South Lanarkshire College

Audit Committee of the Board of Management

**Meeting to be held on Monday 14th November 2016
at 16.30 hours in the Boardroom
(Chair of Finance Committee to attend)**

AGENDA

1. Apologies

2. Declaration of Members' Interest.

3. Minutes of Previous Meeting   16 May 2016

4. Matters Arising.

5. Annual Financial Statements for 2015/16   Messrs. KPMG
    - **Draft Annual Report of the External
      Auditors to the Board of Management
      and the Auditor General for Scotland**   (Appendix 1)

    *Committee to review in conjunction with the Financial
    Statements and (a) agree that the draft Financial
    Statements can be considered by the Finance Committee
    and (b) forward the Report to the Board of Management
    for their approval.*

    - **Draft Financial Statements 2015/16**   (Appendix 2)

    *Committee to review and recommend approval of the
    Report of the External Auditors by the Board of Management.*

6. Internal Audit Reports   Messrs. Scott-Moncrieff
    - Payroll and Expenses – June 2016   (Appendix 3)
    - Student Experience – June 2016   (Appendix 4)
    - Student Activity (Credits) – Nov 2016   (Appendix 5)
    - Student Support Funds / EMAs – Nov 2016   (Appendix 6)
    - Follow Up Audit - Nov 2016   (Appendix 7)
    - Annual Report - Nov 2016   (Appendix 8)

    *Committee to review and approve the management responses
    as being appropriate.*

    *The Annual Report is to forwarded to the Board
    of Management for their approval.*

South Lanarkshire College

Audit Committee of the Board of Management

Meeting to be held on Monday 14th November 2016
at 16.30 hours in the Boardroom
(Chair of Finance Committee to attend)

AGENDA

7.   Internal Audit Plan 2016/17 – May 2016   Messrs. Scott-Moncrieff
      ▪ Update as at November 2016   (Appendix 9)

      Committee to review and approve.

8.   Risk Management
      ▪ College Risk Register as at 3 Nov 2016   (Appendices 10A and 10B)
      ▪ Regional Risk Register as at 25 Oct 2016   (Appendix 11)

      Committee to review and approve.

9.   Draft Annual Report of the Audit Committee to
      the Board of Management   Mr R Ralston
      ▪ Draft attached   (Appendix 12)

      *Committee to review and to agree to forward
      the Report to the Board of Management for their approval.*

10.   Discussion between auditors and Board members
      (College staff to absent themselves)

11.   Draft Remit of the Audit Committee   (Appendix 13)

      *Committee to review and recommend
      approval to the Board of Management.*

12.   Activity Calendar – Board of Management   (Appendix 14)

      Committee to note

13.   Audit Scotland Tech. Bulletins – 2016 / 2 & 3   (Appendices 15 & 16)

      Committee to note

14.   Any Other Competent Business.

South Lanarkshire College
Audit Committee (Board of Management)
Held on 14th November 2016

Present   Robert Ralston
                     Paul Hutchison
                     John Gallacher (Chair of Finance Committee)

In Attendance   Stewart McKillop (Principal)
                     Phil Charles – KPMG (external audit)
                     Chris Brown, Kirsty Steele – Scott Moncrieff (internal audit)

                     Angus Allan
                     Keith McAllister
                     Angela Martin

1. **Declarations of Members' Interests**

   No declarations were received.

2. **Minutes of the Previous Meeting**

   The Minute of the meeting held on 16th May 2016 had previously been agreed by the Board of Management.

3. **Matters Arsing**

   Appointment of Trustees of the South Lanarkshire College Foundation – the Principal informed members that these appointments would be discussed with the Board of Management in December 2016.

4. **Draft Annual Report of the External Auditors to the Board of Management**
   - **Presented by P Charles, KPMG**

   Mr Charles stated that the document had been distributed in advance of the meeting and it was his intention to draw members' attention to key points:

   Financial Statements and related reports – Audit focus areas

   Adoption of the FRS 102 based on SORP (p.12) – KPMG were satisfied that the financial statements are correctly prepared in compliance with the new SORP, Accounts Direction and Audit Scotland published guidance. The financial statements include all required disclosures as required by the relevant accounting standards in respect of transition adjustments and that transition adjustments to comparatives have been appropriately applied.

   Mr Charles stated the only area of discussion had been with regards to the monies received from the Trust for the new build and the treatment of this. The

Principal explained that the monies had been drawn down as required and not requested as a lump sum for the entire project and this had been the preference of the Trust. Thus, the funds had not been specifically earmarked as for the College up front. This would have required a different accounting treatment. This being the case, Mr Charles stated that the College's treatment had been correct.

Members asked if all monies had been received and this was confirmed.

Financial position (p.6) – Mr Ralston asked that the wording be changed in the last paragraph of this page, with the word decrease being changed to reduction. Mr Charles agreed to this change.

The treatment of non-recurrent funding (p.7) – members asked for clarification of the sum shown as "cash and cash equivalent" in the 2014/15 balance sheet, whilst the figure for 2015/16 was only £2k. Mr McAllister stated that this was in respect of ring-fenced grant funding which had been received just prior to the year end, and then spent soon after the year end. Discussion and explanation was given regarding the deferring of Capital Grants.

Financial Statements and related reports – Remuneration and staff report (p.15) Members discussed the flat structure of the College and it was agreed that disclosure need only be applicable for the Principal. It was noted that the pensions agency had supplied the incorrect information to the College and that a corrected statement was awaited from them.

Mr Charles added that there had been, in addition to the specific items mentioned above, some areas where treatment was judgemental, but that his firm had been comfortable with the treatment adopted by the College and how they had been reflected in the Financial Statements.

Mr Charles also mentioned that he did not have any issue with the Going Concern position of the College (see pages 3 and 8), and noted that there might be a positive increase in predicted cashflow. If that crystalised before the accounts were presented to the Board on 6th December, this may allow his firm's report to be amended accordingly.

The Principal and the Committee thanked KPMG for their contributions and the excellent working relationship that had been forged with the College over the period of their tenure. Mr Charles gave thanks on behalf of KPMG for the quality of information and accessibility to staff given by the College.

Members noted the unqualified audit opinion on page 3 and declared themselves happy with the Report and, subject to the noted, minor adjustments being made, agreed to forward it to the Board of Management for their approval. Mr Gallacher, who was in attendance as Chair of Finance, could also report this to the Finance Committee, which would allow them to consider the Financial Statements.

5. **Draft Financial Statements 2015/16**

Whilst the Financial Statements themselves were to be considered by the Finance Committee, Mr McAllister took members through them to highlight changes in presentation which were relevant to the audit work undertaken. He stated that the format was quite different from last year, with more information and narrative required. He drew members' attention to p.50 of the document which outlined the changes to prior year figures as a result of the transition to FRS102 and the associated Statement of Recommended Practice (SORP). This, and the changes to the format and composition of the "figures" section of the Financial Statements, was noted.

On the issue of cashflow and going concern, Mr McKillop reported on a potential increase in Regional income that Mr Charles had mentioned and which may have an impact on the post year-end review. Mr Ralston asked who would notify the College of the outcome. The Principal stated that this would come from either the Regional Strategic Body or the Scottish Funding Council (SFC), adding that SFC was keen to reach a solution. Mr Ralston suggested that a form of words be added to narrative to this effect and given to auditors, should this be the case. This was agreed.

The Principal added that South Lanarkshire College was one of very few to be presenting a balanced budget for 2016/17 and that the College staff had done an excellent job in this regard.

The Committee then recommended that the Financial Statements 2015/2016 could be forwarded to the Finance Committee for their consideration.

6. **Internal Audit**
   - **Presented by Mr Brown and Ms Steele – Scott-Moncrieff**

Payroll and Expenses – June 2016
Ms Steele stated that overall this had been an extremely positive report with only two points for improvement and one point of housekeeping.

Members noted the content of the report and approved the relevant management responses as being appropriate.

Student Experience – June 2016
Ms Steele stated that this audit had looked at the areas of student feedback through student questionnaires and the College complaint system. The auditors had held forums with student groups to gather information. The feedback had been excellent with students feeling strong lines of communication are in place.

Three minor points were identified –

- The need for a Terms of Reference for the Student Association.
- Complaints Handling Report – should highlight improvements made.
- More lines of communication required for part-time and block release students.

Mr Ralston asked if the involvement and response levels were of a good level to the surveys/questionnaires. Ms Steele replied that a high percentage of response was found in each survey.

The Principal stated that the surveys carried out by the College involved a considerable amount of work, ensuring that all students were encouraged and able to make responses. More than 1,300 students had responded.

Members noted the content of the report and approved the relevant management responses as being appropriate.

Student Support Funds and EMA 2105/16
Mr Brown informed members that there had been no areas of concern.

Members noted the content of the report and approved the relevant management responses as being appropriate.

Student Activity 2015/16
It was noted that the report on student activity would be presented to the next meeting of the Committee. However, discussion took place in regard to the impact of the One Plus activity on the final credit total for the year. Mr Brown stressed that the main concern of his firm would have been if the College had not been pro-active in the discussions on the matter with the Funding Council, but his staff had reported that the College had been extremely pro-active in this regard.

The Principal stated that no fewer than three submissions to SFC from the College on the subject during the year had resulted in no response. The first contact from the Funding Council on the matter had been very late; well after the audit itself had been carried out and the College's final credits submission agreed. However, it had been agreed with SFC to reduce the number of credits claimed although the final claim was still above the target for the year.

Internal Audit Report 2015/16 – Follow Up
Ms Steele stated that the work undertaken covered her firm's first year of provision, and had also reviewed the work of the previous providers for anything flagged up as being potentially outstanding over the past five years. She stated that the College had done extremely well in moving forward and the very few outstanding points should be closed down by next inspection. Indeed, two of them had been addressed shortly after the audit report had been finalised.

Members noted the content of the report and approved the relevant management responses as being appropriate.

Internal Audit Annual Report 2015/16
Mr Brown stated that the Audit Committee should highlight to the Board that no major issues had arisen across the audits; only seven points over the year with all at low risk exposure. He added that the Internal Audit Opinion given within the report stated that 'South Lanarkshire College has a strong framework of controls

in place that provides substantial assurance regarding the effective and efficient achievement of the organisation's objectives and management of key risks'.

Mr Ralston stated that he was impressed by the level of assurance given.

Members noted the content of the report and approved the relevant management responses given over the year as being appropriate.

The Principal stated that this was the College's first year working with Scott-Moncrieff and it had been invaluable to the College to have a fresh perspective, bringing new viewpoints to the table. He added that the audit team had been excellent and had engaged in challenging and productive dialogue with College staff.

Internal Audit Plan 2016-17 – November 2016
Members were informed that no changes had been requested to the Plan and that the timings were now in place. It was noted that provision had been made for Corporate Governance to be covered and that Mr McAllister had reported this to the Audit Committee of the Regional Strategic Board.

Members agreed the Plan and recommended it to go forward for final approval to the Board of Management in December.

7. **Discussion between Auditors and Audit Committee**

The College representatives left the meeting to allow discussion. Mr Ralston asked for feedback from both the internal and external auditors on the College.

Phil Charles – KPMG stated that the College was diligent on every level; no complaints whatsoever. He added that the Principal showed an incredibly high level of commitment to the College, always taking time to meet with auditors and enter into frank discussion on any points raised. He stressed that the College was run as a business and this was extremely impressive and evident through the accounts.

Chris Brown – Scott-Moncrieff stated that he would echo all that Mr Charles had said. The management team and staff worked extremely well with the audit team, very much valuing the process. He added that the Principal had had input on every audit and often challenged findings and worked towards a solution. The College set realistic goals and would only agree to actions that were achievable.

Mr Ralston thanked both gentlemen for their input to the meeting and feedback.

Discussion took place regarding different levels and structure across the Sector and the impact that this would have in the long term on all colleges.

8. **Risk Management**
    * College Risk Register as at 3rd November 2016.
    * Regional Risk Register as at 25th October 2016.

    Mr McAllister drew members' attention to both documents. He stated that South Lanarkshire College was working with New College Lanarkshire staff on the document for the Region and that the arrangement was working well, with the Regional register already having been presented to the Regional Board.

    Discussion then took place on the intra-Regional risk; i.e. the risk within the Region of a situation at one of the colleges affecting the other or, indeed, the Region itself.

    It was recognised that there was an assumed risk on the part of the Regional Strategic Body and the Funding Council of the position of the assigned College and possible impact should issues arise. This risk should be considered as two way, with implications falling on the assigned college should problems occur at a Regional level. Members agreed that this was the case.

    Discussion took place re the appointment of the same external auditors to both New College Lanarkshire and South Lanarkshire College. It was agreed that it was essential that it was made clear to the new appointees of the structure in the Region and that SLC was an assigned college and not a subsidiary.

    Members then discussed the content of the South Lanarkshire College Risk Register agreeing areas where actions required to be put in place if the risk was above the College's risk appetite.

    It was noted that opportunity must also be highlighted through the Risk Register.

    Mr McAllister agreed to address these issues at the next meeting of the College's Risk Management Group.

    Members duly approved the work being done on risk, both within the College and the Region, as being appropriate.

9. **Draft Annual Report of the Audit Committee to the Board of Management**

    Mr Ralston stated that he was happy with the content and that it covered all relevant issues that had arisen during the year.

    The Committee then recommended that it go forward to the Board of Management in December for approval.

10. **Draft Remit of the Audit Committee**

    Ms Martin stated that the remit was in line with legislation. Members discussed the content.

It was agreed that it should go forward for approval at the next meeting of the Board of Management.

11. **Draft Board of Management – Activity Calendar**

    Members gave feedback on some timings within the calendar in relation to Audit. With these changes made they were happy for it to go forward.

12. **Audit Scotland Technical Bulletins (2 and 3 – 2016)**

    Members noted the distribution and content.

There being no further competent business the Chair closed the meeting by thanking everyone for their attendance.

South Lanarkshire College

Internal Audit Report 2015/16

Student Experience

June 2016

Scott-Moncrieff
business advisers and accountants

South Lanarkshire College

Internal Audit Report

Student Experience

Introduction

Background

Supporting and enhancing the 'student experience' throughout the student lifecycle is critical to the success in further education for both the student and South Lanarkshire College.

South Lanarkshire College has a strong commitment to engaging with its students and uses a wide variety of methods to facilitate feedback from students and applicants through student representation on College Committees, including the Student Association, and general feedback via focus group meetings, question time, student surveys and feedback forms.

The College will collect, report and respond to feedback and complaints; helping to identify improvements that will add value to the students' experience.

Scope

In line with the 2015/16 Internal Audit Plan, we have assessed the student feedback and complaint arrangements in place at South Lanarkshire College to ensure student communication systems are robust and working effectively to aid in the overall student experience.

When assessing feedback processes, we considered:
- The use of student surveys and general feedback mechanisms;
- The role and effectiveness of the College's Student Association and Student President;
- The process of complaints handling; and
- Communication with students on actions taken to address feedback received.

A sample of students from across the College were contacted during the review and agreed to attend a focus group to discuss the College's feedback and complaint processes. We met with students from the Faculties of Business, Care and Construction.

Acknowledgements

We would like to thank all staff consulted during this review for their assistance and co-operation.

Summary of findings

The table below summarises our assessment of the adequacy and effectiveness of the controls in place to meet each of the objectives agreed for this audit.

Definitions for the control assessments are set out in the table below. Individual actions are rated from 1 – 5, based on the risk associated with that action as described in the management action plan.

No	Control Objective	Control objective assessment	Action rating				
			5	4	3	2	1
1	South Lanarkshire College has a framework in place to ensure general feedback is regularly sought from across the student body	GREEN	-	-	-	-	-
2	The Student Association and Student Association Executive Committee are operating as intended, with the views and opinions of students being collated and represented	YELLOW	-	-	-	1	-
3	There is sufficient student representation on the various College Committees to provide an opportunity for feedback	GREEN	-	-	-	-	-
4	A robust complaints procedure is in place to support the handling of student complaints, which complies with the SPSO Model for Complaints Handling in the FE Sector	GREEN	-	-	-	-	-
5	Feedback and complaints are recorded, analysed, reported and actioned timeously with a complete, accurate and up-to-date record being maintained	GREEN	-	-	-	-	-
6	A feedback loop exists to ensure transparency within the feedback and complaints processes, with regular updates being provided to students on actions taken as appropriate	YELLOW	-	-	-	2	-

Control objectives have been assessed using the following definitions:

Assessment	Definition
BLACK	Fundamental absence or failure of key control procedures - immediate action required.
RED	The control procedures in place are not effective - inadequate management of key risks.
YELLOW	No major weaknesses in control but scope for improvement.
GREEN	Adequate and effective controls which are operating satisfactorily.

Each action has been allocated a risk rating as follows:

Risk rating	Definition
5	Very high risk exposure – Major concerns requiring immediate Board attention
4	High risk exposure - Absence / failure of significant key controls.
3	Moderate risk exposure - Not all key control procedures are working effectively.
2	Limited risk exposure - Minor control procedures are not in place / not working effectively.
1	Efficiency / housekeeping point.

Conclusion

South Lanarkshire College has robust student communication systems which are working effectively to enhance the overall student experience. The College's commitment to engage with its students is demonstrated through the wide variety of feedback mechanisms that have been implemented. This includes, but not exclusively, one to one feedback, feedback through Class Representatives and the Student Association, and the bi-annual student surveys. The College tracks and manages feedback actions until completion and has implemented various methods to communicate improvements back to students. The College also has robust processes in place governing the recording and management of complaints in line with SPSO requirements.

In addition, the survey results for the Student Voice included in the College's In-Course Questionnaire Part 2 2015/16 were very positive, with students demonstrating a high awareness of the feedback and complaint processes within the College.

We have identified some opportunities for improvement which will help to develop the feedback and complaints processes within South Lanarkshire College, including documenting a Terms of Reference for the Student Association Committee, documenting improvement actions within the annual Complaints Handling report to demonstrate lessons learned, as well as improving the overall feedback loop for block release and evening students.

Main Findings

The College has a robust feedback framework in place which ensures feedback is sought from all students on a regular basis. In addition to the College operating an 'open doors' policy, the College also has various feedback mechanisms in place which are communicated to students through the induction process and via the Student Handbook.

The College's feedback mechanisms support the collection of student feedback on an ongoing basis. Students can raise feedback using the 'tell us at SLC' process where feedback is submitted confidentially via email, the student portal, or by completing a leaflet and posting this within designated post-boxes found within the College. Feedback can also be raised directly with College staff, via student surveys, or during annual Question Time, where the Senior Management Team get together to answer any questions students may have.

In addition, each College class appoints a Class Representative and Deputy Class Representative at the start of each academic year who are responsible for obtaining feedback from the class and raising this feedback with Course Teams and the Student Association. In order to fully support Representatives in their role, the College arranges for Class Representatives to undertake class training with a reputable SFC training provider, SPARQS (student partnerships in quality Scotland). Both members of the Student Association and the Class Representatives attend and represent the students of the College at various Committee meetings.

There are feedback systems in place which adequately capture feedback received. The feedback is then analysed to identify and track required improvement actions through to completion. A feedback loop process exists at the College and outcomes are conveyed to all students through 'you said we did' posters and the student newsletter in addition to face to face feedback to individual students and classes.

The College also has an up-to-date, approved Complaints Policy and supporting guidance documents which comply with SPSO requirements. The Complaints Policy and guidance is available to all staff via the College's

intranet and students are able to access the Complaints Policy via the student portal and homepage of the College website.

Our focus groups held with students from all three faculties identified that there is an adequate awareness of student feedback mechanisms and the complaints process. In addition, students advised they were represented fairly by Class Representatives and the Student Association.

As part of the audit we included a set of questions to cover the 'Student Voice' within the College's In-Course Questionnaire Part 2 2015/16. The results of the survey (1,282 responses) demonstrate that students have a high awareness of the feedback and complaint frameworks embedded within the College. The results also show that a high proportion of students are aware of the actions the College has taken in response to student feedback submitted.

- 91% of students confirmed they are aware of the methods available within the College to raise comments/feedback;

- 92% of students agreed that the College has implemented various ways for students to raise comments/feedback;

- 94% of students confirmed they know who their class representatives and student association members are who can take student comments/feedback to College committees/groups; and

- 83% of students agreed that the College provides responses to comments/feedback raised by students.

An overview of the survey results above, and details of the further comments provided by students are available within Appendix 1.

We have identified three areas for improvement as follows:

- Student Association Executive Members regularly attend Student Association Executive Committee Meetings. Although the Student Association has developed a Constitution, we noted that this does not include Executive Committee Terms of Reference (ToR) which set out committee roles and responsibilities in relation to regularly obtaining, assessing and assisting with student feedback;

- The Annual Complaints Handling Report documents the complaints handling procedure performance indicators and a customer satisfaction summary. In addition there is a summary statement regarding learning from complaints; however detailed practical examples of the improvement actions implemented are not documented within the report; and

- The output from the student focus groups and student voice survey results confirmed that the College has appropriate feedback loop processes in place for fulltime students. However the feedback received at the focus group and from the questionnaire identified that block release and evening class students sometimes feel they do not receive College responses when feedback is submitted. The College should consider and implement an adequate process that will improve the feedback loop process for these students.

Further details of the points noted above are included in the Management Action Plan.

Risk Management

As at April 2016, the SLC Corporate Risk Register contained the following risk related to this review:

- Risk 3: Risk 13 – Inadequate learning development services (Risk 3 – Low)

Having robust feedback and complaint arrangements in place are important to mitigate this risk. We have gained assurance that feedback and complaints received are adequately analysed and managed to identify opportunities to improve the overall student experiences. When improvement actions are identified these will be tracked by the Quality Unit and outcomes reported to appropriate management committees.

Management action plan

1. Control objective: South Lanarkshire College has a framework in place to ensure general feedback is regularly sought from across the student body

We have found no significant issues in relation to this control objective.

The College has a robust feedback framework in place which ensures feedback is sought from all students on a regular basis. The College operates an 'open doors' policy and has various feedback mechanisms in place:

- Students can submit feedback directly to course lecturers or to any other College staff member;

- Feedback can be provided to Class Representatives who will raise matters with class lecturers instantly, at Course Team meetings, or with the Student Association;

- The Quality Unit facilitates focus group meetings during the year with Class Representatives and Student Association Executive Committee members;

- Feedback can be raised with the Senior Management Team during Question Time Sessions;

- Students can approach and leave feedback for action with Student Association Members;

- The College issues regular surveys which provide students with the opportunity to provide feedback; and

- Students can submit feedback using the 'tell us at SLC' leaflets where suggestions can be submitted using the dedicated post boxes on campus, via the intranet icon button or using the dedicated email address.

Our student focus groups identified that there is an adequate awareness amongst students across all three faculties of the feedback mechanisms in place at the College. Students highlighted that the feedback process is explained to students during initial inductions at the College and that the Student Handbook also explains the process to follow should they wish to submit feedback.

2. Control objective: The Student Association and Student Association Executive Committee are operating as intended, with the views and opinions of students being collated and represented

Observation and Risk	Recommendation	Management Response
2.1 Student Association Executive Committee The Student Association (SA) roles and responsibilities are set out within the President, Vice President and office bearer job descriptions. Their roles include the requirement to obtain feedback for the purpose of effectively representing students to the College and external organisations. The SA has undertaken significant work this year to develop a SA Constitution and corresponding Finance Policies. At the time of our review we noted that the SA Constitution was in draft form. The draft constitution was tabled at the June 2016 meeting of the Board. The Constitution requires regular SA Executive Committee meetings to take place; however it does not include the committee's Terms of Reference (ToR). Without an SA Executive Committee ToR, there is a risk that the committee does not fulfil its responsibility to obtain student opinions in order to effectively represent students.	The SA should develop the SA Executive Committee ToR. The ToR should set out the committee's purpose and responsibilities, particularly in relation to student feedback.	Accepted. The College will develop the SA Executive Committee ToR. **To be actioned by:** Head of Finance **No later than:** October 2016

		Risk	**2**

3. Control objective: There is sufficient student representation on the various College Committees to provide an opportunity for feedback

We have found no significant issues in relation to this control objective.

Students are represented at various College Committees through the members of the Student Association and Class Representatives. Specifically, Student Association Members act as the representative for students and their experiences on the following Board and Committees:

- SA Exec Committee;
- Board of Management;
- Regional Board;
- Academic Board;
- Equality Group;
- Sustainability Group;
- Mental Health Group; and
- Information and Communications Technology Committee.

When a new Board, Committee or Group is setup, the SA will be notified to ensure student views are fairly represented.

Class Representatives also attend course team review meetings during the academic year with the course team leader and course lecturers to represent the views of their class group. These student views then feed into the Course Team Reports.

Our focus group meetings identified students were confident that there is an appropriate student voice within the College and representation at Boards and Committees. All students within the focus group are aware of the Student Representative process and the availability of the Student Association and that both could be contacted to discuss feedback suggestions they may wish to escalate.

4. Control objective: A robust complaints procedure is in place to support the handling of student complaints, which complies with the SPSO Model for Complaints Handling in the FE Sector

We have found no significant issues in relation to this control objective.

The College has an up-to-date, approved Complaints Policy and supporting guidance documents which comply with SPSO requirements. The Complaints Policy and guidance is available to all staff via the College's intranet and students are able to access the Complaints Policy via the student portal and homepage of the College website.

During our review we conducted complaints testing and noted that seven complaints had been made to the College this academic year. From the seven complaints received we tested three and our findings confirmed that the College has implemented effective complaint systems. The College records complaints using an SPSO approved electronic system which is supported by a standalone complaint tracker, and individual paper complaint files. We did note that not all complaints were being logged within the electronic system on day of receipt. However, the Quality Team was aware of this issue and accurate complaint receipt dates were being recorded within the tracker to ensure complaint response timescales were being calculated in line with SPSO requirements. Overall we obtained sufficient evidence to confirm overall compliance with SPSO requirements.

Student Focus Groups were asked if they were familiar with the complaints process within the College. All students in attendance advised they were fully aware of the complaints process and highlighted that the process is discussed during initial College inductions. It was further noted that complaint information is available within the Student Handbook, College website and student portal.

5. Control objective: Feedback and complaints are recorded, analysed, reported and actioned timeously with a complete, accurate and up-to-date record being maintained

We have found no significant issues in relation to this control objective.

The College records and analyses feedback received for each of the feedback mechanisms in place. The processes implemented by the College encourage feedback to be properly assessed and analysed to promote improvements. For example, the student survey results are gathered and analysed by the Quality Team and question time feedback is included within a tracker with actions monitored until completion by the Quality Team and Principal.

Another example of recording and analysing of feedback is demonstrated through the Course Team reports. The College requires a Course Team (CT) to be established for each programme. The team is responsible for developing, reviewing and evaluating the course curriculum and providing quality assurance. Three CT meetings are scheduled each year and are used to obtain student feedback from class representatives. The Course Team Leader will then compile a CT Report which reflects actions necessary to address student feedback received. The CT Report will then be reviewed by the Curriculum Manager and sent to Quality who will compare a sample of the report against the original student views.

The College plans to implement the College e-Self Evaluation Process (CeSep), which is an electronic system that will be used to support the CT process. CeSep will provide the Quality Team with the functionality to produce reports of student views against CT Reports and produce action plan reports which meet SMART requirements. This will strengthen the recording of feedback and action plans for course feedback.

Feedback is reported on a regular basis to the Academic Board, Quality Enhancement Board and Board of Management.

As stated at CO4, complaints are recorded using an SPSO approved electronic system which is supported by a standalone complaint tracker, and individual paper complaint files. The complaints reporting process has recently been updated and reporting now consists of quarterly reports to the Quality Enhancement Group and an annual report. This is a new reporting structure that has just been implemented and as such no quarterly reports were available at the time of the audit.

6. Control objective: A feedback loop exists to ensure transparency within the feedback and complaints processes, with regular updates being provided to students on actions taken as appropriate.

Observation and Risk	Recommendation	Management Response
6.1 Feedback Loop The majority of students who participated in the focus groups were satisfied that the College has implemented effective feedback mechanisms to ensure students are provided with regular feedback updates. These mechanisms included: • Course Team Meetings; • You Said We Did Posters; • Student Newsletter; • Class Representatives; and • The Student Association. The only exception to the above was highlighted during the Construction Faculty focus group, attended by four students of which three were class representatives. These students expressed concern that feedback actions were not always communicated to them at Course Team meetings. They stated that they felt discouraged about raising further feedback when they were not aware of actions taken to address previous concerns. It has been noted that the Construction focus	Although the College has an effective feedback loop process in place for fulltime students, it should consider ways to improve the feedback loop gap that currently exists for evening and block release courses.	Accepted. Ways to improve the feedback loop for evening and block release courses will be implemented during the course of the first two terms of 2016/17. **To be actioned by:** Curriculum Manager, Quality **No later than:** January 2017

group consisted of block-release students where students are employed and attend college either on day or week release as per their employer's instruction. The College explained that obtaining adequate 'buy-in' of the feedback process from these students can be difficult and that feedback loop issues may have occurred as students are not routinely based at the campus.

The student voice survey asked students to comment on whether they felt the College provided responses to feedback raised by students. The response was positive as the majority of students (83%) agreed that the College provided responses to feedback submitted. When reviewing the additional survey comments, we noted a small number of students (four) commented that no feedback responses were being received. One of the comments received was from an evening class student who felt class feedback was not considered and no responses were being received.

For those students on block release or evening courses there is a risk that students are discouraged from submitting feedback when adequate feedback is not received.
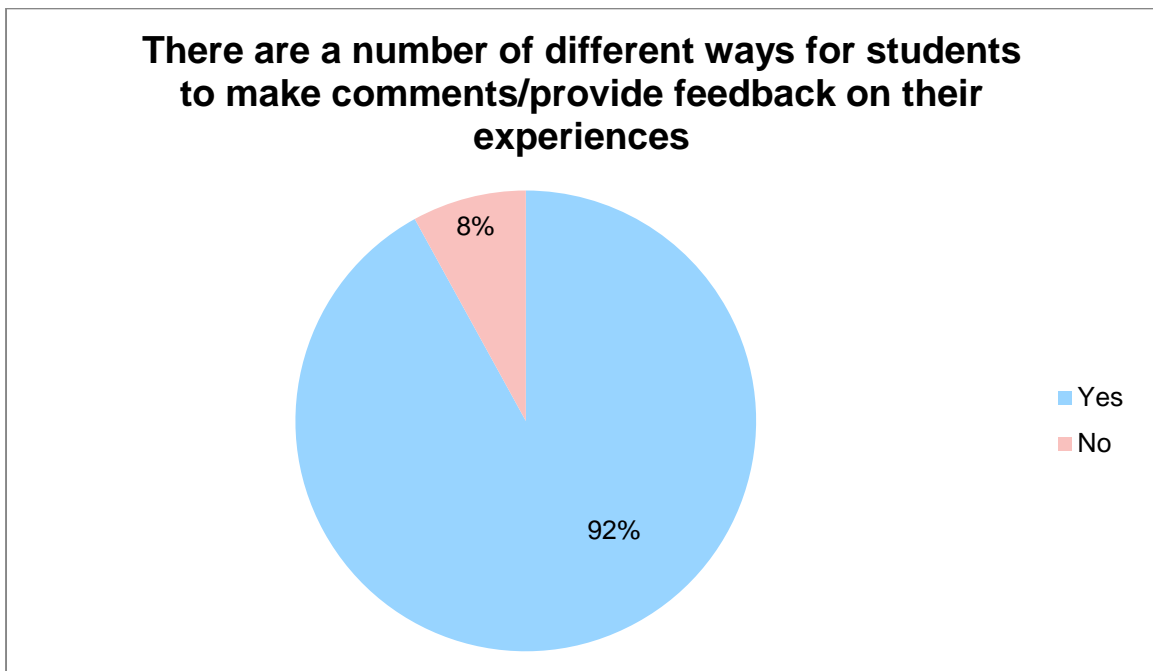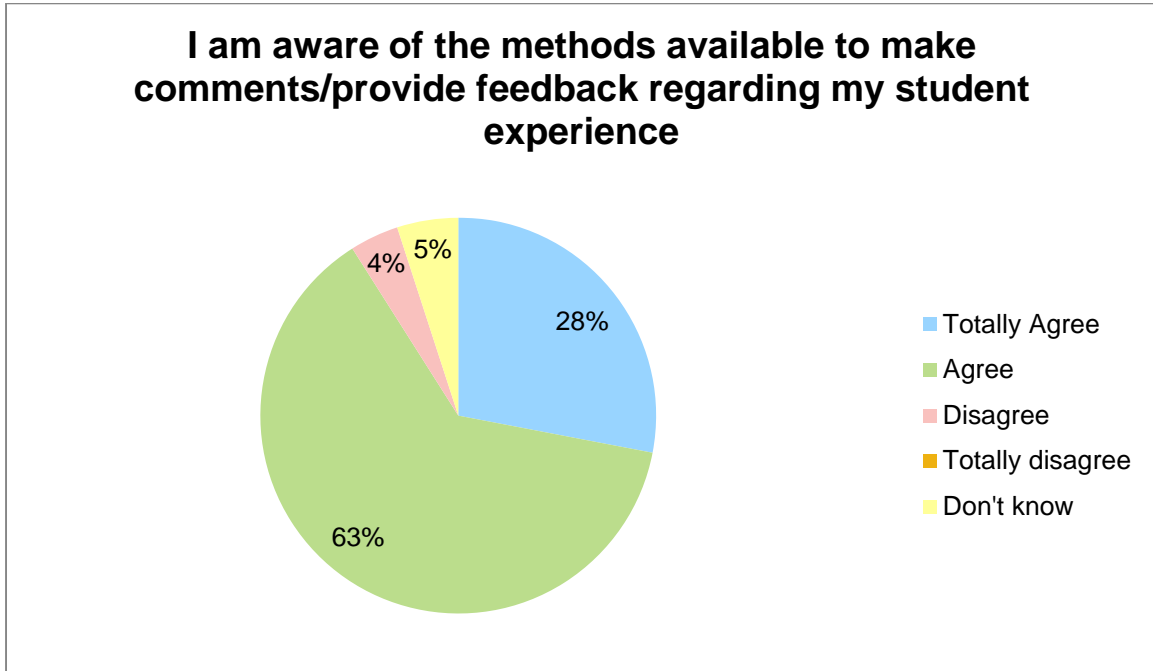
Risk	**2**

Observation and Risk	Recommendation	Management Response
6.2 Communicating Lessons Learned From Complaints The College receives very few complaints each year, and during the 2015/16 academic year the College has received and recorded seven complaints to date. An annual Complaints Handling Report is produced and shared on the College's website. The report contains details around the complaints handling procedure performance indicators and a customer satisfaction summary. In addition there is a summary statement regarding learning from complaints which states: 'Where learning from complaints demonstrated a need for improvement to services and/or a revision of procedures, actions were agreed and implemented between the area involved and the Senior Management Team'. It was identified that the report does not provide details of what the specific improvement actions were to demonstrate practical examples of learning from complaints.	The College should consider expanding Complaint Indicator 8 – Learning From Complaints within the Complaints Handling Annual Report to include improvement actions that have occurred as a result of complaints being received.	Accepted. The College will include improvement actions within Indicator 8 – Learning From Complaints within the Complaints Handling Annual Report. **To be actioned by:** Curriculum Manager, Quality **No later than:** October 2016

Observation and Risk	Recommendation	Management Response	
There is a risk that the College is not demonstrating to the wider stakeholder audience the practical learning and improvements made as a result of complaints received.		**Risk**	**2**

Appendix 1 – Student voice survey results

Survey responses were received from 1,282 students. The survey results were very positive and students demonstrated a high awareness of the feedback and complaint processes within the College. The survey results also confirmed that a large proportion of students were receiving responses in relation to comments or feedback they had raised. A breakdown of the survey results are detailed within the charts below.

I am aware of the methods available to make comments/provide feedback regarding my student experience

- Totally Agree — 28%
- Agree — 63%
- Disagree — 4%
- Totally disagree
- Don't know — 5%

There are a number of different ways for students to make comments/provide feedback on their experiences

- Yes — 92%
- No — 8%

I know who my class representative/student association members are who can take students comments/feedback to college committees/groups
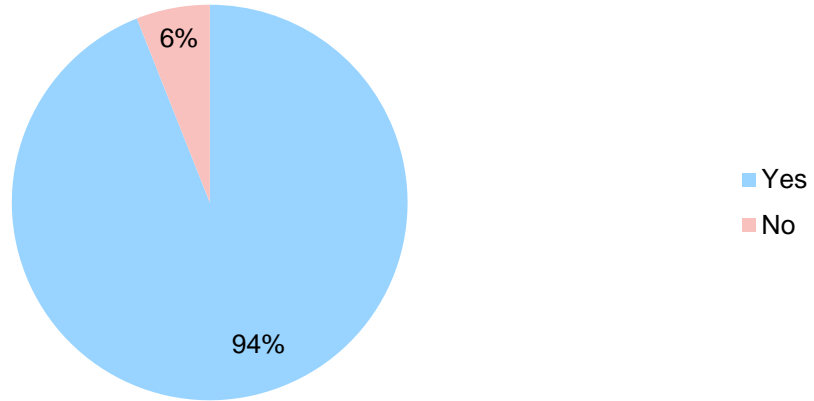
- Yes
- No

94%

6%

The College provides responses to comments/feedback raised by students

- Totally Agree
- Agree
- Disagree
- Totally disagree
- Don't know

27%

56%

6%

1%

10%
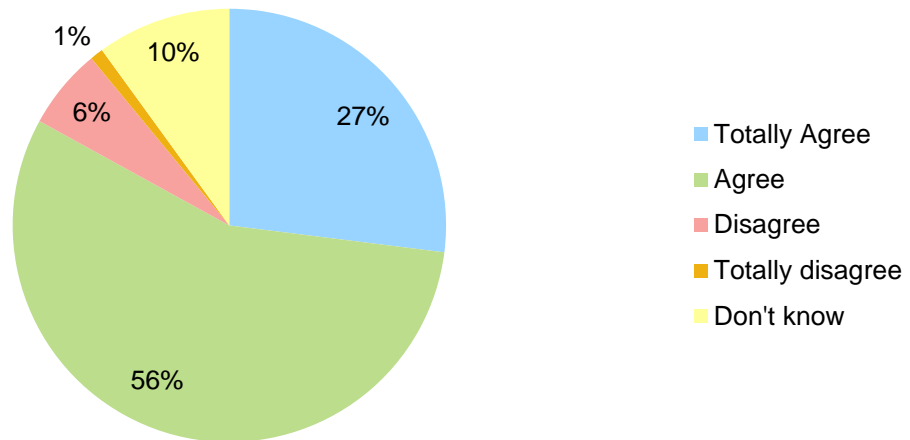
Comments from students

The survey provided students with the opportunity to submit additional comments on the methods available within the College for providing and receiving comments/feedback on the student experience. Student comments received have been placed into categories within the table below, and where appropriate, links to our report recommendations have been made:

Course team and other meetings		
No.	**Student Response**	**Report Reference**
1.	Not all points made throughout course team meetings are resolved or considered for resolution.	MAP 5.1
2.	Feel that we should be informed more about the meetings that happen throughout the college.	N/A
Feedback Loop		
1.	We don't get responses for a lot of the matters raised. It would be helpful if we got a monthly newsletter with answers to our concerns and what is actually being done about the issues. Rather than class representatives just talking about it at a meeting rather than actually doing anything about it.	MAP 6.1
2.	Students are often not made aware of the feedback from the meetings between their student representatives and College lecturers.	MAP 6.1
3.	Unaware of any feedback given from class representative meetings with staff.	MAP 6.1
4.	When comments are made regarding our class, we never know what has been done about these or if changes have been made. There should be more communication from a higher level.	MAP 6.1
Class Representatives - Feedback		
1.	We have class representatives but they have only asked our opinions once. I am enrolled in an evening class and feel like no one takes our issues on board and they do not feedback on issues raised.	MAP 6.1
2	Not all feedback from student representative meetings is fed back effectively. Students have no way of knowing what their student representative is actually feeding into meetings.	MAP 6.1
3.	The class reps have never fed anything back when they have gone to meetings and I don't even think they have gone to all of them. They never asked for my feedback.	MAP 6.1
Positive Feedback		
1.	Lecturers are very forthcoming with feedback and critique.	N/A
2.	College staff are friendly and approachable if you have any worries or concerns.	N/A
3.	Lecturers are really good at giving you feedback and telling you how you have progressed.	N/A

South Lanarkshire College

Internal Audit Annual Report 2015/16

November 2016

Scott-Moncrieff
business advisers and accountants

South Lanarkshire College

Internal Audit Annual Report 2015/16

Introduction

The Scottish Public Finance Manual requires that an annual audit assurance is provided by the Head of Internal Audit on the adequacy and effectiveness of the internal control system and the extent to which it can be relied upon. That opinion is contained in an annual report from the Head of Internal Audit to the organisation's Audit Committee, and forms part of the assurance required by the Chief Executive to enable them to sign a Governance Statement to be provided alongside the accounts for which they are directly responsible.

To meet the above requirements, this Annual Report summarises our conclusions and key findings from the internal audit work undertaken at South Lanarkshire College during the year ended 31 July 2016, including our overall opinion on the College's internal control system.

Acknowledgement

We would like to take this opportunity to thank all members of management and staff for the help, courtesy and co-operation extended to us during the year.

Internal audit work performed

Scope and responsibilities

Management

It is management's responsibility to establish a sound internal control system. The internal control system comprises the whole network of systems established to provide reasonable assurance that organisational objectives will be achieved, with particular reference to:

- risk management;

- the effectiveness of operations;

- the economical and efficient use of resources;

- compliance with applicable policies, procedures, laws and regulations;

- safeguards against losses, including those arising from fraud, irregularity or corruption; and

- the integrity and reliability of information and data.

Internal audit

Internal audit assists management by examining, evaluating and reporting on the controls in order to provide an independent assessment of the adequacy of the internal control system. To achieve this, internal audit should:

- analyse the internal control system and establish a review programme;

- identify and evaluate the controls which are established to achieve objectives in the most economic and efficient manner;

- report findings and conclusions and, where appropriate, make recommendations for improvement;

- provide an opinion on the reliability of the controls in the system under review; and

- provide an assurance based on the evaluation of the internal control system within the organisation as a whole.

Independence

Public Sector Internal Audit Standards require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that the staff members involved in each 2015/16 internal audit review were independent and their objectivity was not compromised.

Compliance with Public Sector Internal Audit Standards

We confirm that our internal audit service complies with the PSIAS. This is confirmed through our quality assurance and improvement programme, which includes cyclical internal and external assessments of our methodology and practice, against the standards.

A summary of the results of our most recent internal assessment is provided as Appendix 1.

Planning process

In order that we can provide an annual assurance statement supporting the Governance Statement, we include all of South Lanarkshire College's activities and systems within the scope of our internal audit reviews.

Our strategic and annual internal audit plans are designed to provide the Audit Committee with assurance that internal control systems are effective in managing the College's key risks and best value is being achieved. The plans are therefore linked to the College's risk register.

The strategic internal audit plan was agreed in consultation with senior management and formally approved by the Audit Committee.

The annual internal audit plan is subject to revision throughout the year to reflect changes in the College's risk profile. A report is presented to each Audit Committee meeting summarising progress against the plan and any changes to the plan since the last meeting.

We have planned our work so that we have a reasonable expectation of detecting significant control weaknesses. However, internal audit can never guarantee to detect all fraud or other irregularities and cannot be held responsible for internal control failures.

Cover achieved

Our 3 year strategic internal audit plan comprises 33 days per annum.

The plan has been updated to incorporate reviews which have been deferred to 2016/17 and those that have been brought forward to 2015/16 at the request of College management. In order to accommodate the review of Corporate Governance in 2016/17, the Purchasing and Creditors review was removed for the year and the number of days for the Corporate Governance review was decreased from four to three days.   These changes are summarised as follows:

Audit Title	2015/16	2016/17
Budget setting and monitoring	-4	+4
Payroll and expenses	+4	-4
Student experience	+4	
Corporate governance	-4	+3
Purchasing and creditors		- 3

A comparison of actual coverage against the 2015/16 plan is attached at Appendix 2.

We confirm that there were no resource limitations that impinged on our ability to meet the full audit needs of the College and no restrictions were placed on our work by management.

Reports

We have prepared a report for each of the internal audit reviews completed and presented these reports to the Audit Committee.

Where relevant, all reports contained action plans detailing responsible officers and implementation dates. The reports were fully discussed and agreed with management prior to submission to the Audit Committee.

We made no significant recommendations that were not accepted by management.

Summary of reports by control objective and action grade

Three internal audit reviews were completed during 2015/16 in addition to the SUMs and Student Support Funds audits. A summary of the conclusions from all of the reports is provided at Appendix 3. No control objectives were assessed as BLACK (fundamental failures) and there were no grade 5 actions raised during the year. The control objective assessments and number of issues raised in each of the three internal audit reviews are set out in the table below.

Review	Control objective assessment	No. of issues per grading				
		5	4	3	2	1
Payroll and Expenses		-	-	-	2	1
Student Experience		-	-	-	3	-
Performance Management		-	-	*	-	-
SUMs	N/A**	-	-	-	-	-
Student Support & Education Maintenance Allowance	N/A**	-	-	-	1	-

* During our review of Performance Management, we identified an issue in relation to setting SMART objectives. As we had already raised this issue in our review of Strategic and Operational Planning in the previous year, and management had made positive progress in addressing the issue, we did not raise the same point again.

**Different reporting style with no assessed control objectives.

Control objective assessment definitions

Assessment	Definition
BLACK	Fundamental absence or failure of key control procedures – immediate action required.
RED	The control procedures in place are not effective – inadequate management of key risks.
YELLOW	No major weaknesses in control but scope for improvement.
GREEN	Adequate and effective controls which are operating satisfactorily.

Management action prioritisation definitions

Grade	Definition
5	Very high risk exposure – major concerns requiring immediate Board attention.
4	High risk exposure – Absence/failure of significant key controls.
3	Moderate risk exposure – Not all key control procedures are working effectively.
2	Limited risk exposure – Minor control procedures are not in place/effective.
1	Efficiency/housekeeping point.

Summary of high risk findings

We have identified no high risk findings during the audits undertaken in 2015/16. All recommedations were graded 2 or below.

Overall internal audit opinion

Basis of opinion

As Internal Auditors of South Lanarkshire College, we are required to provide the Audit Committee with assurance on the whole system of internal control. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the whole system of internal control.

In assessing the level of assurance to be given, we have taken into account:

- All reviews undertaken as part of the 2015/16 internal audit annual plan;

- Matters arising from previous reviews and the extent of follow-up action taken;

- The effect of any significant changes in the College's objectives or systems; and

- The proportion of the College's audit needs covered to date.

Internal Audit Opinion

In our opinion South Lanarkshire College has a strong framework of controls in place that provides substantial assurance regarding the effective and efficient achievement of the organisation's objectives and the management of key risks.

Proper arrangements are in place, in the areas we have reviewed, to promote value for money, deliver best value and secure regularity and propriety in the administration and operation of the organisation.

Scott-Moncrieff

November 2016

Appendix 1 – Summary of Internal Quality Assurance assessment

We are required by Public Sector Internal Audit Standards to disclose the outcome of our regular internal and external quality assessments.

The table below summarises the outcome of our most recent internal quality assessment, in which we have assessed the extent to which our internal audit methodology conforms with the standards.

Standard	Does not conform	Conforms	Improvements we have identified
Purpose & positioning			
• Remit		✔	✔
• Reporting lines		✔	
• Independence		✔	
• Other assurance providers		✔	
• Risk based plan		✔	✔
Structure & resources			
• Competencies		✔	
• Technical training & development		✔	
• Resourcing		✔	
• Performance management		✔	✔
• Knowledge management		✔	
Audit execution			
• Management of the IA function		✔	
• Engagement planning		✔	✔
• Engagement delivery		✔	✔
• Reporting		✔	
Impact			
• Standing and reputation of internal audit		✔	
• Impact on organisational delivery		✔	✔
• Impact on Governance, Risk and Control		✔	✔

Comment

Our service conforms with the requirements of the PSIAS. A range of actions have been identified which will improve the overall effectiveness and consistency with which our methodology is applied. For example, ensuring that all relevant staff are involved in the audit planning and reporting process, and further improving the linkage of our internal audit plans to the key risks facing our clients.

Our assessment is based on the overall service that is delivered to all clients. Compliance with the methodology will be monitored through an enhanced system of internal quality assurance to supplement existing arrangements.

We are happy to provide Audit Committee members with further details of the information set out above and the assessment process followed.

Appendix 2 – Planned v actual days 2015/16

Area of work	Planned Days	Actual Days
A1 – Budget Setting and Monitoring	4	-
A4 – Payroll and Expenses	-	4
B3 – Corporate Governance	4	-
B5 – Student Experience	4	8
C2 – Performance Management	5	5
E1 – Follow up	2	2
SUMs*	5	5
Student Support & Education Maintenance Allowance*	6	6
Audit Management, Audit Committees, External Audit Liaison, Annual Planning and Annual Audit Report	3	3
TOTAL	33	33

Appendix 3 – Summary of audit conclusions

Payroll and Expenses   June 2016

Conclusion

South Lanarkshire College has robust controls in place over the payroll process. These controls are working effectively and ensure that payroll expenditure is complete, valid and accurately accounted for. There are also adequate controls in place over the submission and authorisation of expenses claims to confirm all claims are appropriate and in line with policy prior to payment.

We have identified some opportunities for improvement which will help the College enhance its existing controls including implementing a masterfile change report, providing an independent check of rate changes, and ensuring a periodic review of the Expenses Policy is performed.

Main Findings

The College utilises the Pegasus Opera payroll software to run both weekly and monthly payrolls. There is one Payroll Officer who is supported by the Head of HR and the Head of Finance. A Payroll Manual has been created which documents adequate guidance to support the payroll process including payroll deadlines, weekly/monthly payroll processes and pension and tax requirements.

The Head of Finance acts as the administrator for the payroll system and is responsible for setting up and removing users on the system to ensure access remains secure. Changes to the payroll standing data are processed on receipt of a complete and authorised form. Our testing of new starts, leavers and amendments identified that this process was operating effectively and forms were processed in a timely manner.

Timesheets are used for non-salaried staff members e.g. temporary lecturers, and to submit overtime claims. All timesheets and overtime forms must be approved prior to being processed as part of the pay run. Tax and National Insurance payments are automatically set in the system to be deducted in each pay run. Various deductions are made to each payroll as applicable such as pension, credit union and Unison deductions. A report for each of the deductions made is produced for every payroll run, which provides a list of every employee that paid such a deduction and the value of that deduction. Other allowances are processed during the payment processing including adjustments for expenses.

Both system and manual exception reports are produced during the processing of the payroll run to ensure that staff members are paid the correct amount. These include a Calculation Report highlighting exceptions such as new starts, leavers and pension payments made to those over retirement age and the Payroll Control Sheet which analyses the number of starters and leavers in the month, and the current month's total net pay against the previous months. The Control Sheet is reviewed by the Head of HR and Head of Finance prior to payment.

A Departmental Payroll Analysis report is also generated from the system which documents each department's gross wages, the total cost of deductions, additional payments that were issued and changes in staff numbers. The Head of Finance analyses this report to monitor the payroll figure, to make comparisons between previous months and to identify any significant variances, before processing the payroll for payment.

The College's Payroll Manual documents the deduction payment deadlines for Tax, National Insurance, Scottish Public Pension Agency (SPPA) and other deductions. The Payroll Officer runs a P32 report from the system which details what is owed to HMRC each month and completes a BACS requisition form. The Head of

Finance will authorise the BACS requisition form and process the payment. Our testing highlighted that tax and other deduction payment deadlines were being met.

An Expense Policy is in operation at the College which requires an expense form to be completed for each claim and appropriately approved in line with the signatory list. Forms should be supported by receipts in line with the documented policy. Our testing of expense claims identified that these controls were operating effectively.

The following opportunities for improvement were identified:

- There is no payroll masterfile change report run from the Pegasus payroll system on a periodic basis to review all changes made to employee data. Whilst controls are in place to monitor changes in staff numbers and total pay, other changes including changes to bank details are not subject to an independent review to highlight any potentially fraudulent changes or errors.

- Changes to the PAYE and NI rates are typically performed by an external company, TSG. For the 2016/17 PAYE and NI rate changes, the Payroll Officer was provided with guidance on how to perform the changes required, however no independent review by Senior Management was performed to confirm the rate changes after the update was made. Changes should be independently reviewed to reduce the chance of errors going unnoticed.

Student Experience   June 2016

Conclusion

South Lanarkshire College has robust student communication systems which are working effectively to enhance the overall student experience. The College's commitment to engage with its students is demonstrated through the wide variety of feedback mechanisms that have been implemented. This includes, but not exclusively, one to one feedback, feedback through Class Representatives and the Student Association, and the bi-annual student surveys. The College tracks and manages feedback actions until completion and has implemented various methods to communicate improvements back to students. The College also has robust processes in place governing the recording and management of complaints in line with SPSO requirements.

In addition, the survey results for the Student Voice included in the College's In-Course Questionnaire Part 2 2015/16 were very positive, with students demonstrating a high awareness of the feedback and complaint processes within the College.

We have identified some opportunities for improvement which will help to develop the feedback and complaints processes within South Lanarkshire College, including documenting a Terms of Reference for the Student Association Committee, documenting improvement actions within the annual Complaints Handling report to demonstrate lessons learned, as well as improving the overall feedback loop for block release and evening students.

Main Findings

The College has a robust feedback framework in place which ensures feedback is sought from all students on a regular basis. In addition to the College operating an 'open doors' policy, the College also has various

feedback mechanisms in place which are communicated to students through the induction process and via the Student Handbook.

- The College's feedback mechanisms support the collection of student feedback on an ongoing basis. Students can raise feedback using the 'tell us at SLC' process where feedback is submitted confidentially via email, the student portal, or by completing a leaflet and posting this within designated post-boxes found within the College. Feedback can also be raised directly with College staff, via student surveys, or during annual Question Time, where the Senior Management Team get together to answer any questions students may have.

- In addition, each College class appoints a Class Representative and Deputy Class Representative at the start of each academic year who are responsible for obtaining feedback from the class and raising this feedback with Course Teams and the Student Association. In order to fully support Representatives in their role, the College arranges for Class Representatives to undertake class training with a reputable SFC training provider, SPARQS (student partnerships in quality Scotland). Both members of the Student Association and the Class Representatives attend and represent the students of the College at various Committee meetings.

- There are feedback systems in place which adequately capture feedback received. The feedback is then analysed to identify and track required improvement actions through to completion. A feedback loop process exists at the College and outcomes are conveyed to all students through 'you said we did' posters and the student newsletter in addition to face to face feedback to individual students and classes.

- The College also has an up-to-date, approved Complaints Policy and supporting guidance documents which comply with SPSO requirements. The Complaints Policy and guidance is available to all staff via the College's intranet and students are able to access the Complaints Policy via the student portal and homepage of the College website.

- Our focus groups held with students from all three faculties identified that there is an adequate awareness of student feedback mechanisms and the complaints process. In addition, students advised they were represented fairly by Class Representatives and the Student Association.

- As part of the audit we included a set of questions to cover the 'Student Voice' within the College's In-Course Questionnaire Part 2 2015/16. The results of the survey (1,282 responses) demonstrate that students have a high awareness of the feedback and complaint frameworks embedded within the College. The results also show that a high proportion of students are aware of the actions the College has taken in response to student feedback submitted.

- 91% of students confirmed they are aware of the methods available within the College to raise comments/feedback;

- 92% of students agreed that the College has implemented various ways for students to raise comments/feedback;

- 94% of students confirmed they know who their class representatives and student association members are who can take student comments/feedback to College committees/groups; and

- 83% of students agreed that the College provides responses to comments/feedback raised by students.

An overview of the survey results above, and details of the further comments provided by students are available within Appendix 1.

We have identified three areas for improvement as follows:

- Student Association Executive Members regularly attend Student Association Executive Committee Meetings. Although the Student Association has developed a Constitution, we noted that this does not include Executive Committee Terms of Reference (ToR) which set out committee roles and responsibilities in relation to regularly obtaining, assessing and assisting with student feedback;

- The Annual Complaints Handling Report documents the complaints handling procedure performance indicators and a customer satisfaction summary. In addition there is a summary statement regarding learning from complaints; however detailed practical examples of the improvement actions implemented are not documented within the report; and

The output from the student focus groups and student voice survey results confirmed that the College has appropriate feedback loop processes in place for fulltime students. However the feedback received at the focus group and from the questionnaire identified that block release and evening class students sometimes feel they do not receive College responses when feedback is submitted. The College should consider and implement an adequate process that will improve the feedback loop process for these students.

Performance Management   December 2015

Conclusion

South Lanarkshire College has a robust performance management framework in place which is clearly linked to the achievement of strategic objectives.

Main Findings

SLC has established working practices that ensure a strong focus on performance across all areas of the College. The Strategic Plan identifies key performance indicators (KPIs) and operational plans are structured in line with the College's strategic priorities. Oversight of performance management has been allocated to the Academic Board, the Senior Management Team (SMT) and College Management Team (CMT).

SLC operates a 'live' management information system presenting data on student enrolment, attainment, withdrawal and numbers of credits awarded. This information is accessible by all relevant staff and can be filtered by faculty, mode of study, course and protected characteristics; which supports targeted action against poorly performing areas of the College. Additionally, staff can take a more proactive role in monitoring the performance of their courses on an ongoing basis.

In addition to strategic objectives and associated KPIs, the College also sets targets for delivery against SFC Regional Outcome Agreement targets. SLC sets its own targets in excess of the regional targets, reflecting both the strong baseline performance at SLC and the ambition for continuous improvement. This is also consistent with the strategic KPI to exceed targets set in Regional Outcome Agreements.

The Academic Board, SMT, CMT and Faculty Management Teams (FMT) monitor performance on a regular basis, allowing escalation and review of progress at appropriate levels. This also allows the College to hold Associate Principals, Heads of Service and Curriculum Managers accountable for their performance. Action plans are completed to address areas of under-performance and progress is tracked at subsequent meetings.

The College's Board receives papers from each Academic Board meeting including performance matrices. Areas where performance may be improved to meet targets are highlighted in red within the performance matrix. The Board also approves the College's annual report which includes key performance information for strategic objectives which are relevant in the yea

SUMs   October 2015

Conclusion

In our opinion, controls over the collection of data and the preparation of the SUMs returns are adequate and effective. Assurance can be gained from the audit testing carried out and the internal checking performed by College management that the SUMs count for the College has not been materially misstated. A copy of the audit report is included in Annex A of this report.

Under the conditions of grant, the SFC may claw-back an element of grant if actual WSUMs provided are below target. Actual WSUMs claimed for 2014/15 were 55,432 against a target of 55,167. The difference is 265 (0.5%) above target SUMs which does not permit clawback.

The deadline for submitting the College Certificate and Auditors Certificate was 10 October 2015. The College Certificate was completed and signed on 24th September 2015 and returns were submitted to the Scottish Funding Council on 9th October 2015.

Main Findings

Our review centred on testing College data on a sample basis and, where appropriate, consulting with staff and senior management. This was performed to provide assurance that all of the risks set out in Annex D of the audit guidance note referred to above had been satisfactorily addressed and that the fundamentals of compiling SUMs data were subject to appropriate controls.

Our initial sample was derived following consideration of materiality and application of Scott-Moncrieff's approved sampling methodology, where controls work and analytical procedures are being undertaken. Sample selection was conducted based on professional judgement. The sample was subsequently extended, where necessary, to ensure that we gained sufficient coverage of all programmes and student variables as specified within the audit guidance. Our sample testing has provided 0.8% coverage of total student numbers and 4% coverage of total programmes, based on our assessment of the risk of material misstatement in the SUMs return.

Student Support & EMA

October 2015

Summary of findings and conclusion

No financial errors were identified during the audit work performed. There are no adjustments to raise for the year to 31 July 2015.

Only one low risk control weakness was identified. This was in relation to the College not using a separate bank account for SAAS funds.

In our opinion, controls over the administration and disbursement of funds and compilation of the funding returns are adequate and effective. Assurance can be gained from the audit work performed that the fund returns prepared and submitted by the College have not been materially misstated.

The draft returns and underlying supporting documentation prepared by the client were of a good standard. The College was clearly prepared and ready for the audit.

South Lanarkshire College

Internal Audit Plan 2016-17

November 2016

Scott-Moncrieff
business advisers and accountants

South Lanarkshire College

Internal Audit Plan 2016/17

Introduction

Internal auditing is an independent and objective assurance and consulting activity designed to add value and improve the operations of South Lanarkshire College. It helps the College accomplish its objectives by evaluating the systems and processes in place, providing assurance that key risks are being managed effectively and value for money is being achieved and improving the effectiveness of risk management, control and governance processes.

The objective of internal audit planning is to focus audit resources on the systems and processes that manage the College's key risk areas.

Audit Committee Action

The three-year internal audit strategy covering the period 2014 to 2017 was presented to the College's Audit Committee on 16 March 2015 for review. We now present the updated draft 2016/17 plan for discussion.

The plan has been updated to incorporate the reviews which have been deferred to 2016/17 and those that have been brought forward to 2015/16. In order to accommodate the review of Corporate Governance in 2016/17, the Purchasing and Creditors review has been removed for the year and the number of days for the Corporate Governance review has decreased from four to three days.   These changes have been summarised as follows:

Audit Title	2015/16	2016/17
Budget setting and monitoring	-4	+4
Payroll and expenses	+4	-4
Student experience	+4	
Corporate governance	-4	+3
Purchasing and creditors		- 3

The Audit Committee may at any time decide to alter the direction of the plan to address any concerns which arise during the financial year. We would be fully flexible in accommodating any such revision.

Our internal audit approach

Assurance on organisation-wide risks

The internal audit plan is principally designed to provide assurance on the effective management of the College's key risks. This means that the plan covers the full range of systems within the College, not just the financial systems.

This will provide South Lanarkshire College, through the Audit Committee, with the assurance it needs to prepare an annual Governance Statement that complies with best practice in corporate governance and directions from the Scottish Funding Council.

Risk based internal auditing

Our internal audit methodology links internal audit activity to the organisation's overall risk management framework. The main benefit to South Lanarkshire College is a strategic, targeted internal audit function that focuses on the key risk areas and provides maximum value for money.

By focussing on the key risk areas, internal audit should be able to conclude that:

- Management has identified, assessed and responded to South Lanarkshire College's key risks

- The responses to risks are effective but not excessive

- Where residual risk is unacceptably high, further action is being taken

- Risk management processes, including the effectiveness of responses, are being monitored by management to ensure they continue to operate effectively, and

- Risks, responses and actions are being properly classified and reported.

Audit needs assessment

Background and objective

Internal audit plans are based on an assessment of audit need. "Audit need" represents the assurance required by the audit committee from internal audit that the key control systems established to manage and mitigate the College's key risks are adequate and operating effectively.

Approach

Our audit needs assessment takes both a top-down and bottom-up approach followed by a reasonableness check. The top-down approach starts with the areas of highest inherent risk recorded in the risk register and then identifies the control systems in place to manage those risks. The bottom-up approach involves considering the College's audit universe (potential auditable areas) and linking this to the key inherent risks to establish which auditable areas represent the key control systems. The reasonableness check involves us using our experience of similar organisations together with discussions with other college internal auditors to ensure that all key risk areas and systems have been considered and the resulting internal audit plan seems appropriate.

Our audit needs assessment involved the following activities:

- Reviewing the College's risk register

- Reviewing the College's strategic and operational plans and objectives

- Reviewing the results of internal audit work in prior years

- Reviewing external audit reports and plans

- Reviewing the College's website and policies and procedures

- Meeting with management, and

- Utilising our experience at similar organisations and our understanding of the FE sector.

We seek to complement the areas being covered by the College's external auditors, Mazars LLP. Following discussion of this plan at the Audit Committee, we will consult with the external auditors and incorporate the feedback received into the final version submitted for approval to the next Audit Committee meeting. This helps us to target our work in the most effective manner, avoiding duplication of effort and maximising the use of the total audit resource.

The audit needs assessment will be revised on an ongoing basis (at least annually) to take account of any changes in the College's risk profile. All changes to the internal audit plan will be approved by the Audit Committee.

Delivering our audit plans

Audit timetable 2016/17

We will schedule our work to deliver reports to each Audit Committee meeting during the year. We will agree the timing of each review with management to ensure we avoid particularly busy periods.

Appendix 3 provides the basis for agreeing a detailed timetable for the 2016/17 programme.

Assignment planning

Prior to each review commencing, we will finalise the assignment plan with relevant management. The assignment plan sets out the scope and objectives of the audit, along with an assessment of the key business risks relating to the area under review. This consultative approach ensures that the focus of each review is sensitive to the specific risks and context within which South Lanarkshire College operates. This maximises the value of each review and reflects the risk-based assurance we offer.

Reporting our findings

During the course of each audit, we will discuss any audit findings with relevant management as they arise. This will ensure that our reports contain no surprises and our recommendations are accurate, practical and relevant.

The audit timetable in Appendix 3 will be based on delivering draft reports to management within three weeks of completion of fieldwork. The reports will include an overall opinion on the strength of controls within the area under review, together with an action plan detailing prioritised recommendations, responsible officers and implementation dates.

We will require management responses to our draft reports within two weeks. Subject to there being no major issues of contention or disagreement, we will produce final reports within one week of receiving management responses. These timings are reflected in the timetable in Appendix 3.

On completion of each year's audit programme, we will issue an annual report summarising our main findings for the year and giving an overall opinion on the South Lanarkshire College internal control framework.

Internal Audit team – indicative staff mix

Grade	2016/17 Input (days)	Grade mix (%)
Partner	4	18%
Manager / Senior manager	5	23%
Specialist staff	4	18%
Auditors	9	41%
Total	**22**	**100%**

Confirmation of independence

PSIAS require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that the staff members identified to complete the reviews in the annual plan for 2016/17 are independent and their objectivity has not been compromised.

Internal Audit Team Contacts

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Proposed internal audit plan

The Internal Audit Plan will be updated annually for changes to the College's strategic risk register, corporate plans and through discussions with senior management and the Audit Committee.

Internal audit is only one source of assurance for the Audit Committee. Assurance on the management of risk is provided from a number of other sources, including the senior management team, external audit and the risk management framework itself.

Appendix 1 presents the areas proposed for review during 2016/17, in the context of a three year strategy.

As our internal audit approach is based on risk, the proposed plan is also cross-referenced to the College risk register. This is included in Appendix 2 for information.

The table below demonstrates how the 22 internal audit days agreed for 2016/17 are allocated across each area of the audit universe:

Allocation of audit days

- Key financial systems — 18%
- Corporate governance / strategic — 13%
- Operational — 23%
- IT / Business continuity — 23%
- Follow-up — 9%
- Planning, Audit Committee attendance and IA management — 14%
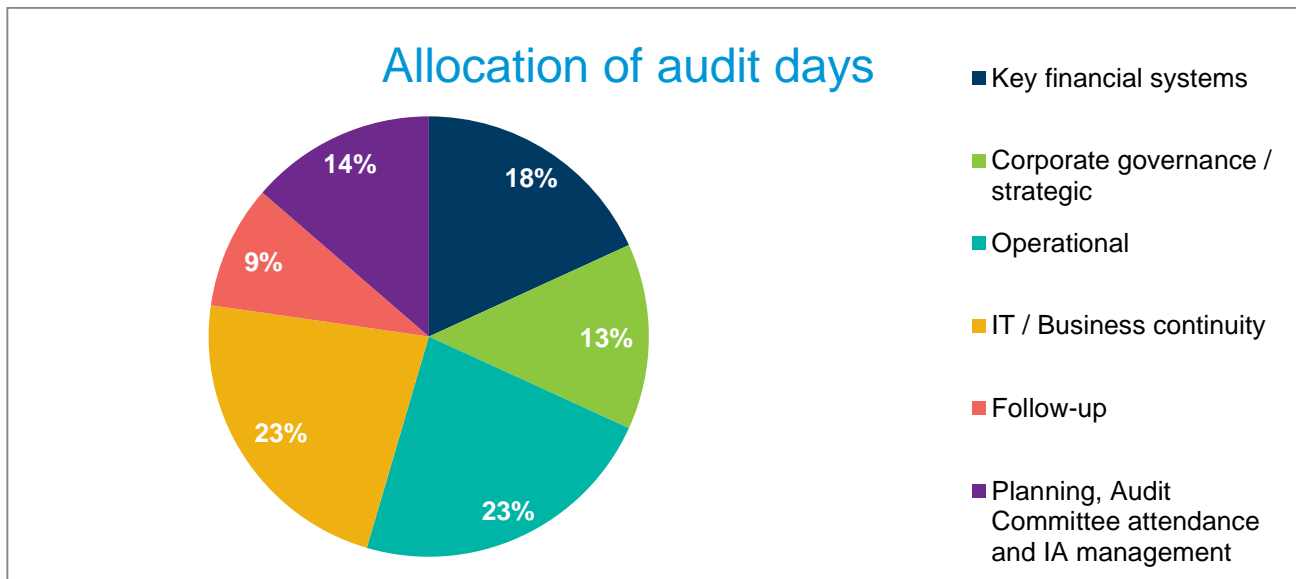
Appendix 1 – Strategic Internal Audit Plan 2014-17

Audit area	2014/15 Plan days	2015/16 Plan days	2016/17 Plan days	Risk Reg Ref	Notes
A. Key Financial systems reviews					
A1. Budget setting and monitoring			4	1, 2, 6, 10	Review of overall budgeting framework, i.e how the budgets are initially generated, authorised and rolled out, how performance against budget is monitored and reported, how budget variances are dealt with, including clarity of budget holder responsibilities.
A2. Income and debtors	5			1, 2	Review of processes in place for identifying income, raising invoices and receiving/recording income and the approach to debtor management, including ensuring funds due are received and accounted for appropriately. Link to B4 - review of alternative funding sources.
A4. Payroll and expenses		4		2	To evaluate and test the controls in place over payroll, including standing changes to payroll data. Will also include testing of expense claims.
TOTAL A – Key Financial Systems	**5**	**4**	**4**		
B. Corporate Governance / Strategic					
B1. Strategic and operational planning	4			1, 3, 6, 10	Including corporate/ strategic and department/ operational objective setting and planning, and the links between strategic and operational planning.
B2. Risk management	4			1	Review of procedures for risk identification, assessment, mitigation and reporting across the College (strategic and operational).
B3. Corporate governance			3	15	To review the extent to which the College's

Audit area	2014/15 Plan days	2015/16 Plan days	2016/17 Plan days	Risk Reg Ref	Notes
					governance arrangements follow recommended best practice.
B4. Alternative funding sources	4			1, 3, 6	To review the arrangements in place for identifying, maximising and realising alternative sources of funding. Link to A2 - income and debtors review.
B5. Student experience		8		13	To review internal controls and governance over an aspect of the student experience, e.g. student feedback processes.
TOTAL B – Corporate Governance / Strategic	**12**	**8**	**3**		
C. Operational Reviews					
C1. Workforce management			5	4, 10, 12	Assess workforce strategies including skill mix and staff continuity, within the tightening financial environment. Ensure workforce management is linked to operational planning and performance management processes.
C2. Performance management and delivery of outcomes		5		3, 10	Evaluate performance management, including the timeliness and robustness of management information. To include consideration of outcome agreements and engagement with key partners.
TOTAL C – Operational Systems Reviews	**-**	**5**	**5**		
D. IT / Business Continuity reviews					
D1. Business continuity and disaster recovery			5	8, 9	To assess adequacy and effectiveness of business continuity arrangements, including disaster recovery.

Audit area	2014/15 Plan days	2015/16 Plan days	2016/17 Plan days	Risk Reg Ref	Notes
TOTAL D – IT / Business Continuity reviews	**-**	**-**	**5**		
E. Internal audit management					
E1. Follow-up of prior recommendations	2	2	2		To assess progress in implementing previous internal audit recommendations.
Audit management, audit committees, external audit liaison, annual planning, annual audit report	4	3	3		Includes initial planning meetings, documentation review and audit needs assessment in 2014/15.
Management support / contingency days	-	-	-		
TOTAL ANNUAL DAYS IN IA PLAN	**23**	**22**	**22**		
F. Other audit work					
F1. SUMs Audit		5	5		*2014/15 audits covered by previous internal auditor
F2. Student Support Audit		3	3		*2014/15 audits covered by previous internal auditor
F3. Educational Maintenance Allowance		3	3		*2014/15 audits covered by previous internal auditor
	23	**33**	**33**		

Appendix 2 – Strategic Risk Register

No	Risk description	Risk Rating (L x I)	Key audits related to this risk
1	College cannot maintain financial stability	Initial: High (3 x 4) Residual: Medium (2 x 4)	• Strategic and operational planning • Financial systems: budget setting & monitoring and income & debtors • Risk management • Alternative funding sources
2	Failure of financial processes and controls.	Initial: Medium (2 x 3) Residual: Low (1 x 3)	• Financial systems reviews
3	Failure to maximise allocated activity re Government training programmes / EU-funded courses; failure to retain major public / private contracts.	Initial: Medium (3 x 3) Residual: Medium (2 x 3)	• Strategic and operational planning • Performance management and delivery of outcomes • Alternative funding sources
4	Loss of key staff; failure to recruit suitably qualified staff	Initial: Medium (3 x 3) Residual: Low (1 x 3)	• Workforce management
5	Breach of legislation & associated regulations	Initial: Medium (2 x 4) Residual: Low (1 x 4)	
6	Insufficient funds for capital project and maintenance requirements	Initial: High (4 x 3) Residual: Medium (3 x 3)	• Strategic and operational planning • Financial systems: budget setting & monitoring • Alternative funding sources

7	Health & Safety - Staff/ Students, Breach of laws & regulations	Initial: High (3 x 4) Residual: Low (1 x 4)	
8	Severe disruption due to major disaster, such as fire or flood	Initial: High (3 x 4) Residual: Low (1 x 4)	• Business continuity and disaster recovery
9	Theft of, or damage to, Management Information System	Initial: Low (1 x 4) Residual: Low (1 x 2)	• Business continuity and disaster recovery
10	Activity above or below target with a resulting financial impact / not managing part time staffing budget.	Initial: Medium (3 x 2) Residual: Medium (3 x 2)	• Strategic and operational planning • Performance management and delivery of outcomes • Financial systems: budget setting & monitoring • Workforce management
11	Failure of College to evolve and develop new courses	Initial: Low (1 x 2) Residual: Low (1 x 2)	
12	Learning & teaching quality not maintained / improved - poorly performing staff	Initial: Low (1 x 4) Residual: Low (1 x 4)	• Workforce management
13	Inadequate learning development services	Initial: Low (1 x 3) Residual: Low (1 x 3)	• Student experience
14	Severe adverse publicity	Initial: Medium (2 x 4) Residual: Medium (2 x 3)	

| 15 | Corporate Governance Issues - Board of Management | Initial: Low (1 x 3)
 Residual: Low (1 x 3) | • Corporate governance |

Appendix 3 – Audit timetable

Ref and name of report	Audit sponsor	Start audit	Complete fieldwork	Draft report	Mgmt resp	Final report	Audit C'ttee
A1. Budget setting and monitoring	Head of Finance	Mar 17	Mar 17	Apr 17	Apr 17	May 17	May 17
B3. Corporate governance	Depute Principal	Dec 16	Dec 16	Dec 16	Jan 17	Jan 17	Mar 17
C1. Workforce management	Depute Principal	Jan 17	Feb 17	Mar 17	Mar 17	Apr 17	May 17
D1. Business continuity and disaster recovery	Depute Principal	Feb 17	Feb 17	Mar 17	Mar 17	Apr 17	May 17
E1. Follow-up review	Head of Finance	Jun 17	Jun 17	Jun 17	Jul 17	Jul 17	Sept 17
F1. SUMs / Student Support / Educational Maintenance Allowance	Head of Finance	Sept 16	Oct 16	Oct 16	Oct 16	Oct 16	Dec 16
Annual Report	Head of Finance	n/a	n/a	n/a	n/a	Aug 17	Sept 17

Appendix 4 – Audit Universe

Audit area	2013/14 (Wylie & Bisset)	2014/15	2015/16	2016/17	Risk Ref	Frequency
A. Key financial systems						
Financial reporting					L	Reviewed annually by external audit
Accounting policies					L	Reviewed annually by external audit
Financial ledger					L	Reviewed annually by external audit
Budget management				✔	M	Included in risk register
Fixed assets					L	Low risk - not highlighted as an area of risk
Treasury and cash management				✔	L	Cyclical review - every 3 - 5 years (covered by budget setting and monitoring)
Income and receivables		✔			H	Cyclical review - every 3 - 5 years
Payroll			✔		L	Cyclical review - every 3 - 5 years
Travel and subsistence			✔		L	Cyclical review - every 3 - 5 years
Expenditure and payables				✔	L	Cyclical review - every 3 - 5 years
Procurement / tendering	✔				L	Cyclical review - every 3 - 5 years
B. Governance / Strategic						
Risk management		✔			H	Cyclical review every 3 - 5 years, included in risk register
Corporate governance				✔	M	Cyclical review every 3 - 5 years, included in risk register
Strategic / operational planning		✔			H	Cyclical review every 3 - 5 years, included in risk register
Fraud prevention arrangements					L	Low risk - not highlighted as an area of risk
Audit committee self-assessment and review of terms of reference					L	At Audit Committee's request
Governance Statement					L	At Audit Committee's request
C. Operational						
Workforce management				✔	M	Included in risk register
Education Contracts		✔			M	Included in risk register (Covered in alternative funding sources)
Commercial Courses	✔	✔			H	Included in risk register (Covered in alternative funding sources)
Succession planning				✔	M	Cyclical review every 3 - 5 years (Included in Workforce management)

Audit area	2013/14 (Wylie & Bisset)	2014/15	2015/16	2016/17	Risk Ref	Frequency
Recruitment and retention	✔				M	Cyclical review every 3 - 5 years (Covered by HR management 13/14)
Sickness absence					M	Cyclical review every 3 - 5 years
Performance management			✔		H	Cyclical review every 3 - 5 years, included in risk register x 3
Internal communications					M	Cyclical review every 3 - 5 years
External communications					M	Cyclical review every 3 - 5 years
Student experience			✔		L	Cyclical review every 3 - 5 years
Change management					M	Cyclical review every 3 - 5 years
Quality strategy			✔		M	Covered as part of performance management
Income generation		✔			H	Identified in risk register (Covered in alternative funding sources)
Capital project management	✔				M	Included in risk register
Estates & asset management					L	Cyclical review every 3 - 5 years
Health and safety					L	Included in risk register
Business continuity planning				✔	L	Included in risk register
Incident management				✔	L	Included in risk register (covered by business continuity planning)
Emergency planning				✔	L	Included in risk register (covered by business continuity planning)
D. Information technology						
IT strategy					M	Cyclical review every 3 - 5 years, included in risk register
IT security					M	Cyclical review every 3 - 5 years
Network management					M	Cyclical review every 3 - 5 years
Information management					M	Cyclical review every 3 - 5 years
Information governance					M	Cyclical review every 3 - 5 years, included in risk register
Disaster recovery				✔	M	Cyclical review every 3 - 5 years, included in risk register (part of BCP review)
IT developments – projects					H	At Audit Committee's request

Appendix 5 - Internal Audit Charter

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the College.

It helps the College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Aim

The aim of this Charter is to set out the management by all parties of the internal audit process. The Charter sets out the context of the internal audit function, including the place of the Audit Committee, the key personnel, timescales and processes to be followed for each internal audit review.

Role

The internal audit activity is established by the Audit Committee on behalf of the Board of Management. The internal audit activity's responsibilities are defined by the Audit Committee as part of its oversight role.

Professionalism

The internal audit activity will adhere to mandatory guidance of The Chartered Institute of Internal Auditors (CIIA) including the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

The CIIA's Practice Advisories, Practice Guides and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to the College's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

Internal audit activity will also reflect relevant Scottish Funding Council directions, as appropriate to the College.

Authority

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to any and all of the College 's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the audit committee.

Accountability

The Head of Internal Audit will be accountable to the audit committee and will report administratively to the Director of Finance.

The audit committee will approve all decisions regarding the performance evaluation, appointment, or removal of the Head of Internal Audit.

The Head of Internal Audit will communicate and interact directly with the audit committee, including between audit committee meetings as appropriate.

Independence and objectivity

The internal audit activity will remain free from interference by any element in the College, including matters of audit selection, scope, procedures, frequency, timing, or report content. This is essential in maintaining the internal auditors' independence and objectivity.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal audit's judgement.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

The Head of Internal Audit will confirm to the audit committee, at least annually, the organisational independence of the internal audit activity.

Scope and responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programmes with established objectives and goals
- Effectiveness and efficiency of operations and use of resources
- Compliance with significant policies, plans, procedures, laws, and regulations
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information.
- Safeguarding of assets.

Internal Audit is responsible for evaluating all processes ('audit universe') of the College, including governance processes and risk management processes. In doing so, internal audit maintains a proper degree of coordination with external audit.

Internal audit may perform consulting and advisory services related to governance, risk management and control. It may also evaluate specific operations at the request of the audit committee or management, as appropriate.

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the audit committee and to senior management, including fraud risks, governance issues, and other matters needed or requested by the College.

Annual internal audit plan

The audit year runs from 1 August to 31 July.

At least annually, the Head of Internal Audit will submit to the audit committee an internal audit plan for review and approval. The internal audit plan will detail, for each subject review area:

- The outline scope for the review;
- The number of days budgeted;
- The timing, including which the final report will go to audit committee and;
- The review sponsor.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management. Prior to submission to the audit committee for approval, the plan will be discussed with senior management. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

Assignment Planning and Conduct

An assignment plan will be drafted prior to the start of every assignment setting out the scope, objectives, timescales and key contacts for the assignment.

Specifically, the assignment plan will detail the timescales for carrying out the work, issuing the draft report, receiving management responses and issuing the final report. The assignment plan will also include the name of the staff member who will be responsible for the audit (review sponsor) and the name of any key staff members to be contacted during the review (key audit contact).

The assignment plan will be agreed with the review sponsor and the key audit contact (for timings) before the review starts.

Reporting and Monitoring

The internal auditor will discuss key issues arising from the audit as soon as reasonably practicable with the key contact and/or review sponsor, as appropriate.

A written report will be prepared and issued by the Head of Internal Audit or designee following the conclusion of each internal audit engagement and will be distributed to the review sponsor and key contacts identified in the assignment plan for management responses and comments.

Draft reports will be issued by email within 15 working days of fieldwork concluding. The covering email will specify the deadline for management responses, which will normally be within a further 15 days. The management comments and response to any report will be overseen by the review sponsor. Internal Audit will make time after issuing the draft report to discuss the report and if necessary, meet with the review sponsor and/or key contact to ensure the report is factually accurate and the agreed actions are clear, practical, achievable and valuable.

The internal auditors will issue the final report to the review sponsor and the Director of Finance. The final report will be issued within 10 working days of the management responses being received. Finalised internal

audit reports will be presented to the audit committee. Finalised internal audit outputs must be in the hands of the committee secretary at least 5 working days before the date of each meeting

The working days set out above are maximum timescales and tighter timescales may be set out in the assignment plan.

The internal audit activity will follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

Audit Committee

The audit committee meets four times a year, normally in September, November, March and May. Dates for audit committee meetings will be provided to internal audit as soon as they are agreed. The Head of Internal Audit and/ or Internal Audit Manager will attend all meetings of the audit committee.

Internal audit will schedule its work so as to spread internal audit reports reasonably evenly over the audit committee meetings. The annual internal audit plan will detail the internal audit reports to be presented to each audit committee meeting.

The internal auditor will generally present specific reports to the committee as follows:

Output	Meeting
Audit needs assessment	May
Annual internal audit plan	May
Follow-up reports	September
Annual report	September

The audit committee will meet privately with the internal auditors at least once a year.

Periodic Assessment

The Head of Internal Audit is responsible for providing a periodic self-assessment on the internal audit activity as regards its consistency with the Audit Charter (purpose, authority, responsibility) and performance relative to its Plan.

In addition, the Head of Internal Audit will communicate to senior management and the audit committee on the internal audit activity's quality assurance and improvement programme, including results of ongoing internal assessments and external assessments conducted at least every five years in accordance with Public Sector Internal Audit Standards.

Review of Charter

This Charter will be reviewed by both parties each year and amended if appropriate.

South Lanarkshire College
Risk Register

Date of review	03-Nov-16
Next review due	12-Jan-17

RISK DEFINITION	ORIGINAL RISK				RESIDUAL RISK				Risk Appetite	Trend
Risk	Likelihood	Impact	Total	Risk Level	Likelihood	Impact	Total	Risk Level	Risk Appetite	Trend
FINANCE										
1 College cannot maintain financial stability										
	4	4	16	High	3	4	12	High	Low	=
2 Failure of financial controls										
	2	3	6	Medium	1	3	3	Low	Low	=
3 Failure to maximise allocated activity re Government training programmes / EU-funded courses										
	3	3	9	Medium	2	3	6	Medium	Low	=
HUMAN RESOURCES										
4 Loss of key staff; failure to recruit suitably qualified staff										
	3	3	9	Medium	1	3	3	Low	Low	=
5 Breach of legislation & associated regulations										
	2	4	8	Medium	1	4	4	Low	Low	=
ESTATES										
6 Insufficient funds for capital project and maintenance requirements										
	4	3	12	High	4	3	12	High	Low	=
7 Health & Safety - Staff / Students, Breach of laws & regulations										
	3	4	12	High	1	4	4	Low	Low	=
8 Severe disruption due to major disaster, such as fire or flood										
	3	4	12	High	1	4	4	Low	Low	▼
IT										
9 Theft of, or damage to, Management Information System										
	1	4	4	Low	1	2	2	Low	Low	=
10 Cyber Crime										
	2	4	8	Medium	2	3	6	Medium	Low	=
ACAD. QUALITY & ACTIVITY										
11 Failure to meet Credit target / danger of overtrading (i.e. above or below SFC-established tolerance levels); failure to retain major public and private contracts.										
	3	2	6	Medium	2	2	4	Low	Low	=
12 Failure of College to evolve and develop new courses										
	1	2	2	Low	1	2	2	Low	Low	=
13 Learning & teaching quality not maintained / improved - poorly performing staff										
	1	4	4	Low	1	4	4	Low	Low	=
14 Inadequate learning support services										
	1	3	3	Low	1	3	3	Low	Low	=
GOVERNANCE										
15 Severe adverse publicity										
	2	4	8	Medium	2	3	6	Medium	Low	=
16 Corporate Governance Issues - Board of Management										
	1	3	3	Low	1	3	3	Low	Low	=

Key: Assessment of Risks

Risks which should be monitored by the Risk Management Group:	Scores 1 - 4	Low
Risks to be brought to the attention of SMT and the Board of Management:	Scores 5 - 11	Medium
Risks to be reported to, and monitored by, Board of Management:	Scores 12 - 16	High

Risk Scoring Matrix

Very High	4	8	12	16
High	3	6	9	12
Medium	2	4	6	8
Low	1	2	3	4
Impact				
Probability	**Unlikely**	**Possible**	**Likely**	**Very Likely**

Risk Appetite:

Risk appetite definition:
Risk appetite definition: The level of risk that an organisation is prepared to accept, before action is deemed necessary to reduce it.

Willing to accept a residual risk score of 1 - 4	Low
Willing to accept a residual risk score of 5-11	Medium
Willing to accept a residual risk score of 12-16	High

	Date of review
	03-Nov-16
	Next review due
	12-Jan-17

Appetite for Risk:
Risk appetite definition: The level of risk that an organisation is prepared to accept, before action is deemed necessary to reduce it.

Key:

Low	Risks which should be monitored by the Risk Management Group :	Scores 1 - 4	Willing to accept a residual risk score of 1 - 4	Low
Medium	Risks to be brought to the attention of SMT and the Board of Management:	Scores 5 - 11	Willing to accept a residual risk score of 5-11	Medium
High	Risks to be reported to, and monitored by, Board of Management:	Scores 12 - 16	Willing to accept a residual risk score of 12-16	High

RISK DEFINITION			RISK					RESIDUAL RISK					
Ref and link to Q. I.s and Strategic Plan (ref SP #)	Risk Description & Effect	Appetite for Risk	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Actions Planned	Deadline	Responsibility for Risk / Responsibility for Actions Planned
FINANCE												
1	**College cannot maintain financial stability**											**Head of Finance**
Link to QIs - 6.4 / 8.2. **Link to SP 3**	* If cashflow is compromised, College could close; * Staff, students and other stakeholders lose confidence; * College experiences student retention problems; * College has insufficient funds for recurring expense and equipment replacement; * overspend of ring-fenced student support funds. * If cashflow is compromised, College could close; * Staff, students and other stakeholders lose confidence; * College experiences student retention problems; * College has insufficient funds for recurring expense and equipment replacement; * Allocation of ring-fenced student support funds from SFC and / or SAAS is inadequate, leading to potential overspend. * Withdrawal from EU puts ESF / SFC funding at risk. * College not funded directly by SFC. * Uncertainty over central funding makes long-term financial planning problematic.	Low	4	4	High	* Rigorous budget setting procedures; * Budget monitoring by senior management and Board of Management with corrective action taken where necessary; * Financial Regulations and associated internal controls; * Effective internal and external audit; * Arms-length trust set up. *Monthly monitoring of student support funds spend; allocation for 2015/16 is adequate * Regional Outcome Agreement in place so that funding is known.	3	4	High	* College to lobby for additional SFC / ESF activity to be incorporated into core grant-in-aid allocation, and for value of both core and ESF credits to be increased. * Financial strategic plan to be drawn up to cover 5 year period, plus system of regular review.	Jan 2017

Feb 2017 | Principal / Depute Principal

Head of Finance |

South Lanarkshire College
Risk Register

Key:

	Date of review
	03-Nov-16
	Next review due
	12-Jan-17

Appetite for Risk:
Risk appetite definition: The level of risk that an organisation is prepared to accept, before action is deemed necessary to reduce it.

Low	Risks which should be monitored by the Risk Management Group : Scores 1 - 4
Medium	Risks to be brought to the attention of SMT and the Board of Management: Scores 5 - 11
High	Risks to be reported to, and monitored by, Board of Management: Scores 12 - 16

Willing to accept a residual risk score of 1 - 4	Low
Willing to accept a residual risk score of 5-11	Medium
Willing to accept a residual risk score of 12-16	High

RISK DEFINITION

Ref and link to Q. I.s and Strategic Plan (ref SP #)	Risk Description & Effect	Appetite for Risk	RISK			Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	RESIDUAL RISK			Actions Planned	Deadline	Responsibility for Risk / Responsibility for Actions Planned
			Likelihood	Impact	Risk Level		Likelihood	Impact	Risk Level			
2	**Failure of financial processes and controls.**											**Head of Finance**
Link to QIs - 6.1 / 6.2 / 8.2 **Link to SP3**	* Procedures and processes are not robust and / or staff do not follow procedures. * Student support funds not monitored adequately, resulting in these being overextended. **Effect:** * Staff and management do not make the correct decisions/ mismanagement occurs; * Failure to detect fraud; * College incurs liability through staff falling foul of Bribery Act; * College fails to adhere to ONS reclassification requirements. * Shortfall in student support funding - College has to utilise its own funds and / or some students disadvantaged as a result of inefficient distribution.	Low	2	3	Medium	* Evaluate effectiveness of controls through variance reporting; * Annual programme of internal and external audit, as determined by Board of Management and external bodies, with these being monitored by the Audit Committee; * System in place to analyse performance via Funding Strategy Group; * Constant review of student funding arrangements; * Student funds audited by internal & external auditors; * Annual guidance given by SAAS and Scottish Funding Council; * Anti-Bribery and Whistleblowing Policies in place; * Audit Committee membership comprised of non-College staff; * Low number of recommendations in internal audit reports; * Finance calendar incl. schedule of management meetings now drawn up; responsibilities now clarified. *Whistle-Blowing and Anti-Bribery Policies updated at Nov 2015 and approved by Board.	1	3	Low	• Review of Financial Regulations to be undertaken (note: work being undertaken by SFC on this); • Review of management reporting system to be undertaken. • Development of Regional accounts & financial reports; utilisation of Financial Accountant.	* Dec 2016 * Dec 2016 * Feb 2017	Head of Finance
3	**Failure to maximise allocated activity re Government training programmes / EU-funded courses; failure to retain major public / private contracts.**											**Depute Principal / Head of Finance**

South Lanarkshire College
Risk Register

Key:

	Date of review
	03-Nov-16
	Next review due
	12-Jan-17

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Medium	Risks to be brought to the attention of SMT and the Board of Management:	Scores 5 - 11
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Willing to accept a residual risk score of 1 - 4	Low
Willing to accept a residual risk score of 5-11	Medium
Willing to accept a residual risk score of 12-16	High

RISK DEFINITION / RISK / RESIDUAL RISK

Ref and link to Q. I.s and Strategic Plan (ref SP #)	Risk Description & Effect	Appetite for Risk	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Actions Planned	Deadline	Responsibility for Risk / Responsibility for Actions Planned
Link to QIs - 2.1 / 2.2 / 5.3 / 8.1 / 8.2 / 9.3 **Link to SP 2 and 3**	* Loss of income where targets on start numbers, attendance, achievement and progression are not met; * Financial viability of the College threatened; * Potential loss of future activity awards where achievement / performance is below target, leading to lesser chance of winning future bids	Low	3	3	Medium	* Funding Strategy Group monitors income and delivery on a monthly basis; * SDS Working Group set up; * Programmes to be reported on as "separate line" in Management Accounts. * Monitoring of training agency income & achievement via "milestones" at Funding Strategy Group, SMT and CMT. * Remit and structure of Funding Strategy Group reviewed in 2015/16 with a view to improving focus and strategic drive. * Setting of income targets	2	3	Medium	* Continuing programme of staff development with academic CM's on sourcing new areas of income and on preparation of tenders to win new business	* February 2017	Head of Alternative Funding / Head of Finance

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HUMAN RESOURCES												
4	**Loss of key staff; failure to recruit suitably qualified staff**											**Head of Human Resources**
Link to QIs: 3.3 / 7.3 / 7.4 / 7.5 **Link to SP 2 and 3**	* Undirected decision making; * Possible loss of staff confidence; * Resources (particularly management) not utilised in most effective way; * Low number of senior management positions means absences or departures may have proportionately greater effect.	Low	3	3	Medium	* Succession planning built into CPD process; * Provide CPD opportunities annually, with additional emphasis on middle management development; * Review structure and support periodically; * Staff satisfaction is monitored; * Pro-active use of occupational health service	1	3	Low	*Develop programme of key skills for middle management	Summer 2017 staff development days.	
5	**Breach of legislation & associated regulations**											**Head of Human Resources**
Link to QIs: 6.3 / 7.2 / 9.3 **Link to SP 3**	* Legal action and associated costs; * Loss of staff morale; * Adverse publicity. * New legislation on Corporate Parenting & "Prevent" duty * Gender Action Plan being introduced	Low	2	4	Medium	* Ensure regular employment law updates are reviewed by Human Resources Dept.; * Review of regular reports from HR. * Distribution of updates to appropriate staff *Mandatory staff development sessions for all staff on PREVENT (ASIST) and equalities completed in Jan 2016. * Safeguarding Group now set up covering Corporate Parenting, PVG etc. Student Association represented on the Group. * College Inclusiveness Group and Gender Action	1	4	Low	Review of Equalities outcomes	Apr-17	Head of HR

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ESTATES												
6	**Insufficient funds for capital project and maintenance requirements**											**Head of Facilities**
Link to QIs: 6.1/6.3.6.4 /7.4/9 **Link to SP 3**	* Reduction in student numbers due to poor facilities/environment; * Failure to attract new students; * Deterioration in infrastructure; * Potential health & safety risks * Decrease in SFC Capital Maintenance funding in 2016/17, although this was reversed by SFC albeit with restrictions.	Low	4	3	High	* Continual review of estates; * Estates Strategy document; * Monitor risk assessments; * College arranges third party monitoring for all major projects budgets set for all major projects and for programme of planned preventive maintenance; * Ensuring that all projects are "best value". * Emphasis now on use of internal resources for maintenance and minor repairs. I * Brief of Funding Strategy Group incorporates sponsorship opportunities (e.g. Community Benefit Fund).	4	3	High	* Development of budgeting process to ensure that projects are targeted and ranked to make best use of funding. * Strategy for developing external fundraising * List of asset replacement to be drawn up and incorporated into updated Estates Strategy Plan	Dec 2016 Jan 2017 Feb 2017	Head of Finance Heads of Finance & Alt Funding Head of Facilities
7	**Health & Safety - Staff/ Students, Breach of laws & regulations**											**Head of Facilities**
Link to QIs: 6.1/6.3.6.4 /7.1/7.2/7. 4/8.1/9 **Link to SP 1,2 and 3**	* Death or serious injury to staff and/or students; * Legal action and associated costs; * Potential closure of all/part of College; * Costs of complying with legislation (e.g. PUWER). * Procedures re bomb threats.	Low	3	4	High	* Monitor periodic Health & Safety reports; * Ensure H & S Committee meets regularly; * Receive reports from Facilities Committee; * Facilities Manager is holder of NEBOSH & IOSH professional qualifications; • Risk assessment training for all staff. Health & Safety a set agenda item for all College management & departmental / faculty meetings * Risk assessment, or a notice to say that an assessment is held centrally, displayed in all College rooms * Weekly Health & Safety Housekeeping inspections to identify issues which are reported upon and followed up formally • Reporting systems in place for H&S Issues • PUWER staff training sessions now delivered to all appropriate staff to ensure completeness and standardisation; • Formal training sessions now added to all Staff Development days	1	4	Low			

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Ref and link to Q. I.s and Strategic Plan (ref SP #)	Risk Description & Effect		Likelihood	Impact	Risk Level		Likelihood	Impact	Risk Level			
8	Severe disruption due to major disaster, such as fire or flood											**Head of Facilities**
Link to QIs: 6.1/6.3/6.4/7.2/7.4/8.1/9 **Link to SP 3**	* Potential loss of life and/or complete destruction of College campus; * Cancellation of courses; * Staff redundancies; * Loss of market position. * Policy & procedures re bomb threats	Low	3	4	High	* Disaster management procedures in place via Business Continuity Plan; * Early warning systems (i.e. via alarms); * Adverse Weather Policy in place, incl. text triggers; * insurance arrangements (business interruption); * Housekeeping review to ensure that no foreseeable problems arise. * Updated Business Continuity Plan in place; tested live twice in 2015 via incidents taking place . * Testing of IT - related issues has already been incorporated into Staff development days - this will be documented.	1	4	Low	* Consult another college re potential to share core IT services in ethe event of the breakdown in service * Programme to test Incident Management Plan; * Development of Security Policy re (e.g.) bomb threats	Feb 2017 Feb 2017 Feb 2017	Head of Facilities / Head of IT
IT												
9	Theft or failure of, or damage to, Management Information System											**Head of Info Systems**
Link to QIs: 1.1,1.2,2.1,2.2,5.1,6.1,6.2,6.3,6.4 **Link to SP 3**	* Loss of student and financial records; * Loss of income if unable to identify and recover debts; * Unable to produce evidence for grant claims; * Inability to process students results; * Unable to identify creditors due; * Air conditioning failure in Comms Room, particularly at a time when building is unoccupied; * Disruption of courses	Low	1	4	Low	* Disaster recovery arrangements in place, as incorporated in Incident Management Plan (MIS systems - software & hardware); * Established policy on use & access; * Detailed server & database backup procedures in place; * Daily back ups kept off site; * Business interruption insurance; * Server rooms in different areas throughout the building; * Controlled access procedures in place. * Arrangements now in place for making payments to staff, students & suppliers in case of loss of IT.	1	2	Low			

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RISK DEFINITION				RISK			RESIDUAL RISK					
Ref and link to Q. I.s and Strategic Plan (ref SP #)	Risk Description & Effect	Appetite for Risk	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Actions Planned	Deadline	Responsibility for Risk / Responsibility for Actions Planned
10	**Threat to IT via Cyber Crime**											
Link to QIs: 1.1,1.2,2.1,2.2,5.1,6.1,6.2,6.3,6.4 **Link to SP** 3	* Loss of student and financial records; * Loss of income if unable to identify and recover debts; * Unable to produce evidence for grant claims; * Inability to process students results; * Unable to identify creditors due; * Disruption of courses	Low	2	4	Medium	* Controls as per Risk No. 9. * College has external lines from two separate suppliers, mitigating risk of all external lines being out of commission. * College has separate cyber crime risk insurance; cyber crime now incorporated into Business Continuity Plan.	2	3	Medium			

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Ref and link to Q. I.s and Strategic Plan (ref SP #)	Risk Description & Effect		Likelihood	Impact	Risk Level		Likelihood	Impact	Risk Level			
ACAD. QUALITY & ACTIVITY												
11	**Activity above or below target with a resulting financial impact / not managing part time staffing budget.**											**AP for Construction (re Quality)**
Link to QIs: 1.3, 2.1, 2.3, 4.1, 4.2, 6.1, 6.2 **Link to SP 3**	* Income targets fall short of expectations; * Overtrading produces costs which are not funded by associated income and puts additional pressure on student support funds; * failure to meet targets may affect following year's offer of funding; * difficult to replace major contracts.	Low	3	2	Medium	* Agree internal planning targets via formal Operational Planning process; * Robust student record and student attendance reporting systems; * Budgetary control to monitor enrolments for each course; * Course activity planned down to the level of individual students, allowing quick response to potential over or under delivery of targets; * Staffing costs monitored by SMT monthly.* Student uptake monitored weekly; * Income reviewed related to activity; * Demand at present outstrips supply; * In-year estimate of activity carried out; * focussed Quality Unit audit for SDS activity introduced; * Monitoring of training agency income & achievement via "milestones" at Funding Strategy Group; * College has drawn up procedures and standard documentation for tendering, including follow up of unsuccessful bids. • College has addressed gaps in permanent staffing complement via making temporary posts permanent and this policy will continue.	3	2	Medium			Principal / Depute Principal / Board
12	**Failure of College to evolve and develop new courses**											**Associate Principals via AP in Construction (re Quality)**

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Link to QIs: 4.1, 4.2, 6.1, 6.2, 6.3, 6.4, 7.1, 7.3, 7.4, 7.5, 8.2, 9.1 **Link to SP 1 and 2**	* Student activity level decreases, resulting in corresponding reduction in income; * Potential staff reduction as student numbers fall; *Credit target not met; * Loss of confidence in the College; * Loss of income where College cannot respond promptly to requests for tender submissions which depend on an understanding of "real time" labour market.	Low	1	2	Low	* Monitor uptake and retention through Academic Board; * Improved market research input to curriculum planning; * Formal review of course provision via Operational Planning process. • Staff development opportunities throughout year to upskill staff; • Introductory teacher training delivered via in-house training sessions •Levering in funding to support new courses; •Upskilling & diversification via CPD *College has reviewed Wood Commission Report to be ready for developments in the sector (foundation apprenticeships, DYW etc.) * Following review, College has developed courses using new awarding bodies.	1	2	Low			

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13	**Learning & teaching quality not maintained / improved - poorly performing staff**											**AP for Construction (re Quality)**
Link to: 2.3, 3.1, 3.2, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 7.1, 7.3, 7.5, 8.2, 9.2, 9.4 **Link to SP 1, 2 and 3**	* Reduced student and staff numbers; * Less income, including the element of Grant in Aid for achievement; * Staff reduction leading to low morale; * Reputation of College damaged; * Partnerships at risk (potentially reduced core & alternative income).	Low	1	4	Low	* Well-embedded PDLT review & implementation system. * Monitoring of student satisfaction; * Monitoring of student achievement trends; * External audit (i.e. EV visits) ensure currency; * Capability procedure developed in conjunction with JNC; * Process of internal verification overseen by Quality Group; * Monitoring of student and staff satisfaction via course team reports. • PLSP for all Price Group 5 (Add'l support needs) students; • Development and introduction of Student Charter; • Revamp of customer comments procedure; • Career review system in place, plus guidance review meeting with every student; • Staff devt opportunities ongoing throughout year to cover upskilling; • Staff involved in developing action points from annual self evaluation; • Formal follow up of Education Scotland reviews; • Internal audit and online surveys; • Use of technical innovations (e.g. tablets and pads)	1	4	Low			

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14	**Inadequate learning development services**											**AP for Construction (re Quality)**
Link to QIs: 2.1, 2.2, 5.1, 5.5, 9.3 **Link to SP 1, 2 and 3**	* Student support needs not met; * Fall in student numbers; * Low student morale; * Adverse publicity	Low	1	3	Low	* Specific curricular area established (Learning Development Unit); * Student services policies reviewed annually; * Annual Student Services operational plan; * Specific learning support team in place; * College has a bespoke system of pre-assessment of students: * PLSP for each Price Group 5 student; * Support Plan for all Price Group 5 students; * Structured programme of guidance and tutoring; * Appointment of several learning support staff within department of Student Learning Support; * Services for students introduced at lunchtime and for "twilight" students * New funding guidelines for ELS now issued. * Lunchtime student support sessions now established and extending areas of coverage.	1	3	Low			

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GOVERNANCE												
15	**Severe adverse publicity**											**Depute Principal (re Governance)**
Link to QI: 9 **Link to SP 1, 2 and 3**	* Reduction in student numbers; * Low staff morale; * Funding Council investigation * Effects of centralised pay bargaining and potential strike action	Low	2	4	Medium	* Public relations strategy involving local press has been developed via Marketing; * College is pro-active in its dealings with the media with all publicity managed in-house; * College has retainer service with its legal advisors and refers potentially problematic situation to them for comment as a matter of course. * Staff cultural surveys (linked to IIP, IID etc) and annual student surveys flag up potential problems; Sabattical student positions assist in identifying and addressing student-related issues.	2	3	Medium			

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Audit Committee ~ November 2016 ~ App 10 B

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16	Corporate Governance Issues - Board of Management											Depute Principal / Clerk to the Board
Link to QI: 9 Link to SP 3	* Conflict of interest; * Openness and clarity of decision making questioned; * Incorrect skills mix; * All the benefits of Regionalisation have not yet fully crystalised.	Low	1	3	Low	* Reiteration by SFC that SLC is responsible for its own governance; *College Board of Management refreshed over the summer of 2016. * Declaration of Members' Interests at each Board meeting; * Minutes avail. in library and on College intranet; * College has established Freedom of Information policy and set procedures and deadline dates for responses; * Board of Management CPD; * Board self-evaluation is undertaken annually; * Corporate governance issue covered by internal and external auditors annually; * Board appointment procedure transparent and appointments matched with defined skill set. * Revamped College website now has Governance section for general public use with separate Governance area for Board of Management. * Specific item on sector governance now on Board of Management training day agenda * All BoM members undergo PVG check. * Internal audits on Regional aspect of good practice etc now being covered by internal auditors of both NCL and SLC.	1	3	Low			

SOUTH LANARKSHIRE COLLEGE (BOARD OF MANAGEMENT)

AUDIT COMMITTEE

Constitution and Membership

1.0   Terms of Reference

Terms of reference will take due cognisance of the current version of the following:

- "Statement of Responsibilities of Auditors and of Audited Bodies" (Audit Scotland);

- "Audit Committee Handbook" (Scottish Government);

- Financial Reporting Standard (FRS) 102

- "Statement of Recommended Practice - Accounting for Further and Higher Education" (HE / FE SORP Board);

- "Code of Audit Practice" (Audit Scotland);

- "Financial Memorandum" (The Lanarkshire Board);

- "UK Corporate Governance Code" (Financial Reporting Council);

- "Scottish Public Finance Manual" (Scottish Government);

- "Government Financial Reporting Manual" (FReM) (UK Government)

The main consideration is to ensure that the Audit Committee is independent and has sufficient information, authority and resources to form an opinion and to report on adequacy and effectiveness of the internal control system, including risk management and governance.

Responsibility for internal control remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of internal control and so to reduce the potential effects of any significant risks faced by the College. Risk management provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve the internal control system, including risk management and governance. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. Such advisory work contributes to the opinion that internal audit provides on internal control, including risk management and governance.

The Committee should also take account of the workings of the monitoring role of the Audit Committee of The Lanarkshire Board.

Version dated: 3 Nov 2016
Approved by Board of Management: 7 Dec 2016
Date of next review: February 2017

2.0   Constitution and Membership

The Board of Management will establish a Committee to the Board to be known as the Audit Committee.

The Committee and its Chair will be appointed by the Board and will consist of members with no executive responsibility for the management of the College. The Principal cannot be a member of the Audit Committee. There shall be not less than three members. A quorum shall be two members. At least one member should have a background in finance, accounting or auditing but membership should not be drawn exclusively from people with such a background.

The Principal and the Head of Finance should attend each meeting.

3.0   Authority

The Committee is authorised by the Board to investigate any activity within the terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary.

4.0   Proceedings

The Committee should normally meet four times a year. The internal auditor should normally attend Audit Committee meetings, together with other staff invited to attend. The external auditor should normally attend any meetings where an external audit report is being considered.

5.0   Duties of the Audit Committee

The duties of the Committee include:

5.1   Effectiveness and Financial Control

- Reviewing the processes for ensuring the effectiveness of the financial and other internal control systems;

- Ensuring that all significant losses and cases of impropriety have been properly investigated and that the internal and external auditors, the Board of Management and SFC have been fully informed of the matter where appropriate

- Overseeing the College's policy on fraud and irregularity and reporting accordingly to the Board of Management

- Reviewing and advising the Board of Management on its compliance with corporate governance requirements and good practice guidance

- Monitoring, annually or more frequently if necessary, the implementation of approved recommendations relating to both internal and external audit services and promote co-ordination of the two

- As regards securing Value for Money, ensuring that the College has systems and procedures to promote economy, efficiency and effectiveness. This may require identifying specific value for money studies

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5.2 Risk Management

- To advise the Board of Management on the concepts and requirements of risk management

- Acting as a catalyst for risk management activity across the institution

- Ensuring appropriate audit work on risk management

- Bringing higher level risks to the attention of the Board of Management

- To consider the arrangements being made in respect of Regional risk as they may affect the College.

5.3 Internal Audit

- Advising the Board on the criteria for the selection, appointment and remuneration of the internal auditor

- Considering and advising the Board of Management on the audit needs assessment and the strategic and annual audit plans

- Considering and advising the Board of Management on internal audit reports

- Receiving an annual report from the internal auditor, which should include an opinion on the degree of assurance that can be placed on the system of internal control

5.4 External Audit

- Whilst it is now the responsibility of Audit Scotland to appoint the College's external auditors, the Audit Committee should review the remuneration of the external auditor and the scope of their work, including any non-audit services provided

- Reviewing the external auditor's Management Letter and management's response and having direct access to the external auditor; reporting to the Board where contents of any Management Letter contains references to lack of effectiveness of financial controls

- Considering the College's financial statements in conjunction with the Finance Committee and confirming to that Committee whether they consider it appropriate to recommend to the Board of Management that they can approve the Annual Report and Financial Statements each year.

- Considering and advising the Board of Management on external audit reports and management letters, taking into account: comments on accounting policies; compliance with accounting standards and the most recent SFC Accounts Direction; estimates and judgements used in the preparation of the financial statements; completeness of disclosure and context; and the statements on corporate governance, risk management and internal control.

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5.5   Other Duties

- Reviewing relevant reports from the Scottish Funding Council, Audit Scotland, European Commission and other organisations

- Monitoring the performance and effectiveness of external and internal audit, and reporting on this to the Board of Management.

- Monitoring of the College whistleblowing policy and how it is applied.

- Meeting with audit providers at the joint meeting with the Finance Committee, and as required, outwith the presence of College staff, to discuss, in particular, the remit of the Committee or issues arising from the audit of the financial statements.

- Monitoring the performance and effectiveness of the College's procurement arrangements, including those with the Regional partner and the Advanced Procurement for Universities and Colleges (APUC) organisation.

6.0   Reporting Procedures

The Committee should circulate the minutes of its meetings to the Board of Management and, once these have been approved by the Board, to The Lanarkshire Board. These minutes must then also be available on the College's website.

The Committee will produce an annual report which it will submit to the Board, accompanied by the internal auditor's annual report. A copy of this annual report must be submitted to the Funding Council within one month of being presented to the Board of Management. The report should also be circulated to the Audit Committee of The Lanarkshire Board.

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