat cash" SFC funding positions and the unsettled 2022/23 and 2023/24 pay awards. The College's ability to develop and maintain its core services in a sustainable manner remains a significant risk which requires continuing careful management and oversight.

### Our audit response:

During our audit we will review whether the College has appropriate arrangements in place to manage its future financial position. Our work will include an assessment of progress made in developing financially sustainable plans which reflect the medium and longer term impact of cost pressures and that continue to support the delivery of the College's statutory functions and strategic objectives.



In formulating our audit plan, we identified areas of possible significant risk in relation to financial management, vision, leadership and governance and use of resources to improve outcomes. Our audit approach will include reviewing and concluding on the following considerations to substantiate whether significant risks exist:

## Financial Management

- Whether the College achieves its 2023/24 financial targets.
- Whether the College can demonstrate the effectiveness of its budgetary control system in communicating accurate and timely financial performance.

## Vision, leadership and governance

- The progress made by the Board in implementing and delivering the revised Strategic Ambition 2025.
- Whether the College can demonstrate that the governance arrangements in place are appropriate and operating effectively.
- Whether inductions and ongoing training arrangements for new board members support effective scrutiny and challenge.
- The transparency of decision-making, financial reporting and performance data.
- Reasonableness and consistency of the governance statement in relation to other information gathered during our audit.

## Use of resources to improve outcomes

- The robustness of the College's performance management framework and the appropriateness of key performance indicators in supporting effective scrutiny and decision making.
- Whether the College can evidence a clear link between prioritised spending and improvement against outcomes.

# Audit team and timetable

## Audit Team

Our audit team will be as follows:

Role	Name	Email
Engagement Lead	Andy Reid	Andy.Reid@azets.co.uk
Engagement Assistant Manager	Amy Hughes	Amy.Hughes@azets.co.uk
Auditor in Charge	Charlotte Barber	Charlotte.Barber@azets.co.uk

## Timetable

Please find below confirmation of our proposed timetable for the audit as previously discussed with management:

Audit work/ output	Date
Audit planning meeting	9 April 2024
Audit Committee to consider audit plan	4 June 2024
Receipt of draft accounts and commencement audit fieldwork	September/October 2024
Audit Committee to consider accounts and audit report	28 November 2024
Board meeting to approve accounts for signing	9 December 2024
Annual Report to the College and the Auditor General for Scotland	31 December 2024

## Our Requirements

The audit process is underpinned by effective project management to co-ordinate and apply our resources efficiently to meet your deadlines. It is essential that the audit team and the College finance team work closely together to achieve the above timetable.

In order for us to be able to complete our work in line with the agreed fee and timetable, we require the following:

- Draft financial statements of a good quality by the deadlines you have agreed with us. These should be complete including all notes, the performance report and the accountability report;
- Good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and adequate responses to audit queries.

# Audit Fee

The quality of audit work is an essential requirement in successfully delivering a fully ISA and Code of Audit Practice compliant audit. Audit Scotland sets an expected audit fee that assumes the body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate unaudited accounts and meets the agreed timetable for audit.

The expected fee is reviewed by Audit Scotland each year, based on Audit Scotland's overall budget proposals. The budget proposal and fee levels (for the 2023/24 audits) have been developed in the context of a challenging economic environment, increased expectations on the audit profession and the ongoing process of recovery following the Covid-19 pandemic.

The 2023/24 expected audit fee is based on applying a 6% increase to the 2022/23 expected audit fee. This increase is applied on a sector basis and reflects the conditions of the public sector market.

As auditors we negotiate a fee with the College during the planning process. The fee may be varied above the expected fee level to reflect the circumstances and local risks within the body.

The expected fee set by Audit Scotland for the 2023/24 audit of the College is £27,940<sup>1</sup>. We propose setting the 2023/24 audit fee at this level.

Fee element	2023/24	2022/23
Auditor remuneration	42,750	40,830
Pooled costs	(4,560)	(5,910)
Audit support costs	0	1,040
Sectoral cap adjustment	(10,250)	(9,100)
<b>Total fee</b>	<b>27,940</b>	<b>26,860</b>

<sup>1</sup> For the College, the expected fee level in 2022/23 was £26,360. The expected fee level notified to the College for 2023/24 is £27,940 which includes the sectoral increase of 6%.



We will take account of the risk exposure of the College and the management assurances in place. We assume receipt of the draft working papers at the outset of our final audit visit. If the draft accounts and papers are late, or agreed management assurances are unavailable, we reserve the right to charge an additional fee for additional audit work. An additional fee will be required in relation to any other significant exercises not within our planned audit activity.

# Audit independence and objectivity

## Auditor Independence

We are required to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We confirm that we comply with FRC's Ethical Standard. In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way. In particular there are and have been no relationships between Azets and the College, its Board members and senior management that may reasonably be thought to bear on our objectivity and independence.

In particular, FRC's Ethical Standard stipulates that where an auditor undertakes non audit work, appropriate safeguards must be applied to reduce or eliminate any threats to independence. We have detailed in the table below the non-audit services provided to the College, the threats to our independence and the safeguards we have put in place to mitigate those threats.

Non-audit service	Fee	Type of threat	Safeguard
VAT and PSA advisory services	£5,000	Self-review Management decisions	<p>VAT and PSA advisory services are provided by a separate team from the audit team.</p> <p>No management decisions are taken as part of our VAT and PSA advisory work.</p> <p>The VAT and PSA fee is not set on a contingency basis as is insignificant in relation to the audit fee.</p>

# Appendices



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## Appendix 1: Materiality

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

Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the College and the needs of the users.

When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

Our assessment, at the planning stage, of materiality for the year ended 31 July 2024 was calculated as follows.

	£
<b>Overall materiality for the financial statements</b>	325,000
<b>Performance materiality (75% of materiality)</b>	243,750
<b>Trivial threshold (5% of materiality)</b>	16,250

<b>Materiality</b>	Our initial assessment is based on approximately 2% of the College's gross expenditure as disclosed in the 2022/23 audited annual accounts. We consider this benchmark to be the principal consideration for the users of the financial statements when assessing financial performance of the College.
<b>Performance materiality</b>	Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater



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

The Remuneration & Staff Report and Related Parties disclosures are material by nature.

In performing our audit, we will consider any errors which cause result in a movement between the relevant bandings on the disclosure table to be material.

For Related Party transactions, in line with the standards we will consider the significance of the transaction with regard to both the College and the Counter party, the smaller of which will drive materiality considerations on a transaction by transaction basis.

## Appendix 2: Responsibilities of the Auditor and the College

### The Auditor General and Audit Scotland

The Auditor General for Scotland is a Crown appointment and independent of the Scottish Government and Parliament. The Auditor General is responsible for appointing independent auditors to audit the accounts of the Scottish Government and most Scottish public bodies, including Colleges, and reporting on their financial health and performance.

Audit Scotland is an independent statutory body that co-ordinates and supports the delivery of high-quality public sector audit in Scotland. Audit Scotland oversees the appointment and performance of auditors, provides technical support, delivers performance audit and Best Value work programmes and undertakes financial audits of public bodies.

### Auditor responsibilities

#### Code of Audit Practice

The Code of Audit Practice (the [2021 Code](#)) describes the high-level, principles-based purpose and scope of public audit in Scotland.

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

#### Our responsibilities

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

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

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

#### Wider scope audit work

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

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

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## Financial management



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

### **Auditor considerations**

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

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## Financial sustainability



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

### **Auditor considerations**

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

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## Vision, leadership and governance

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



### **Auditor considerations**

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

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## Use of resources to improve outcomes

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



### **Auditor considerations**

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

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## Audit quality

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

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

The most recent audit quality report can be found at [Quality of public audit in Scotland: Annual report 2022/23 | Audit Scotland \(audit-scotland.gov.uk\)](#)



## College responsibilities

The College has primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include the following:

Area	College responsibilities
<b>Corporate governance</b>	<p>The College is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.</p>
<b>Financial statements and related reports</b>	<p>The College has responsibility for:</p> <ul style="list-style-type: none"> <li>• preparing financial statements which give a true and fair view of the financial position and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation;</li> <li>• maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support the balances and transactions in its financial statements and related disclosures;</li> <li>• ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority; and</li> <li>• preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements.</li> </ul> <p>Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.</p> <p>The College is responsible for developing and implementing effective systems of internal control as well as financial, operational</p>

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



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

**Accounting | Tax | Audit | Advisory | Technology**

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# DUMFRIES AND GALLOWAY COLLEGE

Internal Audit Strategy 2024/25 - 2026/27 (including the 2024/25 Internal Audit Plan)

Presented at the Audit Committee meeting of: 4 June 2024

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

## EXECUTIVE SUMMARY

Our internal audit plan for 2024 / 2025 is presented for consideration by the Audit Committee. During the year, we will continue to work with management and hold regular meetings to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs.

The key points to note from our plan are:



**2024 / 2025 internal audit priorities:** internal audit activity for 2024 / 2025 is based on analysing your risk profile and assurance framework as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2024 / 2025 is included at section two.



**Level of resource:** the level of resource required to deliver the plan is detailed in section two and in line with our tender proposal.



**Core assurance:** the key priorities and changes within the College during the period have been reflected within the proposed audit coverage for 2024 / 2025 and beyond.



**'Agile' approach:** our approach to working with you has always been one where we will respond to your changing assurance needs. By employing 'agile' or a 'flexible' approach to our service delivery, we are able to change the focus of audits / audit delivery; keeping you informed of these changes in our progress papers to the Audit Committee during the year.

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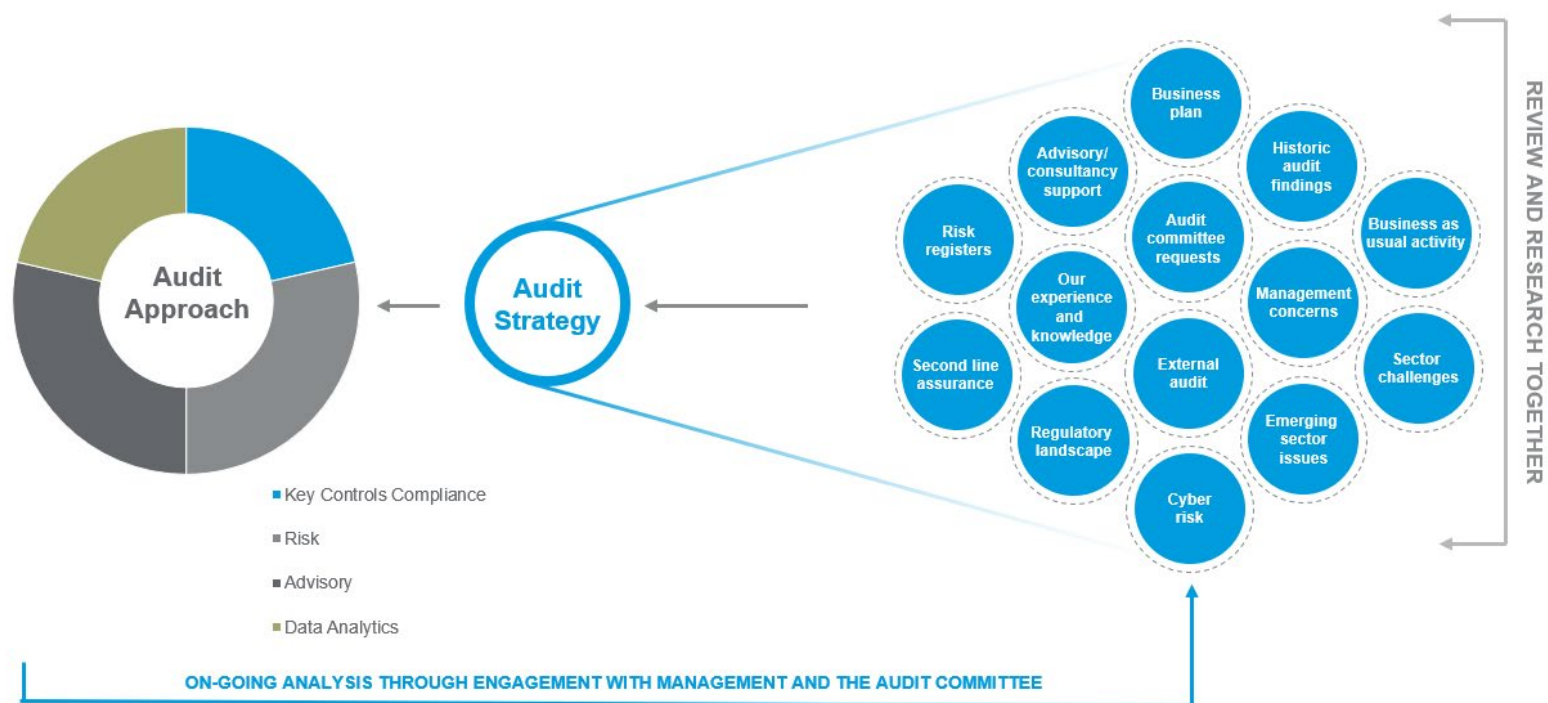
# 1. YOUR INTERNAL AUDIT PLAN

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Dumfries and Galloway College in the year ahead including changes within the sector.

## Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management and the Audit Committee.

Figure A: Audit considerations – sources considered when developing the internal audit strategy.



Based on our understanding of the College, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high-level strategic plan (see section two and Appendix B for full details).

## 2. INTERNAL AUDIT PLAN 2024 / 2025

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2024 / 2025. The table details the strategic risks which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the College's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes time for tracking the implementation of actions and an audit management allocation.

Objective of the review (Strategic risk)	Fee	Proposed timing	Proposed Audit Committee
<b>Strategic risk</b>			
<i>Risk 8: Failure to achieve highest academic performance.</i>	£4,375	W/c 24 September 2024	February 2025
<b><u>Curriculum Planning</u></b>			
The ability of the College to plan and deliver its curriculum is vital to ensuring the highest academic performance is achieved. We will review how the College plans its academic delivery and subsequently monitors that delivery.			
<i>Risk 12: Health and safety compliance.</i>	£4,375	W/c 2 December 2024	February 2025
<b><u>Health and Safety</u></b>			
The safety of staff and students is of paramount importance to any College. We will consider the arrangements in place at the College to ensure the safety of staff and students.			
<i>Risk 6: Failure to meet regulatory obligations.</i>	£4,375	W/c 28 April 2025	June 2025
<b><u>Safeguarding</u></b>			
This review will look at the policies and processes in place at the College to ensure that it complies with the National Guidance for Child Protection in Scotland 2023 and the Adult Support and Protection (Scotland) Act 2007.			
<b>Core assurance</b>			
<b><u>FES Return</u></b>	£5,000*	W/c 9 September 2024	November 2024
An annual review of the College's FES Return which has been prepared by the College under the 'Credits' Guidance.			
Our review will be undertaken in accordance with guidance issued by the Scottish Funding Council (SFC) and sample testing undertaken against the high-risk areas highlighted by the SFC.			

Objective of the review (Strategic risk)	Fee	Proposed timing	Proposed Audit Committee
<p><b><u>Student Support Fund</u></b></p> <p>Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures and SFC funding guidance.</p>	£5,000*	W/c 16 September 2024	November 2024
<p><b><u>Board / Committee Inductions</u></b></p> <p>We will consider the arrangements in place to ensure that all new Board and Committee members are provided with the information and training required to ensure that they can effectively perform their duties.</p>	£3,750	W/c 24 February 2025	June 2025
<p><b><u>Key Financial Controls</u></b></p> <p>This review will look at key financial controls in place across the College. This will most include payment and supplier processing, but the exact area(s) will be agreed at the time of the audit planning.</p>	£5,000	W/c 7 April 2025	June 2025
<b>Other Internal Audit Activity</b>			
<p><b><u>Follow Up of Previous Internal Audit Management Actions</u></b></p> <p>To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.</p>	£3,125	W/c 28 April 2025	September 2025
<p><b><u>Management</u></b></p> <p>This will include:</p> <ul style="list-style-type: none"> <li>• Annual planning.</li> <li>• Preparation for, and attendance at, the Audit Committee.</li> <li>• Regular liaison and progress updates.</li> <li>• Liaison with external audit and other assurance providers.</li> <li>• Preparation of the annual opinion.</li> </ul>	£3,750	As and when required throughout the year	
<b>Total</b>	<b>£38,750</b>		

A detailed planning process will be completed for each review, and the final scope will be documented in an assignment planning sheet. This will be issued to the key stakeholders for each review.

*\*To note, the fees for the FES Return and Student Support Funds reviews are subject to change depending on the level of requirements outlined within the Scottish Funding Guidance annual update.*

## **2.1 Working with other assurance providers**

The Audit Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the College.

# APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM UK Risk Assurance Services LLP. The team will be led by Rob Barnett as your Head of Internal Audit, supported by Michael Gibson as your Client Manager and Hollie Adams as your Assistant Manager.

## Core team

The delivery of the 2024 / 2025 audit plan will be based around a core team.

## Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the International Standards for the Professional Practice of Internal Auditing, the wider International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA.

Under the Standards, internal audit services are required to have an external quality assessment (EQA) every five years. The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements.

The external review concluded that RSM 'generally conforms\*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

\* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

## Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

## Corporate responsibility

At RSM we believe it is our responsibility to positively impact on our society and the environment. We have three pillars of corporate responsibility: environment, charity and community. For more details on RSM's commitment visit our website: [Corporate responsibility | RSM UK](#)



## APPENDIX B: INTERNAL AUDIT STRATEGY 2024 / 2027

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)					
2021/22	2022/23	2023/24	2024/25	2025/26	2026/27

### Audit Area

#### Strategic risk:

Risk 3: Failure to achieve institutional sustainability	✓ (Financial Reporting / Planning / Forecasting)		✓ (Financial Planning / Budget Monitoring)		✓
Risk 5: Business continuity incident – fire, systems, emergency procedures, health (c/fwd to 23/24)			✓ (Business Continuity Planning)		✓
Risk 6: Failure to meet regulatory obligations				✓ (Safeguarding)	
Risk 8: Failure to achieve highest academic performance				✓ (Curriculum Planning)	
Risk 9: Failure to adhere to academic compliance arrangements			✓ (Awarding body activity)		✓

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27

**Audit Area**

Risk 10: Failure to achieve an effective student experience

✓  
(Student onboarding)

Risk 11: Failure to achieve and maintain systems and operatable and secure ICT

✓  
(Cyber Security / Disaster Recovery)

✓

Risk 12: Health and safety

✓  
(Health and Safety)

✓  
(Health and Safety)

✓  
(Health and Safety)

✓

**Core assurance:**

Complete training solutions

✓  
(Income Generation – CTS)

✓

FES Return

✓

✓

✓

✓

✓

✓

✓

Student Support Funds (Advisory)

✓

✓

✓

✓

✓

✓

Governance

✓

Key Financial Controls

✓

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)						
2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	

**Audit Area**

Human Resources Management

✓ (HR: Reporting / Payroll - iTrent)	✓ (HR Recruitment)				✓
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✓ (HR processing activities)
---------------------------------

Risk Management

✓
---

Student Applications

✓
---

✓
---

Curriculum – Timetabling / Efficiency of Lecturing Staff

✓
---

Equality, Diversity, and Inclusion (EDI)

✓
---

GDPR (Advisory)

✓

Board / Committee Inductions

✓

Procurement

✓

**Other internal audit activity:**

Follow Up of Previous Internal Audit Management Actions

✓
---

✓
---

✓

✓

✓

✓

# APPENDIX C: INTERNAL AUDIT CHARTER

## Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Dumfries and Galloway College. The establishment of a charter is a requirement of the International Standards for the Professional Practice of Internal Auditing and approval of the charter is the responsibility of the Audit Committee.

The internal audit service is provided by RSM UK Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The internal audit function is required to comply with the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

## Mission of internal audit

As set out in the IPPF, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

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*“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.*

---

## Independence and ethics

To provide for the independence of internal audit, its personnel report directly to Rob Barnett (acting as your Head of Internal Audit). The independence of RSM is assured by the internal audit service reporting to the Chief Executive, with further reporting lines to the Director of Finance and Planning.

The Head of Internal Audit has unrestricted access to the Chair of Audit Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Dumfries and Galloway College. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal

audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Audit Committee. The nature of the disclosure will depend upon the potential impairment, and it is important that our role does not appear to be compromised in reporting the matter to the Audit Committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

## Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Audit Committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Audit Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the Audit Committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- **Internal audit:** a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- **Senior management:** who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- **Board of Management:** the highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "board" may refer to a committee or another body to which the governing body has delegated certain functions (e.g., an audit committee).

## Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

## Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Audit Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The Head of Internal Audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

## Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Audit Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Audit Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the College during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the College's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the College by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the College's annual governance statement.

## Data protection

Internal audit files need to include sufficient, reliable, relevant, and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

## Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Audit Committee.

## **Fraud**

The Audit Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

## **Approval of the internal audit charter**

By approving this document, the internal audit strategy, the Audit Committee is also approving the internal audit charter.



# FOR FURTHER INFORMATION CONTACT

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## **rsmuk.com**

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. Actions for improvements should be assessed by you for their full impact. 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.

Our report is prepared solely for the confidential use of **Dumfries and Galloway College**, and solely 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 UK 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 UK 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 UK 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.

<b>MEETING</b>	<b>AUDIT COMMITTEE</b>
<b>AGENDA ITEM:</b>	<b>5</b>
<b>PAPER NO:</b>	<b>AUD0624-5.1</b>

<b>Date</b>	24 May 2024
<b>Location</b>	MS Teams On-line
<b>Title of Paper</b>	Strategic Risk Register
<b>Presented By</b>	Lorraine Grierson
<b>Recommendation</b>	Approval
<b>Appendix Attached</b>	NO
<b>Disclosable Under FOISA</b>	YES

Read Time: 31 minutes

**1. Recommendation**

- 1.1 The Audit Committee are asked to consider, and if so minded, approve the Strategic Risks 4 and 11 and consider any changes to Risks presented by the Committees.

## 2. Executive Summary

2.1 The purpose of this paper is to provide the Committee with the opportunity to review the College's Strategic Risks assigned to Audit Committee, note changes to risks assigned to other Committees and oversee the full register.

## 3. Context

3.1 The Principal and Executive Leadership Team routinely review the Strategic Risk Register to reflect the key risks to the College and the mitigations that are applied to each risk.

3.2 Currently Audit Committee has 2 risks assigned to it for review and any amendment made to these is noted below:

- Risk 4 – Financial Fraud – **no changes**
- Risk 11 – Failure to achieve and maintain systems and operable and secure ICT – **no changes**

3.3 Currently there are 5 risks showing an inherent major risk (red), however after mitigations have been applied, these are reduced to 'significant' risks.

3.4 Risk 3: Failure to achieve institutional sustainability - After mitigations, the residual rating of 20 still remains a **major risk**. This is in line with the current and continued external financial position which is of concern and needs to be monitored closely.

### 3.5 Finance and General Purposes Committee

- Risk 3 Financial Sustainability – **no changes**.
- Risk 7: Industrial Relations – **no changes**.  
Update - EIS-FELA have escalated strike action, with 3 days of action taking place in April and notification of 9 days of strike action during May and up until 9 June 2024 regarding the national pay dispute. .... Notification of additional strike action from Unison had been received in May 2024, but is currently suspended, whilst it ballots members on pay.

### 3.6 Learning and Teaching Committee

- Risk 8 – Failure to achieve highest academic performance levels – **the gross rating has been reduced to 12 (Significant) and the net risk has been reduced to 8 (minor)**.

The ratings have been reduced due to the continued upward PI trend. The College PI was identified by Education Scotland as being of concern due to the long-term low PI which resulted in them choosing to utilise a 3-day engagement visit in January 2023. However, based on the publication of the 21/22 PI and the progress on the main points for action Education Scotland identified there was no longer concern on the mechanisms to improve PI and this resulted in a one-day annual engagement visit scheduled in May 24. The 22/23 PI for the College

increased further on those from 21/22.

- Risk 9 – Failure to adhere to academic compliance arrangements – **no change**.
- Risk 10 - Failure to achieve an effective student experience – **no change**.

#### 4. Strategic Implications

- 4.1 The risks associated with Audit Committee link into the following strategic priorities:  
Priority 1 – Student Experience, Priority 4 – Growth and Financial Sustainability; Priority 5 – Systems and Infrastructure

#### 5. Risk

Risk	Mitigations
Risks 4, 11	➤ Paperwork attached for reference.

#### 6. Implications

<b>Financial</b>	Yes	Financial loss, fraud and reputational damage and impact to financial sustainability.
<b>Legal</b>	Yes	Failure to meet regulatory and compliance obligations
<b>Learning and Teaching</b>	Yes	Serious impact to the college's ability to operate and deliver education to students, financial loss, loss of data and reputation.
<b>Equalities</b>	No	

**L Grierson**

Secretary to the Board

23 May 2024

## STRATEGIC RISK REGISTER

RISK DEFINITION		ORIGINAL TASK				RESIDUAL RISK					
No	Risk	Likelihood	Impact	Total	Risk Level	Likelihood	Impact	Total	Risk Level	Risk Appetite	Trend
<b>Responsible Person – Principal</b>											
1	Failure of College strategy to meet the needs of Dumfries and Galloway Region and/or national priorities (BoM)	4	4	16		3	3	9		Open	=
2	Legal actions; serious accident; incident or civil/criminal breach (BoM)	5	3	15		3	2	6		Cautious	=
<b>Responsible Person – Executive Director of Finance and Planning</b>											
3	Failure to achieve institutional sustainability (FGP)	5	5	25		4	5	20		Cautious	=
4	Financial Fraud (AUD)	4	3	12		3	2	6		Averse	=
6	Failure to meet regulatory obligations (BoM)	3	5	15		5	1	5		Avoid	=
<b>Responsible Person – Vice Principal People and Transformation</b>											
5	Business Continuity Incident – Fire, Systems, Emergency Procedures, Health (BoM)	4	4	16		4	3	12		Avoid	=
7	Failure to achieve effective Industrial Relations (FGP)	5	4	20		5	3	15		Cautious	=
11	Failure to achieve and maintain systems and operable and secure ICT (AUD)	4	5	20		3	4	12		Avoid	=
12	Health and Safety (BOM)	4	5	20		3	4	12		Avoid	=
<b>Responsible Person - Depute Principal Learning, Skills and Student Experience</b>											
8	Failure to achieve highest academic performance levels (LT)	3	4	12		2	4	8		Cautious	v
9	Failure to adhere to academic compliance arrangements (LT)	4	3	12		2	2	4		Avoid	=
10	Failure to achieve an effective student experience (LT)	3	4	12		2	4	8		Cautious	=

KEY: ASSESSMENT OF RISKS

Risks which should be monitored by the Risk Management Group:	Scores: 1 – 8	Minor Risk
Risks to be brought to the attention of SMT and Board of Management:	Scores: 9 - 15	Significant Risk
Risks to be reported to, and monitored by, Board of Management:	Scores: 16 – 20	Major Risk
Risks to be reported to, and monitored by, Board of Management:	Scores: 21 – 25	Fundamental Risk

Risk Score Matrix

Impact	5	10	15	20	25
4	8	12	16	20	
3	6	9	12	15	
2	4	6	8	10	
1	2	3	4	5	
Likelihood					

<b>Strategic Objective:</b>	<b>Risk No: 1 Failure to meet Region/National Priorities</b>
<b>Reference to Departmental Risk Registers:</b>	Strategic
<b>Owner:</b>	Principal
<b>Description of the Risk:</b>	Failure of College strategy to meet the needs of Dumfries and Galloway Region and/or national priorities
<b>What are the possible consequences if the risk was to emerge?</b>	Loss of credibility, unable to meet economic and societal needs of region, curriculum not fit for purpose, College will not meet funding targets and will not remain financially sustainable

Numerical Scoring of Gross Risk (i.e., without controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 4/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 4/5	What is the total risk score? (A x B)	16/25
The <b>GROSS</b> risk is therefore: (MIN/SIG/MAJ/FUN)	<b>Major Risk</b>				

3 LINES OF DEFENCE	MITIGATIONS	MONITORING
<b>FRONT LINE (Management Assurance)</b>  Operational Delivery /Systems /Quality Assurance /Supervision	<ul style="list-style-type: none"> <li>Workplans and oversight in line with ROA and Financial targets</li> </ul>	<ul style="list-style-type: none"> <li>Clear performance metrics for all strategic outcomes and linked to individual performance targets reviewed on regular basis</li> </ul>
<b>OVERSIGHT OF MANAGEMENT ACTIVITY</b>  Internal Compliance and quality checks / Legal and Regulatory / Financial controls / Management controls / Project assurance	<ul style="list-style-type: none"> <li>Robust strategic planning</li> <li>Effective environmental scanning</li> <li>Strong and effective partnerships</li> <li>Clear links between strategy and practice</li> <li>Concerted demands for increased activity levels</li> </ul>	<ul style="list-style-type: none"> <li>Membership of key strategic groups</li> <li>SLT Systems of Control and Reporting</li> <li>Amendment of strategic direction/plans to government policy and regional economic strategy</li> <li>Robust monitoring of activity targets via ROA and reported quarterly to SFC</li> </ul>
<b>INDEPENDENT ASSURANCE</b>  Internal Audit / external bodies		<ul style="list-style-type: none"> <li>Ongoing engagement and reporting to SFC</li> <li>Ongoing engagement and reporting to SDS</li> <li>External Audit</li> <li>BoM oversight</li> </ul>

Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont.)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 3/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 3/5	What is the total risk score? (A x B)	9/25

Risk Status	Meeting 1 SIG	Meeting 2 SIG	Meeting 3 SIG	Meeting 4 SIG

MEETING	AMENDMENTS TO RECORD
Q1	Net risk to remain as financial sustainability still an ongoing issue - Owner
Q2	Net risk to remain as financial sustainability still an ongoing issue - Owner

<b>Q3</b>	Net risk to remain as financial sustainability still an ongoing issue - Owner						
<b>Q4</b>	Net risk to remain as financial sustainability still an ongoing issue - Owner						
No.	Risk & Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
1	Failure of College strategy to meet the needs of Dumfries and Galloway Region and/or national priorities						
4	Financial Fraud						
6	Failure to meet regulatory obligations						
<b>Strategic Objective:</b>							
<b>Risk No: 2 Legal Actions, Serious Incidents</b>							

<b>Reference to Departmental Risk Registers:</b>	Strategic				
<b>Owner:</b>	Principal				
<b>Description of the Risk:</b>	Legal actions; serious accident; incident or civil/criminal breach				
<b>What are the possible consequences if the risk was to emerge?</b>	Financial loss to the college, impact on reputation and potential criminal / civil legal proceedings				
<b>Numerical Scoring of Gross Risk (i.e., without controls in place)</b>					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 5/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 3/5	What is the total risk score? (A x B)	15/25
The <b>GROSS</b> risk is therefore: MIN/SIG/MAJ/FUND	<b>Significant Risk</b>				
<b>3 LINES OF DEFENCE</b>	<b>MITIGATIONS</b>		<b>MONITORING</b>		
<b>FRONT LINE (Management Assurance)</b>  <b>Operational Delivery /Systems /Quality Assurance /Supervision</b>	<ul style="list-style-type: none"> <li>Mandatory staff training on regulatory compliance areas</li> <li>Continuous professional development</li> </ul>		<ul style="list-style-type: none"> <li>Records of staff training and completion</li> <li>Line Manager oversight</li> </ul>		
<b>OVERSIGHT OF MANAGEMENT ACTIVITY</b>	<ul style="list-style-type: none"> <li>Adherence to legislative and good practice requirements</li> <li>Positive Union relations and staff communication</li> </ul>		<ul style="list-style-type: none"> <li>Monitoring and reporting in key areas – e.g., H&amp;S, equalities, employee engagement, post-Covid arrangements</li> <li>Internal audit actions</li> <li>Staff surveys</li> </ul>		



<b>Internal Compliance and quality checks / Legal and Regulatory / Financial controls / Management controls / Project assurance</b>	<ul style="list-style-type: none"> <li>• Ongoing management development programmes</li> <li>• Whistleblowing Policy</li> <li>•</li> </ul>	
<b>INDEPENDENT ASSURANCE</b>  <b>Internal Audit / external bodies</b>	<ul style="list-style-type: none"> <li>• External legal advice contract in place and used where appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Internal and External Audit</li> <li>• BoM oversight</li> </ul>

Numerical Scoring of NET Risk (i.e., with controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 3/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 2/5	What is the total risk score? (A x B)	6/25

Risk Status	Meeting 1 MIN	Meeting 2 MIN	Meeting 3 MIN	Meeting 4 MIN
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MEETING	AMENDMENTS TO RECORD
Q1	Risk to remain as per previous score after treatment - Owner
Q2	Net risk to remain as per previous score - Owner
Q3	Net risk after treatment to remain as per previous score - Owner
Q4	Net risk to remain as financial sustainability still an ongoing issue - Owner

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
2	Legal actions; serious accident; incident or civil/criminal breach						

<b>Strategic Objective:</b>	<b>Risk No: 3 Financial Sustainability</b>
<b>Reference to Departmental Risk Registers:</b>	Financial
<b>Owner:</b>	Executive Director of Finance and Planning
<b>Description of the Risk:</b>	Failure to achieve institutional sustainability due to sector-level budget allocations in 2024-25
<b>What are the possible consequences if the risk was to emerge?</b>	The college will be unable to operate within the Scottish Public Finance Manual, contravening governance requirements by SG, Section 22, Reputational damage to Board and F&GP

Numerical Scoring of Gross Risk (i.e., without controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 5/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 5/5	What is the total risk score? (A x B)	25/25
The <b>GROSS</b> risk is therefore:	<b>Fundamental Risk</b>				

MIN/SIG/MAJ/FUND	
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3 LINES OF DEFENCE	MITIGATIONS	MONITORING
<b>FRONT LINE (Management Assurance)</b>  <b>Operational Delivery /Systems /Quality Assurance /Supervision</b>	<ul style="list-style-type: none"> <li>• Increase commercial income to reduce reliance on SFC funding</li> <li>• Effective cost control</li> <li>• Active tracking of Credits achieved/forecast vs target</li> <li>• Protection of funding through dialogue with SFC</li> </ul>	<ul style="list-style-type: none"> <li>• Regular review of Financial strategy and non-core income sensitivity</li> <li>• Finance business partnering to review budgets /spend with Managers, and timely preparation of Management Accounts and forecasts</li> <li>• Continuous monitoring of demand v funding allocation of student funds</li> </ul>
<b>OVERSIGHT OF MANAGEMENT ACTIVITY</b>  <b>Internal Compliance and quality checks / Legal and Regulatory / Financial controls / Management controls / Project assurance</b>	<ul style="list-style-type: none"> <li>• Strategic plan and Operating Plans approved by BoM and Committee</li> <li>• Budgets approved by BoM and Committee</li> <li>• Major project business cases approved by BoM and Committee</li> <li>• Finance Directors Network</li> </ul>	<ul style="list-style-type: none"> <li>• Regular internal reporting to SLT, BoM and Committee</li> <li>• Regular interaction with Scottish Funding Council Finance Team</li> <li>• Knowledge exchange through Finance Directors Network / Colleges Scotland</li> <li>• VPs Group and Principals Group</li> </ul>
<b>INDEPENDENT ASSURANCE</b>  <b>Internal Audit / external bodies</b>	<ul style="list-style-type: none"> <li>• Internal Audit Programme agreed by BoM/Audit Committee</li> <li>• External Auditors appointed through Audit Scotland</li> <li>• Regional Outcome Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• BoM/Committee review and approval of IA reports and action points tracking</li> <li>• Audit Committee/BoM oversight</li> <li>• Regular returns to Scottish Funding Council (FFR/FES)</li> </ul>

**Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont.)**

What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 4/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 5/5	What is the total risk score? (A x B)	20/25
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Risk Status	Meeting 1 MAJ	Meeting 2 MAJ	Meeting 3 MAJ	Meeting 4 MAJ
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MEETING	AMENDMENTS TO RECORD
Q1	No change by Owner
Q2	<p>Timely preparation of Management Accounts and forecasts added to Front Line Monitoring. SLT added to Oversight of Management Activity Monitoring – Owner</p> <p>FGP have considered the net rating given the mitigations in place but agree that the funding element of the risk is still significant, therefore the rating will remain the same. Members asked for consideration to be given to the wording in the risk to reflect funding as the major concern.</p> <p>Audit - the funding element being the significant risk, the Committee agreed that the narrative should be revised to ensure clarity that the risk was attributed to external funding restrictions -Owner to re-word</p>
Q3	Suggest scoring of Gross Risk increased to Fundamental. Description of Risk updated to refer to sector level budget allocations and ability to operate within SPFM
Q4	No change by owner

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
3	Failure to achieve institutional sustainability						

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<b>Strategic Objective:</b>	<b>Risk No: 4 Financial Fraud</b>
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<b>Reference to Departmental Risk Registers:</b>	Financial
<b>Owner:</b>	Executive Director of Finance
<b>Description of the Risk:</b>	Financial Fraud
<b>What are the possible consequences if the risk was to emerge?</b>	Financial Loss, Loss of reputation, impact to financial sustainability

Numerical Scoring of Gross Risk (i.e., without controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 4/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 3/5	What is the total risk score? (A x B)	12/25
The <b>GROSS</b> risk is therefore: MIN/SIG/MAJ/FUN	<b>Significant Risk</b>				

3 LINES OF DEFENCE	MITIGATIONS	MONITORING
<b>FRONT LINE (Management Assurance)</b>  Operational Delivery /Systems /Quality Assurance /Supervision	<ul style="list-style-type: none"> <li>No PO / no Pay policy</li> <li>Scheme of financial delegation</li> <li>Segregation of duties and review of transactions</li> <li>Staff training and sharing of good practice for emerging fraud risks</li> </ul>	<ul style="list-style-type: none"> <li>Continuous review of financial controls</li> <li>Implementation of Internal Audit recommendations</li> </ul>
<b>OVERSIGHT OF MANAGEMENT ACTIVITY</b>  Internal Compliance and quality checks / Legal and Regulatory / Financial controls / Management controls / Project assurance	<ul style="list-style-type: none"> <li>Review of impact of any changes in structure or duties</li> <li>Public Interest Disclosure (Whistleblowing) Policy</li> <li>Review of lessons learned report from COGC</li> </ul>	<ul style="list-style-type: none"> <li>Continuous review of financial controls</li> <li>Budget / spend review</li> <li>Monitoring across SLT Directorates</li> </ul>
<b>INDEPENDENT ASSURANCE</b>  Internal Audit / external bodies	<ul style="list-style-type: none"> <li>Internal Audit plan</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit</li> <li>External Audit</li> <li>Counter Fraud Initiative</li> <li>Audit Committee/BoM oversight</li> </ul>

Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont.)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 3/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 2/5	What is the total risk score? (A x B)	6/25

Risk Status	Meeting 1 MIN	Meeting 2 MIN	Meeting 3 MIN	Meeting 4 MIN
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MEETING	AMENDMENTS TO RECORD
Q1	Staff training and sharing good practice added to Front Line Mitigations
Q2	No change - Owner
Q3	No change - Owner
Q4	No change - Owner

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
4	Financial Fraud						

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<b>Strategic Objective:</b>	<b>Risk No: 5 Business Continuity</b>
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<b>Reference to Departmental Risk Registers:</b>	Organisational
<b>Owner:</b>	VP People and Transformation
<b>Description of the Risk:</b>	Business Continuity Incident – Fire, Systems, Emergency Procedures, Health threats
<b>What are the possible consequences if the risk was to emerge?</b>	Serious impact to the college's ability to operate and deliver education to students, safeguarding of staff and students, impact to financial sustainability of college, loss of reputation

Numerical Scoring of Gross Risk (i.e., without controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 4/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 4/5	What is the total risk score? (A x B)	16/25
The <b>GROSS</b> risk is therefore: MIN/SIG/MAJ/FUN	<b>Major Risk</b>				

3 LINES OF DEFENCE	MITIGATIONS	MONITORING
<p><b>FRONT LINE (Management Assurance)</b></p> <p><b>Operational Delivery /Systems /Quality Assurance /Supervision</b></p>	<ul style="list-style-type: none"> <li>Documented disaster recovery procedures, regularly reviewed</li> <li>Separate COVID -19 – Risk Register /BCT Plan in place</li> <li>Sound systems of administration</li> <li>Staff CPD on business continuity themes</li> <li>Monitoring Public Health Advice</li> <li>Increased awareness of climate emergency issues</li> <li>Planning, careful phasing of changes to processes, systems, and equipment</li> <li>Effective management of / Asset Register in place</li> <li>Effective management of</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to local and national Public Health Guidance</li> <li>SA Climate awareness activities</li> <li>Regular review/reporting on milestones, systems effectiveness etc.</li> <li>Business Continuity Plan including scenario testing</li> <li>Active data protection monitoring and auditing</li> </ul>

	systems and GDPR	
<b>OVERSIGHT OF MANAGEMENT ACTIVITY</b>  Internal Compliance and quality checks / Legal and Regulatory / Financial controls / Management controls / Project assurance	<ul style="list-style-type: none"> <li>Rolling programme of routine updates to systems and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Liaison with SFC and Colleges Scotland – COVID-19 response groups</li> <li>Climate Emergency College Group (includes Student Representatives)</li> </ul>
<b>INDEPENDENT ASSURANCE</b>  Internal Audit / external bodies	<ul style="list-style-type: none"> <li>Communication to stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit on process and statutory compliance</li> <li>BoM oversight</li> </ul>

Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont.)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 4/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 3/5	What is the total risk score? (A x B)	12/25

Risk Status	Meeting 1 SIG	Meeting 2 SIG	Meeting 3 SIG	Meeting 4 SIG

MEETING	AMENDMENTS TO RECORD
Q1	No change by Owner
Q2	No Change by Owner
Q3	No change by owner
Q4	No change by owner

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
5	Business Continuity Incident, e.g., Fire, MIS Failure, Failure of Emergency Procedures, Threats to Health						

Strategic Objective:	Risk No: 6 Failure to meet Regulatory Obligations
Reference to Departmental Risk Registers:	Organisational
Owner:	Executive Director of Finance and Planning
Description of the Risk:	Failure to meet regulatory obligations
What are the possible consequences if the risk was to emerge?	Loss of reputation, impact to financial sustainability, Government bodies intervention

Numerical Scoring of Gross Risk (i.e., without controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 3/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 5/5	What is the total risk score? (A x B)	15/25
The <b>GROSS</b> risk is therefore: MIN/SIG/MAJ/FUN		<b>Significant Risk</b>			

3 LINES OF DEFENCE	MITIGATIONS	MONITORING
<b>FRONT LINE (Management Assurance)</b>  Operational Delivery /Systems /Quality Assurance /Supervision	<ul style="list-style-type: none"> <li>Prevent, Health and Safety and Safeguarding training</li> <li>Staff awareness and contingency planning</li> <li>Engagement/practice sharing with local agencies</li> </ul>	<ul style="list-style-type: none"> <li>Business Continuity Plan including scenario testing</li> <li>Information sharing with local agencies</li> <li>HR monitors staff numbers trained</li> </ul>
<b>OVERSIGHT OF MANAGEMENT ACTIVITY</b>  Internal Compliance and quality checks / Legal and Regulatory / Financial controls / Management controls / Project assurance	<ul style="list-style-type: none"> <li>Engagement/practice sharing with local agencies</li> <li>Board approval of SFC submissions</li> </ul>	<ul style="list-style-type: none"> <li>Information sharing with local agencies</li> <li>SFC obligations</li> </ul>
<b>INDEPENDENT ASSURANCE</b>  Internal Audit / external bodies	<ul style="list-style-type: none"> <li>Internal Audit Plan and review</li> <li>External Audit Planning and review</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit across all areas</li> <li>Annual external Audit</li> <li>BoM oversight</li> </ul>

Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont.)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 5/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 1/5	What is the total risk score? (A x B)	5/25

Risk Status	Meeting 1 MIN	Meeting 2 MIN	Meeting 3 MIN	Meeting 4 MIN

MEETING	AMENDMENTS TO RECORD
Q1	No change by Owner
Q2	No change by Owner
Q3	No change by Owner
Q4	Reference to Internal and External Audit planning and review added for Independent Assurance - Owner

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
6	Failure to meet regulatory obligations						

<b>Strategic Objective:</b>		<b>Risk No: 7 Failure to Achieve Effective Industrial Relations</b>	
<b>Reference to Departmental Risk Registers:</b>	Organisational		
<b>Owner:</b>	Vice Principal People and Transformation.		
<b>Description of the Risk:</b>	Failure to achieve effective Industrial Relations through local dialogue/relationships and effect of national campaigns from trade unions		
<b>What are the possible consequences if the risk was to emerge?</b>	Financial loss, impact to ability to effectively teach, industrial action, action short of strike action (ASOS), loss of reputation.		

<b>Numerical Scoring of Gross Risk (i.e., without controls in place)</b>					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 5/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 4/5	What is the total risk score? (A x B)	20/25
The <b>GROSS</b> risk is therefore: MIN/SIG/MAJ/FUN	<b>Major Risk</b>				

<b>3 LINES OF DEFENCE</b>	<b>MITIGATIONS</b>	<b>MONITORING</b>
<b>FRONT LINE (Management Assurance)</b>  <b>Operational Delivery /Systems /Quality Assurance /Supervision</b>	<ul style="list-style-type: none"> <li>Constructive formal and informal communication channels</li> <li>Regular meetings</li> <li>Staff awareness and contingency planning</li> <li>Consideration of deductions from salary for participation in ASOS</li> </ul>	<ul style="list-style-type: none"> <li>LJNC</li> <li>College Employers Scotland advice and updates</li> <li>Regular union/management dialogue</li> <li>Communication issued to teaching staff about possibility of salary deductions for participation in ASOS. Ongoing dialogue with local TU Representatives. Risk could increase if local dispute raised</li> </ul>
<b>OVERSIGHT OF MANAGEMENT ACTIVITY</b>  <b>Internal Compliance and quality checks / Legal and Regulatory / Financial controls / Management controls / Project assurance</b>	LJNC (Local Joint Negotiation Committee) Representation at Employers Association NRPA (National Recognition and Procedures Agreement) Engagement/practice sharing with local agencies Attendance at Strategic HR Network	<ul style="list-style-type: none"> <li>ELT/SLT/Board</li> <li>Regular employee engagement monitoring</li> <li>Regular union/management dialogue</li> </ul>
<b>INDEPENDENT ASSURANCE</b>  <b>Internal Audit / external bodies</b>	College Employers Scotland	<ul style="list-style-type: none"> <li>SFC/Scottish Government</li> <li>FGP/BoM oversight</li> </ul>

<b>Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont.)</b>					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 5/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 3/5	What is the total risk score? (A x B)	15/25

<b>Risk Status</b>	<b>Meeting 1 SIG</b>	<b>Meeting 2 SIG</b>	<b>Meeting 3 SIG</b>	<b>Meeting 4 SIG</b>

<b>MEETING</b>	<b>AMENDMENTS TO RECORD</b>
<b>Q1</b>	No changes by Owner. FGP asked for the description and consequences to be amended as below: <ul style="list-style-type: none"> <li>Failure to achieve effective Industrial Relations through local dialogue/relationships and effect of national campaigns from trade unions.</li> <li>Consequences: Financial loss, impact to ability to effectively teach, industrial action, action short of strike action (ASOS), loss of reputation.</li> </ul>

Q2	No change by Owner.
Q3	Owner - ..... Front Line mitigation added ...- Front Line Monitoring added - ...Ongoing dialogue with local TU Representatives. Risk could increase if local dispute raised
Q4	3 days of strike action from EIS during April 2024 and potential for escalation regarding national dispute. .... Notification of additional strike action from Unison in May 2024.

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
7	Failure to achieve effective Industrial Relations						

<b>Strategic Objective:</b>	<b>Risk No: 8 Failure to achieve highest academic performance</b>
<b>Reference to Departmental Risk Registers:</b>	Organisational
<b>Owner:</b>	DP Learning Skills and Student Experience
<b>Description of the Risk:</b>	Failure to achieve highest academic performance levels
<b>What are the possible consequences if the risk was to emerge?</b>	Loss of reputation in the region, financial sustainability, ability to attract future students and educational partners  <b>Note</b> – College performance has been a long term issue that predates COVID

<b>Numerical Scoring of Gross Risk (i.e., without controls in place)</b>					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 4/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 4/5	What is the total risk score? (A x B)	16/25
The <b>GROSS</b> risk is therefore: MIN/SIG/MAJ/FUN	<b>Major Risk</b>				

3 LINES OF DEFENCE	MITIGATIONS	MONITORING
<b>FRONT LINE (Management Assurance)</b>  Operational Delivery /Systems /Quality Assurance /Supervision	<ul style="list-style-type: none"> <li>Online reports with curriculum areas performance</li> <li>Action planning at curriculum area level</li> <li>Regular curriculum team meetings</li> </ul>	<ul style="list-style-type: none"> <li>Managers and Directors monitor course PIs</li> <li>Self-evaluation reporting monitored by Performance</li> </ul>
<b>OVERSIGHT OF MANAGEMENT ACTIVITY</b>  Internal Compliance and quality checks / Legal and Regulatory / Financial controls / Management controls / Project assurance	<ul style="list-style-type: none"> <li>College wide enhancement plan developed from self-evaluation</li> <li>Action planning from portfolio reviews</li> </ul>	<ul style="list-style-type: none"> <li>College wide enhancement plan monitored annually</li> <li>Annual portfolio review to examine improvement actions</li> <li>Regular reportage on performance to SLT</li> <li>Reportage to L&amp;T Committee on College wide self -evaluation and portfolio reviews</li> </ul>



<b>INDEPENDENT ASSURANCE</b>  Internal Audit / external bodies	<ul style="list-style-type: none"> <li>Annual scrutiny by Education Scotland annually by HMI and STMs</li> <li>Self-evaluation reportage to Scottish Funding Council</li> </ul>	<ul style="list-style-type: none"> <li>Reportage by Education Scotland presented to the BoM</li> <li>SFC Outcome Team monitor returns and provide feedback as required</li> </ul>
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Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A)  2/5	What is the predicted <b>IMPACT</b> of the risk?	(B)  4/5	What is the total risk score? (A x B)	8/25

Risk Status	Meeting 1 SIG	Meeting 2 SIG	Meeting 3 SIG	Meeting 4 MIN
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MEETING	AMENDMENTS TO RECORD
Q1	No change by Owner
Q2	No change by Owner L&T discussed Risk 8 and whether the impact of the recent industrial action and ASOS has impacted performance levels and increased the risk. As strike action has now ceased, it was agreed that the Risk will be reviewed again in January 2024 when it will be clear whether further industrial action will be taken and the impact this may cause.
Q3	No change by Owner. L&T acknowledge the improved PI trend, but will monitor risk with the view to reducing at the next meeting on receipt of the new PI stats
Q4	The College PI was identified by Education Scotland as being of concern due to the long-term low PI which resulted in them choosing to utilise a 3-day engagement visit in January 2023. However, based on the publication of the 21/22 PI and the progress on the main points for action Education Scotland identified there was no longer concern on the mechanisms to improve PI and this resulted in a one-day annual engage

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
8	Failure to achieve highest academic performance levels						

<b>Strategic Objective:</b>	<b>Risk No 9: Failure to adhere to academic compliance</b>
<b>Reference to Departmental Risk Registers:</b>	Organisational
<b>Owner:</b>	DP Learning Skills and Student Experience
<b>Description of the Risk:</b>	Failure to adhere to academic compliance arrangements, eg awarding bodies, Education Scotland
<b>What are the possible consequences if the risk was to emerge:</b>	Loss of reputation, financial loss, loss of ability to deliver and develop new courses, loss of ability to issue international visas and impact on student certification.

Numerical Scoring of Gross Risk (i.e. without controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A)  4/5	What is the predicted <b>IMPACT</b> of the risk?	(B)  3/5	What is the total risk score? (A x B)	12/25

The <b>GROSS</b> risk is therefore: MIN/SIG/MAJ/FUN	<b>Significant risk</b>
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3 LINES OF DEFENCE	MITIGATIONS	MONITORING
<b>FRONT LINE</b> <b>(Management Assurance)</b>  <b>Operational Delivery</b> <b>/Systems /Quality Assurance</b> <b>/Supervision</b>	<ul style="list-style-type: none"> <li>Assessor marks in line with national standards utilising awarding body resources.</li> <li>Action planning at curriculum area level</li> <li>Regular curriculum team meetings</li> </ul>	<ul style="list-style-type: none"> <li>Internal verifier appointed for each unit and a cycle of verification is followed.</li> <li>Self-evaluation reporting monitored by Performance</li> </ul>
<b>OVERSIGHT OF</b> <b>MANAGEMENT ACTIVITY</b>  <b>Internal Compliance and</b> <b>quality checks / Legal and</b> <b>Regulatory / Financial</b> <b>controls / Management</b> <b>controls / Project assurance</b>	<ul style="list-style-type: none"> <li>Management scrutiny of the cycle of verification and appointment of internal verifiers.</li> <li>Issues from internal verification are identified and action planned to ensure conformity with national standards.</li> <li>College wide enhancement plan developed from self-evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Scrutiny of internal verification reports by managers.</li> <li>SLT scrutiny of annual verification activity.</li> <li>College wide enhancement plan monitored annually</li> <li>Reportage to L&amp;T Committee on College wide self -evaluation and portfolio reviews</li> </ul>
<b>INDEPENDENT</b> <b>ASSURANCE</b>  <b>Internal Audit / external</b> <b>bodies</b>	<ul style="list-style-type: none"> <li>External verification by awarding body according to an annual cycle and risk</li> <li>Annual scrutiny by Education Scotland annually by HMI and STMs</li> <li>Self-evaluation reportage to Scottish Funding Council</li> </ul>	<ul style="list-style-type: none"> <li>External verifier presents report of visit to curriculum and performance team.</li> <li>Performance directorate monitor external verification and report to SLT and the L&amp;T Committee.</li> <li>Reportage by Education Scotland presented to the BoM</li> <li>SFC Outcome Team monitor returns and provide feedback as required</li> </ul>

Numerical Scoring of NET Risk (i.e. with controls in place) (2 cont)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 2/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 2/5	What is the total risk score? (A x B)	4/25
<b>Risk Status</b>	<b>Meeting 1</b> <b>MIN</b>	<b>Meeting 2</b> <b>MIN</b>	<b>Meeting 3</b> <b>MIN</b>	<b>Meeting 4</b> <b>MIN</b>	

MEETING	AMENDMENTS TO RECORD
Q1	No change by Owner
Q2	No change by Owner
Q3	No change by Owner
Q4	No change by Owner

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
9	Failure to adhere to academic compliance arrangements						

<b>Strategic Objective:</b>		<b>Risk No: 10 Failure to achieve an effective student experience</b>	
<b>Reference to Departmental Risk Registers:</b>	Organisational		
<b>Owner:</b>	DP Learning, Skills and Student Experience <i>(Inc Infrastructure/Marketing/ICT)</i>		
<b>Description of the Risk:</b>	Failure to achieve an effective student experience		
<b>What are the possible consequences if the risk was to emerge?</b>	Loss of reputation in the region, financial sustainability, ability to attract future students, ability to retain students and potential to limit student progression.		

<b>Numerical Scoring of Gross Risk (i.e., without controls in place)</b>					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 3/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 4/5	What is the total risk score? (A x B)	12/25
The <b>GROSS</b> risk is therefore: MIN/SIG/MAJ/FUND	<b>Significant Risk</b>				

<b>3 LINES OF DEFENCE</b>	<b>MITIGATIONS</b>	<b>MONITORING</b>
<b>FRONT LINE</b> <b>(Management Assurance)</b>  <b>Operational Delivery /Systems /Quality Assurance /Supervision</b>	<ul style="list-style-type: none"> <li>• Clear arrangements for applications, onboarding and retention</li> <li>• Student block surveys and Student Satisfaction and Engagement Survey (SSES)</li> <li>• Student engagement prior to course start and on course</li> <li>• Continuous self- evaluation and action planning by support and teaching areas</li> <li>• Action planning at curriculum area level</li> <li>• Regular curriculum team meetings</li> <li>• Students' association officers' meetings with students</li> <li>• Student focus groups</li> <li>• Student class representatives input to course teams</li> </ul>	<ul style="list-style-type: none"> <li>• Review of early student experience</li> <li>• Performance return survey and SSES results to CMs</li> <li>• Performance enhancement measure support areas to improve the student experience</li> <li>• Self-evaluation reporting monitored by Performance and Directors</li> </ul>
<b>OVERSIGHT OF MANAGEMENT ACTIVITY</b>  <b>Internal Compliance and quality checks / Legal and Regulatory / Financial controls / Management controls / Project assurance</b>	<ul style="list-style-type: none"> <li>• College wide enhancement plan developed from self-evaluation</li> <li>• Action planning from portfolio reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of College wide enhancement plan</li> <li>• Portfolio review to examine improvement actions</li> <li>• Regular reportage on performance and student satisfaction to SLT</li> <li>• Reportage to L&amp;T Committee on College wide self -evaluation, enhancement plan and portfolio reviews</li> </ul>
<b>INDEPENDENT ASSURANCE</b>  <b>Internal Audit / external bodies</b>	<ul style="list-style-type: none"> <li>• Annual scrutiny by Education Scotland annually by HMI and STMs</li> <li>• Self-evaluation reportage to Scottish Funding Council</li> </ul>	<ul style="list-style-type: none"> <li>• Reportage by Education Scotland presented to the BoM</li> <li>• SFC Outcome Team monitor returns and provide feedback as required</li> </ul>

<b>Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont)</b>
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What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 2/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 4/5	What is the total risk score? (A x B)	8/25
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<b>Risk Status</b>	<b>Meeting 1 MIN</b>	<b>Meeting 2 MIN</b>	<b>Meeting 3 MIN</b>	<b>Meeting 4 MIN</b>
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MEETING	AMENDMENTS TO RECORD
Q1	No change by Owner
Q2	No change by Owner
Q3	No change by Owner. Owner has asked for the risk to be considered at the next meeting with a view to decreasing ratings in line with the student satisfaction results of 97%. This was supported by Audit Committee.
Q4	No change by owner

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
10	Failure to achieve an effective student experience						

<b>Strategic Objective:</b>	<b>Risk No: 11 Failure to maintain systems and operable &amp; secure ICT</b>
<b>Reference to Departmental Risk Registers:</b>	Organisational
<b>Owner:</b>	VP People and Transformation
<b>Description of the Risk:</b>	Failure to achieve and maintain systems and operable and secure ICT
<b>What are the possible consequences if the risk was to emerge?</b>	Serious impact to the college's ability to operate and deliver education to students, financial loss, loss of data and reputation

Numerical Scoring of Gross Risk (i.e., without controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 4/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 5/5	What is the total risk score? (A x B)	20/25
The <b>GROSS</b> risk is therefore:(MIN/SIG/MAJ/FUN)	<b>Major</b>				

3 LINES OF DEFENCE	MITIGATIONS	MONITORING
<b>FRONT LINE (Management Assurance)</b> <b>Operational Delivery /Systems /Quality Assurance /Supervision</b>	<ul style="list-style-type: none"> <li>Documented disaster recovery procedures</li> <li>Cyber Incident disaster recovery plan and training</li> <li>Staff CPD on business continuity areas including Cyber security</li> <li>Firewalls and antivirus software in place</li> </ul>	<ul style="list-style-type: none"> <li>Cyber exercises</li> <li>Regular planned security monitoring.</li> <li>Desktop DRP exercises carried out and reviewed regularly.</li> <li>Network traffic regularly monitored.</li> </ul>
<b>OVERSIGHT OF MANAGEMENT ACTIVITY</b>	<ul style="list-style-type: none"> <li>Regular internal review of security measures and action around areas of concern;</li> <li>Regular cyber/phishing exercises;</li> </ul>	<ul style="list-style-type: none"> <li>Feedback via SLT/ELT on monitoring statistics;</li> <li>Regular Board reporting around cyber position;</li> </ul>

<b>Internal Compliance and quality checks / Legal and Regulatory / Financial controls / Management controls / Project assurance</b>		
<b>INDEPENDENT ASSURANCE</b>  <b>Internal Audit / external bodies</b>	<ul style="list-style-type: none"> <li>CISO (Chief Information Security Officer) service in place through HEFESTIS.</li> </ul>	<ul style="list-style-type: none"> <li>Regular reporting and risk assessment.</li> <li>Audit Committee/BoM oversight</li> </ul>

Numerical Scoring of NET Risk (i.e., with controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A)  3/5	What is the predicted <b>IMPACT</b> of the risk?	(B)  4/5	What is the total risk score? (A x B)	12/25

Risk Status	Meeting 1 SIG	Meeting 2 SIG	Meeting 3 SIG	Meeting 4 SIG
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MEETING	AMENDMENTS
Q1	No change by Owner
Q2	No change by Owner
Q3	No change by Owner
Q4	No change by Owner

No.	Risk & Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
11	Failure to achieve and maintain systems and operable and secure ICT						

<b>Strategic Objective:</b>	<b>Risk No: 12 Health &amp; Safety Compliance</b>
<b>Reference to Departmental Risk Registers:</b>	Organisational
<b>Owner:</b>	VP People and Transformation
<b>Description of the Risk:</b>	Failure to meet regulatory health & safety obligations
<b>What are the possible consequences if the risk was to emerge?</b>	Loss of reputation, financial penalties, criminal liability (corporate and individual)

Numerical Scoring of Gross Risk (i.e., without controls in place)					
What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A)  4/5	What is the predicted <b>IMPACT</b> of the risk?	(B)  5/5	What is the total risk score? (A x B)	20/25
The <b>GROSS</b> risk is therefore: (MIN/SIG/MAJ/FUN)	<b>Major Risk</b>				

3 LINES OF DEFENCE	MITIGATIONS	MONITORING
<b>FRONT LINE (Management Assurance)</b>	<ul style="list-style-type: none"> <li>Reporting and review procedure including "near miss"</li> <li>Health and Safety IOSH training for</li> </ul>	<ul style="list-style-type: none"> <li>Regular, formal Health &amp; Safety Committee</li> <li>New terms of reference agreed by</li> </ul>

<b>Operational Delivery /Systems /Quality Assurance /Supervision</b>	staff <ul style="list-style-type: none"> <li>Regular communication on responsibilities</li> <li>Specific communication at time of increased risk e.g.Covid, building works, adverse weather</li> </ul>	Health & Safety Committee
<b>OVERSIGHT OF MANAGEMENT ACTIVITY</b>  Internal Compliance and quality checks / Legal and Regulatory / Financial controls / Management controls / Project assurance	<ul style="list-style-type: none"> <li>Clear channels of communication regarding issues and preventative actions</li> </ul>	<ul style="list-style-type: none"> <li>Regular, formal Health &amp; Safety Committee</li> <li>Reporting to FGP Committee / BoM</li> </ul>
<b>INDEPENDENT ASSURANCE</b>  Internal Audit / external bodies		<ul style="list-style-type: none"> <li>Internal Audit</li> <li>Public Health</li> <li>Environmental Health</li> </ul>

**Numerical Scoring of NET Risk (i.e., with controls in place) (2 cont)**

What is the predicted <b>LIKELIHOOD</b> of the risk occurring?	(A) 3/5	What is the predicted <b>IMPACT</b> of the risk?	(B) 4/5	What is the total risk score? (A x B)	12/25
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Risk Status	Meeting 1 SIG	Meeting 2 SIG	Meeting 3 SIG	Meeting 4 SIG
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MEETING	AMENDMENTS TO RECORD
Q1	No change by Owner
Q2	No change by Owner
Q3	No change to rating by owner. Front line monitoring: New terms of reference agreed by Health & Safety Committee
Q4	No change by Owner

No.	Risk and Risk Appetite	Avoid	Averse	Cautious	Moderate	Open	Hungry
12	Health & Safety compliance						

<b>MEETING</b>	<b>AUDIT COMMITTEE</b>
<b>Agenda Item:</b>	<b>6</b>
<b>Paper No:</b>	<b>AUD0624-6.1</b>

<b>Date</b>	04/06/2024
<b>Location</b>	MS Teams
<b>Title of Paper</b>	Risk Management Policy
<b>Presented By</b>	Douglas Dickson
<b>Recommendation</b>	Approval
<b>Appendix Attached</b>	YES
<b>Disclosable Under FOISA</b>	YES

Read Time: **13 minutes**

**1. Recommendation**

- The Audit Committee is asked to approve the Risk Management Policy.

**2. Executive Summary**

2.1 The policy has been updated following audit by our internal auditors.

**3. Report**

3.1 The College as part of the internal audit schedule was audited on risk management. There were a number of enhancements recommended for the risk audit –

1. Who manages at operational level – new section 4.4
2. Responsibility for risk - addition at 5.1
3. The escalation process on risk – new section 5.5
4. The process for new and emerging risks – new section 5.10

3.2 Changes are identified in yellow.

**4. Strategic Implications**

4.1 This paper links to all College risks

**5. Risk**

Risk	Mitigations
Risk - All risks	➤ This policy mitigates ineffective control of risk

**6. Implications**

<b>Financial</b>	Yes	This policy impacts all areas of College operations and strategy.
<b>Legal</b>	Yes	
<b>Learning and Teaching</b>	Yes	
<b>Equalities</b>	Yes	

**Douglas Dickson**

Depute Principal

20 May 2024





**Dumfries and  
Galloway College**

One step ahead

# RISK MANAGEMENT POLICY

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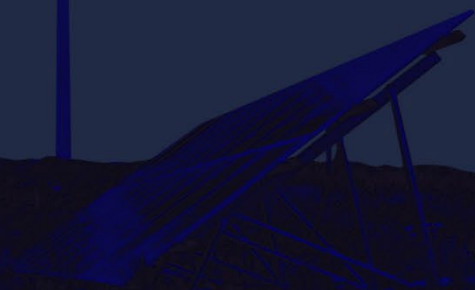
**Responsibility: Executive Leadership Team**

**Issue Date: September 2023**

**Equality Impact Assessment: September 2023**

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Version: 3



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# Risk Management Policy

## 1. Purpose

The purpose of this policy and related arrangements is to:

- Outline approaches and arrangements in respect of the management, oversight, control, mitigation, evaluation and reporting of risks associated with College operations and activities;
- Ensure that significant risks are monitored and managed more closely; and
- Confirms the roles and responsibilities of the Board of Management, Executive Leadership Team and others in the effective management of risks.

## 2. Scope

This policy covers the management of risks related to College activities and operations.

This policy is approved by the Audit Committee of the Board of Management and will be subject to regular review by the Committee in line with College document control and review procedures.

It should be noted that this policy does not cover arrangements in respect of health and safety risk assessment, which is managed under the terms of the College Health & Safety Policy.

### *3. References*

- Board of Management Articles and Committee Remits
- Code of Good Governance for Scotland's Colleges
- Strategic Risk Register
- Internal audit schedule and reporting
- Business Continuity Plan

## *4 Responsibilities*

### *4.1 Role of the Board of Management*

The Board of Management has responsibility to provide leadership within a framework of effective controls, which enable risk to be assessed and managed. The Board of Management has responsibility through the operation of the Board and each Board Committee to monitor, challenge and oversee risk management within the College as a whole.

Within these arrangements, it is the responsibility of the Board of Management to:

- Establish the overall culture and ethos in respect of risk and opportunity management within the College.

- Approve major decisions affecting the College risk profile or exposure in accordance with appropriate financial strategy and procedures and agreed delegation limits.
- Annually review the College approach to risk management, risk appetite and approve changes or improvements as necessary.
- Enable the Executive Leadership Team to discharge their duties in the management of risk.

## 4.2 Role of the Audit Committee

The Board of Management has delegated responsibility for risk management to the Audit Committee.

The Audit Committee will monitor and report to the Board on internal controls and alert Board members to any significant emerging issues. In addition, the Committee oversees internal audit, risk appetite, external audit and management as required in its review of internal controls.

The Audit Committee will report to the Board, through the Chair of Audit and the availability of Audit minutes, on the effectiveness of the internal control system, including the College system for the management or risk.

## 4.3 Role of the Executive Leadership Team

As the senior management group of the College, the Executive Leadership Team (Principal, Depute and VP) have overall operational responsibility for the identification, management and mitigation of risk in line with Board objectives and risk appetite.

It is the role of the Executive Leadership Team to provide advice and guidance to the Board in respect of potential and actual risk issues and to implement appropriate risk management and internal controls on an ongoing basis. The Executive Leadership Team will also be asked to provide accurate, timely and clear information to the Board of Management and its Committees to support Board members in understanding and evaluating the status of risks and controls.

#### 4.4 Role of the College Management Team

The College management team plays a crucial role in managing and escalating risks to senior management. This process ensures that potential threats to the college's objectives, operations, and reputation are identified, assessed, and addressed promptly and effectively.

Escalation would take place through the normal cycle of meetings or depending on severity direct to ELT.

### 5. *Identification and Management of Risk*

The development of effective risk management arrangements is essential to control and manage the risks that may otherwise threaten the ability of the College to meet its objectives.

Risk management is bound inextricably within the system of internal control that operates across the College. This system encompasses a number of elements that together ensure that effective and efficient outcomes are achieved, allowing the College to respond to strategic and operational risks. These elements include the following:

#### 5.1 Strategic Risk Framework

High-level strategic risks are outlined with a clear risk register. These risks are discussed and approved by the full Board of Management. and detailed analysis of the regional operating context for the College.

The Executive Leadership Team –

- Will undertake the ongoing monitoring mitigation of risks significant to the College.
- Ensure the strategic risk register is formally reviewed and if necessary updated and presented to SLT (Executive Directors, Board Secretary and Directors), the Board of Management and BoM Audit Committee.
- Will ensure risks are assigned to a member of the College ELT.

- The risk appetite is reviewed annually by the College ELT and presented to the Audit Committee and Board.

The Senior Leadership Team will ensure –

- Their direct reports update on any risks or input on new risks identified with College operations.

Risks are managed based on a series of risk factors determined by assessment of the likelihood multiplied by the impact of each specific risk –

**KEY: ASSESSMENT OF RISKS**

Risks which should be monitored by the Risk Management Group: Scores: 1 – 8 Minor Risk
Risks to be brought to the attention of SMT and the Board of Management: Scores: 9 - 15 Significant Risk
Risks to be reported to, and monitored by, Board of Management: Scores: 16 – 20 Major Risk
Risks to be reported to, and monitored by, Board of Management: Scores: 21 – 25 Fundamental Risk

Risk Score Matrix

Impact	5	10	15	20	25
4	8	12	16	20	
3	6	9	12	15	
2	4	6	8	10	
1	2	3	4	5	
Likelihood					

Each risk factor is colour coded based on their severity. Each risk uses 3 lines of defence as a risk management framework to manage and mitigate risks effectively. It provides a structured approach to ensure that risk management responsibilities are clearly defined across the College.

The first line of defence covers our front-line employees and operational managers who directly manage and own the risks associated with their day-to-day activities. The second line of defense consists of specialized risk management, compliance, and control functions with the College. Their role is to oversee and support the first line by providing guidance, setting policies and standards, and monitoring compliance with these policies. The third line provides an objective and independent assessment of the effectiveness.

Each risk is assessed and categorised prior to the actions taken to manage the risk and again following assessment of the mitigating actions in place.

A register will be maintained by the Board Secretary identifying the ownership at each line of defence, this is the Colleges risk framework. This framework shows where discussion and reportage of risk cascades through the operations of the College.

## 5.2 Risk Appetite Framework

In the dynamic landscape the College operates in we face a myriad of challenges and opportunities. To effectively navigate these uncertainties and chart a course towards success, the College uses a crucial tool: the Risk Appetite Framework.

The Risk Appetite Framework serves as a guiding instrument for the College, helping us staying true to our mission and vision. In the context of a college, this framework is a strategic approach to understanding, defining, and managing the level of risk the College and the Board is willing to accept in pursuit of its goals.

The Risk Appetite Framework is reviewed annually by the Executive and presented to the Audit Committee and to the Board of Management for discussion and scrutiny.

## 5.3 Quality Management System

The College operates a documented quality management system on the College intranet. This system provides a clear structure of policies, procedures, quality processes and other documentation that underpin the control and review of key College processes and their related risks.

All sections of the quality management system are approved at SLT, consulted on a LJNC where appropriate, with reference to the Board of Management where appropriate.

## 5.4 Determination and Management of Project-based Risks

Approval of all capital and revenue projects where College contribution is in excess of £250k in value will include the requirement to create and manage specific risk register in relation to the project or activity. This determination and rating of risk must include the following:

- Risks impacting on project/College objectives
- Significant financial and other operational risks
- Reputational or other risks

Project based risk registers may be necessary in other circumstances where the nature of the project or the level of non-financial risk involved warrants this.

## 5.5 Risk escalation

The management team conducts regular risk reviews to identify potential risks across various areas of operation such as finance, health and safety, compliance, and academic performance. College operational plans detail key risks to operations. This identification of risk is kept under review within operational plans, in line with each departments defined series of meetings. This enables identification of any risks and cascading them to the relevant member of SLT.

In addition to departmental meetings there is a regular review by Finance and senior Curriculum staff that enables discussion of risk to operations. Where risk is identified, this is escalated to the relevant member of ELT.

In each of the College risk there is identification of 3 lines of defence. In the first line of defence operational managers consider risk as part of their departmental meetings and escalate any risk to operations to their relevant SLT member. The College in the second line of defence defines specific reports that are presented at SLT or committee. These reports identify risk to senior staff which enable discussion and for appropriate mitigations to be put in place.

For urgent or high-impact risks, there should be immediate escalation to a member of ELT.

## 5.6 Internal Audit Arrangements

The Board of Management Audit Committee determines and approves a rolling annual schedule of internal audit activities designed to check and test internal control and risk management arrangements. Analysis and feedback in respect of risk and control issues is used to inform development and prioritisation of this schedule. The schedule includes the internal audit review of risk management approaches, arrangements and effectiveness.



## 5.7 External Audit Arrangements

External audit provides feedback to the Audit Committee on the operation of the internal controls reviewed as part of the annual audit requirements specified by the Scottish Government and Scottish Funding Council.

## 5.8 Annual Report Arrangements

The Board of Management is responsible for reviewing annually the effectiveness of risk management arrangements and outcomes, based on information provided by the independent auditors (internal and external) and the Executive Leadership Team.

To inform this the Audit Committee will consider annually a report produced by the internal auditors that summarises the outcomes of audit activities and provides a clear opinion in respect of the robustness of the internal controls in place and any other significant factors found.

## 5.9 Business Continuity Planning and Disaster Recovery

The College maintains a business continuity plan providing a framework within which serious incidents or other significant events that may impact on business continuity are managed.

Disaster recovery arrangements are in place in respect of all major ICT systems operated by the College.

## 5.10 New and Emerging Risk

SLT will determine any new and emerging risks and recommend to the Audit committee and Board whether to add them to the framework in line with the normal cycle of Board and Committee meetings.

New or emerging risks may arise from (but not exclusively from) –

- Internal or external audits
- Stakeholder feedback

- Horizon scans
- Regulation or compliance updates

An emerging risk register will be maintained by the Board Secretary which will form a standing agenda item at SLT and Audit Committee.

## 6. *Implementation*

To support implementation of this policy all staff with responsibilities under the terms of the policy will receive appropriate guidance, support and training in relation to these responsibilities.

## 7. *Review Details*

Next review scheduled for: 01.09.25

Responsibility for Review: College Executive and BoM Audit Committee

Union Consultation Required: No

## 8. *Distribution*

All Staff

Repository

## 9. *Revision Log*

Revision Log		
Date	Section	Description
31.03.22	Throughout the Policy	Amendment to Job Title – Vice Principal Business Development and Corporate Services to Director of Estates and Sustainability
31.03.22	Distribution	Quality Manual changed to Repository
24.08.23	Appendix 1	Equality Impact Assessment added as Appendix 1 as per revised Document Control Procedure
11.09.23	Throughout the Policy	Review of current processes and updating around the 3 lines of defence.
22.05.24	Throughout the Policy	Addition of sections 4.4, 5.5, 5.10
22.05.24	Section 5.1	Addition to note the risk management framework held by the Board Secretary.

**THIS FORM TO BE UPDATED WHENEVER THERE IS A CHANGE IN ANY SYSTEM DOCUMENT**

Document Name	Document Owner	Revision Number	Date of Issue	Date of Withdraw
Risk Management Policy	Vice Principal Business Development and Corporate Service	1	19.02.2019	
Risk Management Policy	College Executive	2		
Risk Management Policy	College Executive	3		

## Appendix 1: Equality Impact Assessment

Document:	Risk Management Policy
Executive Summary:	

### Duties:

1: Eliminate discrimination, harassment and victimisation

2: Promote equality of opportunity

3: Promote good relations

\* Human Rights to privacy and family life, freedom of thought and conscience, education, employment

### PSED Impacts

	Commentary
Age	It is anticipated that the impact on these characteristics will be neutral.
Disability	
Gender	
Gender Based Violence	
Gender identity/ reassignment	
Marriage/civil partnership	
Pregnancy/maternity	
Religion or Belief	
Race	
Sexual Orientation	

### Additional Considerations

Care experienced	It is anticipated that the impact on these characteristics will be neutral.
Carers	
Mental Health	

Socio-economic status	
Veterans	
Human Rights*	

Lead Officer:	Douglas Dickson		
Facilitator:			
Date initiated:	23 <sup>rd</sup> May 2023		
Consultation:			
Research:			
Signature		Date	23/5/24



# Dumfries and Galloway College

## Internal Audit Progress Report

4 June 2024

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

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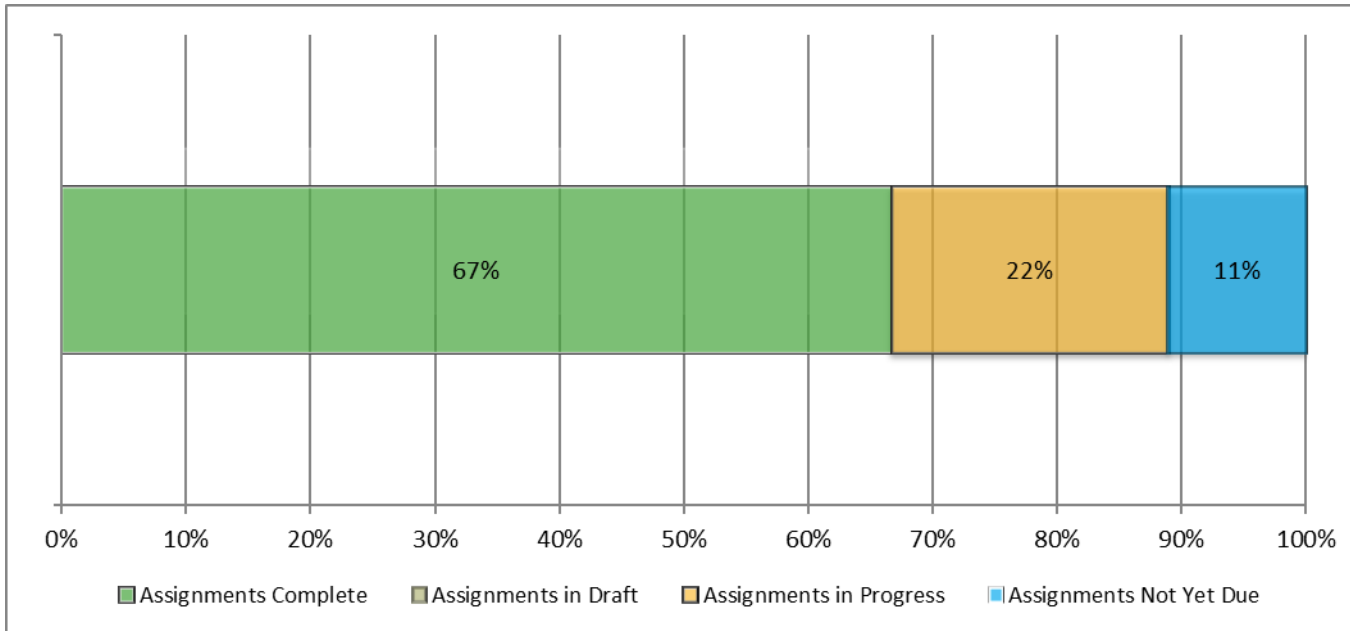
# 1 Key messages

The internal audit plan for 2023/24 was approved by the Audit Committee at the 13 June 2023 meeting.

This report provides an update on progress against that plan and summarises the results of our work to date.



The graph below provides a summary update on progress against the 2023/24 plan.





## 2 Reports

### 2.1 Summary of final reports being presented to this committee

This section summarises the reports that have been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed		
		L	M	H
<b>Awarding Body Activity (6.23.24)</b>	Substantial Assurance	2	0	0

Objective:

Our review will focus on how the College ensures its courses meet the requirements of the awarding bodies specifications.

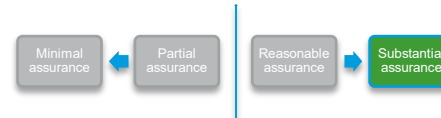
Risk:

Failure to adhere to academic compliance arrangements.

Conclusion:

Based on the testing performed as part of this review, we confirmed the College has a robust approach in place to development and deliver their programmes in line with the awarding body requirements. The College has thoroughly outlined the procedures in which staff are expected to follow as part of the internal verification process to meet the quality assurance requirements set out by each awarding body.

We concluded based on the information provided as part of this audit, that the College has robust processes in place to manage, monitor and report on the internal verification process. As part of this, the College offers compliance audits to provide significant control around the awarding body standards. Where non-compliance is identified it is reported throughout the governance structure and to line management to provide feedback to individuals.





Assignment	Opinion issued	Actions agreed		
		L	M	H

However, we identified weaknesses in respect of staff understanding and review the internal IV procedure document to familiarise themselves with the requirements defined by the College. Additionally, we noted one of the courses in the sample the core pack had not been created to outline the programme specifications and there were two enrolments currently undertaking the programme.

As a result of our review, we have agreed **two low priority** management actions.

## 2.2 Themes arising from control observations

	Low	Medium	High
Policies and / or procedures	2	1	0
Other	1	0	0
Poor record keeping	1	0	0
Management or performance information	4	1	0
Training / awareness for staff	3	2	0
Governance weakness	2	0	0
Design of the control framework	1	1	0
Non-compliance with policies / procedures	2	1	0

We do not have any concerns in respect of themes arising to raise with the Committee at this stage.

## Appendix A – Progress against the internal audit plan 2023/24

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target Audit Committee (as per IA plan 31 July 2024 / change control*)	Actual Audit Committee
		L	M	H		
FES Return	Reasonable Assurance	1	1	0	November 2023	November 2023
Student Support Fund	Substantial Assurance	0	0	0	November 2023	November 2023
Risk Management	Reasonable Assurance	5	5	0	November 2023	March 2024*
Financial Planning / Budget Monitoring	Substantial Assurance	4	0	0	February 2024	March 2024**
Awarding Body Activity	Substantial Assurance	2	0	0	June 2024	June 2024
Student Onboarding	Fieldwork complete	-	-	-	September 2024	-
GDPR***	Advisory Review	5	1	0	September 2024	March 2024
Business Continuity Planning***	<b>Planning document issued and agreed</b>	-	-	-	September 2024	-
	Fieldwork scheduled for week commencing 10 June 2024					
Follow-Up	Fieldwork scheduled for week commencing 15 July 2024	-	-	-	September 2024	-

\* Delayed owing to Senior Auditor leaving.

\*\* Audit Committee scheduled for March, not February as per plan.

\*\*\* See changes below.

## Appendix B – Other matters

### Changes to the audit plan

Detailed below are the changes to the audit plan:

Note	Auditable area	Reason for change
1.	GDPR / Business Continuity Planning	<p>At the request of management, owing to the ongoing development of a new BCP Framework, we have agreed to swap these two audits from their original dates as follows:</p> <ul style="list-style-type: none"><li>• GDPR was scheduled for week commencing 6 June 2024 and was performed in week commencing 11 December 2023.</li><li>• BCP was scheduled for week commencing 11 December 2023 and will now be performed in week commencing 6 June 2024.</li></ul> <p>Audit Committee due dates have been adjusted accordingly.</p>

### Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.



## Post assignment surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you.

Currently, following the completion of each product we deliver we attached a brief survey for the client lead to complete.

We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are:

- After each review (current option).
- Monthly / quarterly / annual feedback request.
- Executive lead only, or executive lead and key team members.

## Appendix C - Key performance indicators (KPIs)

	Delivery				Quality		
	Target	Actual	Notes (ref)		Target	Actual	Notes (ref)
Audits commenced in line with original timescales	Yes	Yes	*	Conformance with PSIAS and IIA Standards	Yes	Yes	
Draft reports issued within 10 days of debrief meeting	10 days	15 days**		Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes	
Management responses received within 10 days of draft report	10 days	16 days		Response time for all general enquiries for assistance	2 working days	2 days	
Final report issued within 3 days of management response	3 days	3 days		Response for emergencies and potential fraud	1 working day	1 day	

### Notes

\* This takes into account changes agreed by management and Audit Committee during the year. Through employing an 'agile' or a 'flexible' approach to our service delivery we are able to respond to your assurance needs.

\*\* Risk Management report delayed owing to Senior Auditor leaving.



## For more information contact

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+44 7791 237658

### **rsmuk.com**

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. Actions for improvements should be assessed by you for their full impact. 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.

Our report is prepared solely for the confidential use of Dumfries and Galloway College, and solely 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 UK 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 UK 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 UK 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.





# DUMFRIES AND GALLOWAY COLLEGE

## Awarding Body Activity

Internal audit report 6.23/24

FINAL

12 April 2024

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

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# 1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, 100 per cent of our audit has been conducted remotely. Remote working has meant that we have been able to complete our audit and provide you with the assurances you require. Based on the information provided by you, we have been able to sample test to complete the work in line with the agreed scope.

## Why we completed this audit

As part of the internal audit plan 2023/24 we have reviewed the processes the College has in place to ensure it meets the course specification requirements of each Awarding Body overseeing the courses provided.

The College operates four key sets of procedures to support staff in their understanding of Awarding Body requirements. These are:

- Approval to Offer Procedure.
- External Verification Procedure.
- Internal Verification Procedure.
- Internal Verification SVQ Procedure (for Scottish Vocational Qualifications, SVQ).

All procedures are reviewed annually to ensure they comply with current Awarding Body requirements and set out the current processes the College must follow.

The College is currently working with 10 Awarding Bodies across the programmes it delivers or is due to deliver. We have reviewed six of these as part of our sampling.

When applying for Awarding Body programme approval to deliver programmes with direct claims, the College must first submit an application for the programme or course it is looking to deliver. The Awarding Body will review this initial application and pre-approve based on a risk assessment of the College. Following pre-approval, the College must undergo a finance and credit check to confirm it is viable to deliver on behalf of the Awarding Body. Once approval is given, the Awarding Body will arrange an External Quality Assurance visit to assess the qualification, delivery and processes followed by the College. Upon completion of this stage, the EQA report will be created outlining any actions from the assessment and make a formal decision on whether it has approved the College for delivery. Once approved the College is provided with the Awarding Body Handbook, which stipulates the EQA process and the quality standards expected of the College.

The College has an approval to offer procedure for the proposal of new programmes. For new programmes, individuals must submit a course proposal form outlining the requirements of the programme which is reviewed and accepted by the Performance Team. The College also has a detailed Internal Verification (IV) procedure designed to ensure coverage over all courses to ensure delivery against course requirements.

A number of Internal Verifiers (IV) are appointed to review delivery of courses against the agreed Awarding Body specification. Course coverage is risk-assessed based upon the number of enrolments on that course. The Performance Manager delivers a series of Compliance Audits throughout the academic year to oversee delivery of the IV reviews.

## Conclusion

Based on the testing performed as part of this review, we confirmed that the College has a robust approach in place to develop and deliver its course programmes in line with Awarding Body requirements. The College has thoroughly outlined the procedures which staff are expected to follow as part of the internal verification process to meet the quality assurance requirements set out by each Awarding Body.

We further concluded, based on the information provided as part of this audit, that the College also has robust processes in place to manage, monitor and report on the internal verification process itself. As part of this, the College undertakes a series of compliance audits to provide significant control around Awarding Body standards. Where non-compliance is identified, it is reported throughout the governance structure and to line management to provide feedback to individuals.

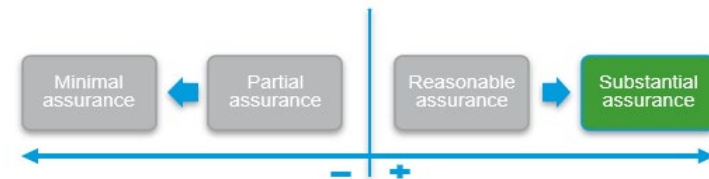
However, we did identify weaknesses in respect of staff understanding of procedures, particularly in relation to review of the internal IV procedure document to familiarise themselves with the requirements defined by the College. Additionally, we noted that for one of the courses in the sample, the core pack had not been created to outline the programme specification and there were two enrolments currently undertaking the programme.

As a result of our review, we have agreed **two low priority** management actions. Details of these findings and actions can be found in Section two.

### Internal audit opinion:

---

Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.



## Key findings

**Our audit review identified that the following controls are suitably designed, consistently applied, and are operating effectively:**



The College operates four key procedures to support staff in their understanding of the Awarding Body requirements and to ensure compliance with course requirements. These are:

- Approval to Offer Procedure.
- External Verification Procedure.
- Internal Verification Procedure.
- Internal Verification SVQ Procedure (for Scottish Vocational Qualifications, SVQ).

Each is available to staff via the AdminNet platform and they have all been reviewed in the last 12 months.



For all nine programmes we sampled, we confirmed each had a verification schedule in place for the academic year which set out the planned review of each course's units.



As part of the samples tested we confirmed for all nine programmes the Internal Verifier (IV) had made an appropriate assessment of the current course enrolment to the number of units per course sampled as part of the assessment to ensure that an adequate level of course activity is considered during the IV process.



Through discussion with the Performance Manager, we identified that the internal procedures operated by the College have been designed with all Awarding Body requirements in mind and to ensure compliance with their quality assurance measures. We tested all six Awarding Bodies in the sample and confirmed the internal quality assurance assessment requirements aligned to the College's internal verification procedures.



The Compliance Audits operated by the Performance Manager are in place to review and monitor the current progress of the IV schedule. The Compliance audits are completed three times a year to identify outstanding or overdue verifications and to monitor the current not accepted verifications across each programme.

For the three compliance audit reports sampled we confirmed that slippage and non-delivery are considered within each report to ensure the College's IV process remains on track.



Through review of each of the three compliance audit reports we obtained, we confirmed actions are raised in the manager meetings following the audit results to ensure management feedback the issues identified to their staff.

The College's Performance Manager is currently undertaking a 100% review of all verification schedules and retrospective issues identified to ensure the College is compliant with the relevant Awarding Body requirements. This is to ensure all issues are managed directly through them and allows them to monitor the current areas of slippage and non-delivery on a consistent basis.



The College is currently reporting on the results of the compliance audits to the Academic Council annually, the Learning and Teaching Committee quarterly, and the Senior Leadership Team quarterly. We obtained meeting agendas to confirm that compliance audit results were documented as a discussion area.

## 2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Risk: Failure to adhere to academic compliance arrangements	
<b>Control</b>	<p>The College has a process overview diagram in place to support staff in their understanding of Awarding Body requirements. This is available via Admin net.</p> <p>All courses submitted through the course proposal process will be reviewed as part of the standardisation meeting to confirm the unit specification.</p>
	<p><b>Assessment:</b></p> <p><b>Design</b> ✓</p> <p><b>Compliance</b> ×</p>
<b>Findings / Implications</b>	<p>In addition to the procedures operated by the College, the College has created a process overview diagram which is in the form of a spider graph. The overview sets out the requirements for quality assurance measures, approval to offer procedure, internal verification procedures and external verification procedures. We reviewed this procedure document and confirmed the requirements for each are defined as follows:</p> <p><b>Quality Assurance Measures:</b></p> <ol style="list-style-type: none"> <li>1. Curriculum Portfolio Review and Course Proposals</li> <li>2. Internal Verification and Standardisation Meetings</li> <li>3. Online Internal Verification Training Module for Staff</li> <li>4. Internal Verification Compliance Audit</li> <li>5. Performance Manager Monthly meeting</li> <li>6. External Verification</li> </ol> <p><b>Approval to Offer Procedure:</b></p> <ol style="list-style-type: none"> <li>1. Curriculum Portfolio Review</li> <li>2. Course Proposal Submitted for Approval</li> <li>3. Core Pack Creation</li> <li>4. Awarding Body Assessments</li> <li>5. Internal Verification of Core Packs</li> <li>6. Creating and Validating Procedure</li> </ol> <p><b>Internal Verification Procedure:</b></p> <ol style="list-style-type: none"> <li>1. Pre Delivery Checklists</li> <li>2. Standardisation Meetings</li> </ol>

## Risk: Failure to adhere to academic compliance arrangements

3. Verification Group Leader's plan IV activity
4. Internal Verifier is responsible for Meeting Awarding Body Requirements
5. Performance Manager Monitors Progress
6. Performance Manager is Centre Contact for All Awarding Bodies

### External Verification Procedure:

1. Performance Manager is Centre Contact for All Awarding Bodies
2. EV Dates Agreed by the Performance Manager and Verification Group Leaders
3. Performance Manager Carries out EV Ready Check Prior to Visit
4. Performance Manager and Verification Group Leader Attend All EV Visits
5. EV Role to Check Awarding Body Standards
6. System Verification

We confirmed all procedures are available to staff via the AdminNet, and screenshots were provided to confirm this.

We completed a walkthrough with the Performance Manager of the core packs for each of a sample of nine programmes to confirm the requirements of the programme are documented and understood by all relevant staff. We confirmed as part of the walkthrough that all live programmes have a core pack which has been developed and is available to relevant staff involved in the internal verification and assessment process via the AdminNet. The specification for each unit is drawn directly from the Awarding Body's website, and sets out the unit requirements and the outcomes expected to be seen from the work completed. From this point the College develops a delivery schedule which sets out when each unit will be completed over the duration of the programme. Once all information relating to the unit is fully completed and outlined in the pack, this is then submitted for approval by the Internal Verifier.

For the nine programmes in the sample, we confirmed:

- For eight of the programmes, we confirmed they had the correct specifications drawn directly from the Awarding Body website. In the remaining case, an assessment specification had been outlined but this was in relation to an IOSH exam (Institute of Occupational Safety and Health).
- For four of the programmes, we confirmed that the core pack specification had been approved by the Internal Verifier. In three cases we noted that no assessment was required as the programme was portfolio based and would be assessed and signed off through a work-based programme. In one case we noted the programme was a specific exam which again did not require an assessment to be completed. In the remaining case we noted two learners were currently enrolled on the programme, however the core pack was not set up or approved on the Admin Net portal.

**Risk: Failure to adhere to academic compliance arrangements**

Without a core pack in place for this programme, the College could risk not completing the internal verification process or delivery of the programme in line with the Awarding Body requirements.

<b>Management Action 1</b>	The College will review the current programmes which have students enrolled on them to ensure a core pack has been developed and set up as defined in the procedure.	<b>Responsible Owner:</b> Performance Manager	<b>Date:</b> 30 June 2024	<b>Priority:</b> <b>Low</b>
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**Risk: Failure to adhere to academic compliance arrangements**

<b>Control</b>	All Internal Verifiers are required to review the IV Procedure.	<b>Assessment:</b>	
	All new starters from 2024 will be required to complete a mandatory e-learning module.	<b>Design</b>	✓
		<b>Compliance</b>	×

**Findings / Implications**

Through discussion with the Performance Manager, we understood that there is no mandatory requirement stipulated by the Awarding Bodies of what training or qualifications IV staff should hold. We noted the College implemented an e-learning module via AdminNet for IV staff to support them in their understanding of College processes. However, we also identified at the time that the e-learning module was not mandatory and there was no requirement for staff had to complete the training. The only requirement in place was that the College expects staff to review the procedures for the internal verification process to familiarise themselves with the requirements.

However, as of 2024 the College made the decision to mandate the e-learning module for all new staff. As part of the induction process, they will be required to undertake the e-learning module and they must achieve a pass grade in the module assessment before they can commence with delivery.

We selected a sample of nine internal verifiers (IVs) to confirm if they had completed the e-learning module and reviewed the IV Procedure. We found:

- Five had completed the e-learning module and achieved a pass grade in the module assessment. In a further case one employee had completed the e-learning module but not achieved a pass grade in the module assessment.
- Three had not completed the training as this was not a mandatory requirement at the time of employment.
- Five had reviewed the IV procedure. In one further case, the individual had reviewed the procedure but was no longer employed by the College. In the remaining three cases, the employees had not reviewed the IV procedure to date.

We identified that Scottish Vocational Qualification courses have assigned IVs who are only authorised to complete internal verifications on these programmes. There is no e-learning module required for SVQ IVs, and they are only required to review the SVQ procedure. We tested a sample of three SVQ specific IVs and confirmed that only two had reviewed the procedures as required. In the remaining case the individual had not reviewed or accessed the procedure.

We reviewed the College’s internal compliance audits for March, June and November 2023 which outlined under 'Next Steps' the requirements for staff to 'familiarise themselves with the Internal Verification Procedure, which outlines key responsibilities'. Where non-compliance with Awarding Body requirements were identified the appropriate action communicated to management has been to ensure staff are reviewing the procedures as required to support them in their understanding of the role and responsibilities as internal verifiers.

**Risk: Failure to adhere to academic compliance arrangements**

Following the introduction of the mandatory requirement to complete the e-learning module for all IV staff, the compliance audits will highlight whether staff have completed the training as required.

Where we have identified staff who have not completed the review of the procedures the College risks incorrect processes being followed which could result in the individuals not meeting the criteria set out by the Awarding Body.

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<b>Management Action 2</b>	The College will ensure all staff delivering internal verification requirements have undertaken the necessary e-learning module, achieved a pass grade, and reviewed the IV Procedure as required.	<b>Responsible Owner:</b> Performance Manager	<b>Date:</b> 31 December 2024	<b>Priority:</b> <b>Low</b>
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## APPENDIX A: CATEGORISATION OF FINDINGS

### Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Risk	Control design not effective*	Non Compliance with controls*	Agreed actions		
			Low	Medium	High
Failure to adhere to academic compliance arrangements	0 (9)	2 (9)	2	0	0
<b>Total</b>			<b>2</b>	<b>0</b>	<b>0</b>

\* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

## APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

### Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following risk:

Objective of the risk under review	Risks relevant to the scope of the review	Risk source
Our review will focus on how the College ensures its courses meet the requirements of the awarding bodies specifications.	Failure to adhere to academic compliance arrangements	Strategic risk register

**When planning the audit, the following areas for consideration and limitations were agreed:**

**The audit will consider the following;**

- The College has a policy and supporting procedures which govern how it ensures its courses meet the requirements of the relevant Awarding Body, which are regularly reviewed and approved.
- Responsibility for ensuring its courses meet the requirements of the relevant Awarding Body is clearly documented and well understood by all relevant staff involved.
- The College has a clearly documented programme of activity to review / observe or otherwise test the delivery of courses against Awarding Body requirements.
- The College's review programme is designed to ensure that there is an adequate level of coverage proportionate to the nature of each course and volume of student activity.
- The review programme for each course is aligned to the requirements of the relevant Awarding Body.
- The results and any underlying themes / trends of the review / monitoring activity are regularly reported through the College's governance structure.
- Issues identified during the review / monitoring activity are reported and remedial action taken on a timely basis.
- Progress against the programme of review / monitoring activity is monitored to identify any areas of slippage / non-delivery.
- Those conducting review / monitoring activities have been appropriately trained.

**Limitations to the scope of the audit assignment:**

- The scope of the work will be limited to those areas examined and reported upon in the areas for consideration in the context of the risk and objectives set out for this review.
- Any testing undertaken as part of this review will be compliance based and sample testing only.
- We will not look at any financial or staffing considerations relating to the delivery of courses.
- We will not interview any students during the course of this review.
- We will not review the certification of student achievement during the course of this review.
- This review is not intended to replace or replicate any external review process or guarantee the outcome of such process.

Our work does not provide assurance that material error, loss or fraud do not exist.

Please note that the full scope of the assignment can only be completed within the agreed budget if all the requested information is made available at the start of our fieldwork, and the necessary key staff are available to assist the internal audit team. If the requested information and staff are not available, we may have to reduce the scope of our work and/or increase the assignment budget. If this is necessary, we will agree this with the client sponsor during the assignment.

To minimise the risk of data loss and to ensure data security of the information provided, we remind you that we only require the specific information requested. In instances where excess information is provided, this will be deleted, and the client sponsor will be informed.

<b>Debrief held</b>	15 March 2024	<b>Internal audit Contacts</b>	Rob Barnett, Head of Internal Audit
<b>Draft report issued</b>	4 April 2024		Michel Gibson, Client Manager
<b>Responses received</b>	9 April 2024		Hollie Adams, Assistant Manager
			Naomi Longstaff, Senior Auditor
<b>Final report issued</b>	12 April 2024	<b>Client sponsor</b>	Douglas Dickson, Deputy Principal
			Karen Hunter, Director of Finance and Planning
		<b>Distribution</b>	Douglas Dickson, Deputy Principal
			Karen Hunter, Director of Finance and Planning

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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. Actions for improvements should be assessed by you for their full impact. 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.

Our report is prepared solely for the confidential use of Dumfries and Galloway College, and solely 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 UK 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 UK 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.

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<b>MEETING</b>	<b>AUDIT COMMITTEE</b>
<b>AGENDA ITEM:</b>	<b>9</b>
<b>PAPER NO:</b>	<b>AUD0624-9.1</b>

<b>Date</b>	04 June 2024
<b>Location</b>	MS Teams On-line
<b>Title of Paper</b>	Committee Self Evaluation / Terms of Reference
<b>Presented By</b>	Lorraine Grierson
<b>Recommendation</b>	<b>Discussion</b>
<b>Appendix Attached</b>	NO
<b>Disclosable Under FOISA</b>	NO

Read Time: 10 minutes

**1. Recommendation**

- 1.1.** The Audit Committee is asked to **discuss** and jointly complete the self-evaluation form where necessary.

## 2. Executive Summary

2.1 The Board of Management is required under the Code of Good Governance for Scotland's Colleges (section D.23) to self-evaluate annually its performance and effectiveness against its overall duties and responsibilities. Compliance with the Code is a condition of grant awarded by SFC. The implementation of robust self-evaluation processes will ensure that governance arrangements are compliant with the Code of Good Governance.

## 3. Context

3.1 The Annual Self-Evaluation process is conducted in May of each year, and as part of the process, 1-1 reviews with board members, the Chair and Board Secretary will take place.

3.2 The Committee has been asked to consider and complete the Committee Self-Evaluation survey for joint discussion at the end of the Committee meeting, to reflect business over the last academic year 2023-24.

3.3 The Board development plan will be populated with actions taken from the self-evaluation documentation and 1-1 meetings.

3.4 The Terms of Reference and Business Schedule have been reviewed by the Secretary to the Board and Executive Director Finance to ensure they reflect the current business requirements of the Committee.

## 4. Strategic Implications

4.1 Board effectiveness impacts on all priorities within Ambition 2025.

## 5. Risk

5.1 No risks associated with this paper.

## 6. Implications

<b>Financial</b>	NO	
<b>Legal</b>	NO	
<b>Learning and Teaching</b>	NO	
<b>Equalities</b>	NO	

**Lorraine Grierson**

Secretary to the Board

22 May 2024



**AUDIT COMMITTEE SELF-EVALUATION****Date: May 2024**

Section	Yes	No	N/A	Comments/Action
<b>Composition, Establishment and Duties of the Committee</b>				
Does the Committee meet regularly in accordance with the Board Standing Orders?	XXXX			
Does the Committee consistently have a quorum?	XXXX			There has been one occasion where there was no quorum for decision and the meeting was postponed with business conducted by email. Generally otherwise, the attendance and participation is very good. It has been useful to have members of the committee with finance experience and having the senior independent member of the Board on the Audit committee has been particularly valuable in the support and challenge to the auditors.  Numbers/quorum has sometimes been a struggle
Do all Committee members attend meetings regularly and actively provide input?	XXXX			
Does the Committee have enough members?	XXX	X		
Does at least one of the Committee members have a background and skills relevant to the remit of the Committee?	XXXX			
Have new Committee members received all necessary training?	XXXX			
Does the Committee report regularly to the Board?	XXXX			

Section	Yes	No	N/A	Comments/Action
<b>Terms of reference</b>				
Do the terms of reference include all aspects of the Committee's role and responsibilities?	XXXX			
How would you rate the performance of the Committee against its Terms of Reference.				Excellent, good, good, good
Does the Committee review its remit periodically to ensure that it remains fit-for-purpose and relevant.	XXXX			
Are the terms of reference adopted by the full Board and reviewed annually?	XXXX			We have had some debate around the risk management and business continuity functions, and the ability of the committee to bring about or influence discussion to board or board development committee. I have welcomed the robust discussion about the best route for

				decision making and the managed disagreement and negotiation over some of the matters. This shows me that the committee is not simply and passively accepting of the recommendations of the ELT.
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Section	Yes	No	NA	Comments/Action
<b>Internal Control</b>				
Does the Committee monitor to ensure that risk is controlled?	XXXX			
Does the Committee regularly review relevant strategic plans?	XXXX			
Does the Committee consider the level of detail and information it receives appropriate?	XXXX			
Are appropriate internal performance measures monitored by the Committee?	XXXX			
Is the Committee addressing all matters delegated to it by the Board and under its terms of reference?  What assurance supports your answer?	XXXX			<p>Terms of reference and effective adherence to them.</p> <p>The suite of performance measures agreed by the Board and by ELT with its external funding and scrutiny partners are reported to the audit committee by way of performance reporting and the risk registers. There is ample opportunity for debate and for further elaboration.</p> <p>Performance measures clearly set out and monitored in the audit reports which are presented to and debated by the Committee.</p> <p>Regular reviews of Risk Register, reviews of internal and external audit processes and general discussion at Audit Committee.</p>

Section	Yes	No	NA	Comments/Action
<b>Effectiveness of Committee meetings</b>				
Are Committee meetings well organised, efficient, and effective?	XXXX			
Are Committee papers distributed in sufficient time for members to give them due consideration and include the right information to allow meaningful discussion?	XXXX			
Are Committee meetings scheduled prior to important decisions on specific matters being made?	XXXX			
Do the Minutes and reports to the Board report effectively the significant activities,	XXXX			

<b>Terms of Reference</b>	Audit Committee
<b>Date Approved by Committee</b>	May 2024
<b>Date Approved by Board</b>	June 2024
<b>Date of Next Review</b>	May 2025
<b>Chair</b>	Gillian Brydson

## 1 Membership

- 1.1. 5-6 non-executive board members (one of whom shall be appointed as Committee Chair).
- 1.2. Members of the Audit Committee (AC) are precluded from serving on the Finance & General Purposes Committee (F&GP).
- 1.3. The Chair and Principal should not be a member of the AC.
- 1.4. The internal audit service provider and representatives of the external auditor will be expected to attend meetings of the AC and to be provided with agenda and papers for meetings.
- 1.5. The AC can sit privately without any non-members present for all or part of the meeting if they wish.
- 1.6. In attendance:
  - 1.6.1 Principal;
  - 1.6.2 Depute/Vice Principals;
  - 1.6.3 Secretary to the Board

## 2 Quorum

- 2.1 No less than one half of the members entitled to vote (quorum 50% or higher of membership, with the majority for decision-making to be non-executives).

## 3 Reporting

- 3.1 The AC shall make its recommendations to the Board of Management as appropriate.
- 3.2 The AC shall observe the Standing Orders in all its business.
- 3.3 Minutes of the meetings should be circulated to the Board for information.
- 3.4 Prepare an annual report to the Board on Internal Financial Control prior to the signing of the Financial Statements focussing particularly on any changes in accounting policy, major judgemental areas, significant audit adjustments, the going concern assumption and compliance with accounting standards and the Scottish Funding Council's Financial Memorandum.

## **4 Responsibilities**

- 4.1 Advise the Board on the strategic processes for risk, control and governance, and the Governance Statement.
- 4.2 Agree the letter of engagement of the external auditor and review the reports to management, making recommendations if required.
- 4.3 Review and make recommendations to the external auditor's Management Letter and management's response and have direct access to the external auditor including an annual closed meeting.
- 4.4 Agree the scope for the external auditor's work. A progress report from the external auditor will be presented bi-annually.
- 4.5 Advise the Board on the criteria for the selection and appointment of the internal auditor, and to select and recommend the appointment of the provider of an internal audit service.
- 4.6 Agree the scope for the internal audit plan (including value for money audits), review all audit reports and monitor the implementation of internal audit recommendations and advise the Board accordingly. A progress report will be presented at each meeting.
- 4.7 Monitor the performance and effectiveness of external and internal audits.
- 4.8 Monitor the processes for ensuring the effectiveness of the financial and other internal controls and management systems, making recommendations to the Board accordingly.
- 4.9 Ensure compliance with corporate governance requirements.
- 4.10 Maintain oversight of the Anti-fraud and Corruption Policy and the Whistleblowing Policy ensuring their effectiveness.
- 4.11 Monitor, review and advise the Board on the Risk Management Policy and the effectiveness of the risk management systems, including the College's Risk Appetite to ensure the College's approach to managing risk is appropriate and adequate. The AC will review and discuss the Risk Register at each meeting and make recommendations as required.
- 4.12 Monitor the systems in place which promote efficiency, effectiveness and economy including where appropriate the identification of specific value for money studies. Ensure the activities are managed in accordance with legislation and regulations.
- 4.13 Ensure all significant losses, including those in excess of the delegated limits set out in the Financial Memorandum have been properly investigated and the internal and external auditors and Scottish Funding Council have been fully informed of all such losses.
- 4.14 Following consideration by F&GP, the AC will provide a recommendation to the Board that the annual financial statements may be approved, or report concerns to the Board.

4.15 The AC will report to the Board of Management on a regular basis, and the Chair of the AC will produce an Annual Report for submission to the Board following the end of the financial year.

4.16 Monitor and review Business Continuity Plan annually as required.

4.17 Undertake a self-evaluation exercise and review of terms of reference annually to ensure that the AC complies with best practice in relation to governance and the internal and external audit services are satisfactory. Any amendments to the terms of reference shall be submitted to the Board of Management for consideration and final approval.

## 5 Meetings

5.1 The AC will normally meet at least four times per year.

5.2 Once a year, subsequent to a meeting of the AC, non-executive members of the AC will meet with the internal auditor and representatives of the external auditor. The Chair of the Board of Management may elect to attend this meeting.

### 5.3 Schedule of Business

#### Standing Items:

- Maintain minutes and report to board
- Review AC Action Log
- Review Risk Register and mitigating actions
- Monitor progress against internal audit recommendations
- Review new internal audit reports undertaken since last meeting

Meeting 1 (Aug-Oct) Q1	Meeting 2 (Nov-Jan) Q2	Meeting 3 (Feb-April) Q3	Meeting 4 (May-July) Q4
<ul style="list-style-type: none"> <li>• Review Risk Appetite Statement</li> <li>• Review Annual Internal Audit Summary Report</li> </ul>	<ul style="list-style-type: none"> <li>• Closed meeting with Committee and Auditors in the absence of executive members</li> <li>• Consider for Approval Year End Accounts <ul style="list-style-type: none"> <li>• External Annual Audit Report</li> <li>• Letter of Representation</li> <li>• Draft Financial Statements</li> </ul> </li> <li>• Annual Audit Committee Report</li> </ul>	<ul style="list-style-type: none"> <li>• Review Anti-fraud &amp; Corruption policy</li> <li>• Review Whistleblowing policy and arrangements</li> <li>• Review Risk Management Policy</li> <li>• Review Business Continuity Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Approve external audit plan and scope of work</li> <li>• Approve internal audit plan and scope of work</li> <li>• Review Code of Good Governance Checklist</li> <li>• Review Committee Terms of Reference &amp; Workplan</li> <li>• Annual Committee Self-evaluation</li> </ul>