

AUDIT AND RISK COMMITTEE

NOTICE

There will be a meeting of the Audit and Risk Committee on 27 August 2024 at 1730 hours in the Boardroom and on Teams.

AGENDA

Agenda Item		Paper	Lead
01	Apologies for Absence	N	PS
02	Declaration of any potential Conflicts of Interest in relation to any Agenda items	N	PS
03	Minutes of Previous Meeting – 09 May 2024	Y	TF
04	Matters Arising from the Previous Meeting		
	Matters for Discussion		
05	External Audit 5.1 Accounting Policies for Financial Statements	Y	EMcK
06	Henderson Loggie 6.1 SLC Internal Audit Follow Ups 6.2 Student Services Audit 6.3 Business Process Review (BPR) Space/Room Utilisation Audit	Y	DA
07	7.1 Rolling Audit Recommendations Commentary 7.2 Rolling Audit Recommendations Monitor	Y	EMcK
08	Risk Management – Risk Register 08.1 Commentary on SLC Strategic Risk Register 08.2 SLC Strategic Risk Register 08.3 Regional Strategic Risk Register – to follow	Y	
09	VAT on Utilities – Update	N	EMcK
10	ARC Terms of Reference	Y	PS
	Reserved Items for Discussion/Information		
11	Pension Update The detail is not for Minuting on grounds of commercial confidentiality.	N	GMc
12	Industrial Action Update The detail is not for Minuting on grounds of commercial confidentiality.	N	SM
	Matters for Approval		
13	Anti Bribery Policy	Y	PS
14	Risk Management Strategy	Y	PS
	Matters for Information		

15	Audit Scotland Technical Bulletin	Y	EMcK
16	Audit Scotland National Fraud Initiative Report (22/23 Data)	Y	EMcK
17	Summation of Actions and Date of Next Meeting		PS
18	Any Other Business		

Key:

PS, Governance Professional: Peter Scott

TF, Chair of Audit & Risk Committee: Tom Feely

GMc, Head of Human Resources: Gary McIntosh

EMcK, Vice Principal Finance Resources and Sustainability: Elaine McKechnie

SM, Principal: Stella McManus

DA, Partner, Henderson Loggie LLP: David Archibald

UNCONFIRMED ARC MINUTES

AUDIT & RISK COMMITTEE

MINUTES

ARC Committee on 9 May 2024 at 1730 hours via Microsoft Teams or in the Boardroom at South Lanarkshire College

Present

Tom Feely (Chair)
Peter Sweeney
Anne Doherty

In Attendance

Stella McManus
Elaine McKechnie (Teams)
Yvonne Finlayson (part) (Teams)
Ciaran O'Brien (Teams)
Andrew Kerr
David Archibald (Teams)
Chris Sumner
Gary McIntosh

AGENDA ITEM

01

Apologies for Absence
Fiona Whittaker

02

Declaration of any potential Conflicts of Interest in relation to any Agenda items
None.

03

Minutes of Previous Meeting – 15 February 2024
The previous minutes were duly approved thereafter the Committee approved the non-publication of the Pension Contribution Paper (Agenda Item 7.2) and the redaction of corresponding minute.

04

Matters Arising from the Previous Meeting
The Committee were reassured that the previous Action Points are being progressed.

Matters for Discussion

05

Audit Scotland
5.1 SLC External Audit Plan 2023-24
The Committee noted the terms of the paper and in particular the methodology to be followed by the external providers, the levels of materiality to be employed, risks that the external auditors will focus on and the wider scope and best value areas of focus as determined by reference to the Code of Audit Practice.
The Committee noted that the content and format of the Audit plan is similar to last year's.
PS enquired as to the reasoning behind a retrospective approach to iTrent and the data migration thereto. In response, AK advised that usually these systems should be implemented at the start of the financial year however as that is not

	<p>the case for iTrent. Once the system is operational, Audit Scotland would be keen to see the parallel process and would expect to have a walkthrough of the key controls in October time.</p> <p>5.2 Draft 2023-24 Annual Audit Plan The terms of the draft Annual Audit Plan were considered and noted by the Committee.</p>
06	<p>Henderson Loggie</p> <p>6.1 SLC Internal Audit Progress 2023-24 The Committee considered the terms of the update and noted the recommendations made in the review of Publicity and Communications.</p> <p>The Committee also noted the additional favourable comment by the Internal Auditor on the use of Teams across the College to cascade information.</p> <p>6.2 Marketing and Communications Audit The terms of the report were noted by the Committee.</p> <p>6.3 Purchasing/Creditors Audit The terms of the report were noted by the Committee.</p> <p>In response to an enquiry from PS as to the risk relationship with the College's suppliers in the context of the risk portfolio, the Principal advised that the College is currently looking to update its Business Continuity Plan and risk is a factor taken into account. EMcK supported this by pointing out that a risk profile is conducted when the procurement process is underway with a view to mitigating risk.</p>
07	<p>7.1 Rolling Audit Recommendations Commentary The Committee noted the work that has been done to address the recommendations to date and that whilst several items are outstanding, these are partially completed and there is a timetable to address all recommendations.</p> <p>The Committee gave thanks to Chris Sumner and his team for all the work they have carried out to address the audit recommendations. It was noted that work is ongoing in Health and Safety however there are no concerns regarding the deadlines. The Committee were also advised that the implementation of the new HR System, iTrent, may not be complete until June.</p> <p>The Internal Auditor advised the Committee that the update status is incredibly useful.</p> <p>7.2 Rolling Audit Recommendations Monitor The terms of the Rolling Audit Recommendations Monitor were noted.</p>
08	<p>Risk Management – Risk Register</p> <p>8.1 Commentary on SLC Strategic Risk Register The Committee noted the movements in risk scores since the last Register review and in particular, the increased risk in respect of capital funding maintenance. It was noted that there was a reduction in risk score in respect of credit target achievement. The Committee reviewed and approved the strategic risk analysis contained in the College's Strategic Risk Register and the commentary therein.</p> <p>8.2 SLC Strategic Risk Register The terms of the Strategic Risk Register were noted by the Committee.</p> <p>SM advised the Committee of an additional risk in respect of significant unmet demand in the local area due to credit allocation. It was noted that circa 700</p>

	<p>applications have had to be rejected due to the College having insufficient credits. The Committee noted this is not unique to SLC and that the college would work with LRSB to make a joint request to SFC for reallocation of credits.</p> <p>8.3 Regional Strategic Risk Register Audit The terms of the risk register were noted.</p>
09	<p>9.1 National Fraud Initiative 2022/23 Completion The Committee noted the contents of the report and took assurances from the clearance of matches identified which rendered no potential fraud issues.</p> <p>TF enquired as to whether the matches were predominantly in relation to suppliers and payroll, in response, EMcK confirmed this was accurate.</p>
10	<p>VAT on Utilities – Azets Review January 2024</p> <p>The Committee noted the contents of the report and supported the next steps of the process to ensure effective resolution of the issue. The Committee were assured by the College that it will seek to eliminate any further breach of VAT requirements through a review of its key VAT processes and through more regular consultation with Azets.</p> <p>The Committee were advised that EMcK has arranged a meeting with Azets on Monday (13 May 2024) to discuss remediation.</p> <p>In response to a request for information as to the point at which the error arose EMcK advised the Committee that in 2018 an e-mail was received from Azets advising the College to ensure their utility bills represented a 5% and 20% input VAT split based on fee waiver and fee-paying headcounts but that this had never been actioned. The resultant miscalculation only emerged recently in course of a meeting with Azets in support of her role as Head of Finance, Sustainability and Resources. SM reassured the Committee that historical arrangements are currently being worked through and that modernisation of the finance section is a work-in-progress .</p>
	Reserved Items for Discussion/Information
11	<p>Pension Update The Committee noted the terms of the report.</p> <p>This item is not for publication as discussion of the detail might disclose Protected Personal Data of identifiable individuals or groups of individuals.</p> <p>As an action point, HR to correspond with HMRC to ensure that the lacuna was being fully addressed.</p> <p>The Committee was however clear from the previous meeting there was no financial loss to the college or prejudice to the staff concerned.</p>
12	<p>Cyber Security The Committee noted the terms of the report. This item is not for publication, given that cyber security is a commercially sensitive subject area.</p>
	Matters for Decision

13	<p>Governance Rolling Review The Committee noted the terms of the report and that the Rolling Review is a dynamic document. It was noted that the College has a robust system for reviewing and updating Policies but Part C of the Code of Good Governance requires the Board to ensure that there are appropriate and effective systems of operational control and that, for audit purposes this oversight needs to be visible. The Committee noted and approved the proposed addition to the Rolling Review to incorporate a summary of key policies with dates for review.</p>
	<p>Matters for Information</p>
14	<p>Audit Scotland Technical Bulletin The terms of the Technical Bulletin were noted.</p>
15	<p>Summation of Actions and Date of Next Meeting</p>
	<p>Any Other Business There being no other business the meeting was declared closed – the next meeting was scheduled for 27 August 2024.</p>

AUDIT AND RISK COMMITTEE

DATE	27 August 2024
TITLE OF REPORT	Accounting Policies for Financial Statements 2023/24
REFERENCE	05.1
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Vice Principal – Finance, Resources & Sustainability Elaine.mckechnie@slc.ac.uk
PURPOSE:	To present and seek approval from the Committee for the accounting policies within the Financial Statements for year ended 31 July 2024.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: <ul style="list-style-type: none"> Note and approve the proposed accounting policies contained within the appendix, paying particular attention to the updates in red.
RISKS	The main risks in failing to adhere to accounting policies are to: <ul style="list-style-type: none"> Going concern due to poor financial oversight and management; operational failure as financial Statements are a prerequisite for contracts and for continued central funding, and statutory non-compliance with sponsors and regional bodies such as Lanarkshire Regional Strategic Body, the Scottish Funding Council, Audit Scotland and, ultimately, the Scottish Parliament.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> Successful Students The Highest Quality Education and Support Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> The Committee is asked to review and agree the anticipated accounting policies for use within the financial statements. An update has been made to fixed asset policies, enabling some capital funding to be expensed to the income and expenditure account if it is for capital purposes, in line with the SFC's more stringent guidance that has been issued for 2023/24 and beyond. Similarly, the College commits to reviewing fully its proposal to incorporate a Leased Assets policy, as is now required by IFRS 16. The College has some operating leases in respect of vehicle hire, photocopiers and IT equipment and must ensure the accuracy of such disclosures going forward based on the conditions surrounding the length and value of each contract.

1. INTRODUCTION

- 1.1. This paper provides an overview of the College's anticipated accounting policies for use within the Financial Statements for the year ended 31st July 2024.

2 BACKGROUND

- 2.1 Accounting policies are the rules and guidelines that are selected by the College for use in preparing and presenting its financial statements. Accounting policies are important, as they set a framework, which all Colleges follow, and provide comparable and consistent standard financial statements across years and relative to other Colleges.
- 2.1 The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 'Accounting for Further and Higher Education' and the 2023/24 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and therefore applies the public benefit requirements of FRS102. They conform to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council (SFC).
- 2.2 Significant accounting policies should be disclosed particularly in the event of a change in policy or in relation to a material item. The accounting policy for a particular item within the financial statements may be disclosed within the note for that item.

3 INTANGIBLE ASSET ACCOUNTING POLICY

- 3.1 The intangible assets policy was added to the financial statements retrospectively last year to ensure appropriate accounting was in place for intangible assets in respect of the College Website, the HR system implementation and other support software purchased during the year. This policy will continue to apply indefinitely.

4 FIXED ASSET ACCOUNTING POLICY

- 4.1 The SFC have been more prescriptive this year in terms of defining the specific terms of use for capital funding. This funding stream can no longer be used to support general maintenance costs (outside of pre-agreed percentage splits for 2023/24) and going forward in 2024/25, should be used entirely for capital expenditure, with no allowance to offset any routine maintenance expenditure. For Colleges with significant loans, they have lost the ability to rely on this funds stream to support the upkeep of finance secured on assets. This will translate into larger deficits with this funding stream being reflected as capital spend on the balance sheet/statement of financial position only.
- 4.2 The College Sector continues to ask the SFC for some flexibility within this budget, but this has not been forthcoming for 2024/25 so far and so the College sector is preparing for further deficits as a result of a lost contribution towards routine maintenance costs.
- 4.3 South Lanarkshire College has not been impacted to the same extent as other colleges who have loans in place however the College did historically utilise approximately 50% of capital monies for routine maintenance costs and after 2023/24, the College will have no option than to use the funding for capital purchases in its entirety.

4.4 The College's accounting policy for fixed assets is to capitalise items over the value of £10,000, which does still allow for smaller items of capital to be reflected through income and expenditure with some funding to offset it.

4.5 Wording to this effect has been updated within the fixed asset policy notes in the appendix in red, in direct consultation with other Colleges within the sector.

5 LEASE ACCOUNTING POLICY UPDATES

5.1 The College understands that the IFRS 16 Leases replaced IAS 17 Leases effective 1 April 2022. The College should conduct a thorough review of all material lease agreements and recognise any leases that are not considered to be low value and are greater than 12 months on the balance sheet/the statement of financial position.

5.2 From a review of College sector published 2022/23 accounts, the College recognises that very few Colleges made any disclosure update in respect of this prescribed change in their 2022/23 Financial Statements. However, the College has taken its lead from Dumfries and Galloway College, who made relevant disclosures.

5.3 The finance team will fully review this consideration for the 2023/24 Financial Statement production to ascertain whether this applies in respect of some of our operating leases over a 1–4-year period and will consult with Audit Scotland for any further guidance as required.

6 RESOURCE IMPLICATIONS

6.1 The successful compilation of the Financial Statements is dependent on Finance Team compliance with these policies, in conjunction with New College Lanarkshire for the completion of the Consolidated Financial Statements.

6.2 The College Finance Team must ensure that their knowledge is up to date on all accounting policies to ensure the accuracy of the accounts that they prepare.

7 EQUALITIES

7.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

8 RISK AND ASSURANCE

8.1 The main risks in failing to adhere to accounting policies are to:

8.1.1 Going concern due to poor financial oversight and management of results;

8.1.2 operational failure as financial Statements are a prerequisite for contracts and for continued central funding, and

8.1.3 statutory non-compliance with sponsors and regional bodies such as Lanarkshire Regional Strategic Body, the Scottish Funding Council, Audit Scotland and, ultimately, the Scottish Parliament.

9 RECOMMENDATIONS

9.1 The Committee is asked to:

9.1.1 Note and approve the proposed accounting policies contained within the appendix, paying particular attention to the updates in red.

Appendix 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 'Accounting for Further and Higher Education' and the 2022/23 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the public benefit requirements of FRS102. They conform to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council.

Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of land and buildings.

The accounting policies contained in the FReM apply International Reporting Standards as adapted or interpreted for the public sector context. Where the FReM is contradicted by the SORP, the SORP has taken precedence. The particular policies adopted by the College in dealing with items that are considered material to the financial statements are set out below.

Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income (SOI) when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure and credited to the SOI over the period in which students are studying. Investment income is credited to the statement of comprehensive income and expenditure on a receivable basis.

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant Funding

Government revenue grants including Funding Council block grant are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income in the SOCI at the point when the College is entitled to the funds. They are subsequently retained within a restricted reserve until such time that expenditure is incurred in line with such restrictions at which point the income is released to unrestricted reserves through a reserves transfer. Donations with no restrictions are recognised in income in the SOCI when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective;
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College;
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the College has the power to use the capital;
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Fixed Assets

The College's buildings are specialised buildings and are revalued to fair value. They are revalued on a three-year cycle unless there is evidence of a material movement in them. Buildings, including the College's eco-house, are depreciated over the expected useful economic life to the College of 40 years, but land is not depreciated.

Capital items that fall below the £10,000 threshold for capitalisation will be charged directly to the Income and Expenditure account in the period of purchase, and where applicable will have capital grant funding released against these items. This covers mainly lower value items from the college estate. Individual assets whose costs fall below the threshold but are of a similar type are grouped.

Where assets are purchased with the aid of government capital grants, they are capitalised and depreciated per the rates shown below. Government capital grants relating to specific capital expenditure on depreciable assets are treated as a deferred credit and are recognised in income on a systematic basis over the expected useful lives of the assets to which the grants relate.

A review for impairment of fixed assets is carried out at each reporting date.

Other fixed assets are carried at depreciated historical cost, which is used as a proxy for fair value. Depreciated historical cost is deemed to be more appropriate than revaluing other

assets, as it is common for such assets to reduce in value, rather than increase, as they are utilised by the College.

Surpluses arising on the revaluation of the College's properties are transferred to the revaluation reserve. Additional depreciation on the revalued amount of these assets is transferred from revaluation reserve to unrestricted reserve together with any surplus or deficit on disposal.

Intangible Assets

Intangible assets are carried at fair value, these include software or development costs. They are amortised on a straight-line basis over estimated useful lives of four years. The college shall recognise an intangible asset only if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- (b) the cost or value of the asset can be measured reliably.

Depreciation

Depreciation is charged over the estimated useful life of the asset to the residual value of the asset where appropriate. Depreciation rates used are as follows:

Land	Land is not depreciated
Buildings	2.5% per annum straight line to a residual value
Furniture & Fittings	25% per annum straight line
Computer Equipment	25% per annum straight line
Intangible Assets	25% per annum straight line
Plant & Equipment	4% and 10% per annum straight line
Eco-House	2.5% per annum straight line
Motor Vehicles	33% per annum straight line

Stocks

Stocks are stated at the lower of cost and net realisable value.

Accounting for Retirement Benefits

All members of staff have the option of joining a pension scheme. The schemes currently open to members of staff are the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). These schemes are defined benefit schemes which are externally funded.

Full provision has been made for those pension costs which do not arise from external defined benefit schemes.

Defined Benefit Schemes

Defined benefit schemes are post-employment benefit plans other than defined contribution schemes. Under defined benefit schemes, the College's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College should

recognise a liability for its obligations under defined benefit schemes net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of scheme assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Strathclyde Pension Fund

The Strathclyde Pension Fund is a pension scheme providing benefits based on pensionable pay. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Contributions to the Scheme are determined by an actuary on the basis of triennial valuations using the Age Attained Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes, after making allowances for future withdrawals. The amount charged to the SOCI represents the service cost expected to arise from employee service in the current period.

Scottish Teachers' Superannuation Scheme

The College participates in the Scottish Teachers' Superannuation Scheme pension scheme providing benefits based on pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the period.

Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Taxation

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue and Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from Corporation Tax and Capital Gains Tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

Maintenance of Premises

The costs of maintaining College premises are charged to the SOCI in the year in which they are incurred.

Leased Assets

The College has adopted IFRS 16 'leases'. IFRS 16 'Leases' replaces IAS 17 'Leases' and its interpretations. The adoption of this new standard has resulted in the College recognising right-of-use assets which have been acquired from 2021-22 under lease agreements.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low value assets the College applied the optional exemptions to not recognise right-of-use assets but to account for the lease on a straight line over the remaining lease term.

For any new contracts entered into on or after 1 August 2021, the College considers whether a contract is, or contains a lease. A lease is defined as 'a contract for, or part of a contract, that conveys a right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the College assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the College
- the College has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the College has the right to direct the use of the identified asset throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the College recognises a right-of-use asset and a lease liability on the Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date

The College depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The College also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the College measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the College's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or gain / loss if the right-of-use asset is already reduced to zero.

- the College has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the College

The College has elected to account for short term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the Income and Expenditure account on a straight-line basis over the lease term.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a. the College has a present obligation (legal or constructive) as a result of a past event;
- b. it is probable that an outflow of economic benefits will be required to settle the obligation; and
- c. a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes to the financial statements.

Changes in accounting policy

There were no changes in accounting policies in the year.

South Lanarkshire College

Follow Up Reviews 2023/24

Internal Audit report No: 2024/06

Draft issued: 20 August 2024

Final issued: 20 August 2024



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Management Summary

Introduction and Background

As part of the Internal Audit programme at South Lanarkshire College ('the College) for 2023/24, we carried out a follow-up review of the recommendations made in Internal Audit reports issued during 2022/23 and reports from earlier years where previous follow-up identified recommendations outstanding. These were:

- Internal Audit Report 2023/03 – Staff Recruitment and Retention;
- Internal Audit Report 2023/04 – Budgetary Control;
- Internal Audit Report 2023/06 – 2022/23 Student Activity Data;
- Internal Audit Report 2023/07 – 2022/23 Student Support Funds; and
- Internal Audit Report 2023/02 – Follow-Up Reviews 2022/23.

Internal audit reports 2023/01 – Internal Audit Annual Plan 2022/23; 2023/05 - Quality Assurance; and 2023/08 – Annual Report did not contain an action plan and therefore no follow-up activity was required for these specific reports as part of this review.

Objectives of the Audit

The objective of each of our follow-up reviews is to assess whether recommendations made in previous reports have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Audit Approach

For the recommendations made in each of the reports listed above we ascertained by enquiry or sample testing, as appropriate, whether they had been completed or what stage they had reached in terms of completion and whether the due date needed to be revised.

Action plans from the original reports, updated to include a column for progress made to date, are appended to this report.

Overall Conclusion

The College has made some progress in implementing the recommendations followed-up as part of this review with 7 of 19 (37%) recommendations that were past their due completion date being categorised as 'fully implemented'.

11 (58%) recommendations have been assessed as 'partially implemented' and 1 (5%) recommendation was assessed as showing 'Little or No Progress Made'. 5 recommendations were not past their due completion date. These recommendations will be subject to follow-up review in 2024/25.



Overall Conclusion (Continued)

The one recommendation assessed as showing 'Little or No Progress Made' was from Internal Audit Report 2023/03 – Staff Recruitment and Retention. We recommended that the College set out a clear timeline for importing all relevant hard copy documentation to the new HR system iTrent. The new HR & Payroll system is not in place. It is envisaged that a subsequent project to upload hard-copy documentation will follow this and will likely commence around May 2025.

Our findings from each of the follow-up reviews has been summarised below:

From Original Reports			From Follow-Up Work Performed				
Area	Rec. Priority	Number Agreed	Fully Implemented or No longer relevant	Partially Implemented	Little or No Progress Made	Not Past Agreed Completion Date	Considered But Not Implemented
2023/03 – Staff Recruitment and Retention	1	-	-	-	-	-	-
	2	1	-	1	-	-	-
	3	5	1	1	1	2	-
Total		6	1	2	1	2	-
2023/04 – Budgetary Control	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	4	-	4	-	-	-
Total		4	-	4	-	-	-
2023/06 – 2022/23 Student Activity Data	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	4	1	-	-	3	-
Total		4	1	-	-	3	-
2023/07 - 2022/23 Student Support Funds	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	2	2	-	-	-	-
Total		2	2	-	-	-	-
2023/02 – Follow-Up Reviews 2022/23	1	-	-	-	-	-	-
	2	2	-	2	-	-	-
	3	6	3	3	-	-	-
Total		8	3	5	-	-	-
Grand Totals		24	7	11	1	5	-



Overall Conclusion (Continued)

The grades, as detailed below, denote the level of importance that should have been given to each recommendation within the internal audit reports:

Gradings for recommendations from Henderson Loggie internal audit reports:

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Acknowledgements

We would like to thank all staff for the co-operation and assistance we received during the course of our reviews.



Appendix I - Updated Action Plan

Internal Audit Report 2023/03 – Staff Recruitment and Retention

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
<p>R1 It is recommended that the College define timeframes for completion of the ongoing review of its recruitment and selection policies to ensure that these are completed in a timely manner and are issued to the relevant staff for their understanding.</p>	2	<p>Whilst the College has never had a recruitment policy, the College follows a strict procedure with recruitment and ensures consistency and quality for all employees. Following a review, the College is currently refreshing dated policies and implementing policies where there are gaps. This year, the Human Resources Committee has agreed to a recruitment policy being part of the next suite of new policies being implemented.</p>	Head of Human Resources	20 January 2024	<p>On track for completion, management are expecting this to be by the end of December 2024.</p> <p><i>Partially Implemented</i></p> <p>Revised Date of Completion: 31 December 2024</p>
<p>R2 It is recommended that the College prepare procedural documents to formally document the administration processes to be followed when recruiting a new member of staff, to ensure that the process can be consistently performed by anyone in the event of staff absences / unexpected turnover.</p>	3	<p>Whilst the College has never had a documented recruitment procedure, the College follows a strict procedure with recruitment and ensures consistency and quality for all employees. This will be updated with the current HR automation activities. Following a review, the College is currently refreshing dated procedures and implementing procedures where there are gaps. This year, the Human Resources Committee has agreed to a recruitment procedure being part of the next suite of new procedures being implemented.</p>	Head of Human Resources	20 May 2024	<p>Due to delays in the implementation of the College's new HR & Payroll system, the Recruitment Procedure has been delayed. It is envisaged that this will happen by March 2025.</p> <p><i>Partially Implemented</i></p> <p>Revised Date of Completion: 31 March 2025</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
R3 It is recommended that copies of all originals held on file are signed as being reviewed and confirmed as an original document by the HR officer who was presented with the document for copying.	3	The College follows a strict procedure with recruitment activities. All copies of necessary, original documentation are sighted. The College agrees that by signing the copies as “original sighted” this would be further evidence of this process being implemented	Head of Human Resources	20 December 2024	This is on track for completion. <i>Not Past Agreed Completion Date</i>
R4 It is recommended that in future when uploading documentation to the new HR system, that the College should take steps to ensure that all information is accurate prior to upload to the new HR system, and any amendments to the information held on file should be checked with the relevant stakeholder(s) where any issues are identified.	3	The College accepts that an administrative error by a new employee had been missed. All other documentation in the file would confirm that this was a mistake. Additional checks will take place for future documentation checks. The new HR System may support this.	Head of Human Resources	30 May 2024	The College has implemented a thorough check to identify any future typos by candidates / employees. Once launched, the new HR & Payroll system will add dates to forms, which will remove the risk of the one incident identified. <i>Fully Implemented</i>
R5 It is recommended that the College set out a clear timeline for importing all relevant hard copy documentation to the new HR system iTrent, to ensure that this data transfer is completed in a timely manner and to avoid a protracted scenario where some information is held electronically and some information is still held in hardcopy files.	3	Following the implementation of the new HR System, the College will propose the importing of hard copy documentation. This will allow the College time to understand the time and process necessary to undertake this task. The College will aim to have a project plan for the importation by 20 th May 2024.	Head of Human Resources	20 May 2024	The new HR & Payroll system is not in place. It is envisaged that a subsequent project to upload hard-copy documentation will follow this and will likely commence around May 2025. <i>Little or No Progress Made</i> Revised Date of Completion: 30 May 2025



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
<p>R6 It is recommended that the College implement ongoing engagement measures to capture levels of staff satisfaction to reduce the risk of employees leaving the employment of the College due to issues which could have been managed and resolved had they been identified earlier.</p>	<p>3</p>	<p>The College has historically measured engagement through various surveys. Whilst there have been regular surveys, they have followed the structure required by third party accreditations and have not provided the College with an engagement framework that is measured over time and across the employee journey. The College recognises this. It is included it in the HR & People Strategy.</p>	<p>Head of Human Resources</p>	<p>20 November 2025</p>	<p>The College is on track with this and is rolling out an Employee Engagement framework, along with an initial action plan.</p> <p><i>Not Past Agreed Completion Date</i></p>



Appendix II - Updated Action Plan

Internal Audit Report 2023/04 – Budgetary Control

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
<p>R1 The College should develop a formal budget setting timetable, setting out all key activities in the budget setting process from end to end, to ensure that all activities are completed timeously. The timetable may also assign tasks to responsible individuals, with target completion dates aligned with the Finance and Resources Committee meeting as appropriate.</p>	<p>3</p>	<p>Agreed.</p>	<p>VP for Finance, Resources and Sustainability</p>	<p>31 January 2024</p>	<p>This is still in progress.</p> <p>Budget Preparation guidance document prepared, which builds out the intended timeline for budget setting in accordance with the wider curriculum planning exercise. This requires further update across the latter part of 2024 - early 2025.</p> <p><i>Partially Implemented</i></p> <p>Revised Date of Completion: 28 February 2025.</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
<p>R2 The College should consider developing enhanced real time financial information and dashboards, perhaps via Power BI, to allow Budget Holders to monitor actual income and expenditure against budget in real time.</p>	<p>3</p>	<p>Agreed. Finance will work with the Head of IT to further develop Power Bi information dissemination and monitoring.</p>	<p>VP for Finance, Resources and Sustainability</p>	<p>29 February 2024</p>	<p>The College currently utilises Power BI for many reporting purposes within finance - one example is the temporary lecturing budgets. Further enhancements are required to ensure quality of data entry.</p> <p>The MIS developer team have also worked with Finance during the year to develop a schedule of reportable monthly income to enable income accruals to be booked for month end reporting purposes. This needs to be further developed to improve accuracy and to ensure it captures all income sources.</p> <p>The College is also targeting a larger commercial income drive to bolster reduced government grant funding. Power BI has been updated to enable courses to be identified as full cost recovery courses (i.e. not Credit bearing courses).</p> <p>Curriculum managers and relevant teams have been briefed on the importance of making time critical updates to Power BI in order to deliver greater accuracy.</p> <p><i>Partially Implemented</i></p> <p>Revised Date of Completion: 28 February 2025</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
<p>R3 The Finance team should document the month end process currently followed by Finance, including preparation of budgeting information to allow for prompt publication of income and expenditure by budget line for review and monitoring by Budget Holders. This should be adapted as the capabilities of BluQube are enhanced to include generation of reports immediately following the completion of the month end close process to provide timely information.</p>	<p>3</p>	<p>Agreed. The Finance Department are in the process of updating and formalising its operating and reporting calendar.</p>	<p>VP for Finance, Resources and Sustainability</p>	<p>31 March 2024</p>	<p>A high-level timeframe has been discussed at Finance Team meetings in preparation for formal month end, albeit process not yet operational.</p> <p>The capabilities of Bluqube are now being discussed. A kick off meeting with Bluqube has been initiated for Thursday 29th August, with a consultant coming on site to enable changes on Sept 3rd.</p> <p>The College has now purchased the reporting package that bolts onto Bluqube and this will enable purpose built reports to be run once structures are set up.</p> <p>Additionally, an intended structure for cost centre roll ups was provided by Finance which will form the basis of structures required for reporting.</p> <p>The College has also provided an indication of the type of finance grid that it hopes to put in place.</p> <p><i>Partially Implemented</i></p> <p>Revised Date of Completion: 31 March 2025</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
<p>R4 The College should develop a formal training programme for Budget Holders, which they are required to complete before they undertake their budget monitoring role.</p> <p>Detailed written procedures and guidance documents should also be developed (in parallel with the development of this tailored training for Budget Holders). This will provide a useful reference document for all Budget Holders, which they can consult, as required, following the training.</p>	<p>3</p>	<p>Agreed.</p> <p>Staff absences have hampered the training of all staff re budgeting, but it is the intention of the Finance Department to have a manual covering financial processes and procedures, with this incorporating an emphasis on the dissemination of Budget preparation and Budgeting information and monitoring. A face-to-face budget training session will also be delivered to staff during a meeting of Curriculum Managers in early 2024.</p>	<p>VP for Finance, Resources and Sustainability</p>	<p>31 May 2024</p>	<p>A formal training programme has yet to be put in place, but the College is allowing for a six-month period to embed the Bluqube reporting package and have it fully operational. The College would expect to roll out training to budget holders in conjunction with new reporting system capabilities.</p> <p><i>Partially Implemented</i></p> <p>Revised Date of Completion: 31 March 2025</p>



Appendix III - Updated Action Plan

Internal Audit Report 2023/06 – 2022/23 Student Activity Data

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
<p><i>Systems and Procedures for Compilation of Returns</i></p> <p>Allocation of Credits to Courses</p> <p>R1 Ensure that Credits claimed for students on part-time programmes are based upon the value of the units listed on the discrete course record, or notional Credits based on planned hours of activity divided by 40, and not based upon a default tariff.</p>	3	SLC will endeavour to ensure that the credit matching process between claim and the units attached to students are accurately done. In addition, a check for the credits not meeting 0.25 multiples will be put in place. Review of this during the quarter returns should be sufficient to close this recommendation, checked again in the final return next year.	Chris Sumner – Head of MIS	30 Sept 2024	<p>This will be checked during the 2023/24 Credits audit.</p> <p><i>Not Past Agreed Completion Date</i></p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
<p>R2 Ensure that the Credits claimed for flexible learning courses adequately reflects the level of activity undertaken in the year.</p>	<p>3</p>	<p>SLC Spanning course must make sure that they only claim what they teach within the year. The 22/23 ESOL ICDL course was adjusted downwards as there wasn't reasonable time to complete the work. However, good controls are already in place for Spanning / Cross Sessional courses via the power bi reporting and the management of course from one year to another. Feedback to the AP's and CM's is that they must maintain their course and not front load courses that fall into this format. Monitoring of this will be quarterly, however, final return will confirm that this recommendation can be closed.</p>	<p>Chris Sumner – Head of MIS</p>	<p>30 Sept 2024</p>	<p>This will be checked during the 2023/24 Credits audit.</p> <p><i>Not Past Agreed Completion Date</i></p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
<p>Classification of Programmes</p> <p>R3 Ensure that in-year data integrity checks of the FES 1 and FES 2 data include a review of Modes of Attendance, and other key data such as Credits claimed, to identify conflicts and that data is amended as required.</p>	3	Accepted. Multiple enrolments are checked and currently have a Power Bi report that can display any students with a multiple claim.	Chris Sumner – Head of MIS	31 March 2024	<p>Q3 submissions in June were successful, and these confirm that modes of attendance are being properly recorded, as alterations were required to full time courses which became "short full time".</p> <p>The College uses Power Bi reporting, and screenshot can be used as evidence when demonstrating that data integrity is managed.</p> <p>Fully Implemented</p>
<p>Required Date</p> <p>R4 Ensure that the required date input into SITS is calculated in line with the SFC guidance.</p>	3	This was an issue between the course required date and the student required date in the system. More care will be taken in the next year to ensure that the required dates are accurate in the system and that the FES output takes the information from that field. It is expected to be correct but as the year goes on we will review as part of the quarterly return. Confirmation of this point will only close at the start of the next audit in Sept 2024.	Chris Sumner – Head of MIS	30 Sept 2024	<p>This will be checked during the 2023/24 Credits audit.</p> <p>Not Past Agreed Completion Date</p>



Appendix IV - Updated Action Plan

Internal Audit Report 2023/07 – 2022/23 Student Support Funds

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
<p>Bursary Return – Study Costs</p> <p>R1 We would repeat last year’s recommendation that the College should ensure that distribution lists identifying Bursary students in receipt of study materials are maintained for each purchase invoice charged to the Bursary fund. Based on the current approach, the College should ensure that the planned study costs for each course still reflect the specific items or materials needed for the course and the current price from suppliers.</p>	<p>3</p>	<p>The College will continue to analyse all study costs monthly and reconcile back to Cost of Course forms, adjusting the Teqios system where required, and reconciling this to the general ledger. With regards to distribution lists we will endeavour to implement a process whereby the students receiving bursary items are either listed on the actual invoice or on the original purchase order or if this is not possible on an attached document.</p>	<p>Management Accountant</p>	<p>29 February 2024</p>	<p>As part of the monthly study costs analysis a report is printed showing the student / course / study materials expense amount apportioned.</p> <p>All bursary students are listed on a separate document filed with the bursary purchase invoices</p> <p>This will be checked during the 2023/24 Student Support Funds audit.</p> <p>Fully Implemented</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2024
<p>Bursary Return – Additional Support Needs (ASN) Costs</p> <p>R2 Ensure that a check is made on the categorisation of ASN costs to ensure that they are correctly disclosed on the FES.</p>	3	An additional step will be added to the FES reconciliation process to ensure that there is a clear distinction made between actual travel expenses and travel related ASN costs before the FES is submitted.	Management Accountant	29 February 2024	<p>A manual adjustment is now made through Teqios to split travel and travel related ASN before running the FES.</p> <p>This will be checked during the 2023/24 Student Support Funds audit.</p> <p><i>Fully Implemented</i></p>



Appendix V - Updated Action Plan

Internal Audit Report 2023/02 – Follow Up Reviews 2022/23

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at August 2024
2022/23 – Internal Audit Report 2022/02 Risk Management						
<p>R4 A session on risk management should be included as part of the programme of Board Member Strategy Days with the leadership team. This will allow greater understanding on how the risks link to the College’s strategic aims and objectives and the impact failure to manage these risks will have on future success.</p> <p>To support Board assurance, management should conduct an assurance mapping exercise on the internal and external reporting arrangements in place against the current risks on the risk register. This will allow for a central analysis of the arrangements in place and allow any gaps to be identified and appropriate supplementary reporting arrangements determined.</p> <p>(continued on next page)</p>	3	<p>The Board planning day arranged for August 2022 will concentrate on strategic risk with input from Henderson Loggie and risk will be built into the Board’s planning cycle.</p> <p>Assurance mapping will be added to the Risk Register. Additionally, risk has been added to the standing items on all Board, Standing Committee, and internal meeting agendas.</p>	<p>Head of Finance</p> <p>Acting Clerk / Acting Principal</p>	<p>31 October 2022</p> <p>31 August 2022</p>	<p>As at August 2023: A presentation of Strategic Risk was duly made to the Board at its Training Day in August 2022 by the Henderson Loggie Head of Internal Audit.</p> <p>Additionally, a presentation on Risk Appetite was made to the Board at its Development Day in May 2023 by the Henderson Loggie Head of Internal Audit, and this was followed by a group session on the subject.</p> <p>The review of Risk Appetite will be undertaken annually by the Board and this has been incorporated into the Board’s annual workplan by the College’s Governance Professional.</p> <p>(continued on next page)</p>	<p>Assurance mapping of risk and risk appetite is being considered in a discussion paper being presented to the next meeting of ARC. The environment within which the College is operating remains volatile and the proposal is to separate very clearly the governance / operational matters. To allow for the detail to be fully considered a single-issue Strategy Day has been scheduled for 19 November 2024. The Strategy Discussion Paper identifies the roles and responsibilities of all involved in risk and sets out a template for providing the Board with risk assurances from internal processes and independent checks at each level of management.</p> <p>(continued on next page)</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at August 2024
2022/23 – Internal Audit Report 2022/02 Risk Management						
<p>R4 (continued)</p> <p>Assurance mapping can be completed by adding additional columns to the existing risk register detailing the following sources of assurance established:</p> <ul style="list-style-type: none"> • Internal - management reporting and quality assurance arrangements; and • External - internal audit, external audit, Education Scotland etc. <p>Assurance reporting can then be brought into the forward planning for Board and committee agendas.</p>		As above	As above	As above	<p>The College does have an established Audit Assurance Framework and the annual review of this has now been incorporated into the workplan of the Audit and Risk Committee by the College's Governance Professional. This is rather than being incorporated into the Risk Register.</p> <p>An assurance mapping exercise has not however been undertaken in line with the original recommendation.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 31 October 2023</p>	<p>Partially Implemented</p> <p>Revised Date of Completion: 30 November 2024</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at August 2024
2022/23 – Internal Audit Report 2022/03 Cyber Security						
R1 Formally document the College’s specific cyber security risks and vulnerabilities, along with controls and mitigations, within an IT or cyber risk register. The format of the risk register should be in line with the College’s strategic risk register and risks scored, prioritised, and monitored in accordance with the College’s risk management framework.	3	Accepted. A central IT Risk Register will be created.	Chris Sumner, Head of MIS and Head of Finance	31 December 2022	<p>As at August 2023: Progress has been made on this subject, but it is not complete. The College has updated its info sec framework to the latest Scottish Government version and is in the process of reviewing the documentation.</p> <p>A simple documentation for the National Cyber Security Centre’s (NCSC) 10 Steps to Cyber Security requirements has been created in the format of the College risk management process.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 31 December 2023</p>	<p>Risk register now complete. The College is now part of the pilot for roll out of new Cyber Resilience Framework (CRF) from Scottish Government but has been using the current CRF to monitor the risks in the department.</p> <p>Fully Implemented</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at August 2024
2022/23 – Internal Audit Report 2022/03 Cyber Security						
<p>R5 A programme of information security training should be developed for students to mitigate information security risks covering:</p> <ul style="list-style-type: none"> the organisation’s IT security policies and procedures. cyber security risks and strategies for defence, covering internet safety, mobile and home working, phishing, and prevention against malware. regular updates and training on the security risks to the College. monitoring the effectiveness of security training through incident monitoring and mock scenario testing; and promoting an incident reporting culture. 	3	<p>Accepted.</p> <p>The College will review its student induction programme in order to enhance the cyber security elements. In addition, the College will issue mid-academic year security awareness guidance to students. The College will review the current cyber security information provided to students and revise as appropriate.</p>	Chris Sumner, Head of MIS and Head of Student Services	28 February 2023	<p>As at August 2023: Work in progress. The College’s induction process has guidance about the security posture and what is required of a user. However, the tracking of the impacts is currently hard to report. The new system for staff is being rolled out in August and if the modules are successful, the College could potentially use this to promote the student security aspect.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 28 February 2024</p>	<p>Stats now available regarding the risky users and the implementation of the Microsoft Security tracking. Further work planned for the incident response and business continuity in the new year which should close this action</p> <p>Simple but effective campaigns have been put together by the IT team and the plan is available to be shared. Monitoring of effectiveness can be done via the M365 security dashboard.</p> <p>The College has applied updates and changes to the M365 following a Jisc review, cyber risks are covered by an earlier point, the incident response functions are switched on in M365 and are also addressed in a later point.</p> <p>Fully Implemented</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at August 2024
2022/23 – Internal Audit Report 2022/03 Cyber Security						
<p>R6 Mechanisms should be established for testing the effectiveness and value for money of the security training provided to staff.</p> <p>The areas of the organisation that regularly feature in security reports, or achieve the lowest feedback from information security questionnaires, should be targeted for further tailored training activity.</p>	3	<p>Accepted. This could also be folded into the other recommendations above. (R3/R4).</p> <p>This is considered and monitored as part of the recommendation to run security awareness program. This will be monitored and tested for value.</p> <p>The awareness training would also include the option for a mock phishing campaign.</p>	Chris Sumner, Head of MIS	30 June 2023	<p>As at August 2023: The College is currently working with JISC on such topics of the penetration testing and phishing scam testing to test effectiveness. It needs to wait until the training from point R3 and R4 have been completed to fully assess the staff.</p> <p>This is due to be completed by the end of September, where the College can assess the staff there after.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 31 December 2023</p>	<p>Security Questionnaire is created and will be issued in the August of 2024.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 30 September 2024</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at August 2024
2022/23 – Internal Audit Report 2022/03 Cyber Security						
R7 Explore how guidance for staff on how to manage their digital footprints safely and reduce the risk of becoming a target for attackers, both in a professional and personal capacity, and particularly through use of social media platforms can be made more widely available to staff and Board members.	3	Accepted. The College will review the guidance provided to staff on the use of IT and social media to highlight the importance of cyber security.	Chris Sumner, Head of MIS and Head of HR	31 December 2022	As at August 2023: Documentation is still under review, however a big improvement since this audit point has been with modifications to the azure platform to prevent 3rd party sign in without prior approval from the Head of MIS, enforcing a culture of checking the app before logging in. Partially Implemented Revised Date of Completion: 31 December 2023	Social media policy is in draft and needs approved by SLT and Board in August. ETA for publication is Sept 2024. Partially Implemented Revised Date of Completion: 30 September 2024



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at August 2024
2022/23 – Internal Audit Report 2022/03 Cyber Security						
<p>R8 It is recommended that an audit of cloud and third-party systems in use across the College estate, which are not directly linked to College Active Directory or Office365 accounts, is undertaken to identify instances of staff using College logins and email accounts and put in place procedural guidance for line managers to revoke user access to such accounts, and for staff on good password management. Development of a digital asset register which combines the details of College hardware and software assets, as well as third party services operated by staff would provide clearer visibility of the College cyber and data risk profile. Any identified risks should then be included on the cyber risk register (R1).</p>	3	<p>Accepted. The College will implement fully MS Office 365 to utilise its capacity to monitor 3rd party apps. Additional processes for leavers and role changes will be introduced to limit opportunities for inappropriate access to College systems.</p>	<p>Chris Sumner, Head of MIS and Head of HR</p>	<p>31 January 2023</p>	<p>As at August 2023: Office 365 has now been fully implemented for 3rd party blocking of College accounts. Only approved apps can be used. Updates to HR will complete as part of the new HR system that will be completed in October, which will resolve the leavers and role change requirement for this point.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 30 November 2023</p>	<p>Cyber risk register is now complete, the 3rd party access is now controlled and recent M365 reviews from JISC support the College approach to the logins.</p> <p>HR now has good communication on starters and leavers, security reviews are in place for clear downs of old accounts, plus retention document has been issued in the last year which the IT team now adheres to.</p> <p>Fully Implemented</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at August 2024
2022/23 – Internal Audit Report 2022/03 Cyber Security						
R9 The Incident Response Process, and supporting playbooks, should be tested by way of a scenario-based desktop exercise to ensure staff know how to respond during an incident, and to also highlight any problem areas in the planned response.	2	Accepted. Action to address this recommendation will be included in the response to Recommendations 2 & 3.	Chris Sumner, Head of MIS, Head of HR, and the Clerk to Board	31 March 2023	<p>As at August 2023: Incident response documents exist along with playbooks. These will need review and updated before December. Training for the Senior Leadership Team is scheduled for some time in October.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 31 December 2023</p>	<p>SLT availability has been limited.</p> <p>SLT will get training at the beginning of the academic year 2024/25 and the presentation / scenario used can be shared as evidence of the incident response training.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 30 September 2024</p>



Follow-Up Reviews 2023/24

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at August 2024
2022/23 – Internal Audit Report 2022/09 - Student Support Funds						
<p>R2 The College should undertake a review to identify digital study materials and determine a basis for apportioning costs to Bursary students, ensuring that the cost of any core teaching materials that should be covered by the core grant and any costs relating to non-Bursary students are excluded.</p>	2	<p>The College will analyse digital study costs and prepare a system of apportionment that differentiates between support provided to bursary funded and non-bursary funded students.</p>	<p>Head of Finance</p>	<p>31 Mar 2023</p>	<p>As at August 2023: This exercise is under way (as at 21st August) and will be completed prior to the start of the audit.</p> <p>This will be tested as part of the 2022/23 support funds audit.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 28 August 2023</p>	<p>Currently working with the MIS/IT team to develop an evidence-based report that shows a list of bursary students and usage amounts of digital study materials.</p> <p>No claim was made for digital study materials in 2022/23 however this will be checked during the 2023/24 Student Support Funds audit if relevant.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: 30 August 2024</p>



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LEVEL OF ASSURANCE

Good

South Lanarkshire College

Student Support

Internal Audit report No: 2024/04

Draft issued: 6 August 2024

Final issued: 20 August 2024



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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Management Summary

Overall Level of Assurance

Good	System meets control objectives.
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Risk Assessment

A review of the South Lanarkshire College ('the College') Strategic Risk Register (May 2024), identified the following specific risks relating to Student Support:

- Risk 9 – That there is a failure to achieve high standards of learning and teaching (Post-Mitigation Score – 4, Low);
- Risk 11 – That there is a failure to safeguard the health and wellbeing of staff and students (Post-Mitigation Score – 6, Medium); and
- Risk 12 – That the College cannot provide a robust learner experience supporting them onto their final destinations (Post-Mitigation Score – 9, Medium).

Background

As part of the Internal Audit programme at the College for 2023/24, we carried out a review of the systems in place in relation to Student Support. The Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Responsibility for ensuring that the College has sufficient measures in place for student support, rests ultimately with the College's Senior Leadership Team. Key areas which support the Senior Leadership Team in this endeavour are the Student Services team, Extended Learning Support (ELS), Guidance, and the Students Association. Responsibility for ensuring that students are provided with an environment in which they can develop academically rests with all staff across the College.

The College's student support processes are defined in a suite of policies and procedures relating to student academic improvement processes (such as those provided by ELS, Student Services, Guidance, Library staff, and the Students Association) and funding and financial processes are managed by the College's Funding team based in Student Services. These are promoted and advertised through the College's Marketing team, through Student Services, and by advertising through the Students Association.

The College's design as a single campus institution helps to enhance its overall 'community' experience, as the staff across the College engage more frequently with the same students, building relationships and operating an open-door policy to encourage students to approach them at any time. Feedback is obtained from students on the quality of support provided to them via individual surveys provided to students following events / activities within the College. The results from these are then assessed, analysed and developed into actions to improve the College's operations.



Scope, Objectives and Overall Findings

This audit reviewed the support services available to students.

The overall objective of our audit was to obtain reasonable assurance that there is appropriate provision of adequate advice and support to new students, students experiencing financial or other hardship and students with disabilities or special needs.

The table below notes the specific objectives for this review and records the results:

Objective	Findings				
		1	2	3	Actions already planned
The specific objectives of our audit were to ensure that there are processes and controls in place to be reasonably assured that:		No. of Agreed Actions			
1. Students are oriented appropriately at the beginning of the year.	Good	-	-	-	✓
2. Students are identified and provided with support if struggling financially.	Good	-	-	-	
3. Students are identified and provided with support if struggling academically.	Good	-	-	-	
4. Students are given adequate support if they have a disability.	Good	-	-	-	✓
5. Students are made to feel part of the College community.	Good	-	-	-	✓
Overall Level of Assurance	Good	0	0	0	
		System meets control objectives			

Audit Approach

We assessed whether the above objectives have been met through discussions with the Head of Student Services, as well as managers and staff in the Student Services Team, Senior Leadership Team, Curriculum Management, Admissions, Funding, Library and Students Association representatives, together with review of the relevant documentation.



Summary of Main Findings

Strengths

- Robust induction processes are in place at the College to ensure students are provided with sufficient information prior to commencing their studies;
- The Admissions team engages with students on an ongoing basis throughout the application and enrolment processes;
- Open Days and Information Evenings are run by the College for prospective students to attend, with the Admissions team, Student Services, and Students Association in attendance to familiarise themselves with potential incoming students.
- Walk rounds of the campus are led by the Guidance and Support staff and the Students Association President and Vice President to help familiarise new students with the campus;
- Induction Packs and Welcome Packs are provided to all incoming students;
- Discretionary Funds are in place at the College to help students financially, including the Childcare Funds, Hardship Funds and Crisis Support;
- The Student Advice Centre sits within the Student Services area at the main entrance of the College for ease of accessibility;
- Laptops and other electronic devices are loaned out to students who require them, to aide them in their studies;
- The ELS team is in place to assist students in their academic development;
- Study Skills classes are provided by the College to assist students with their learning, which are available and promoted to all students;
- Student capabilities are assessed on an ongoing basis by Curriculum staff;
- Personal Learning Plans are in place, with procedure documents to clearly define the process.
- Any additional support needs are prompted to be declared by students at both the application and enrolment stages to help give the College sufficient time to implement the relevant measures;
- A full-time British Sign Language (BSL) interpreter is employed by the College;
- Scribes are coordinated with student timetables to maximise the resource utilisation;
- Specific IT systems are in place to assist students with their additional support needs.
- An informal open-door policy is in place at the College to ensure that staff are accessible to students;
- The College has a 'Tell Us' initiative in place where students can submit proposals for improvements in the College, and these are all reviewed and considered by the Quality team;
- The College has a Safeguarding team in place to help ensure the students' wellbeing;
- A Counselling service is in place to help students manage their mental health, with additional resources committed to this area in recent years;
- Survey exercises are undertaken throughout the year, with the feedback obtained following specific events or an initiative being undertaken, to identify any areas for improvement;
- Additional support initiatives such as the clothing service and food larder are in place; and
- LGBTQ+ initiatives are in place to promote inclusivity at the College.

Actions In Progress

- The College is in the process of developing a 'You Got In' campaign to refine the processes in place for engaging with incoming students from the point of their application submission to their first day in study; and
- The College's ELS team is in the process of developing a tiered structure for the level of support required for students, from in-class support which may be required, through to periodic catchups with students to check in on their overall progress.



Acknowledgments

We would like to take this opportunity to thank the staff at South Lanarkshire College who helped us during the course of our audit.



Main Findings

Objective 1: Oriented appropriately at the beginning of the year.

Policies, Procedures and Key Documentation

The College has key documentation in place to define its induction processes and provide the students with an understanding of what to expect at the College, and make them aware of the College's procedures, and these are provided as part of the induction pack as follows:

- Student Services Learner Induction 2023-24;
- Student Handbook 2023-24;
- SLC Behaviour Attendance and Punctuality Policy;
- Student Assessment Appeals - Policy & Procedures;
- Student Code of Conduct;
- Student Safety Guide; and
- Student Carers Policy.

The above information is maintained and updated by the College to ensure that students are provided with accurate documentation to help them integrate into the ways of working and learning whilst on campus. In addition to the documentation for use by the students, the College has an induction checklist in place which the Curriculum staff utilise to ensure all areas of the student induction have been addressed. From inspection of the 2023/24 induction checklist, it was established that the induction process ran from 28 August 2023 to 11 September 2023, with the following areas addressed:

- Welcome and Introduction;
- Course Information;
- Money Matters;
- College Facilities;
- Electronic Personal Learning Plans;
- Electronic Student Handbook and Planner;
- Health and Safety;
- Safeguarding;
- Guidance;
- Curriculum Areas;
- Learning Development Services;
- Learning Resource Centre;
- Student Association; and
- Goal Setting.



Objective 1: Oriented appropriately at the beginning of the year (Continued).

The Curriculum staff lead the students through this process and ensure each step is sufficiently addressed by the deadline date, allowing the students to be sufficiently prepared for the upcoming learning period.

As part of the induction process in place for students, in addition to the welcome documentation, they are provided with information from the Admissions team, Student Services and the relevant Curriculum staff to provide them with all the applicable information prior to the commencement of their learning. The Students Association President and Vice President also attend all College Open Days and information evenings on campus to familiarise incoming students with them, and to answer any questions which the students may have and lead walk rounds of the College campus to allow incoming students to understand the layout and familiarise themselves with their new learning environment.

All student inductions are the responsibility of the relevant Curriculum Managers for the courses to which the students belong, and this provides the Curriculum staff with the opportunity to capture any additional support needs or measures required to facilitate their students which were not captured at the application and enrolment stage. Engagement is undertaken by the Admissions team to prompt incoming students to complete any outstanding forms / applications and to provide any required documentation / evidence prior to the commencement of their learning, with information passed to the students on any outstanding requirements by email, text message, and phone call. Additionally, where any additional needs have been declared, Student Services reach out directly to the student / their guardian to identify any measures required to facilitate their learning.

It was noted from our discussions with both the Senior Leadership Team and the Student Services team that, at the time of our fieldwork, the College was in the process of developing a new campaign for increased engagement with incoming students titled, 'You Got In', which was expected to come into place for Academic Year 2025/26 in line with the implementation of the College's new strategy. As a result of the new process being developed for the College's next recruitment exercise, an action in progress has been noted in the table on page 2 of this report.



Objective 2: Identified and provided with support if struggling financially.

Policies and Procedures

The College has a suite of policies and guidance documentation in place which describes the funding available for students and the processes in place to apply for these funds. A selection of these documents were obtained and inspected as follows:

- SLC Discretionary Policy 2023/24 Internal;
- Discretionary Crisis Student Guidelines;
- SLC FE Bursary Policy 2023/24;
- SLC Student Funding 2023/24;
- Online Bursary Application Process 2023/24;
- Bursary Award Conditions 2023/24;
- Bursary Payment Dates 2023/24;
- EMA Conditions of Award; and
- EMA Payment Dates 2023/24.

These documents are available to students for their review, and to enhance their understanding, via the student intranet site, in addition to the information being readily available on the College's website under the 'Funding, Finance and Fees' section within the 'Applicants' section.

The College's Funding team is accessible to existing, incoming, and prospective students throughout the calendar year at the Advice Centre, in the reception area of the College's campus. As such, students and their families can visit at any time for information related to funding for their course, additional support and any funding available to them based on their personal circumstances.

Identification

As part of the interview process, the College's Curriculum staff routinely discuss the funding expectations at a high level, as it is important to determine whether the student is required to obtain confirmation of any financial support prior to committing to the course (such as a bursary to cover travel and living expenses). Students are also referred to the Funding team, which provides a drop-in service at the College as well as the facility to arrange meetings with Funding Advisors to provide students with the opportunity to discuss their needs and obtain assistance with their application(s).

All incoming students are provided with communications to remind them of the deadlines for obtaining funding, both for the payment of their course fees and also any funds which they require for support. It was identified through discussions that students regularly visit Guidance and Support staff and the Students Association to discuss financial issues, with the President and Vice President providing high-level advice, and highlighting the additional facilities such as the food larder and on-site clothing market, with these students referred to the Funding team to ensure they receive all the necessary information for their circumstances.



Objective 2: Identified and provided with support if struggling financially (Continued).

Student Funding staff work within the parameters of Scottish Funding Council (SFC) and Student Awards Agency Scotland (SAAS) guidance to provide the most appropriate funding packages for students. Students should arrange their finances before commencing their course and the College has set instructions and guidance for the funding applications on its website which directs students to the Funding team who support the application process. The Funding team highlights the deadlines for completing the relevant applications for funding with students through one-to-one discussions, emails to students, social media updates (via the Marketing team) and on the welcome Televisions in the College's reception area. As noted above, the College sets out the different types of funding available on its website, with the following available funding highlighted, and the processes in place defined in their respective policies and procedures.

Discretionary Funds

The College has control over the various Discretionary Funds in place, with the amounts available for each fund determined on an annual basis by the College against the total amounts allocated by the SFC (via the Lanarkshire Region) and SAAS, and within the national policies set by these bodies.

Applications for additional funding are completed and submitted through the College's funding portal, which is monitored by the Funding team. These applications are reviewed by College staff against the College's policies and procedures, with these overseen by the Head of Student Services, to identify whether the student qualifies for the additional funding. In order to ensure the funds are being distributed in line with the College's Discretionary Policy and the individual policies for the relevant funds, the College has a formula in place for reviewing the students' accommodation costs to establish their financial position.

Discretionary Childcare Funds – As a result of the Scottish Government implementing free nursery provision for children under three years old, the College's funding spend for the Discretionary Childcare Funds reduced from c. £700k in academic year 2022/23 to c. £400k in academic year 2023/24. Funds are distributed to students who are parents / guardians with low income, to help with the costs of childcare services such as nurseries, after-school clubs, breakfast clubs, and childminders.

Discretionary Hardship Funds and Crisis Support – The College manages Discretionary Hardship Funds for use when the students experience financial difficulty as a direct result of their studies, with a form in place which is completed and submitted through the student portal, which is assessed by the College's Guidance and Support team. The Crisis fund in place is to assist students who are experiencing immediate financial difficulty and require financial assistance on an immediate and short-term basis. These funds are reviewed and can be approved on the same day to ensure that the funds can be distributed promptly. Arrangements are made for the Crisis funds to be attributed to a student's funding discretionary allocation. Applications for both of these funds are assessed on a case-by-case basis as each student has a unique set of circumstances, and therefore have different needs.

Other Government Funds

Educational Maintenance Allowance (EMA) is available to students who are under 18 based on their household income, with the allowance based on the student's attendance at College, which is monitored by the College's Funding team. Bursaries are in place for students who are over 18, to help with living and travel expenses. Both the bursary and EMA applications are administered by the College, in conjunction with the student, with their progress monitored by the Funding team.



Objective 3: Identified and provided with support if struggling academically.

Policies and Procedures

The College has policies and procedures in place for supporting students who are struggling academically, with these documents focussed around implementing suitable measures for ensuring students are undertaking assessments in the appropriate conditions, in addition to the utilisation of Personal Learning Plans to map out the student's development.

From inspection of the Personal Learning Plan documentation, it was noted that the College defines what its Personal Learning Plans entail, what the aims are and what the students are required to do to help them achieve their goals. The students then undertake a self-assessment to document their strengths and areas for development at the initial stages, with these providing a basis for the student's development. A key skills assessment is undertaken with the student and their Guidance Tutor, documenting the Learner Skills, Employability Skills, Citizenship Skills, Transferrable and Core Skills. Following review of these skills, targets are set for the student, and a reflective log is completed following the end of the academic period to note the student's progress.

Extended Learning Support (ELS)

The ELS team works with each of the students to enhance their learning experience, with the root causes of the areas with which they struggle identified and made the focus of their improvement plan. These plans are then monitored and updated on a regular basis to ensure any changes in the student's academic performance is monitored, with reports provided by the Curriculum staff to address these in the classroom. From discussions with Student Services, ELS and Curriculum staff it was noted that additional measures are in place to support students such as: Study Skills classes, Learning Plans, and one to one guidance.

Each class within each of the departments across the College has a guidance lecturer and an academic lecturer, which helps the students to grasp the need for both academic development and ensuring the students are comfortable and feel supported. As part of this, students who are struggling academically can be identified through various methods, including their participation in class, attendance at College, and expression of their understanding of the material, all of which are monitored on a continuous basis by the Curriculum staff. Other methods such as assessing the student's demeanour, reclusiveness and any points identified through discussions with their guidance lecturer are raised most often by the guidance lecturer or the ELS team (if they are already working with them).

It was established through discussions with Curriculum Managers, that capabilities are assessed on an ongoing basis, however, at the early stages of a course, there are instances where a student is identified as having sufficient skills / capabilities in some areas but not others, which can result in them being moved to the lower level course, to help them ensure they learn the required skills and achieve a qualification at the same time. The student will then have the required skills to achieve the course objectives in the following year, as they will have completed the additional foundation learning. It was highlighted that students also transition upward, where they are identified as having a higher level of understanding / potentially having applied for the wrong level of course, and these students are elevated to the higher level course to ensure they are working towards the correct qualification.



Objective 4: Given adequate support if they have a disability.

In line with the procedures for the assessments noted above, these also define the processes in place for students with additional support needs. From our inspection of the Assessment Arrangement Policy and procedures, it was noted that the following areas are specifically covered:

- Identifying the student's assessment needs;
- Determining the most appropriate assessment arrangement;
- Verifying the student's needs for assessment arrangements; and
- Documenting evidence to support the provision of assessment arrangements.

The responsibilities for ensuring that the students are sufficiently supported are also defined within the assessment procedures document, with the key personnel involved being the relevant Associate Principal, Lecturers, ELS and the Examination Officers, to ensure that the measures put in place are sufficient to support any students with additional support needs.

It was identified from our discussions with College staff that c.800 students at the College at the time of this review were identified as having additional support needs, ranging significantly in terms of severity and the additional services required. It was noted that considerations such as availability of resource, finances for providing external resources, and any risks to the student's wellbeing are always considered at the earliest point of the student's additional support needs being identified.

From our discussions with key personnel at the College, it was established that the additional support needs of students are initially identified at the point of application, with the Admissions team being notified where a student has raised this in their application and passing this to the ELS team to review the possible requirements. An interview / meeting is held with the student and their parent(s) / guardian(s) to discuss the specifics and any support which the College would be required to provide. A needs assessment is then undertaken by the ELS team to determine the specifics of this, with discussions held with the Curriculum staff to determine the possibility of obtaining a British Sign Language (BSL) interpreter, scribe etc., as required. Where a student does not declare their additional support needs, it was noted that the College has undertaken training with its Curriculum staff to identify potential additional support needs required, such as dyslexia, and this can then be discussed with the student / referred to the Guidance team or ELS staff to formally address this and identify measures for improving the student's learning experience.

The College has one full time equivalent BSL interpreter in post, who is assigned to students who require their support, with these classes carefully timetabled to ensure no overlaps to allow the resource to be fully utilised. It was noted from discussions with the College that if there is an intake of more students who require a BSL interpreter than can be managed by the staff member in place, then there is a contracted resource which the College can utilise to address this need.



Objective 4: Given adequate support if they have a disability (Continued).

IT Systems

The College also has a number of IT systems in place to help students with additional support needs, such as the ClaroRead system, which students with dyslexia or other literacy-based needs can utilise to enhance their understanding of what they are reading and assist them with grammar and spelling by proofreading the students' work prior to them submitting it. The College also has loop system in place in all classrooms to support students with hearing impairments, as well as subtitles options on any videos which are part of their course or which form part of their support services.

The College's Library staff assist students in their learning by providing them with an environment in which they can study, but also by assisting them with the use of any of the support systems on IT devices. The Library staff also manage the loaning of devices such as laptops to students who require them, and provide students with an understanding of the facilities available on the devices to help ensure they fully utilise the features of the device.

Counselling

The College offers a counselling service to help manage the mental health needs of students, with the standard offering of these being six sessions, usually once per week, to provide students with the opportunity for raising issues, both personal or College related, and talking these through to provide them with an open forum for expressing their feelings. It was noted that students are assessed on a case-by-case basis and, as such, if the Counsellor feels the student could benefit from additional time, they are provided with additional sessions. The College did note any severe mental health issues or trauma will be referred to professional organisations, of which the College has several partners to facilitate this.

From our discussions with the College's ELS team, it was identified that whilst the needs assessment process is effective, the College has determined that it could be improved by implementing a formal system for categorising the needs of each student, from periodic check ins to daily communications based on their circumstances. It was noted that this was being developed at the time of this review and, as such, an action in progress has been noted.



Objective 5: Made to feel part of the College community.

Through our discussions with senior staff at the College, it was noted that the College operates an informal open-door policy whereby staff within areas such as Student Services, ELS, Guidance, Counselling, the Students Association and within the curriculums, make themselves available for ad-hoc / drop in discussions with students to help ensure students consider the staff to be accessible. Part of this aim is to help enhance the College community, as the College has one campus, with student support services accessible at the point of entering the reception area of the building.

Surveys

The College undertook a survey following the first academic block of 2023/24, entitled 'Student Experience Survey: The Start of Your Learner Journey 2023-2024' to assess the students' satisfaction with their experience at the College, with the following key areas assessed, and the student responses recorded:

- Pre-Entry Information (Avg. 61%);
- Course Induction (Avg. 67%);
- Induction (Avg. 69%);
- College Induction (Avg. 56%); and
- Learning and Teaching (Avg. 62%).

Following this survey, the College has developed actions to address the areas of underperformance, including the development of its new campaign for engaging with incoming students throughout the admissions and enrolment processes.

Counselling

As part of the quality assurance processes, the College undertook a survey on the delivery of its counselling service, requesting information on the following areas from participants, whilst also making additional requests for comments, with the following results:

- How would you rate the level of communication regarding your Counselling appointment? (90% Very Good);
- I can trust my counsellor (90% Strongly Agree);
- I have a good therapeutic relationship with my counsellor (80% Strongly Agree);
- I have learned new tools and techniques to help me going forward (50% Strongly Agree);
- The counselling environment was welcoming (90% Strongly Agree);
- I feel the counsellor listens and understands me (70% Strongly Agree);
- Do you feel you have benefited from receiving counselling? (100% Yes);
- If you needed to, would you use the counselling service again in the future? (100% Yes); and
- Would you recommend the counselling service? (100% Yes).

The feedback from these exercises was incorporated into the College's improvement plan (where relevant), with actions raised including further staff training and development, new initiatives and increased awareness of the services available, with progress on each action tracked by the Head of Student Services.



Objective 5: Made to feel part of the College community (Continued).

Resilience

The College obtains feedback on activities and initiatives undertaken in the year, to ensure that these are providing the students with sufficient information / support on the topic at hand. An example of this is the College's resilience workshop in the year, which provided students with information on how to manage their wellbeing and adequately prepare for instances where they may have to manage stress. From the feedback data submitted for this it was noted that all but one student out of 104 found the workshop to be beneficial. From this, opportunities were provided to give further information on what the students benefitted from, which was then incorporated into future exercises.

Students Association

The College's Students Association runs events at the College in aid of certain causes throughout the year, and this helps bring students together and increases the social aspect of the students' time at the College. Staff are also involved in these events, further enhancing the engagement between staff and students. Feedback exercises are undertaken on these events, activities and initiatives to determine the level of student satisfaction with the activity and identify any opportunities for improvement. These are undertaken via online forms, and their results reviewed and actioned by the Students Association, supported by the Student Services team. From review of survey results from a Safeguarding and Gender-Based Violence Prevention event and a survey on clubs available, the students noted a desire for more sports and social clubs, and also an increase in advertising and promotion of safeguarding awareness. From discussions with the Students Association President and Vice President, it was noted that these improvements were actioned through measures such as walking groups, advertising the discounts at local gyms, and a yoga club, with safeguarding measures promoted on social media channels.

Tell Us

The College has a 'Tell Us' initiative in place, which allows students to highlight areas that they would like to see improved, and these requests are received directly by the Quality team. This ensures that the responses are received by a department independent of the everyday service provision to the students. Additionally, this allows the students to raise any concerns within their curriculum area to ensure that the issue can be addressed objectively. The College is required to address all submissions, and either action these or provide a response to the student justifying why the issue cannot be resolved / taken further to allow them to be closed off accordingly. Following these exercises, the College advertises the actions taken via a formal poster feedback campaign, highlighting the key issues raised and explaining the changes made as a result.



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South Lanarkshire College

Space Management / Room Utilisation Business Process Review

Internal Audit report No: 2024/05

Draft issued: 20 August 2024

Final issued: 20 August 2024



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Management Summary

Background

As part of the 2023/24 Internal Audit Plan, South Lanarkshire College ('the College') has engaged with Henderson Loggie to conduct a business process review of the systems in place around Space Management and Room Utilisation, to identify opportunities and facilitate the agreement of recommendations for overall process improvements or enhancement of the current systems in place.

Scope & Objectives

The scope of this assignment was to carry out a review of the processes utilised by staff for the completion of course unit information, timetabling (courses, staffing and room allocation), dissemination of timetables, and calculation of room utilisation.

The objective of our audit was to obtain reasonable assurance that:

- the College is aware of how teaching and support space is currently being utilised;
- the time-tabling process takes sufficient cognisance of space utilisation, ensuring efficient use is being made of College teaching rooms;
- there are appropriate monitoring and reporting frameworks in place;
- the anticipated outcomes for all stakeholders from processes are clearly defined;
- the steps in the value chain (processes) are identified;
- steps that do not add value are identified with a view to eliminating them; and
- steps that create value occur in the right sequence.

Audit Approach

Through discussions with staff involved in the gathering of course information, timetabling and review of staff and room utilisation we reviewed the current processes in place and obtained a greater understanding of current issues. In May 2024, we conducted the following focus groups with:

- Head of Management Information Systems (MIS) and Services, the two Assistant Principals and the Vice Principal Finance, Resources and Sustainability;
- A sample of Curriculum Managers from across the two curriculum areas; and
- A sample of Administrative Support from across the two curriculum areas.

We also spoke with the Head of Facilities and Student President. We completed a walkthrough the timetabling and space utilisation reporting processes with the Head of MIS and Services.

The list of recommendations was presented to management for discussion and prioritisation on 24 June 2024. Following further discussion with the Head of MIS and Services on the 14 August 2024, the recommendations were finalised and prioritised.



Summary of Main Findings

Strengths

- The College has a strong collaborative approach to timetabling and space management, with close working between Curriculum Managers across the College.
- The Head of MIS and Services has a key role in leading the management of student records and timetabling, driving system improvements and ensuring data protection.
- An Access Control System allows tracking when rooms are accessed. The data produced is being explored by management to track room utilisation information in Power BI to optimise resource management.
- There is integrated planning and good linkage between Business Planning and CAPEX request and management via the Vice Principal Finance, Resources and Sustainability.
- The College's new HR system aims to support staff utilisation review and reporting when linked with new timetabling system.
- Enrolment data is utilised by Curriculum Managers during the timetabling process to assess appropriate teaching space, with weekly revisions to address any ad hoc issues providing a flexible and responsive approach to managing space and addressing issues as they arise.

No issues were identified during our review which would subject the College to material or significant risk.

There was one high priority area for investigation or improvement:

- The current Estates Strategy is outdated and requires to be refreshed with cognisance of the evolving needs of the curriculum, staff and student. Several issues identified that should also be considered in future estate planning (see **Appendix**). The use of modular and flexible space should be also considered in estate planning given the restrictions on space.

There were also two medium priority areas identified:

- There is need to document teaching space management policies and procedures and developing a standardised approach to timetabling and space management across curriculum areas. Currently, timetabling is managed locally, which may lead to inconsistent approaches to space utilisation. There is also absence of a process for monitoring compliance with space management guidelines of for identifying issues with under or over utilisation of spaces.
- A Room Booking System should be developed that can be used by staff and, where appropriate, students from across the College.

Acknowledgments

We would like to take this opportunity to thank the staff from South Lanarkshire College and the Student Association who helped us during our business process review.



Improvement Points Identified from Interviews and Focus Groups

Through discussions and walkthroughs completed, we identified areas that work well (and not so well) through detailed review of strengths, weaknesses, opportunities and threats via a SWOT analysis. This allowed opportunities for improvement to be identified.

Any threats to implementing possible solutions were also identified and discussed.

We also considered wastes to the current processes, falling into the seven waste categories originally devised by the automotive manufacturer Toyota. See below details of the seven wastes and some examples:

- **Transportation.** For example, the unnecessary movement of information, people, and switching between tasks too often, countless interruptions from colleagues;
- **Inventory.** For example, excessive information that takes up valuable time to export, or requires resources to manage it, or manual intervention for system integration;
- **Motion.** For example, unnecessary meetings or extra effort to find information or manual workarounds because of system inefficiencies;
- **Waiting.** For example, waiting for information of checks / sign offs to be completed before progressing to the next stage;
- **Overproduction.** Producing information that no one is going to use;
- **Overprocessing.** The process is doing more than is required; and
- **Defects.** The production of defective information or delivery of a service that requires either a rework or a scrapping of data. Slow system access impacting the efficiency of completing tasks or bugs in systems.

On 24 June 2024 and 14 August 2024, we discussed the potential areas for improvement with the Head of MIS and Services. Improvement recommendations were then prioritised based on the impact (level of efficiency savings or cost benefit that could be obtained), as well as the ease of implementation.

The session categorised the three points raised as follows:

Priority Category	Number
High	1
Medium	2
Low	0

Details to these recommendations are as follows:



Improvement Points Identified from Interviews and Focus Groups (continued)

High Priority Items			
No	Short Description	Detail	Management Comments
1	The College's Estate Strategy needs to be updated to reflect the current space requirements of the curriculum, staff, and students.	<p>The reduction in real-term funding from the Scottish Government necessitates that the College explores alternative income generation strategies. Management has indicated that they are seeking opportunities to expand in high-demand areas such as ESOL and commercial teaching, aiming for full cost recovery.</p> <p>However, space at the main campus is limited, and several issues have been raised by staff and the Student Association representative (see Appendix). The Curriculum Manager also noted that it is already challenging to meet current teaching needs and ensure that campus facilities accommodate all staff and student requirements and activities.</p> <p>Risk: The College estate may be unable to accommodate the growing demand for space from alternative teaching income streams.</p> <p>Recommendations: A refresh of the College Estate Strategy is necessary to address the evolving needs of all estate users. This should be based on a thorough review of space requirements for curriculum delivery, support staff (including workspaces and meeting rooms), and students (including social and self-study areas). The strategy should also explore how blended learning and hot desking practices could reduce the need for physical space.</p> <p>Furthermore, the strategy should consider how to optimise the use of existing space, including the possibility of reconfiguring spaces to better support the needs of the curriculum, staff, and students. This might involve using modular furniture or designing rooms to be multi-functional.</p>	<p>The existing Estates Strategy is very outdated, and update has started.</p> <p>However, it is integral to understand the requirements of the College moving forward, thinking well ahead to enable us to tailor the College estate and facilities to meet the future requirements. This knowledge and discussion should result in the Estate Strategy being a genuinely useful document.</p> <p>The review of existing space and modular furniture will also involve the Estates Strategy and is currently part of the Curriculum Operational Planning process that happens year on year. This process is a good opportunity for the users of the room to review the best use of their rooms and suggest cosmetic or structural room changes.</p> <p>To be actioned by: Head of Facilities</p> <p>No later than: 30 November 2024</p>



Space Management / Room Utilisation Business Process Review

Medium Priority Item			
No	Short Description	Detail	Management Comments
2	<p>Space management objectives and room utilisation targets need to be clearly defined in policies and procedures, accompanied by a structured space utilisation monitoring process.</p>	<p>Currently, there is a lack of formal policies and procedures governing space management, including room allocation, bookings, and utilisation targets for teaching spaces. These guidelines are essential for establishing best practices and ensuring that campus facilities are used effectively by curriculum staff.</p> <p>Additionally, there is no established process for monitoring adherence to the College's space management policies and procedures, which is crucial for identifying areas requiring improvement.</p> <p>In practice, Curriculum Managers are responsible for allocating both specialised and general teaching spaces, allowing them to block book rooms for full-time and part-time FE courses. This system offers flexibility to meet additional teaching demands and student support needs. However, it can also limit management's ability to identify underutilised rooms, reducing the flexibility needed for temporary allocations.</p> <p>Risks: The College's estate may not be operating at maximum efficiency, potentially impacting the ability to expand teaching offerings effectively and efficiently.</p> <p>Recommendation: Develop space management policies and procedures that include optimal room utilisation targets (both in terms of frequency and occupancy) for specialised and general teaching areas.</p> <p>Implement a process to regularly review and audit room utilisation data, integrating information from attendance records, timetabling, and room occupancy sensors. This will help identify areas of over- or under-utilisation, enabling better planning for alternative uses.</p>	<p>Management agree that policies and procedures (timetabling protocols and room booking) should be developed for cross college use. This is to be led by the curriculum area to enable support function departments to have systems in place.</p> <p>A process for monitoring space utilisation is to be developed by the Head of Facilities/IT using current data sources. This should be user friendly and not time consuming, maybe even tied to existing curriculum systems (attendance etc).</p> <p>However, it will be the department who ensure non bias room booking through the electronic booking system. This whole process should be overseen by the Associate Principals.</p> <p>To be actioned by: Head of Facilities, Head of IT, Vice Principal Finance, Resources and Sustainability, and Head of Curriculum.</p> <p>No later than: 23 December 2025</p>



Space Management / Room Utilisation Business Process Review

Medium Priority Items (Continued)

No	Short Description	Detail	Management Comments
3	A centralised room booking system is required that is visible by the whole College.	<p>There is a lack of a centralised Room Booking System that integrates timetabling data and general space and room data to show availability of classrooms, office space and general activity space across the campus at any given time.</p> <p>Risk: The absence of such a system leads to suboptimal room scheduling, causing inefficiencies and wasted time when searching for suitable spaces.</p> <p>Recommendations: Management should consider implementing a Room Booking System that consolidates timetabling information and other rooms to provide information on real-time room availability, enabling staff to easily review and identify appropriate rooms.</p>	<p>Agree. There needs to be timetabling protocols and a room booking system that is visible and can be used by the whole College. This then allows for room utilisation data to be monitored.</p> <p>To be actioned by: Head of Facilities and Head of IT</p> <p>No later than: 30 August 2025</p>



Appendix – Stakeholder-Identified College Estate and Space Issues for Consideration in the Updated Estates Strategy

- There is a lack of event spaces or multi-use rooms, such as lecture theatres that can be converted into conference or event spaces. While there is potential to utilise community facilities for these needs, there is missed opportunities for the College to host events and generate additional revenue and limit the College's ability to engage within the local community, raise its profile or diversify income streams.
- Insufficient meeting rooms for staff, leading to the use of the Boardroom or classrooms when available. This could result in reduced productivity and inefficiency when staff cannot find appropriate space for meetings, leading to disruptions, delays, or the use of unsuitable environments, which can impact collaboration and decision-making.
- Lack of appropriate spaces for smaller meetings with students or ASN (Additional Support Needs) assessments. Currently, a classroom designed for over 20 people is often allocated for one ASN student which is not efficient use of the space. This could hinder the effectiveness of assessments and personalised support to the student in turn affecting their educational outcomes and wellbeing.
- There are no alternative lifts to provide accessibility to upper floors when the main lift shaft is under maintenance. This could restrict accessibility for individuals with mobility issues and their exclusion from accessing essential services and facilities.
- There is limited flexible teaching spaces that adapt to different cohort size. Staff reported instances that groups could not be merged resulting in increasing the number of individual groups and in turn staff required to deliver the unit.
- Insufficient dedicated self-learning spaces for students. This could result in reduced student engagement and potential academic performance as a lack of dedicated self-learning spaces may limit the student's ability to study effectively and independently from home.
- No soundproofed rooms for confidential discussions resulting in potential breaches of privacy when conducting sensitive discussions involving personal or sensitive information.
- The single food court becomes overwhelmed during peak times, resulting in queues that extend into the main thoroughfare. As a result, curriculum areas adjust finishing times to allow student access to the canteen. This may impact negatively on the learning experience and overall campus efficiency.
- Office space is fixed and there is a lack of hot desking options for staff office use.



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AUDIT AND RISK COMMITTEE

DATE	27 August 2024
TITLE OF REPORT	Rolling Audit Recommendations Monitor
REFERENCE	07.1
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Vice Principal – Finance, Resources & Sustainability Elaine.mckechnie@slc.ac.uk
PURPOSE:	To present an update on the work that has been undertaken by the College to address previous audit recommendations.
KEY RECOMMENDATIONS/ DECISIONS:	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • Note the work that has been done to address the recommendations to date; • Note that internal audit has recently started follow up reviews in respect of the audits from 2021/22 and 2022/23 and updates have been reflected within this report narrative where appropriate. • Note that the audit recommendations from the audits undertaken in May 2024 have now been added to the report in respect of publicity and communications and procurement/purchasing/creditors. • Note that there are no recommendations to be added from the recent Student Services audit and the recommendations from the Business Process Review (BPR) for Room/Space Utilisation will be added to the monitor by November 2024, following discussion of the final report at this meeting of the Audit & Risk Committee.
RISKS	<ul style="list-style-type: none"> • That the College does not have appropriate internal controls to safeguard its staff, students and assets • That the College does not have adequate risk management processes and procedures in place.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The College has made some progress in addressing the recommendations made in previous audit assignments. • There are 24 outstanding recommendations on the monitor, covering 3 Cyber Security, 2 Health & Safety, 1 Risk Management, 5 Staff Recruitment & Retention, 4 Budgetary Control, 2 Student Support Funds, 3 Student Activity (Credits), 2 Publications and Communications Audit and 2 Procurement and Purchasing/Creditors. • Most of the Cyber security recommendations have now been closed. • The College has also responded to internal audit progress reviews during the summer of 2024 and this has helped to

	<p>either close out recommendations or amend targeted completion dates with renewed focus.</p> <ul style="list-style-type: none">• Common themes to address each recommendation continue to include the revision of internal policies and procedures, enhanced reporting and data quality checks, the roll out and completion of training exercises and the implementation of new systems (HR and Student Records).• The achievement of all recommendations above continues to be dependent on staff compliance with policies, procedures, training initiatives and new systems and the College having sufficient staff resources to undertake work.• The College therefore remains confident in its ability to satisfy each of these recommendations and details the progress and target dates for completion.• Completed recommendations are moved to a separate tracker and will be subject to annual review should they need to be refreshed (i.e. procedure documentation may be updated periodically which might in turn require a revisit of a previously closed recommendation).
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1. INTRODUCTION

- 1.1. This paper provides an update of the College's progress in responding to Internal Audit Recommendations from prior audit engagements. It is a centralised point of reference for logging of all actions taken to ensure that the recommendations are enacted. The report is subject to an internal review by the Senior Leadership Team (SLT) on a quarterly basis, with updates provided by the owner of the recommendations. This ensures sufficient focus and commitment from the College to ensure that recommendations are accepted and enacted.

2 BACKGROUND

- 2.1 Internal Audit is a necessary function to ensure good governance and control within each area of College operations. The report details findings from Internal Audits with College management response to those findings and suggestions as to timeframes for completion of work required to address concerns raised.
- 2.2 Recommendations are discussed upfront with Management when each audit assignment is being concluded to ensure that the College accepts those recommendations and has a clear understanding of what is required to enact changes to existing process.
- 2.3 It should be noted that the College is currently working with Internal Audit to devise an audit plan for 2024/25 and the published report will be brought to the next meeting of the Audit & Risk Committee in November 2024.

3 CYBER SECURITY

- 3.1 The College has worked hard to ensure the completion of most of these recommendations from the 2021/22 audit cycle. Only 3 remain for completion by the end of September 2024.
- 3.2 Mechanisms have been established for testing the effectiveness and value for money of security training provided to staff. The College requires all training to be completed by staff for the College to fully assess its effectiveness. A security questionnaire has been issued however time is required for its return before this recommendation can be closed off. The results from the questionnaire will be shared with Internal Audit in the hope that this item can be closed off imminently.
- 3.3 The College has explored guidance for staff on how to manage their digital footprints safely and reduce the risk of becoming a target for attackers, both in a professional and personal capacity. A social media and communications policy is being created by the Marketing Manager and a section on security has been added. A draft set of guidelines has now been prepared and will be taken to the Senior Leadership Team (SLT) for internal approval in the coming weeks. The estimated timeframe for the full implementation of this recommendation, pending Board approval, has moved from June 2024 to November 2024.
- 3.4 The Incident Response Process, and supporting playbooks, need to be tested by way of a scenario-based desktop exercise to ensure staff know how to respond during an incident, and to also highlight any problem areas in the planned response. While incident response documents exist along with playbooks, training still needs to be rolled out. This will be taken to the Senior Leadership Team during Autumn 2024 for approval. Our insurance company, AJ Gallaghers, have also advised that they can lead a session during 2024/25 with the College to test our Business Continuity Planning, which will further ensure the robustness of our incident response processes.

4 HEALTH & SAFETY

- 4.1 The College remains confident in its ability to close the following recommendations however work has been delayed due to a long-term absence in the team and some actions are contingent upon the completion of training exercises which are currently underway.
- 4.2 A programme of refresher training for staff has been developed to coincide with the launch of the revised Occupational Health and Safety Policy and associated procedures. The recommendation cannot be marked as completed until all training has been fully undertaken.
- 4.3 The reporting of an Annual Health and Safety Report to be incorporated into the forward workplan for the Human Resources Committee is a key priority for the College. The Estates team is undertaking work to ensure that this is completed as soon as possible for review and discussion at the next Human Resources Committee meeting in November 2024.

5 RISK MANAGEMENT

- 5.1 The College has substantially increased its focus on risk management, recognising that it underpins the College's ability to implement its strategy fully. The College continues to report risks to both its internal Board and the regional Board, ensuring that new risks are identified timeously and current risks are mitigated where possible. The College is confident in being able to achieve the below recommendation.
- 5.2 As reported in May 2024, as part of risk management, the Board undertook an exercise with Henderson Loggie, internal auditors, last May 2023 to look at Strategic Risk Management. This included a session on assessing the College's 'risk appetite' with a view to an assurance mapping exercise being implemented against the current risks on the risk register. Given that Board of Management membership has changed quite extensively since then, it has been suggested that another risk appetite session is done with the Board at a future strategic planning day on 19th November 2024. The College intends to close off this recommendation directly after this session.

6 STAFF RECRUITMENT & RETENTION

- 6.1 The College remains committed to improving its staff recruitment and retention management and work is underway to ensure full compliance with the following recommendations through refreshment of key policies and procedures and through the implementation of a new HR system which will improve reporting capabilities.
- 6.2 The College was recommended to define timeframes for completion of the ongoing review of its recruitment and selection policies to ensure that they are completed in a timely manner and are issued to the relevant staff for their understanding. The College continues to refresh dated policies and implement policies where there are gaps. The Human Resources Committee has agreed to a recruitment policy being part of the next suite of new policies being implemented.
- 6.3 The College was recommended to prepare procedural documents to formally document the administration processes to be followed when recruiting a new member of staff, to ensure that the process can be consistently performed by anyone in the event of staff absences / unexpected turnover. This is also being addressed by way of the refreshment of dated policies.
- 6.4 When uploading documentation to the new HR system, the College should take steps to ensure that all information is accurate prior to upload to the new HR system, and any

amendments to the information held on file should be checked with the relevant stakeholder(s) where any issues are identified. The College agreed to additional checks for future documentation checks and acknowledged that the new HR System will support this once implemented. The HR system “go live” date was June 2024 however the College continues to run the legacy payroll system in tandem with the new system given further work is still outstanding to address a minor ‘snagging’ list of operational differences between the two systems. The College will continue to work with the system provider to resolve system differences asap and takes early assurances that the new system is working effectively in comparison to the legacy system payroll results.

- 6.5 It was recommended that the College set out a clear timeline for importing all relevant hard copy documentation to the new HR system iTrent, to ensure that this data transfer is completed in a timely manner and to avoid a protracted scenario where some information is held electronically and some information is still held in hardcopy files. Following the implementation of the new HR System, the College had initially proposed the importing of hard copy documentation and a project plan for the importation by May 2024. However, owing to delays in the launch of the HR system, the project plan for importation is now expected to be created by December 2024.
- 6.6 It was recommended that the College implement ongoing engagement measures to capture levels of staff satisfaction to reduce the risk of employees leaving the employment of the College. The College has historically measured engagement through various surveys which do not capture the full employee journey. As a result, it is now included within the HR & People Strategy. The College employee engagement framework was also recently introduced to staff at the Staff Conference on 13th August 2024 and the afternoon session was focused on tasking employees to devise suggestions for ways to improve engagement. The College understands that this cannot be a one-time exercise and engagement will need to be monitored over time.

7 BUDGETARY CONTROL

- 7.1 The College remains committed to enhancing the quality of financial reporting and specifically the annual budget process. With curriculum planning sessions completed in January 2024, the financial planning for those curriculum requirements can now be documented ensuring sufficient staffing, materials and overhead costs are in place to support planned levels of activity. A full process can now be documented utilising enhancements available from curriculum planning templates and Power BI reports.
- 7.2 The College recently provided an update to Henderson Loggie on the progress that has been made on these audit recommendations and while month end processes have not been fully embedded yet, the recommendations remain largely outstanding but with notable progress noted against each one. Due to the complexities of upgrading the Finance System, ensuring underlying data integrity and rolling out a more formalised month end process, some of the expected completion dates have moved to early 2025.
- 7.3 The College has started to formally document budget setting timetables, setting out all key activities in the budget setting process from end to end, to ensure that all activities are completed timeously. A draft budget setting process was prepared in April 2024 and will be further enhanced with procedural steps by the Finance Team as work towards the Budget setting process for 25/26. This will align with the Curriculum Planning Sessions that will take place across 2024-25 for the next academic session.
- 7.4 The College was also recommended to consider developing enhanced real time financial information and dashboards, perhaps via Power BI, to allow Budget Holders to monitor actual income and expenditure against budget in real time. The Finance team continue to

work with MIS and the Developers to understand and utilise Power BI more fully within reporting. Since May 2024, further progress has been made to build out Power BI capability within financial reporting and the heightened focus on commercial income streams for 24/25 have also helped to drive improvements to the software to enable more accurate reporting. Similarly, budgets for 24/25 relied on reports and month end income accruals/deferrals will also be centred around Power BI, driving a clear need for data accuracy. There are still however some enhancements that could be made to ensure the completeness of the data within Power BI, particularly as we look to roll out a more robust month end reporting process.

- 7.5 The Finance team should document the month end process currently followed by Finance, including preparation of budgeting information to allow for prompt publication of income and expenditure by budget line for review and monitoring by Budget Holders. This should be adapted as the capabilities of BluQube are enhanced to include reports immediately following the completion of the month end close process. Work is ongoing to implement a full month end process to ensure more transparency in reporting of financial results. Consultancy support has been purchased for September 2024 to enable critical updates to be made to the Finance system, which will enable the College to issue more timely financial reports to Budget Holders.
- 7.6 The College was tasked to create a formal training programme for Budget Holders, which they are required to complete before they undertake their budget monitoring role. Attendance by the finance team at a future Curriculum Management meeting will be arranged during 2024/25 to set out and imbed processes and procedures going forward. With finance system upgrades, it is hoped that the College can leverage system improvements to deliver a more automated report for Budget Holders.

8 STUDENT SUPPORT FUNDS

- 8.1 The College recognises the importance of the student support funds audit and the role that the College plays in administering public funds to qualifying students. The College is confident that it can demonstrate that these two outstanding points have been addressed in the subsequent student support fund audit that is scheduled for late August 2024
- 8.2 The College was recommended to ensure that distribution lists identifying Bursary students in receipt of study materials are maintained for each purchase invoice charged to the Bursary fund. Based on the current approach, the College should ensure that the planned study costs for each course still reflect the specific items or materials needed for the course and the current price from suppliers. The College has accepted this recommendation and is undertaking work to ensure all is in place for the next student support fund audit in late August 2024.
- 8.3 A further check was advised to be made on the categorisation of ASN costs to ensure that they are correctly disclosed on the FES return. It is understood that this process is now being undertaken on an ongoing basis and the Management Accountant has consulted with the Head of MIS to ensure that this can be reported on the FES return.

9 STUDENT ACTIVITY (CREDITS)

- 9.1 The College is committed to ensuring upmost accuracy in credit claims for student activity through greater data checks and through the latter implementation of a new student record system to auto-enhance data integrity. It fully expects to be able to close off the residual recommendations below during the student activity (credits) audit that is scheduled for late August 2024.

- 9.2 As recommended, credits claimed for students on part-time programmes will now be more closely based upon the value of the units listed on the discrete course record, or notional Credits based on planned hours of activity divided by 40, and not based upon a default tariff.
- 9.3 It was also recommended that credits claimed for flexible learning courses adequately reflect the level of activity undertaken in the year. The College accepts that it needs to be closely monitored during the year, ensuring that concerns are raised with curriculum teams and is confident in closing this action by September 2024.
- 9.4 The final recommendation was that the required date input into SITS (Student Records System) is calculated in line with Scottish Funding Council (SFC) guidance. This was an issue between the course required date and the student required date in the system. More care is being taken to ensure that the required dates are accurate in the system and that the FES output takes the information from that field.

10 PUBLICITY AND COMMUNICATIONS

- 10.1 The audit focused on the systems in place within the College for the management of positive and negative publicity externally, and internal communication. The College is committed to ensuring appropriate communication across all College activities, understanding the significant reputational risks of failing to comply with policies and procedures.
- 10.2 It was recommended that comprehensive social media guidelines should be developed in order to support staff who have direct access to College social media accounts; and to guide staff in their use of personal social media in relation to information which pertains to their role within the College. The College has been working over the last quarter to devise draft social media guidelines that it intends to share with the Senior Leadership Team (SLT) in early Autumn 2024. If approved internally, these will be brought to the next round of committee meetings in November 2024.
- 10.3 It was also recommended that crisis communication training be delivered for the Principalship and the Marketing and Communications Manager. While the Principal and Vice Principal – Learning, Teaching & Student Experience have undertaken formal training in the past, the Vice Principal – Finance, Resources & Sustainability and the Marketing and Communications Manager will undertake crisis management training with Police Scotland in March 2025. Once the courses have been completed, the audit recommendation will be closed off.

11 PROCUREMENT AND PURCHASING/CREDITORS

- 11.1 The audit focused on the systems in place within the College for all procurement activity and procedures, also reviewing the steps involved in the monitoring and control of purchases and resulting aged creditor balances.
- 11.2 The first recommendation from the audit was to amend the approvals of low value purchase orders in PECOS to Vice Principals and Associate Principals (rather than requiring sign off by the Principal), to reduce the risk of a bottleneck. This has been set out in the Finance Regulations which were approved in May 2024 and are currently in the process of being reflected through PECOS. It is anticipated that all updates (including communication of all changes to relevant staff) will be targeted by November 2024.
- 11.3 The second recommendation was that the College formalises its process for recording changes to supplier's standing information (including bank details and addresses) by implementing a standard form to document the independent checks undertaken to verify the changes, with a peer review / management review step implemented to ensure that there has been independent review of the changes made to supplier standing data prior to any payment being made to the relevant supplier following the application of the changes on the system. This has been accepted by the Finance Team and a draft form has been prepared. The form now requires internal approval from the line manager of the

function prior to it being used as part of the formal process. This will be formally completed by November 2024.

12 RESOURCE IMPLICATIONS

- 12.1 The achievement of all recommendations above is dependent on staff compliance with policies, procedures, training initiatives, new systems and the College having sufficient staff resources to undertake work.
- 12.2 The College reminds staff regularly to complete training courses on a timely basis and resource issues are carefully considered by the Senior Leadership Team to ensure that key priorities can be tackled.
- 12.3 As and when recommendations are complete, recommendations are moved to a separate tracker and will be subject to annual review should they need to be refreshed (i.e. procedure documentation may be updated periodically which might in turn require a revisit of a previously closed recommendation).

13 EQUALITIES

- 13.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

14 RISK AND ASSURANCE

- 14.1 That the College does not have appropriate internal controls to safeguard its staff, students and assets; and
- 14.2 That the College does not have adequate risk management processes and procedures in place. is on the front cover as well, so suggest retaining if further detail is required.

15 RECOMMENDATIONS

- 15.1 The Committee is asked to:
 - 15.1.1 Note the work that has been done to address the recommendations to date;
 - 15.1.2 Note that internal audit has recently started follow up reviews in respect of the audits from 2021/22 and 2022/23 and updates have been reflected within this report narrative where appropriate.
 - 15.1.3 Note that the audit recommendations from the audits undertaken in May 2024 have now been added to the report in respect of publicity and communications and procurement/purchasing/creditors.
 - 15.1.4 Note that there are no recommendations to be added from the recent Student Services audit and the recommendations from the Business Process Review (BPR) for Room/Space Utilisation will be added to the monitor by November 2024 following discussion of the final report at this meeting of the Audit & Risk Committee.

Appendix 7.2 Audit Recommendations Monitor as at 19 August 2024.



AUDIT AND RISK COMMITTEE

DATE	27 August 2024
TITLE OF REPORT	SLC Strategic Risk Register Commentary
REFERENCE	08.1
AUTHOR AND CONTACT DETAILS	Elaine McKechnie, Vice Principal – Finance, Resources & Sustainability Elaine.mckechnie@slc.ac.uk
PURPOSE:	To provide members with an update to the risk management arrangements of the College.
KEY RECOMMENDATIONS/ DECISIONS:	Members are recommended to: <ul style="list-style-type: none">• Note the movements in risk scores since the last Register review and in particular, the increased risk re financial controls, credit targets, capital funding maintenance, failure to provide a robust learner experience and sustainability/net zero targets.• Note the reduction in risk scores in respect of providing an engaging and effective employee journey and in the failure to safeguard the health and wellbeing of staff students.• review and approve the strategic risk analysis contained in the College's Strategic Risk Register and the commentary therein.
RISK	<ul style="list-style-type: none">• That College strategic risks are not identified, and mitigating actions are not taken.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none">• Successful Students• The Highest Quality Education and Support• Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none">• Of the fifteen risks identified, five score has increased in while two scores have decreased.• The main challenges for the College continue to be financial sustainability and the ability to provide a robust learner experience because of ongoing strike action.• The College is encouraged by the work undertaken to enhance employee engagement and the support and safeguard the wellbeing of both students and staff.

Ref 08.1 SLC Strategic Risk Register

Ref 08.2 SLC Cyber Risk Register

1. INTRODUCTION

- 1.1. This paper provides a commentary on the College's strategic risk register as reviewed by the Senior Leadership Team on 06 August 2024. The risk register is an important document that demonstrates the College's commitment to the establishment and maintenance of effective governance and control arrangements.
- 1.2. As noted previously in May 2024, the strategic risk register now contains a risk 'cause' that seeks to label each risk as being either controllable (internally influenced) or uncontrollable (externally influenced). Controllable risks ordinarily encompass human, financial and operational risks, with uncontrollable risks encompassing market and political risks.
- 1.3. For the College sector, it is important to note that financial and political risks are interlinked due to reliance on central Government funding.

2. RISK ONE - FINANCIAL SUSTAINABILITY

- 2.1 Post-mitigation risk has been maintained at 16.
- 2.2 Despite enrolments being ahead of last year at this point (200 additional enrolments YoY), industrial action continues to threaten income streams in the form of threats to student recruitment and retention.
- 2.3 A further £29k of European Social Funding clawback has also been communicated to the College during the summer, taking the expected clawback from £34k to £63k.
- 2.4 The ongoing uncertainty surrounding final pay settlements for curriculum staff also puts significant financial strain onto the College.

3. RISK TWO - FAILURE OF FINANCIAL CONTROLS

- 3.1. Post mitigation risk has been increased to 12 from 9.
- 3.2. The College continues to be conscious of the added scrutiny on the organisation regarding financial controls and works closely with external and internal audit teams to identify risks and mitigate against them.
- 3.3. College recognises that the Pension and VAT reporting issues as advised in May 2024 have flagged a failure of financial controls but mitigating actions have been put in place and errors have been remedied where appropriate.
- 3.4. The College has also operated without a Head of Finance since last November 2023 but interviews are being scheduled imminently in the hope of filling the post soon. An additional resource has also been recruited on a 0.4 FTE basis to support the work of the finance administrators which should help with the overall financial control environment (starting September 2024).
- 3.5. Further work is being targeted to upgrade the College Finance System in September 2024 to enable more timely and accurate financial reporting capabilities which will enable better review of data and act as an enhancement to the overall financial control environment.
- 3.6. The College recognises that in the current environment, the probability of a financial control failure is higher however the impact would be expected to be lower, given mitigations in place and the ongoing work to bolster the control environment.

4. RISK THREE - CREDIT TARGET

- 4.1. The post mitigation risk has been increased from 3 to 6.
- 4.2. The College recognises that it faces an operational risk in the form of failure to retain apprenticeship contracts with local businesses and employers due to on-going strike action impacting on the resulting of students, which could impact on credit targets and other income. Specifically, the Construction area is a current risk, and the College may not be able to service all apprenticeships in bricklaying, painting and joinery.
- 4.3. Nevertheless, there is still demand in the area and recruitment is higher than previous year at this same point in time (200 additional enrolments). The College anticipates reducing this risk scoring as the academic year progresses into 2025 and enrolments are fulfilled.

5. RISK FOUR – THERE IS A BREACH OF LEGISLATION AND ASSOCIATED REGULATIONS

- 5.1. The College continues to be confident that its arrangements for and in particular, GDPR, means that it can record a lower risk score. The latest review has not flagged any concerns or requirement to change this risk score.
- 5.2. The Data protection team have worked through a number of ROPA with each area and are currently pulling together Info for an Asset Register. Records Retention Policy is now complete and published, actions will follow this publication via communication of this policy to improve document governance.
- 5.3. GDPR mandatory training has been rolled out and an internal Data Protection group has been established.
- 5.4. The College continues to meet sustainability reporting requirements and inputs to the PB Climate Change Report annually to be compliant.
- 5.5. The Health and Safety Policy has been refreshed and the College intends to roll out Health and Safety employment law training to enhance accountability and knowledge in that area for those impacted.
- 5.6. It is also the intention for the College to roll out 'Back to Basics' training, ensuring that all relevant policies and procedures are documented and known to all staff in each respective area.

6. RISK FIVE - CAPITAL FUNDING REQUIREMENTS

- 6.1. There has been an increase from 9 to 12 in risk scorings in August 2024.
- 6.2. The College acknowledges that there continues to be insufficient funding for capital and maintenance works however it does benefit from having a relatively new campus.
- 6.3. The College has also implemented quarterly CAPEX meetings to ensure progress is made on capital projects that are priority.
- 6.4. Two members of the College Management Team have also attended CDN workshops to discuss and input to the College Sector wide strategy for Digital and Physical Infrastructure and this has proved insightful, sharing ideas and plans with colleagues.

6.5. The College has further incorporated capital expenditure planning into curriculum planning cycles to enable more proactive, informed and timely decisions to be made to support curriculum areas most in need. at the end of March 2024.

7. RISK SIX – THERE IS A BREACH OF LEGISLATION AND ASSOCIATED REGULATIONS

7.1. As per risk four, the College remains confident that its current arrangements mean it can record a risk score that is not of immediate concern. No change currently required.

7.2. Staff resource is working to capacity to get through policies and procedures updated as required. Safeguarding updates have been published and rolled out to the Safeguarding group over the last quarter.

7.3. The College has updated the Health & Safety Policy in line with legal requirements. Risk assessments for 2024/25 are ongoing and reminders have been sent to curriculum areas to complete them at their earliest convenience in August 2024. Ventilation works in the paint rooms have been undertaken and the Occupational Hygienist has undertaken atmospheric and personal monitoring prior to the works and will revisit next month.

7.4. Face fit (mask) training has been delivered to affected staff in August 2024 to support with the safety of workshop practices within painting and decorating.

7.5. The College is also in the early stages of looking into an employee health surveillance programme, gathering the necessary information.

8. RISK SEVEN – BUSINESS INTERRUPTION

8.1. No change to risk scorings in August 2024.

8.2. The College is confident that its arrangements for business continuity allows it to report an acceptable level of risk, although further training for both staff and Board members is required.

8.3. As at August 2024, a Business Continuity Planning (BCP) scenario will be rolled out to SLT this term, which is based on the HEFESTIS change management process. The College insurance provider, AJ Gallaghers, have also offered to run a session to test the robustness of BCP procedures across 2024/25.

9. RISK EIGHT - DAMAGE TO THE INTEGRITY OF MANAGEMENT INFORMATION SYSTEMS

9.1. The risk scoring has been maintained at 3 in August 2024.

9.2. Cyber audit recommendations have largely been actioned with only 3 outstanding and cyber security continues to be a priority for the College.

9.3. A cyber risk register has now been prepared and will be monitored quarterly alongside the strategic risk register (please see appendix 08.2).

10. RISK NINE – FAILURE TO ACHIEVE ACCEPTABLY HIGH LEVELS OF LEARNING AND TEACHING

10.1. There has been no change to the risk scoring as at August 2024 (currently 4).

- 10.2. The Care Thematic review was extremely positive, as was the official feedback from the HM Annual Inspection visit.
- 10.3. The relaunch of the Quality manual (the SLC Way) that was introduced at the Staff Conference on 13th August 2024 will ensure consistency across all areas, be it curriculum or business support based. This further demonstrates the College's commitment to achieving high levels of learning and teaching.
- 10.4. The PDLT relaunch puts student evaluation at the forefront and the Colleges internal safeguarding procedures ensure an excellent student experience.

11. RISK TEN - THERE IS A FAILURE TO PROVIDE AN ENGAGING AND EFFECTIVE EMPLOYEE JOURNEY

- 11.1. There has been a reduction in risk scoring at August 2024, from 6 to 3.
- 11.2. The College has set out an Employee Engagement framework, which was launched at the Staff Conference on Tuesday 13th August 2024. This framework aims to build a culture of connectedness, togetherness, recognition, enablement and meaningful work across all areas of the College and the staff were asked to rate these engagement drivers and submit feedback on suggestions to Improve Employee Engagement Drivers.
- 11.3. Early feedback from the staff has been positive and the Executive Team are committed to taking feedback on board and implementing changes to help ensure an engaging and effective employee journey going forward.

12. RISK ELEVEN - THERE IS A FAILURE TO SAFEGUARD THE HEALTH AND WELLBEING OF STAFF AND STUDENTS

- 12.1. There has been a reduction in risk scoring at August 2024, from 6 to 3.
- 12.2. This is another positive area for the College and Student and Staff wellbeing and safety continues to be of utmost importance.
- 12.3. The College has recently secured a further minibus for the new term at the request of the Student Association who raised concerns for the safety of students across the winter.
- 12.4. Similarly, the Arm's Length Foundation (ALF) has continued to provide much needed financial support to provide free soups and sandwiches to students, not to mention the recent addition of the horticulture garden space to promote positive mental and physical wellbeing and funding for Student Counsellors.
- 12.5. The College is mindful of the strain on staff and students over COVID and the current challenges regarding cost-of-living crisis that will add to concerns. Additional resources have been brought in to assist both staff and students. As reported previously, the new HR management system, once implemented, will also assist with the management of employee wellbeing and development.

13. RISK TWELVE - THERE IS A FAILURE TO PROVIDE A ROBUST LEARNER EXPERIENCE TO SUPPORT ONWARD PROGRESSION

- 13.1. This risk has been increased from 9 to 12 as at August 2024.
- 13.2. Bursary risk tends to be higher at this point in the academic calendar. Nevertheless, the previous review of the internal process for 'lessons learned' from the administration of student bursaries to ensure quick dissemination of funding going forward and the

enhancement plan now in place to mitigate against the risk of delays from backlogs when assessing bursary applications is intended to support with an overall reduction in student dropout rates.

13.3. Similarly, standard monthly meetings with curriculum, student services and finance will ensure bursary application updates are communicated and any issues are resolved across departments on a timelier basis.

13.4. There are also some achievement gaps that have been identified by reportable performance indicators which need to be investigated. Current strike action continues to have a negative impact on the learning experience given delays to resulting student assessments and coursework. The College is also aware of a potential impact of ongoing industrial action on external quality assurance activities, which further heightens the risk to students.

13.5. The College also recognises that Service Level Agreements (SLAs) across curriculum and business support areas need to be incorporated to help support a robust learner experience, which will help to manage student expectations better in the event of, for example, faster response times.

13.6. The College is currently reviewing its Extended Learning Support (ELS) model currently at the College with a view to making some structural changes that will further support the student experience.

14. RISK THIRTEEN - FAILURE OF CORPORATE GOVERNANCE

14.1. No further change to this risk as at August 2024 (currently 6).

14.2. All corporate governance arrangements are up to date and a new Governance Professional has been appointed.

14.3. With the appointment of a new Chair of the Board, the College is confident that this enhanced level of Governance can be maintained given appropriate and key staffing appointments are now in place. Furthermore, a refresh of committees and the induction of Trade Union representatives as Board members has been undertaken and Committee Terms of Reference have been refreshed.

14.4. The Governance Professional is also intending on rolling out a strategy day for the Board in November 2024 to support the College with its assessment of risk appetite and to enable it to map assurances into the risk register.

15. RISK FOURTEEN – ADVERSE REPUTATIONAL RISK

15.1. There is no change to this risk scoring as at August 2024 (currently 12).

15.2. The College is acutely aware of potential reputational damage but has a communication plan in place and procedures for dealing with highly public crisis communications effectively and timely.

15.3. The College currently undertakes a rolling publication of good news stories across social media and general press platforms and social media guidelines have been developed to ensure that communications are appropriate. These guidelines will be rolled out to college staff in the coming weeks.

15.4. A stakeholder newsletter is set to be published later in August 2024 to support with the drive towards more positive communications from the College. External expertise is also being used to support the Marketing and Communications team.

16. RISK FIFTEEN – THE MEETING OF NET ZERO TARGETS

16.1. The risk scoring has been increased from 6 to 9 in August 2024.

16.2. The College Climate Change Action Team (CCAT) group has responsibility for setting out and delivering a project plan for further initiatives that will be undertaken to support the goal of net zero targets by 2040. This includes car charging ports, air tightness of the building, water conservation and aeration measures and further ground source heat pumps, to name but a few.

16.3. However, with both unknown and reductions in funding sources, it is increasingly difficult for the College to drive forward with larger capital investments. Scottish Government funding tends to be announced annually towards the end of the calendar year and is only available for a specific window, meaning that longer term plans cannot be put in place.

16.4. Despite the heightened risk, the College provided a sustainability update at the Staff Development Day on 15th August 2024 and has plans to put in place a Climate Change Risk Register. It will also work within the current funding restrictions to prioritise spend accordingly. The team are well versed in remaining vigilant to any new funding streams that might present.

17. EQUALITIES

17.1. There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

18. RISK AND ASSURANCE

18.1. That College strategic risks are not identified, and mitigating actions are not taken.

19. RECOMMENDATIONS

19.1. Members are recommended to:

- Note the movements in risk scores since the last Register review and in particular, the increased risk re financial controls, credit targets, capital funding maintenance, failure to provide a robust learner experience and sustainability/net zero targets.
- Note the reduction in risk scores in respect of providing an engaging and effective employee journey and in the failure to safeguard the health and wellbeing of staff students.
- review and approve the strategic risk analysis contained in the College's Strategic Risk Register and the commentary therein.

APPENDICES

Document 08.1 The College's Strategic Risk Register

Document 08.2 SLC Cyber Risk Register

AUDIT AND RISK COMMITTEE

DATE	27 August 2024
TITLE OF REPORT	Audit Committee Remit
REFERENCE	10
AUTHOR AND CONTACT DETAILS	Peter Scott, Governance Professional Peter.Scott@slc.ac.uk
PURPOSE:	To request members to approve the updated Audit Committee Remit.
KEY RECOMMENDATIONS/ DECISIONS:	Members are recommended to: <ul style="list-style-type: none"> • Approve the draft Audit Committee Remit • Remit to the Board for approval
RISK	<ul style="list-style-type: none"> • That the College does not have up to date committee remits in place ensuring compliance with the Code of Good Governance for Scotland's Colleges.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The Audit and Risk Draft Remit is presented for approval and includes areas such as composition and membership, the primary purpose of the committee and the minimum amount of times the committee should meet. Members are asked to review the full Remit at Annex A.

1. INTRODUCTION

- 1.1 The purpose of this paper is to provide an overview of the updated Audit and Risk Committee Remit for the approval of all members, the full document can be found at Annex A.

2 REMIT

- 2.1 The remit covers the composition and membership of the committee and highlights in particular that 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.
- 2.2 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 Chairing Member of the Board of Management cannot be members of the Audit and Risk Committee. No member of the Committee can also be a member of the Finance and Resources Committee.

3 PURPOSE

- 3.1 The purpose of the Audit and Risk Committee is to assure the Board of Management that the College has in place a system of governance, internal controls and risk management which is being maintained and developed to meet legislation and regulations applying to the sector.
- 3.2 The Committee must support the Board and the Principal by reviewing the comprehensiveness, reliability and integrity of assurances: the College's governance, risk management and internal control framework
- 3.3 The Committee should normally meet four times a year. The internal auditor should normally attend all Audit Committee meetings, together with other staff invited to attend. The external auditor should normally attend any meetings where external audit issues are being considered or otherwise at the request of the Chair.

4 EQUALITIES

- 4.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report. The Committee Remit has appropriate mechanisms of referral in place should matters relating to equalities be raised.

5 RISK

- 5.1 That the College does not have up to date committee remits in place ensuring compliance with the Code of Good Governance for Scotland's Colleges.

6 RECOMMENDATIONS

6.1 Members are recommended to:

6.1.1 Approve the draft Audit Committee Remit

6.1.2 Remit to the Board for approval

ANNEX A

BOARD OF MANAGEMENT

AUDIT AND RISK COMMITTEE REMIT

Composition and Membership

The Board of Management will establish a Committee to the Board to be known as the Audit and Risk 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. There shall be not less than three members. A quorum shall be three 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 Committee may, if it considers it necessary or desirable, co-opt members with particular expertise to assist its work but co-opted members shall not count towards the quorum, nor shall they have voting rights. The Principal and the Chairing Member of the Board of Management cannot be members of the Audit and Risk Committee. No member of the Committee can also be a member of the Finance and Resources Committee.

In terms of the Audit & Assurance Handbook, Elected Staff and Student Board Members, being classified as executive members, should not normally be appointed to membership of this Committee but if any such are appointed then non-executive members must constitute a majority both of the committee itself and of those present and voting.

The Principal and the Vice Principal of Finance, Resources and Sustainability should normally attend each meeting at the request of the Chair.

In the best interests of local collaboration, the Chair of the Audit and Risk Committee, from the Lanarkshire Regional Strategic Body should normally be invited to attend each meeting.

Attendance of other Board Members shall be entirely at the discretion of the Committee Chair

The Committee will hold annually a private meeting (without College Executives present) with internal and external auditors to discuss audit issues. Audit and Risk Committee Members or the internal or external auditors may request an additional private meeting at any time should there be issues that require to be discussed.

Purpose

The purpose of the Audit and Risk Committee is to assure the Board of Management that the College has in place a system of governance, internal control and risk management which is being maintained and developed to meet legislation and regulations applying to the sector. The Committee must support the Board and the Principal by reviewing the comprehensiveness, reliability and integrity of assurances: the College's governance, risk management and internal control framework. Further detail is provided in Annex A.

Alignment with Strategic Priorities

The Audit and Risk Committee is aligned to the College's strategic priorities of:

- Highest-quality education and support
- Sustainable behaviours
- Equalities

With a particular focus on the following values:

- Passionate about our roles and responsibilities
- Continually improving
- Delivering community and social value
- Reducing our environmental impact

Terms of Reference

The role of this Committee is to provide oversight and challenge regarding the progress the college is making against the duties outlined below but in addition the Committee shall consider any issues relating to strategic risk as may have been referred to it by any other Committee or by Management

Equalities

In addition to the overarching role in respect of Audit & Risk, the Committee is required to consider the implications of all decisions and recommendations being considered from the perspective of Equalities – and this will be a standing item on all committee agendas.

In addition to the protected characteristics as defined by the Equalities Act 2010, the Committee shall consider equality of opportunity for all irrespective of socio-economic background.

In the event that the Committee identifies any concerns with Equalities, the same shall be referred as appropriate to the Learning, Teaching and the Student Experience Committee and/or the Human Resource Committee

Collaboration and Partnership

The Committee is required, wherever possible and appropriate, to work in partnership with neighbouring Colleges, Local Authorities and Local Community Bodies to achieve the best learning outcomes for students and the most cost- effective use of resources.

Proceedings

The Committee should normally meet four times a year. The internal auditor should normally attend all Audit Committee meetings, together with other staff invited to attend. The external auditor should normally attend any meetings where external audit issues are being considered or otherwise at the request of the Chair.

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.

Duties of the Audit Committee (see Annex B)

The duties of the Committee are as follows:

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, [the Regional Strategic Board] and SFC have been fully informed of the matter where appropriate;
- Approving and monitoring of the College's policy on fraud, irregularity and whistleblowing, and how they are applied;
- 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 coordination of the two services;
- 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.

Risk Management

- Advising 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, as identified in the Risk Register and discussed at Audit and Risk Committee meetings, to the attention of the Board of Management.
- For the avoidance of doubt, Risk will be a standing item on all Board and Committee agendas.

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 systems of internal control.

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 response and having direct access to the external auditor; reporting to the Board where contents of Management Letter contains references to lack of effectiveness of financial controls;
- 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;
- Considering the College's financial statements in conjunction with the Finance Committee and recommending, in tandem with the Finance and Resources Committee, that the Board of Management approve the Annual Report and Financial Statements each year;
- Facilitating one meeting per annum without the attendance of College officers, between Committee members and the external and internal audit providers to discuss the work undertaken during the year and any issues that may have arisen.

Other Duties

- Reviewing relevant reports from the Scottish Funding Council, Audit Scotland, the Scottish Government and other organisations;
- Monitoring the performance and effectiveness of external and internal audit, and reporting on this to the Board of Management;
- 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, as measured via audits and reviews undertaken by APUC;
- Monitoring the College's compliance with the Code of Good Governance for Scotland's Colleges
- Considering the College's risk appetite annually or as deemed appropriate, during the year and make a recommendation to the Board of Management for its approval;

Reporting Procedures

The Committee should direct the minutes and appropriate papers of its meetings to the Board of Management for approval – and after approval to the Funding Body for information. After approval, the Committee's minutes, and any appropriate papers, must then also be published on the College's website subject only to the statutory exemptions contained within the Freedom of Information Act 2000.

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.

Effectiveness of the Committee

The Committee shall refer to the Code for Good Governance for Scotland's Colleges and:

- Undertake an annual self-evaluation exercise of the performance of the Audit and Risk Committee which will be forwarded to the Board of Management for their information
- Prepare an annual report for the Board of Management on the performance and duties undertaken by the Committee.

ANNEX A

Terms of Reference

Terms of reference 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);
- “Statement of Recommended Practice – Accounting for Further and Higher Education” (HE / FE SORP Board);
- “Code of Audit Practice” (Audit Scotland);
- “Financial Memorandum”
- “UK Corporate Governance Code” (Financial Reporting Council);
- “Scottish Public Finance Manual” (Scottish Government);
- “Government Financial Reporting Manual” (FreM) (UK Government)
- Financial Reporting Standards (FRS 102)
- Code of Good Governance for Scotland’s Colleges

The main consideration is to ensure that the Audit Committee is independent and has sufficient 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.

ANNEX B

Audit Appointment – Internal Audit

- The overview of the tender process for the appointment of internal audit providers, deciding the length of the agreement and any other pertinent factors to be considered
- The consideration of the appointment of the internal audit providers following the tender process and the subsequent recommendation to the Board.
- Review of the draft plan for work presented by the internal audit providers for the term of their appointment

Governance

- Review of the remit of the Audit and Risk Committee (annually – May / June)

Also Annually

(a) Duties related to the review of the annual audited financial statements (at the October / November meeting)

- Review of the Annual Report of the to the Board of Management and the Auditor General for Scotland (the “Annual Report”). This is to be done in conjunction with the review of the audited Financial Statements. The Committee has to agree that the draft Financial Statements can be considered by the Finance Committee. The Committee must also agree to forward the Annual Report to the Board of Management for their approval.
- Review of the external audit report of consolidated accounts
- Discussion of matters of concern with the College’s external and internal audit providers that may have arisen during the year. This should be done in the absence of College staff and executive officers.

(b) Other annual duties

- Preparation of the Annual Report of the Audit and Risk Committee to the Board of Management (October / November meeting)
- The determination of the external audit fee, the range of which is advised by Audit Scotland, and the external audit plan (May / June meeting)
- Review of the draft plan for work presented by the internal audit providers for the following year, with reference to the initial appointment documentation (August / September meeting)
- Review of the audit programme of the College’s Quality Audit Group (October/ November meeting)
- Completion of the self-assessment checklist from the Audit and Assurance Committee Handbook (February / March meeting)
- Consideration of Risk Appetite (May / June meeting)

Quarterly meetings

Consideration of :

- internal audit reports, including an update on progress of the annual cycle of internal audits
- College Risk Register
- Regional Risk Register
- the Technical Bulletins issued by Audit Scotland
- audits undertaken by external organisations such as Skills Development Scotland and the local authorities
- audits undertaken by the College’s own Quality Audit Group

Audit & Risk Committee

DATE	27 August 2024
TITLE OF REPORT	Anti -Bribery Policy
REFERENCE	13
AUTHOR AND CONTACT DETAILS	Elaine McKechnie, Vice Principal Finance, Resources and Sustainability Elaine.McKechnie@slc.ac.uk
PURPOSE:	To request members to approve the draft Anti-Bribery Policy.
KEY RECOMMENDATIONS/ DECISIONS:	Members are recommended to: <ul style="list-style-type: none"> • Approve the draft Anti-Bribery Policy • Remit the policy to the Board for approval
RISK	<ul style="list-style-type: none"> • That the College does not have up to date policies in place to safeguard the organisation and ensure the proper use of public funds.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The report sets out the key principles of the Anti-Bribery Policy • It also sets out responsibilities for the Board of Management and all College staff.

1. INTRODUCTION

1.1 The purpose of this paper is to provide an overview of the Anti- Bribery Policy in line with Scottish Government Strategy and to ensure best practice and thereby help to ensure the proper use of public funds.

2. THE POLICY

2.1 The policy provides the definition of bribery and sets out the four key offences in terms of the Bribery Act 2010 as follows:

- Bribery of another person
- Accepting a bribe
- Bribing a foreign official
- Failing to prevent bribery

2.2 It explains the concept of corporate offences as well as:

- Identifies the College as a relevant commercial organisation.
- Explains the benchmarks applied by the Courts.
- Explains the concept of proportionate procedures to be applied.
- Identifies the need for compliance with the Audit Scotland Code of Practice.
- Establishes the basis for risk assessment.
- Explains due diligence in context

2.3 Furthermore it highlights the importance of communication and training and the need for monitoring and review. It commits to proportional implementation, provides a summary of the criminal penalties and explains the relevance of the Public Contracts Regulations 2006

3 SCOPE

3.1 This Policy forms part of the College's internal controls and corporate governance arrangements. It applies to all of the organisation's activities.

3.2 It highlights the broad extent of the responsibility for control and outlines that this resides at all levels within the organisation. It covers all level and categories of persons associated with the College

4 KEY PRINCIPLES

4.1 The over arching principle is that bribery is not tolerated, with other principles set out including:

4.2 It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;

- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to 'facilitate' or expedite a routine procedure;
- accept payment from a third party that is offered with the expectation that it will obtain a business advantage;
- accept a gift or hospitality from a third party that is offered or provided with an expectation that a business advantage will be provided in return;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns regarding bribery; or
- engage in any activity in breach of this policy.

4.3 As well as the ones noted above facilitation payments are unofficial payments made to public officials and are not tolerated and are illegal.

4.4 The College commits to:

- setting out a clear anti-bribery policy and keeping it up to date;
- making all employees aware of their responsibilities to adhere strictly to this policy at all times;
- training all employees so that they can recognise and avoid the use of bribery by themselves and others;
- encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
- rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution;
- taking firm and vigorous action against any individual(s) involved in bribery;
- providing information to all employees to enable the reporting of breaches and suspected breaches of this policy; and
- including appropriate clauses in contacts to prevent bribery.

4.5 Where a breach of this Policy is notified to the College, the College will investigate and report matters to the police if necessary - and assist in any resulting criminal prosecution.

4.6 Note that gifts and hospitality are covered under a separate policy.

4.7 Any suspicion of breach of this Policy must be reported under the College's Whistleblowing Policy.

5 RESPONSIBILITIES

5.1 The Audit Committee is responsible for ensuring approval of this Policy.

5.2 The Vice Principal – Finance and Corporate Services is responsible for implementing and reviewing the Policy.

5.3 All College managers are responsible for ensuring that staff are made aware of their obligations under the Policy.

5.4 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of everyone within the organisation and staff members must avoid any activity that breaches this policy and:

- ensure that they read, understand and comply with this policy; and
- raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred, or may occur in the future.

6 EQUALITIES

6.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report

7 RISK

7.1 That the College does not have up to date policies in place to safeguard the organisation and ensure the proper use of public funds.

8 RECOMMENDATIONS

8.1 Members are recommended to:

8.1.1 Approve the draft Anti-Bribery Policy

8.1.2 Remit the policy to the Board for approval

5 RECOMMENDATIONS

5.1 Members are recommended to:

5.1.1 Approve the Anti-Fraud and Corruption Policy



South
Lanarkshire
College

East Kilbride

ANTI BRIBERY POLICY

Version Number: 2

Document Information

Procedure Published/Created:	
Reviewed Date:	October 2024
Owner:	
Approved by:	
Equality Impact Assessment:	
Next Review Date:	

Version History

Version Number	Date	Author	Rationale

Quick Links

We are inclusive and diverse, and this is one of our values.

We are committed to the FREDIE principles of Fairness, Respect, Equality, Diversity, Inclusion and Engagement.



To find out more about FREDIE click [HERE](#)

To find out more about our Vision, Mission and Values click [HERE](#)



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1.0 Policy Statement

1.1 Bribery is a criminal offence. We do not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we, or will we, accept bribes or improper inducements.

1.2 To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in or otherwise encourage bribery.

1.3 We are committed to the prevention, deterrence and detection of bribery. We have zero tolerance towards bribery. We aim to maintain anti-bribery compliance 'business as usual', rather than as a one-off exercise.

2.0 Introduction

2.1 Bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

2.2 The Bribery Act 2010 (the Act) (available from www.legislation.gov.uk) defines four key offences:

- bribery of another person (section 1)
- accepting a bribe (section 2)
- bribing a foreign official (section 6)
- failing to prevent bribery (section 7)

2.3.1 The Act makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. Under Section 7 there is also a corporate offence of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.

2.3.2 The guidance states that a 'commercial organisation' is any body formed in the United Kingdom and '...it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made'. The College is a 'commercial organisation'.

2.4.1 Whether the procedures are adequate will ultimately be a matter for the courts to decide on a case-by-case basis. Adequate procedures need to be applied proportionately, based on the level of risk of bribery in the organisation. It is for individual organisations to determine proportionate procedures in the recommended areas of six principles. These principles are not prescriptive. They are intended to be flexible and outcome focused, allowing for the different circumstances of organisations. Small organisations will, for example, face different challenges to those faced by large multi-national enterprises. The detail of how organisations apply these principles will vary, but the outcome should always be robust and effective anti-bribery procedures.

2.4.2 An organisation's procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of the organisation's activities. They are also clear, practical, accessible, effectively implemented and enforced.

2.4.3 Top-level management are committed to preventing bribery by persons associated with it by complying with the Scottish Government Strategy on Counter Fraud, Corruption and Bribery as

exemplified in the Audit Scotland Code of Practice. They foster a culture within the organisation in which bribery is never acceptable.

2.4.4 The College assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.

2.4.5 The College applies due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.

2.4.6 The College seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training that is proportionate to the risks it faces.

2.4.7 The College monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.

2.5 The College is committed to proportional implementation of these principles.

2.6 An individual guilty of an offence under Sections 1, 2 or 6 of the Act is liable to imprisonment for a maximum term of ten years, or to an unlimited fine, or both. Organisations are liable for these fines and if guilty of an offence under Section 7 are liable to an unlimited fine.

2.7 Under the Public Contracts Regulations 2006 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. There are no plans to amend the 2006 Regulations for this to include the crime of failure to prevent bribery. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. This College has the discretion to exclude organisations convicted of this offence.

3.0 Scope

3.1 This Policy forms part of the College's internal controls and corporate governance arrangements. This policy applies to all of the organisation's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.

3.2 Within the College, the responsibility to control the risk of bribery occurring resides at all levels within the organisation. It does not rest solely within assurance functions, but in all business units and corporate functions.

3.3 This policy covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, Board members (including independent members), volunteers and consultants.

4.0 Key Principles

4.1 Bribery is Not Tolerated

4.2 It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to 'facilitate' or expedite a routine procedure;
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;

- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy; or
- engage in activity in breach of this policy.

4.3 Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

4.4 The College commits to:

- setting out a clear anti-bribery policy and keeping it up to date;
- making all employees aware of their responsibilities to adhere strictly to this policy at all times;
- training all employees so that they can recognise and avoid the use of bribery by themselves and others;
- encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
- rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution;
- taking firm and vigorous action against any individual(s) involved in bribery;
- providing information to all employees to enable the reporting of breaches and suspected breaches of this policy; and
- including appropriate clauses in contracts to prevent bribery.

4.5 Where a breach of this Policy is notified to the College, the College will investigate the circumstances under the Employee Disciplinary Procedures, reporting matters to the police if necessary and assist in any resulting criminal prosecution.

4.6 This policy is not meant to change the requirements of our gifts and hospitality policy, as detailed in the Financial Regulations.

4.7 Where any member has a suspicion that any breach of this Policy has occurred, they should report it under the College's Whistleblowing Policy.

5.0 Responsibilities

5.1 The Audit Committee is responsible for ensuring approval of this this Policy.

5.2 The Vice Principal – Finance and Corporate Services is responsible for implementing and reviewing the Policy.

5.3 All College managers are responsible for ensuring that staff are made aware of their obligations under the Policy.

5.4 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the organisation or under its control. All staff members are required to avoid activity that breaches this policy.

They must:

- ensure that they read, understand and comply with this policy; and
- raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred, or may occur in the future.

6.0 Related Documents and Useful Links

6.1 Financial Regulations

6.2 Anti-Fraud and Corruption Policy

6.3 Whistleblowing Policy

6.4 Employee Disciplinary Policy

6.5 Procurement Policy

6.6 Gifts and Hospitality Registers

6.7 Useful Links:

CIPFA Better Governance Forum

www.cipfanetworks.net/governance

Bribery Act 2010

www.legislation.gov.uk/ukpga/2010/23/contents

Bribery Act Guidance

www.cipfanetworks.net/fileupload/upload/briberyact2010guidance142011261754.pdf

Bribery Act Quick Start Guide

www.cipfanetworks.net/fileupload/upload/briberyact2010quickstartguide142011271739.pdf

Joint Prosecution Guidance of the Director of the Serious Fraud Office and the Director of Public Prosecutions

www.cipfanetworks.net/fileupload/upload/BRIBERY%20ACT%202010%20JOINT%20PROSECUTION%20GUIDANCE142011281730.PDF

Protecting Public Resources in Scotland – Counter Fraud Strategy

www.gov.scot/publications

Bribery Self-Reporting Guidance for Businesses 2023

www.copfs.gov.uk

Bribery & Corruption – Guidance & Policies 2024

www.copfs.gov.uk

Bribery – a Ground of Claim – Law Journal (Pub. September 2022)

www.lawscot.org.uk/journal

Criminal Finances Act 2017

www.legislation.gov.uk/criminal/finances/act/2017

Scottish Public Sector Finance Manual

<https://www.gov.scot/publications/scottish-public-finance-manual/>

7.0 Review

7.1 This Policy will be reviewed every 3 years or when changes to legislation or corporate governance require it.



South
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East Kilbride

Audit & Risk Committee

DATE	27 th August 2024
TITLE OF REPORT	Risk Strategy
REFERENCE	14
AUTHOR AND CONTACT DETAILS	Peter Scott – Governance Professional
PURPOSE:	To request members to consider adopting a nominate Risk Strategy
KEY RECOMMENDATIONS/ DECISIONS:	Members are recommended to: <ul style="list-style-type: none"> • Consider an outline of a proposed Risk Strategy • Approve in principle the concept of a separate Risk Strategy alongside an Operational Risk Policy approval
EQUALITIES	There are no adverse implications for equalities identified within the attached report.
RISK	<ul style="list-style-type: none"> • That the College does not have an effective process for managing risk so as to safeguard the organisation and ensure the proper use of public funds.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The paper sets out the key principles of an overarching high level risk strategy • It also considers a strategy for determining risk appetite and establishing a system of assurance mapping

1. INTRODUCTION

1.1 The purpose of this paper is to open discussion on a dedicated high level risk strategy which will direct a detailed Operational Risk Policy as part of an overarching approach to risk assessment, risk management, risk appetite and risk mapping in accordance with best Audit Practice so as to safeguard the organisation and ensure the proper use of public funds.

2. THE DISCUSSION PAPER

2.1 The Code of Good Governance requires the College to ensure an appropriate balance between risk and opportunity and suggests that compliance requires the Board to:

1. To identify the activities where there is some level of inherent risk
2. Proceed to manage those inherent risks
3. Identify opportunities within the acceptable risk parameters
4. Evaluate, systematically, the level of risk within acceptable risk parameters
5. Eliminate uncertainty insofar as reasonably practicable
6. Proceed within the budgetary constraints at the time to harness the College activities to exploit affordable opportunities

2.2 Explains the role and purpose of Risk Mapping.

2.3 Establishes the Risk Position by reference to the Orange Book and;-

- Defines the operational categories to which risk values should be attached
- Suggests that the risk value should be OPEN for Strategy and
- Should be AVERSE for Governance

2.4.1 The objectives should be to;

- Keep the Risk Register under constant review identifying ownership of risk, the roles & responsibilities of all concerned and providing a clear reporting framework;
- Have in place clear operational guidance on risk identification and translation into strategic risk;
- Ensure monitoring and regular reports to the Audit & Risk Committee;
- Integrate risk management into the culture of the College so as to raise awareness of need to manage risk effectively throughout the College;
- Comply with Corporate Governance best practice so as, meaningfully, to consider and approve the annual Accountability Report.

2.4.2 The ownership of roles and responsibilities in respect of risk are clearly tabulated across the full College Structure

2.4.3 Identifies the reality that partnership working is part of the risk equation.

2.4.4 Reinforces the role of Corporate Governance in balance with the Scheme of Delegation.

2.4.5 Emphasises the importance of Internal and External Audit processes.

2.4.6 Identifies the importance of Insurance in the context of risk.

2.4.7 Identifies the need for Business Continuity Management .

2.4.8 Identifies the link with Health Safety & Welfare

2.4.9 identifies the role of the decision making process.

2.4.10 Identifies the need for effective risk reporting

2.4.11 establishes the significant role of the Risk Management Group.

2.2.12 establishes the need for regular strategic review.



South Lanarkshire College

Audit & Risk Committee

Discussion Paper

on

RISK STRATEGY

1. Context

The Code of Good Governance [C.11] requires the College to ensure an appropriate balance between risk and opportunity but, with the challenges facing the college sector the Board simply cannot afford to be risk averse and the goal must be:

7. To identify the activities where there is some level of inherent risk
8. Proceed to manage those inherent risks
9. Identify opportunities within the acceptable risk parameters
10. Evaluate, systematically, the level of risk within acceptable risk parameters
11. Eliminate uncertainty insofar as reasonably practicable
12. Proceed within the budgetary constraints at the time to harness the College activities to exploit affordable opportunities

2. Mapping

1. Identification of risk within existing activities already sits within the Risk Register
2. Those risks are already within the remit of the Audit & Risk Committee
3. To identify opportunity within acceptable risk parameters it is essential that there be in place a clear Risk Strategy .
4. Concurrent with that the Risk Policy needs to be developed so as to carry out a systematic evaluation
5. Once a systematic evaluation, an operational assessment can be made as to how best to reduce risk
6. Thereafter college activities can be harnessed as appropriate

3. Risk Position

- **Optimal risk position:** is the level of risk with which the College intends to operate.
- **Tolerable risk position:** is the level of risk with which the Collegian organisation is prepared to operate.

The Orange Book identifies the relevant categories as follows:-.

Risk appetite level definition					
	Averse	Minimal	Cautious	Open	Eager
Strategy	Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 5+ year intervals	Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 4-5 year intervals	Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 3-4 year intervals	Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 2-3 year intervals	Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 1-2 year intervals
Governance	Avoid actions with associated risk. No decisions are taken outside of processes and oversight / monitoring arrangements. Organisational controls minimise risk of fraud, with significant levels of resource focused on detection and prevention.	Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise fraud prevention, detection and deterrence through robust controls and sanctions.	Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking. Controls enable fraud prevention, detection and deterrence by maintaining appropriate controls and sanctions.	Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements enable considered risk taking. Levels of fraud controls are varied to reflect scale of risks with costs.	Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking. Levels of fraud controls are varied to reflect scale of risk with costs.

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The Operational Policy shall be required to apply these same definitions to the categories within the operational remit and shall require management to seek the approval of the Risk Appetite Values they propose to attach to such categories from the Audit & Risk Committee with a view to seeking approval from the Board and apart from Governance and Strategy, the operational categories are as follows;-

- Operations
- Legal
- Property
- Finance
- People
- Commercial
- Data & Information Management
- Technology
- Project / Programme

The Risk Appetite for Strategy should be OPEN reflecting the general guidance on risk contained within the Code of Good Governance.

The Risk Appetite for Governance should be AVERSE reflecting the reality that the Code of Good Governance is written in a way which is intended to be mandatory and that Code Compliance is a condition of funding.

It is suggested that by separating the strategic role of the Board from the more detailed operational policies, management will thereby have the flexibility to respond to challenge and encourage entrepreneurial activity within clearly defined parameters – while allowing the Board to retain governance oversight of risk management in the round.

In this way Strategy will direct Policy and Policy can adapt to dynamic change within the Risk Register. Given, also, that Risk is driven by publication of the Regional Risk

Register – which is not available at the date of this paper – this approach allows for agile responses publication of the Regional Risk Register.

In addition to a clear identification of the roles and responsibilities at each operational level, there must be a clear multiple lines of defence strategy whereby each operational level has a clear internal quality process and reports to the higher operational level which will then carry out an independent assessment – with senior management then reporting to the Audit & Risk Committee and also articulating with Internal and External Auditors

It is proposed that the whole question of Risk strategy, Risk Appetite and Risk Policy can be addressed in a single topic Strategy / Training Day within the academic year 2024/25.

4. Features of Strategic Risk Strategy

It is suggested that other features which can be included in a formally adopted Risk Strategy would be as follows.

4.1 Objectives

To ensure the effective delivery of an effective Risk Management Strategy, the College must;-:

- Keep the Risk Register under constant review identifying ownership of risk, the roles & responsibilities of all concerned and providing a clear reporting framework;
- Have in place clear operational guidance on risk identification and translation into strategic risk;
- Ensure monitoring and regular reports to the Audit & Risk Committee;
- Integrate risk management into the culture of the College so as to raise awareness of need to manage risk effectively throughout the College;
- Comply with Corporate Governance best practice so as, meaningfully, to consider and approve the annual Accountability Report.

4.2 Roles and Responsibilities

Owner

Role

Board of Management

- Provide authority and responsibility for the establishment, maintenance, support and evaluation of the Risk Management Strategy
- Set the tone and promote a positive risk culture within the College
- Delegate the overall implementation of risk management to the Senior Leadership Team
- Have knowledge of the significant risks facing the College

Audit & Risk Committee

- To ensure compliance with corporate governance requirements
- To keep under review the Strategic Risk Register and approve for presentation to the Board
- To review internal processes and systems and work closely with internal and external auditors to obtain reports on these

Senior Leadership Team .

The Senior Leadership Team comprises the Principal, Vice Principals, Assistant Principals and Heads of Department.

- - Implementation of Risk Management Strategy
- Overall co-ordination of risk management
- Promotion of a holistic approach to risk management
 - To review the probability and impact assessments of risks on a regular basis
- Ensure appropriate levels of awareness throughout the College

Curriculum Managers

- Co-ordinating and ensuring that the operational objectives within their areas of responsibility are implemented in line with the Risk Management Strategy
- Have an awareness and understanding of risks which fall into their area of responsibility, the impacts these may have, and monitor outcomes against the risks identified ensuring that response plans detail corrective action to minimise risk

- Report any new risks identified or failures of existing control measures to SMT
- Report on current 'active' risks highlighting mitigating actions and effect towards risk reduction
-

College Staff

- Understand their accountability for individual risks
- Understand how they can enable continuous improvement of risk management and risk awareness
- Report systematically and promptly to a line manager and/or the senior Leadership Team on any real or perceived new risks or failures of existing control measures

Internal/External Auditors

- - To review risks and limitations of existing control measures
 - To review the adequacy of internal control systems designed to minimise risk
 - To make appropriate recommendations following on from any internal / external audit reports with a view to ongoing and effective improvement of systems of control

4.3 Partnership Working

For the College, it is important to ensure partnerships and projects are considered in a Risk Management context, as well as core services. Where the College is involved in Strategic Projects and Partnerships, it will look to develop joint Risk Management practices with relevant partners as required.

4.4 Code of Corporate Governance

The Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Management has delegated the day-to-day responsibility to the Principal, as Chief Executive, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and asset.

4.5 Internal / External Audit

Internal Audit will assess the effectiveness of the College's internal controls and review Risk Management as part of the Corporate Governance arrangements. Internal Audit will use the information on the Strategic Risk Register to inform their annual Audit Plan.

External Audit will annually undertake an overall review of the corporate governance arrangements and processes of internal control in place at the College. Based on their audit work and the findings made by the internal auditors they will form an opinion on adequacy of the systems in place to comply with corporate governance requirements.

4.6 Insurance

Insurance is one method the College uses to transfer risk. The implementation of an effective Risk Management Strategy will have an impact upon the premiums paid by the College. The prevalence of insurance claims will need to be monitored as these will have a bearing on the Strategic Risk Register.

4.7 Business Continuity Management (BCM)

Business Continuity underpins Risk Management and is concerned with how the College can overcome disruption in the event of an adverse incident or situation and continue to deliver key services at an agreed, pre-determined level. It is the low probability/high impact risks that if they occurred could result in the failure of key services or systems.

4.8 Health Safety & Welfare

There are clear and well-established links between the College Health and Safety and Risk Management. The College is committed to achieving best practice in health and safety management and is fully committed to controlling risk and preventing harm to people.

The College will use the guidance in Managing for Health and Safety (MFHS), which supports the model of managing health and safety with a 'Plan, Do, Check and Act' approach. This model helps to achieve a balance between the systems and behavioural aspects of management.

The Board of Management has a primary objective to ensure health and safety is integrated into the College's core business management activities and that suitably resourced Health and Safety Management Systems are implemented which are also influenced by Risk Management.

4.9 Risk Implications – Decision Making Process

Effective Risk Management is crucial to the achievement of the College's Vision and the success of the strategic operation and provision of College services. It is important to recognise that there are risks associated with decisions taken in respect of the delivery of College business.

The nature, severity and likelihood of these risks will vary depending on a wide range of circumstances or potential outcomes.

4.10 Risk Reporting

Risk reporting is used to communicate risk across the College. Through Strategic Risk reviews, SLT members are required to 'manage' those risks at operational level that are not considered to be strategic in nature. This will ensure a steady flow of information and the management of risk at the correct level.

4.11 Risk Management Group

The main focus for operational risk will be the Risk Management Group which reports to the Senior Leadership Team, which in turn reports to the Audit & Risk Committee and through that channel to the Board itself.

4.12 *Risk Management Strategy Review*

The effectiveness of the Strategy and information within the College Strategic and Operational Risk Registers will be monitored and reported at each operational level and at Committee and Board Level,

Technical Bulletin

2024/2

Technical developments and emerging risks from
April to June 2024



 AUDIT SCOTLAND

Prepared by Audit Scotland for appointed auditors and audited bodies in all sectors

30 June 2024

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1: Introduction

Purpose

The purpose of Technical Bulletins from Audit Scotland's Innovation and Quality (I&Q) business group is to provide auditors appointed by the Auditor General for Scotland and Accounts Commission for Scotland with:

- information on the main technical developments in each sector during the quarter
- information on professional matters during the quarter that are expected to have applicability to the public sector
- summaries of responses to any requests from auditors for technical consultations with I&Q.

Appointed auditors are required by the Code of Audit Practice to pay due regard to Technical Bulletins. The information on technical developments is aimed at highlighting the key points that I&Q considers auditors in the Scottish public sector require generally to be aware of. It may still be necessary for auditors to read the source material if greater detail is required in the circumstances of a specific audited body. Source material can be accessed by using the hyperlinks.

Any specific actions that I&Q recommends that auditors take are highlighted in **green**.

Technical Bulletins are also published on the Audit Scotland [website](#) and therefore are available for audited bodies and other stakeholders to access. However, hyperlinks to source material indicated with an asterisk (*) link to files on Audit Scotland's [SharePoint*](#) and are only accessible by auditors.

Highlighted items

I&Q highlights in the following table a selection of the items in this Technical Bulletin that are of particular importance:

Highlighted items		
I&Q has published guidance on independent auditor's reports [paragraph 2]	CIPFA has issued guidance on closing the 2023/24 financial statements of local authorities [paragraph 7]	PWC has provided a report to support auditors when assessing information produced by actuaries in respect of the LGPS [paragraph 11]
CIPFA/LASAAC has issued the 2024/25 accounting code for local government [paragraph 25]	The Scottish Government has issued revised loans fund guidance [paragraph 28]	I&Q has published guidance on objections to 2023/24 local government accounts [paragraph 34]
I&Q has issued guidance for auditors on certifying the 2023/24 HB subsidy claim [paragraph 37]	Treasury has issued an amendment to the 2023/24 FreM [paragraph 44]	The Cabinet Office has issued guidance on Remuneration and Staff Reports [paragraph 49]
I&Q has issued a report to auditors following an examination of the CNORIS [paragraph 58]	I&Q has issued a review of land and building valuations for health boards [paragraph 60]	The Scottish Government has issued an IFRS 16 lease model and guidance [paragraph 63]

Consulting with I&Q

Auditors should consult with I&Q by completing an enquiry form and submitting it to TechnicalQueries@audit-scotland.gov.uk.

2: All sectors

Independent auditor's reports for accounts in 2023/24

1. I&Q has published the following Technical Guidance Notes (TGN) to provide auditors with model forms of Independent Auditor's Reports (IAR) which should be used for the 2023/24 annual accounts of the following public bodies:

- TGN 2024/3(H) for health boards
- TGN 2024/4(LG) for local government bodies.

2. Auditors are required by the Code of Audit Practice to prepare their IARs in accordance with the TGN. The TGN is available with supporting material to auditors on [SharePoint*](#) and is also freely available from the [Audit Scotland website](#).

3. The model forms of IARs set out in the appendices of the TGNs have been tailored to reflect relevant legislation and augmented by the reporting requirements of the Auditor General and Accounts Commission.

4. The main change to the previous guidance and model IARs is to reflect the requirement for bodies to disclose material accounting policy information rather than significant accounting policies.

5. For the 2023/24 audits of public bodies, auditors should:

- use the relevant model form of IAR for each audited body
- follow the specified wording other than where tailoring adjustments are set out in the application guidance in the TGN
- consult with I&Q on any modified opinion or conclusion
- complete an Auditor Action Checklist for each IAR prepared.

Technical consultations with auditors

I&Q responses to requests from auditors for technical consultations

6. The following table summarises a request from auditors for a technical consultation with I&Q in respect of an issue arising from the audit of the 2023/24 annual accounts, along with the advice offered:

Should financing costs be included in valuations of buildings under the depreciated replacement cost (DRC) methodology?

There is an important distinction between what the valuer includes in their valuation and what a body can or must capitalise under accounting rules.

Under the DRC methodology, a valuer is required to adopt an instant build approach. [Guidance](#) issued by the Royal Institution of Chartered Surveyors (RICS) highlights that borrowing costs (which the valuer calls finance costs) should not be included in the valuation of the property where the instant build approach is adopted.

However, for accounting purposes, borrowing costs can be capitalised (regardless of DRC being used). IAS 23 Borrowing Costs requires borrowing costs that are directly attributable to the asset to be capitalised. The Government Financial Reporting Manual (FReM) adopts IAS 23 and therefore bodies covered by the FReM are required to capitalise borrowing costs. However, most central government bodies and health boards are not permitted to borrow to fund capital expenditure and therefore this is unlikely to arise in practice. The Code of Practice on Local Authority Accounting in the UK (the accounting code) adapts IAS 23 to allow local government bodies the option whether to expense or capitalise borrowing costs. Colleges follow FRS 102 which also allows the option to capitalise borrowing costs.

If a valuer were to incorrectly include finance costs in the DRC valuation and the body had capitalised borrowing costs, those costs would be double-counted.

3: Local government sector

Guidance on the 2023/24 financial statements

7. [The Chartered Institute of Public Finance and Accountancy \(CIPFA\)](#) has issued [Bulletin 17 Closure of the 2023/24 Financial Statements](#) to provide guidance on closing the 2023/24 financial statements. The guidance is intended to be best practice, but it does not have the formal status of the accounting code.

8. The following items in the guidance are highlighted for Scottish local government bodies:

- Reinforced autoclaved aerated concrete (RAAC).
- Accounting standards that have been issued but not yet adopted.

RAAC

9. Section 4 addresses the issues around RAAC. Some key points are summarised in the following table:

Area	Summary of guidance
Subsequent measurement	<p>Consideration needs to be given to whether any additional revaluations are required outwith the usual cycle due to an Office of Government Property safety briefing notice considering RAAC as “life-expired”. Adjustments may be needed due to:</p> <ul style="list-style-type: none"> • the ability to deliver services as intended for assets based on existing use value • assets valued at fair value being viewed less favourably on the open market • structural and safety issues for assets valued at DRC.
Depreciation & impairment	<p>The useful life of assets, residual value, and previous depreciation calculations may need to be revisited.</p> <p>Consideration should be given to whether assets should be componentised differently.</p> <p>Local authorities should assess whether the presence of RAAC constitutes an indication of impairment.</p>
Assets held for sale	<p>When classifying an asset as held for sale, authorities should consider whether:</p> <ul style="list-style-type: none"> • remedial work is required prior to a sale

Area	Summary of guidance
	<ul style="list-style-type: none"> the presence of RAAC is likely to adversely impact on the probability of the asset being sold.
Associated revenue costs	One potential impact on revenue is the rental of alternative accommodation, such as classrooms.

Accounting standards that have been issued but not yet adopted

10. Section 10 lists the accounting standards introduced by the 2024/25 accounting code (discussed later in this chapter) which require to be disclosed as 'standards issued but not yet adopted' in 2023/24. They include IFRS 16 Leases for those local authorities that have not implemented the standard in 2023/24

2023/24 report on actuarial information

11. I&Q has arranged for PWC to provide a [report*](#) to support auditors when assessing the competence and objectivity of, and assumptions and approach adopted by, actuaries producing information required by IAS 19 figures in respect of the Local Government Pension scheme (LGPS) as at 31 March 2024. [Auditors should refer to paragraphs 16 to 25 in Module 4 of TGN 2023/8\(LG\) for guidance on using the report and further information.](#)

12. PWC have confirmed the competence and objectivity of the actuaries involved in valuations for the LGPS in Scotland. They are also comfortable that in aggregate the assumptions adopted by all actuaries will lead to liabilities falling within their expected ranges for a typical employer at 31 March 2024.

13. However, the report advises [auditors to consider whether:](#)

- [local issues have been adequately covered in instructions issued by employers to actuaries \(page 3\)](#)
- [to subject the source data provided to the actuaries by employers to further audit procedures as discussed in section 5 of the report](#)
- [to establish actual asset returns and compare them with expected returns arrived at using market indices \(see page 15\).](#)

14. Page 17 of the report addresses accounting for plan amendments, curtailments, and settlements (special events) under IAS 19. Auditors need to understand whether any significant special events have occurred, and whether profit and loss items have been remeasured from the date of the event for the remainder of the accounting period. This entails remeasuring both the assets and liabilities using assumptions set at this date. The report confirms that all actuaries are aware of the IAS 19 requirement.

15. Page 20 of the report provides an update on the following matters:

- All actuaries are following an approach in 2023/24 for Guaranteed Minimum Pension (GMP) indexation and equalisation that is consistent with 2022/23.
- In relation to the McCloud judgement, most actuaries are following an approach in 2023/24 consistent with prior years. The exception is Barnett Waddingham who are using a more accurate approach as they now have 2022/23 membership data.
- The Government Actuary Department is currently reviewing any implications of a High Court legal ruling on a recent Virgin Media case. No actuaries made specific allowance for this judgement as at 31 March 2024 as the applicability to LGPS is currently too uncertain.
- Actuaries do not intend making any specific allowance for the Goodwin, O'Brien or similar cases, unless requested to do so.

16. Pages 18 to 21 of the report provide an update and guidance on IFRIC 14 and the pension asset ceiling. As actuaries do not have a standard approach, auditors may need to clarify the approach used at each body.

17. For areas not covered by the CIPFA guidance on IFRIC 14 (referred to in [TB 2023/4](#) paragraph 19), page 19 sets out:

Assumptions related to contributions

18. Actuaries had little previous experience of calculating an asset ceiling before last year and therefore adopted a number of different methodologies for the calculation at 31 March 2023. It is expected that those methodologies will be further developed for calculating the asset ceiling at 31 March 2024. The expectation is that:

- future service contributions will be assumed to continue into perpetuity
- positive or negative past service contributions will be assumed to continue over the period they were originally calculated on

19. A change in a methodology, e.g. a change in annuity rate or future working life applied, is expected to be treated as a change in accounting estimate and therefore recognised prospectively (i.e. from the date of change). However, if last year's methodology was unsatisfactory or incorrectly applied or otherwise resulted in an error, the change in methodology may require to be applied retrospectively.

20. Page 20 confirms that all actuaries, unless otherwise requested, will assume that the future service contribution rates will remain constant even for periods beyond the current triennial valuation period.

The approach to unfunded benefits

21. Provisions for discretionary enhancements to retirement benefits (e.g. payments for early retirement) are referred to as unfunded liabilities as they are paid by the body rather than the pension fund. The unfunded liability should be presented separately from the net defined benefit asset at 31 March 2024.

Actuaries should not include the unfunded payments in future employer contributions when calculating the asset ceiling.

22. There may be cases where unfunded payments were included in the asset ceiling calculations as at 31 March 2023. This may have impacted on the net defined benefit asset recognised on the Balance Sheet at that date. Bodies may need to request a recalculation of the asset ceiling at 31 March 2023 to determine the impact of the unfunded payments. Consequently, auditors should consider whether the comparative figures in the 2023/24 financial statements may require to be adjusted.

Presentation of interest

23. Page 21 confirms the requirements in relation to interest where an IFRIC 14 asset restriction occurred in 2022/23. The net interest income recognised in 2023/24 will be reduced due to an asset restriction in 2022/23. Auditors will need to clarify if actuaries' calculations have taken into account any restrictions applied in 2022/23. Any change in the size of the restriction over the year should be recognised through Other Comprehensive Income.

24. Appendix E to the report provides additional guidance on the application of IFRIC 14 addressing the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.

2024/25 accounting code

25. CIPFA/LASAAC has issued the [accounting code](#)* to set out local government accounting requirements for 2024/25. The financial reporting framework is based on International Financial Reporting Standards (IFRS) as adopted by the UK, adapted for the local government context where necessary.

26. The most significant changes to the 2024/25 accounting code relate to the mandatory adoption of IFRS 16 from 2024/25. Guidance included as an appendix to the 2022/23 and 2023/24 accounting codes (as explained in [Technical Bulletin 2022/3](#) paragraph 18) is now included in section 4.2 of the 2024/25 code.

27. The 2024/25 accounting code also include additional requirements on the application of IFRS 16 including in section 4.3 on service concession arrangements:

- Where indexation or changes in a rate affect future payments, the lease liability should be remeasured. The remeasurement reflects only indexation or rate changes which have already occurred and result in a change to the payment amount.
- On transition, the lease liability should be adjusted to reflect the liability which would have been calculated in the previous year, based on the index or rate applied to variable payments in the previous reporting year.

Revised loans fund statutory guidance

28. The [Scottish Government](#) has issued [Finance Circular 7/2024](#) to provide revised statutory guidance on loans fund accounting to replace from 2024/25 the guidance in Finance Circular 7/2016.

29. The statutory guidance is consistent with recent amendments to The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 which apply to loans fund advances made before 1 April 2023 ([Technical Bulletin 2023/4](#) paragraph 23). The revised statutory guidance will apply to advances made on or after that date.

30. The main revisions are included at paragraphs 56 to 62 of the statutory guidance (i.e. part 2 of the circular) and are as follows:

- Where a loans fund advance relates to an asset, the prudent repayment period should align to:
 - the asset life as determined for calculating depreciation; or
 - where an asset life cannot be established, the period over which benefit of the expenditure will be provided to the community (subject to a maximum of 50 years unless Scottish Ministers give consent to a longer period)
 - the period over which a local authority will receive a related income stream.
- There is no requirement to revisit decisions regarding the repayment period taken prior to 1 April 2024.
- Any variation to loans fund repayments may only be calculated on the balance of the loans fund advance outstanding in the financial year of variation and may only be applied prospectively. A variation may not result in either a nil or negative charge.
- The asset life is based on the depreciation term of the asset in the year of the loans fund advance. Loans fund repayments may only be varied where this aligns with a variation to the depreciation term of an asset, as determined in accordance with proper accounting practice.
- Loans fund advances where Scottish Ministers have consented to that borrowing may not be varied.

31. In addition, paragraph 16 of the guidance sets out the general principle that loans fund repayments should be made from revenue and therefore the use of capital receipts should be minimised.

Council tax on second and unoccupied homes

32. The [Council Tax \(Variation for Unoccupied Dwellings\) \(Scotland\) Amendment Regulations 2023](#) have been issued to amend the requirements for

council tax on second homes and unoccupied properties from 2024/25. These include the:

- power for local authorities to increase the amount of council tax payable on second homes by up to 100%
- ability to impose an increase of up to 100% for properties which have:
 - been empty for at least 12 months
 - been purchased by a new owner within the past six months
 - repairs or renovations being undertaken.

33. The Scottish Government has issued [Finance circular 6/2024](#) to provide guidance on the amended regulations. This includes advising that income:

- generated using existing powers to reduce the discount on long-term empty homes and second homes between 10% to 50% continues to be ring-fenced for affordable housing and empty homes services
- is not ring-fenced where the discount is under 10% or a council tax increase of up to 100% is applied.

Guidance on objections to 2023/24 annual accounts

34. I&Q has published TGN 2024/5(LG) to provide auditors with guidance on the right of an interested person under section 101 of the Local Government (Scotland) Act 1973 to:

- inspect the unaudited 2023/24 annual accounts of a local government body
- object to those accounts.

35. The TGN is available with supporting material to auditors on [SharePoint*](#) and is also freely available from the Audit Scotland [website](#).

36. Auditors should:

- evaluate whether the public inspection notice for 2023/24 is in accordance with applicable legislation
- carry out the actions set out in the TGN for any objections received.

2023/24 housing benefit subsidy claims

Technical Guidance Note for auditors

37. I&Q has published TGN/HBS/24 on certifying the 2023/24 housing benefit (HB) subsidy claim. The TGN is provided with supporting material to auditors on [SharePoint](#) and is also available from the Audit Scotland [website](#). The TGN:

- provides guidance for auditors on the examination of the HB subsidy claim, including highlighting the main risk areas
- sets out and explains an overview of the certification approach, the preliminary procedures (at section 1), testing procedures (at section 2), procedures for evaluating results and agreeing amendments (section 3) completion procedures (at section 4) and post-certification procedures (at section 5) that auditors should carry out (all summarised in the checklist at Appendix 1)
- provides examples of reporting errors and observations in a letter to the Department for Work and Pensions (DWP) at Appendix 3
- provides examples of reporting the results of any post-certification procedures at Appendix 4.

38. The TGN reflects changes following a review carried out by I&Q of the certification approach adopted in Scotland in 2021/22 and 2022/23. Changes include the following:

- The DWP has set 30 November 2024 as the submission deadline for the 2023/24 subsidy claims. The DWP require the local authority to inform them where that date will not be met.
- The initial samples selected for testing should contain cases with income calculations or overpayments (not both)
- Where a local authority places all homeless claimants on either rent rebate or rent allowance, auditors should amend the composition of their initial sample in accordance with the guidance provided. Auditors should include confirmation in their letter to DWP of their consideration of the risk of error in their initial sample

39. Auditors should certify 2023/24 HB subsidy claims in accordance with TGN/HBS/24.

DWP guidance and tools

40. The following modules of the HB subsidy certification approach have been issued by the DWP. Auditors should refer to these modules when certifying the 2023/24 subsidy claims:

- [The uprating checklist](#)* to help auditors ensure that the authority's system is using the correct benefit parameters to calculate benefit entitlement and for the authority to claim the correct amount of subsidy.
- The [workbooks](#)* to be completed for detailed testing.
- The [software diagnostic tool](#)* to ensure the subsidy claim has been completed using the recognised software for claim completion and reconciles "benefit granted" to "benefit paid" in accordance with the software suppliers' instructions.

2023/24 NDR return and guidance

41. The Scottish Government has issued the [2023/24 Non-domestic rates \(NDR\) notified return](#) and guidance. The most significant changes from 2022/23 are:

- The rateable value threshold for higher properties and Fresh Start relief has increased from £95,000 to £100,000.
- The Small Business Bonus Scheme calculations have been amended
- The Non-Domestic Rates Incentivisation Scheme has been reinstated.

42. I&Q will publish TGN/NDR/24 on certifying the 2023/24 return shortly, which [auditors should use to certify 2023/24 NDR returns](#).

Technical consultations with auditors

43. The following table summarises a request from auditors for a technical consultation with I&Q in respect of an issue arising from the audit of the 2023/24 annual accounts of local government bodies, along with the advice offered:

Integration joint boards

Should the commissioning expenditure of an integration joint board (IJB) be adjusted for an underspend or overspend incurred by constituent authorities when delivering the commissioned services?

The accounting for an over/under spend by a constituent authority on the delivery of services commissioned by the IJB should be in accordance with its integration scheme:

- Where the integration scheme provides that an under/overspend is retained by the constituent authority, the commissioning expenditure provided by the IJB should not be adjusted.
- Where the integration scheme requires any under/overspend to be returned to or borne by the IJB, the commissioning expenditure should be adjusted accordingly. This means that in effect the IJB commissioning expenditure reflects the underlying cost of delivering the commissioned services.

There should be no adjustment to the IJB commissioning expenditure unless required by the integration scheme. Auditors should therefore assess whether the treatment of under/overspends on the delivery of commissioned services is in accordance with the integration scheme.

4: Central government sector

Amended 2023/24 FreM

44. [HM Treasury](#) has issued an amended [2023/24 Government Financial Reporting Manual](#) (FreM) in respect of pension benefit disclosures. The FreM for 2023/24 was originally issued in December 2022, and subsequently revised in December 2023 (explained in [Technical Bulletin 2024/1](#) paragraph 49).

45. The latest revision disapplies the requirement at paragraphs 6.5.8 d) and 6.5.15 to disclose pension benefit information for directors where it is not available and waiting could delay laying the accounts. Where that is the case, paragraph 6.5.15 sets out the required explanatory disclosure.

46. In I&Q's view, the FreM amendment applies to the administrative dates set for Scottish bodies. A modified opinion on the Remuneration and Staff report is therefore not necessary due to the non-disclosure of the relevant pension benefit information provided the specific explanation for non-disclosure has been properly disclosed.

47. The FreM amendment is intended to apply only in circumstances where the required pension information has not been made available, and there is no other way for the body to calculate the required amounts. Where bodies have received information but are required to adjust the figures (for example, as explained in the following article, cases where employee contributions require to be removed from CETV calculations), the body should be able to make the necessary adjustment. It would therefore be inappropriate to apply the FreM amendment to these circumstances.

2023/24 guidance on Remuneration Report disclosures

48. [The Cabinet Office](#) has issued an [Employers Pension Notice \(EPN\) 710](#) on the preparation of the pay, pension and compensation disclosures for the Remuneration and Staff Report for 2023/24.

49. The EPN has been updated to reflect the requirements of the 2023/24 FreM issued in June 2024 (as explained at paragraph 44). An example of the disclosures is provided at Annex 13C.

50. The EPN sets out that the real increase in CETV is the element of the increase funded by the employer, excluding contributions paid by the employee.

51. The Scottish Public Pension Agency (SPPA) provide CETV information to a number of public bodies in Scotland, including health boards. The SPPA have clarified that they do not make any adjustment for employee contributions. For the Remuneration Report disclosure, bodies are therefore required to remove the employee contributions from the CETV figure provided by the SPPA.

52. EPN 710 also explains that the real increase in CETV should exclude the effect of inflation. It advises that the CPI increase for September 2023 was 6.7%. The SPPA has confirmed that 6.7% has been used when calculating the real increase during 2023/24.

53. Auditors should refer to this guidance when auditing the 2023/24 Remuneration Report.

Disclosure guide for 2023/24 financial statements

54. [The National Audit Office](#) has published a [disclosure guide](#) on the 2023/24 financial Statements for bodies covered by the Government Financial Reporting Manual (FReM).

55. The guide is designed to ensure that bodies covered by the FReM have prepared their 2023/24 financial statements in the appropriate form and have complied with all disclosure requirements. The guide is cross-referenced to the 2023/24 FReM, individual financial reporting standards, and the Companies Act 2006. A tailored checklist can be generated by selecting the criteria that are material to the body.

56. When checking that the FReM's disclosure requirements have been met, auditors should in accordance with the [Overview Module of TGN 2024/1](#):

- consider requesting that the body completes the disclosure checklist
- investigate the reasons for any non-compliance that the guide highlights
- evaluate whether the body's responses in the checklist are consistent with auditor's knowledge.

5: Health sector

Assurance report on 2023/24 clinical negligence claims

57. I&Q has issued [a report](#)* to auditors following an examination of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The purpose of the report is to:

- provide assurance on the methodology used by the Scottish Government in the calculation of the CNORIS national obligation at 31 March 2024
- inform auditors' evaluation of the role of the NHS Central Legal Office as a management expert.

58. Auditors should refer to this report when auditing the 2023/24 provisions for CNORIS.

Review of 2023/24 land and building valuations

59. I&Q has issued [a report](#)* to auditors following a review of the use of indices in health boards 2023/24 valuation programmes for land and buildings.

60. The review identified which health boards utilised indices for land and buildings valuations and analysed the indices used to help inform auditors judgement.

61. Auditors should consider this report when auditing the 2023/24 land and building valuations.

IFRS 16 lease model

62. The Scottish Government has issued a [model](#)* and [guidance notes](#)* to assist health boards account for leases and service concession arrangements in accordance with IFRS 16.

63. The model calculates projected liability balances for leases. The guidance recognises that the model may result in a different opening liability as at 1 April 2023 compared to the liability at 31 March 2023 due to assumptions made in the model, for example, the timing of repayments. Where the model has recognised a different opening liability, boards should investigate the difference.

64. Auditors should evaluate the board's explanation of any difference between the liability identified as at 31 March 2023 and the liability calculated using the model at 1 April 2023.

Framework document

65. The Scottish Government has issued a [framework agreement](#) for boards setting out:

- the responsibilities of the Portfolio Accountable Officer and the Accountable Officers at each territorial health board
- the relationship between the Scottish Ministers, Scottish Government and health boards.

66. The framework is intended to support clear communication, the alignment of Scottish Government's priorities with NHS board planning processes and the involvement in policy and decision-making.

6. Fraud and irregularities

This chapter contains a summary of fraud cases and other irregularities facilitated by weaknesses in internal control at audited bodies that have recently been reported by auditors to Professional Support.

Auditors should consider whether weaknesses in internal control which facilitated each fraud may exist in their bodies and take the appropriate action.

Payroll expenditure

67. An employee failed to notify the body of £20,000 of income received when they were not working.

Key features

During Covid restrictions, an employee was required to start shielding. The body agreed to the employee being absent from work while shielding requirements were necessary. However, the employee did not return to work after shielding was no longer required, but continued to be paid.

The fraud was identified when the employee failed to complete mandatory training. The fraud was possible due to a failure to perform a back to work interview at the end of the shielding requirements.

The employee has agreed to repay the overpayment.

Technical Bulletin 2024/2

Technical developments and emerging risks from April to June 2024

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The National Fraud Initiative in Scotland 2024



 AUDIT SCOTLAND

Prepared by Audit Scotland
August 2024

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Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Audit team

The core audit team consisted of:
Tim Bridle, under the direction of Cornelius Chikwama.

Key messages

- 1** Fraud against the public sector costs the taxpayer money and can undermine both confidence in government and the delivery of public services. The proactive detection and prevention of fraud using the National Fraud Initiative (NFI) remains vitally important to public sector financial management as public bodies continue to recover from Covid-19 and to deal with the impact of the cost-of-living crisis.
 - 2** NFI savings and outcomes have increased from £14.9 million in 2020/21 to £21.5 million in 2022/23, with increases across most data match areas. However, savings from council tax single person discounts are slightly reduced and additional outcomes in some areas are attributable to changes in estimation methodologies. Overall, it is not clear whether underlying levels of fraud have increased since 2020/21.
 - 3** NFI governance and follow-up arrangements remained sound for most participating bodies over the period covered by the 2022/23 exercise. However, when compared to previous exercises, fewer bodies have been assessed by their auditors as having fully satisfactory arrangements, and there remains scope for some bodies to follow up on data matches more effectively.
-

Recommendations

Participating bodies should:

- Ensure that an appropriate level of resource is available to deliver NFI follow-up activities in an efficient and effective manner, in line with local priorities.
- Use the NFI Self-Appraisal Checklist as part of planning for the 2024/25 exercise.
- Put in place arrangements for monitoring follow-up activity, and where it is necessary seek to understand reasons for low or nil outcomes.

1. Introduction

The proactive detection and prevention of fraud using the National Fraud Initiative (NFI) remains vitally important to public sector financial management as public bodies continue to recover from the Covid-19 pandemic and to deal with the impact of the cost-of-living crisis.

1. Fraud against the public sector costs the taxpayer and can undermine both confidence in government and the delivery of public services. The National Fraud Initiative (NFI) is a proactive data matching exercise designed to identify and prevent fraud. It remains vitally important during a time of ongoing financial pressure as public bodies continue to recover from the Covid-19 pandemic and to deal with the impact of the cost-of-living crisis.

2. The Public Sector Fraud Authority (PSFA) oversees the NFI across the UK, and Audit Scotland leads the exercise in Scotland, working with a range of Scottish public bodies and their external auditors. The NFI takes place every two years, and this report considers the outcomes from the 2022/23 exercise.

Statutory basis for NFI

3. We carry out the NFI under powers introduced by the Criminal Justice and Licensing (Scotland) Act 2010 and incorporated in [Part 2A of the Public Finance and Accountability \(Scotland\) Act 2000](#). It is important for all parties involved that this exercise is properly controlled, and that data is handled in accordance with the law. The Audit Scotland [Code of Data Matching Practice](#) includes a summary of the key legislation and controls governing the NFI data matching exercise.

Participating bodies

4. In 2022/23, 110 public sector bodies in Scotland participated in the NFI, submitting data and following up on matches. The Scottish Government also submitted data for another 17 central government bodies who share their systems for payroll and/or creditors. Many councils also submit payroll data for their Arm's-Length External Organisations (ALEOs). Across the UK there are over 1,100 participating bodies and data matching takes place across them all.

Main data match areas in 2022/23

5. The main data match areas for the 2022/23 NFI exercise were:

- Payroll
- Creditor payments
- Council Tax (Single Person Discounts and Reduction Scheme reliefs)
- Pensions
- Housing Benefit
- Housing Tenancy and waiting lists
- Blue Badges (disabled parking)
- Adult concessionary bus travel (new in 2022/23 exercise).

6. The 2022/23 NFI exercise matched new data from His Majesty's Revenue and Customs (HMRC) using powers under the Digital Economy Act (2017).

7. Non-Domestic Rates Small Business Bonus Scheme (NDR SBBS) matching was postponed for the 2022/23 exercise due to the national NDR revaluation exercise in 2023. Results will be reported as part of the 2024/25 exercise.

Basis for reported outcomes

8. All monetary outcomes included in this report are on a cash basis, prior year totals have not been adjusted to reflect inflation or changes in estimation methodologies since amounts were originally reported. Details of estimate methodologies used can be found at [Appendix](#).

2. Overall outcomes

Overall outcomes from the NFI have increased from £14.9 million in 2020/21 to £21.5 million in 2022/23.

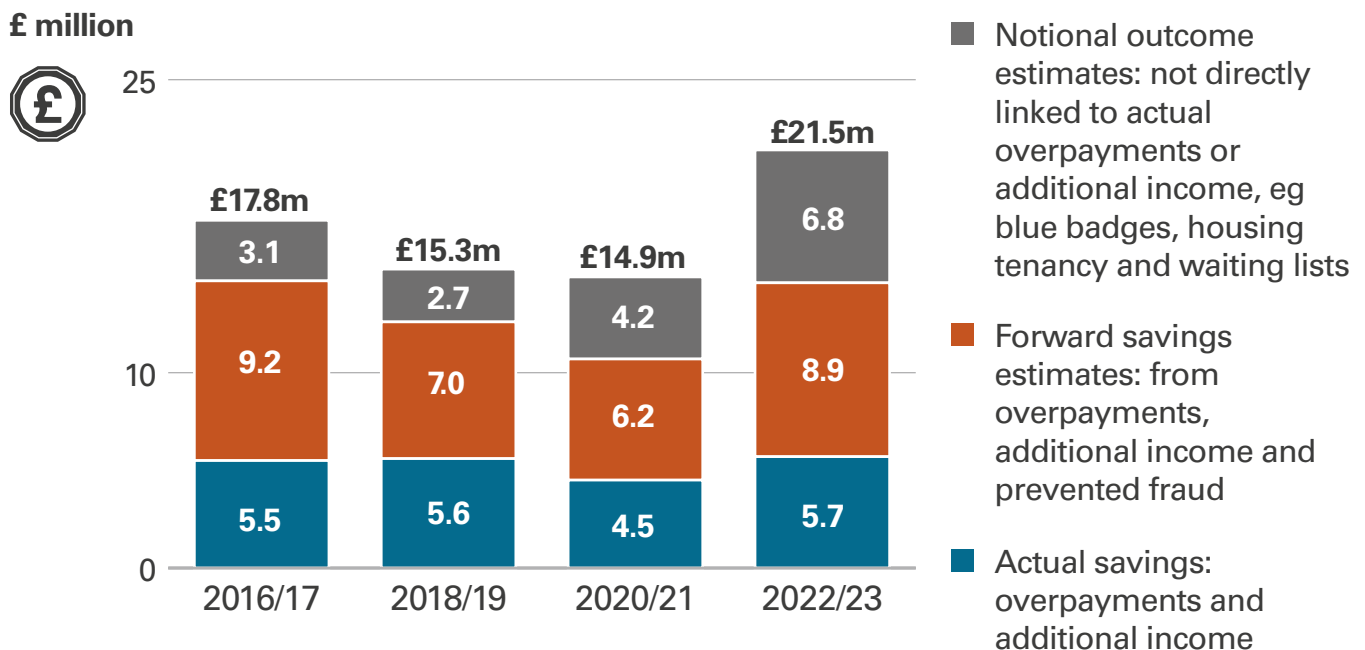
Overall outcomes by type

9. The value of outcomes from the NFI, recorded since our last report, total £21.5 million (up from the £14.9 million in 2022). The cumulative value of outcomes from the NFI in Scotland since participation started in 2006/07 now stands at around £180 million. [Exhibit 1](#) shows NFI outcomes by type for 2022/23 and the previous three exercises.

Exhibit 1.

NFI outcomes by exercise and type, 2016/17 to 2022/23

Reported outcomes have increased to £21.5 million in 2022/23.



Source: Audit Scotland analysis of NFI outcomes

10. Increased outcomes reported in 2022/23 partly reflect improvement in recording of results as bodies continue to recover from Covid-19. There have also been changes to estimation methodologies which contribute to higher outcomes in some areas (details of methodologies can be found in the [Appendix](#)). It is not possible to extrapolate from these figures that underlying levels of fraud have increased.

Outcomes by data match area

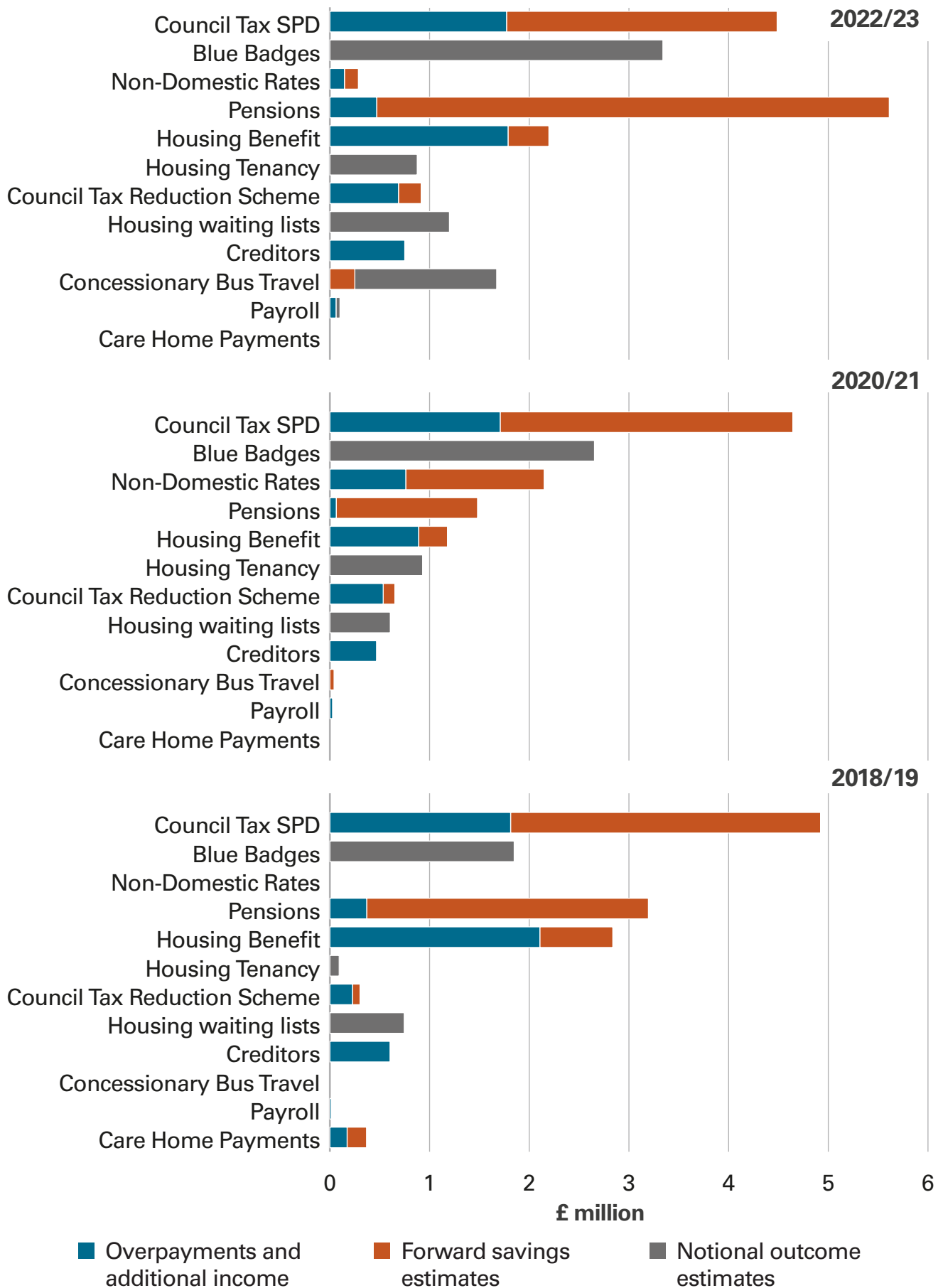
11. Most monetary outcomes from the NFI accrue to councils, the Scottish Public Pensions Agency and the Department for Work and Pensions (DWP) in the form of savings arising from council tax, pensions and housing benefits matches.

12. Many participating bodies only submit payroll and creditors datasets for matching, and this limits the monetary outcomes available to them. However, overpayments associated with duplicate creditor payments and payroll matches are not insignificant. NFI outcomes analysed by main data match area, are shown for the last three exercises in [Exhibit 2 \(page 9\)](#).

Exhibit 2.

NFI outcomes by area and exercise

Most savings arise from Council Tax, Pensions and Housing Benefits matches.



Notes:

1. Non-Domestic Rates Small Business Bonus Scheme data was first submitted for the 2020/21 exercise but did not form part of the 2022/23 exercise due to the revaluation exercise taking place in 2023.
2. Care home payments have not been matched since 2018/19 due to legislative constraints.
3. Adult concessionary bus travel was a pilot exercise in 2020/21 and has been mainstreamed in 2022/23.

Source: Audit Scotland analysis of NFI outcomes

Wider benefits of NFI

13. The NFI also delivers benefits which are more difficult to quantify. These include its fraud deterrent effect and the financial governance assurance it provides to bodies where no issues are identified ([Exhibit 3](#)).

Exhibit 3. Non-monetary benefits of NFI



Acts as a deterrent to potential fraudsters



Can provide assurance that systems are operating well



Can identify where system improvements are required

Source: Audit Scotland

3. NFI delivery

NFI governance and follow-up arrangements remain sound for most participating bodies. However, when compared to previous exercises, appointed auditors assessed fewer bodies as having fully satisfactory arrangements.

Auditor assessments

14. NFI governance and follow-up arrangements remain sound for most of the 110 bodies in Scotland that participated in the 2022/23 exercise. However, several bodies have struggled with delivery and there remains some scope for improvement.

15. We asked auditors to assess participating body NFI arrangements, and rate them as Green (satisfactory), Amber (mostly adequate) or Red (unsatisfactory). Auditor returns for 2022/23 included an increased number of amber and red ratings [Exhibit 4 \(page 12\)](#).

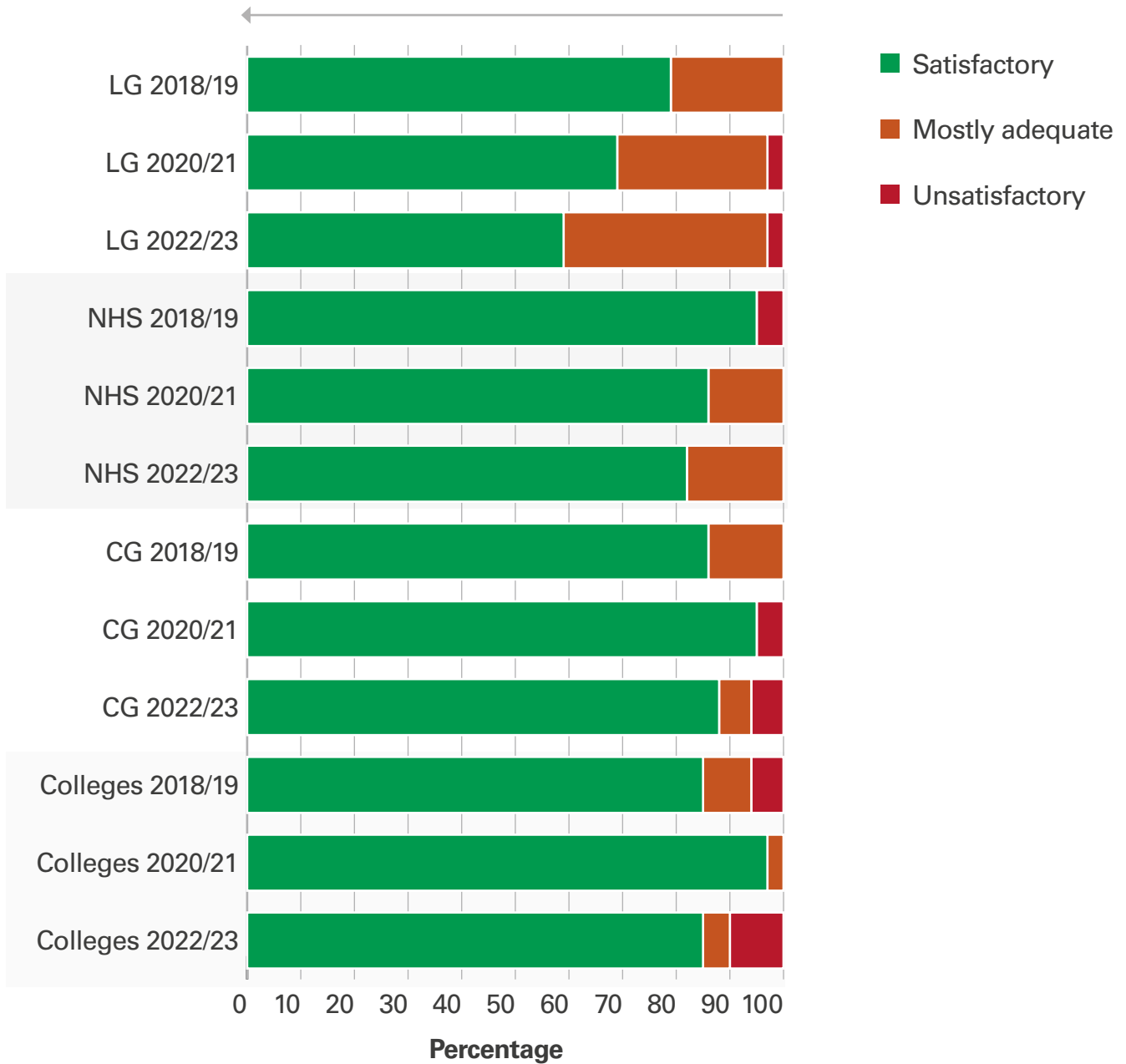
16. In most cases amber or red assessments reflect deficiencies with follow-up activity. Participating bodies routinely cited the lack of adequate resources as the main reason for delay or lack of progress with follow-up activity.

17. Our NFI Self-Appraisal Checklist includes requirements for participating bodies to consider Leadership, Commitment and Communication. The checklist also asks NFI key contacts and users to consider potential improvements to the efficiency and effectiveness of follow-up activity. The checklist can be found on our Counter Fraud [webpage](#) and has been updated for the 2024/25 exercise.

Exhibit 4.

Auditor assessments of NFI delivery arrangements

More bodies received amber and red assessments in 2022/23.



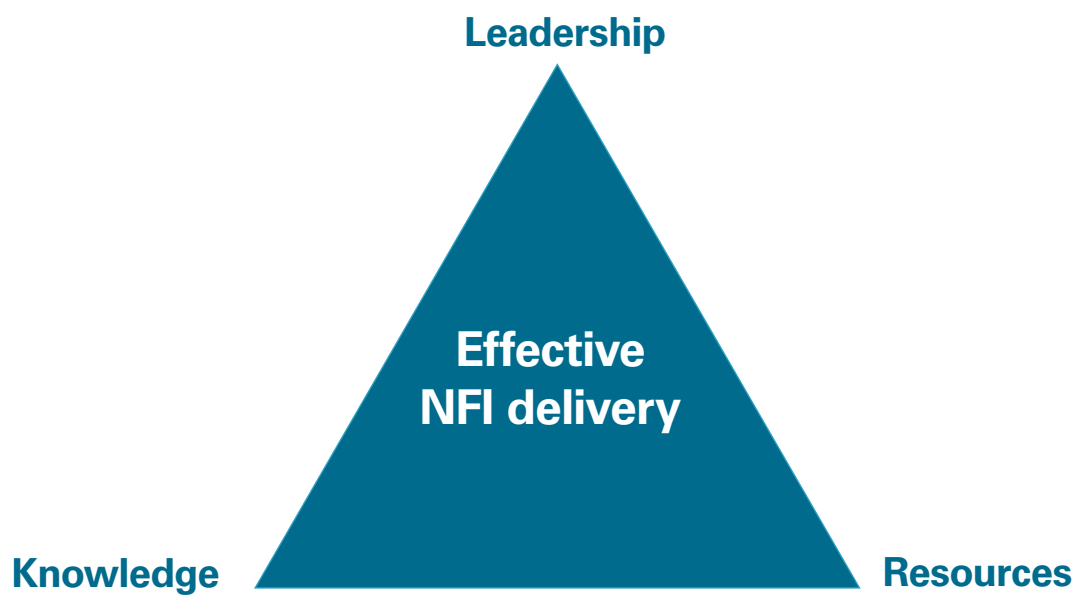
Source: Audit Scotland analysis of Auditor Returns

18. Exhibit 5 shows the main determinants of successful NFI delivery that participating bodies should be focusing on to strengthen their arrangements.

Exhibit 5.

NFI participation – main determinants of success

Successful delivery of NFI requires a clear commitment to a well-thought-out approach that optimises the use of available resources to follow up matches appropriately.



Source: Audit Scotland

19. Audit Scotland will continue to work with bodies to support effective and efficient delivery of NFI through its ongoing engagement activities.

4. Specific match areas

NFI outcomes have increased in most data match areas in 2022/23. However, savings from council tax single person discounts decreased slightly, and increases in some areas are partly due to changes in estimation methodologies.

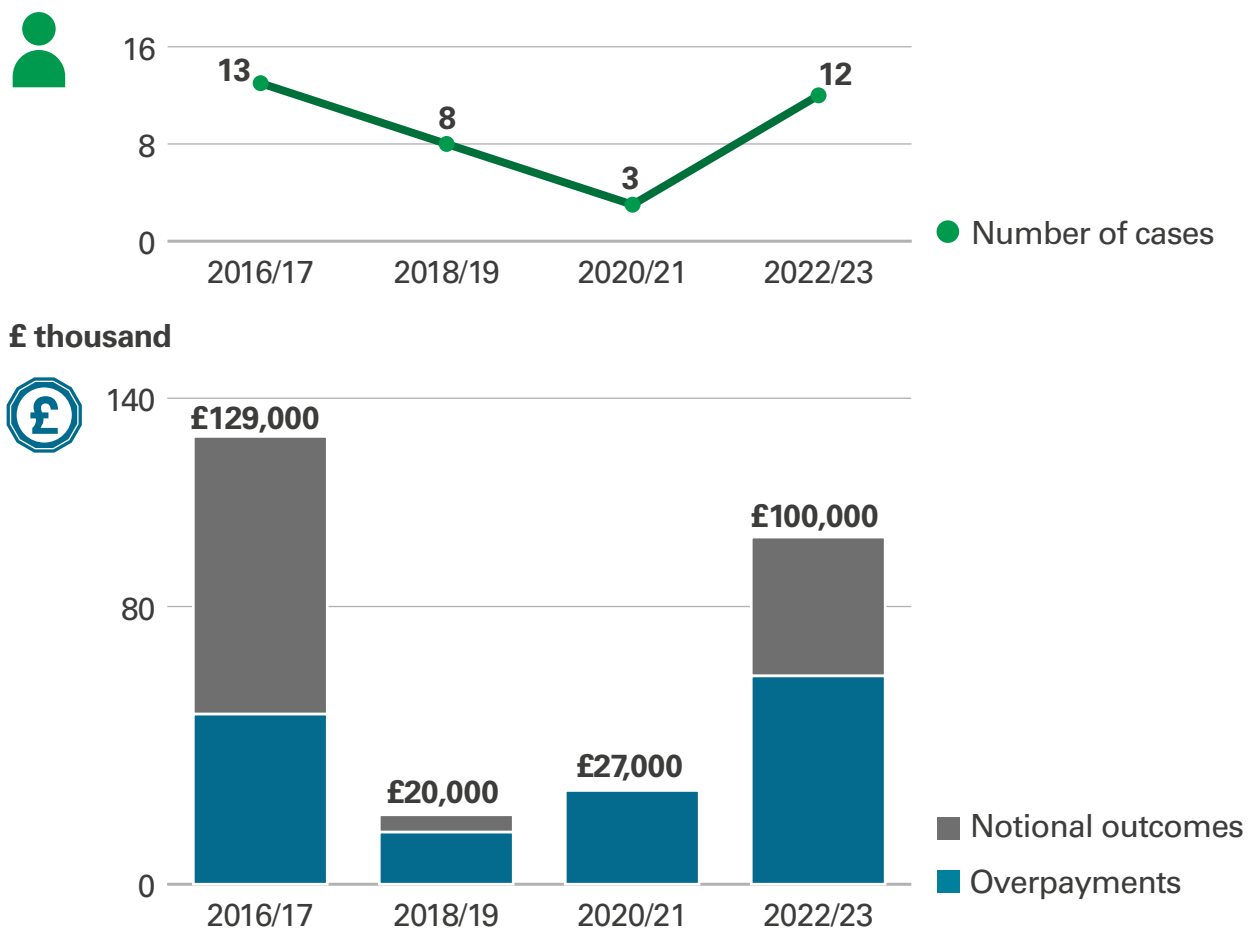
Payroll

20. The number of payroll and multi-contract working frauds identified as a result of the NFI has increased. There were 12 cases identified in 2022/23. This is the highest number since 2016/17, which is the last exercise for which immigration data was matched. Overpayments and case numbers for the 2022/23 exercise are shown alongside those for the three previous exercises at [Exhibit 6](#).

Exhibit 6.

Payroll outcomes and case numbers by NFI exercise

There has been an increase in the level of identified fraud in 2022/23.



Note. Notional outcomes of £5,685 per case are allocated where staff resign or have been dismissed ([Appendix](#)).

Source: NFI management information

Creditor payments

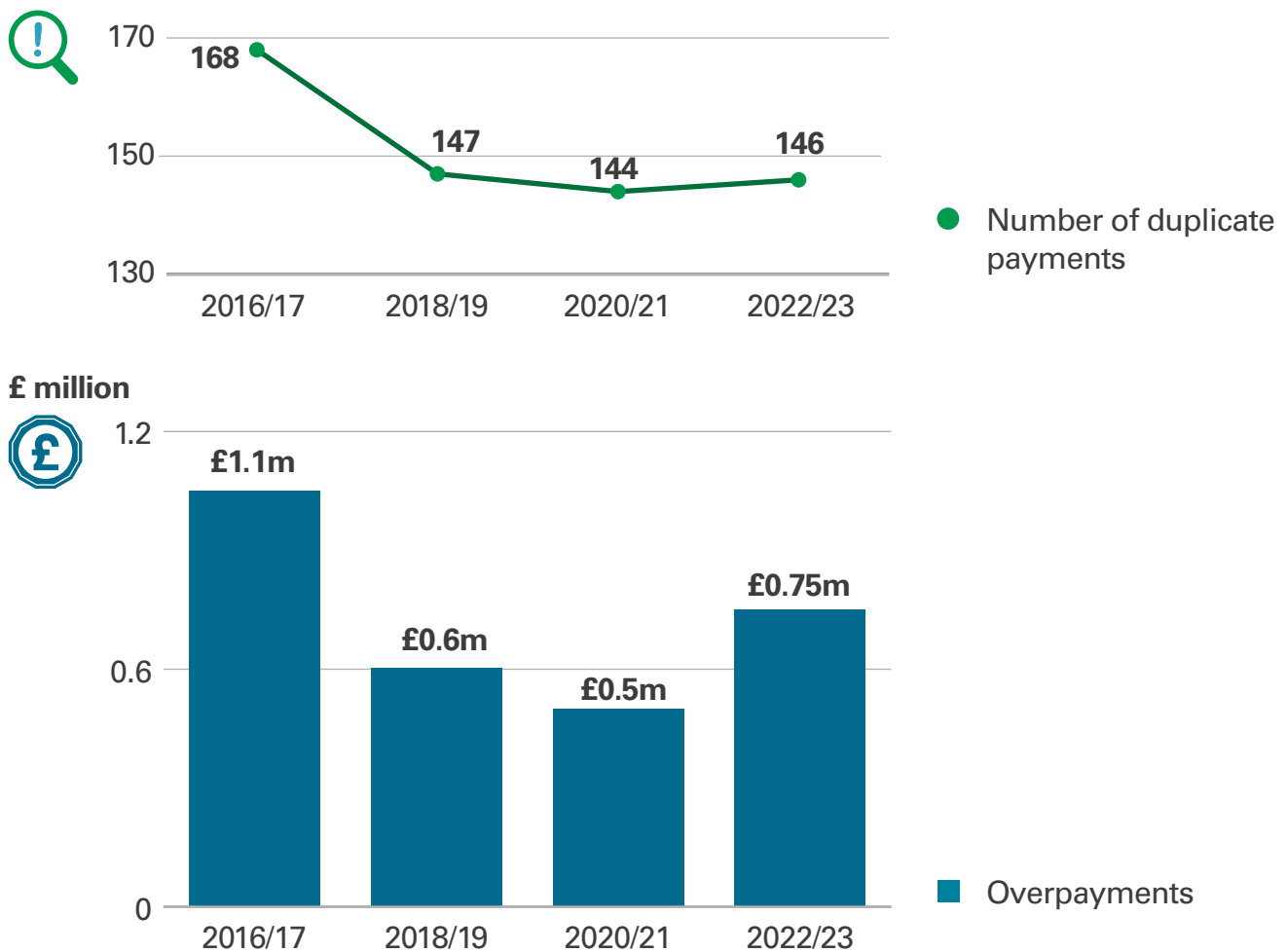
21. Participating bodies submit details of payments made to people or organisations supplying them with goods and services. Data is matched by the NFI to identify potential duplicate payments. Bodies identifying duplicate payments often refresh procedures and tighten controls to reduce future risk.

22. In 2022/23 outcomes worth £0.75 million were identified from 146 duplicate payments across 31 bodies. This is broadly in line with previous exercises as shown in [Exhibit 7](#).

Exhibit 7.

Duplicate creditor payment savings and case numbers by NFI exercise

£0.75 million of recoverable duplicate creditor payments was identified in 2022/23.



Source: NFI management information

Adult Concessionary Bus Travel

23. Following a successful pilot exercise in 2020/21, adult concessionary bus travel mortality screening was rolled out to councils in 2023. The National Entitlement Card Project Office, working in partnership with councils, submitted details of all live travel passes for matching.

24. The NFI identified 99,600 travel passes that belonged to holders who had died. Transport Scotland was able to check usage of these passes and identified that 1,075 had been used after the date of death.

25. The full fare value of fraudulent bus trips associated with these passes amounted to £0.31 million, with a cost to Transport Scotland of around £0.18 million, based on the applicable reimbursement rates to bus companies.

26. The cancellation of these passes will prevent future fraudulent use with an estimated value of £0.45 million (based on £420 per travel pass used fraudulently, see [Appendix \(page 26\)](#)). The resultant saving to Transport Scotland is estimated at around £0.25 million based on current reimbursement rates.¹

Council Tax Single Person Discounts

27. People living on their own, or in some cases with adults who can be 'disregarded', are eligible for a 25 per cent single person discount (SPD) on their annual council tax bill. The NFI matches SPD recipients to the electoral register and to other datasets to identify where other adult residents have not been declared on applications, have subsequently turned 18 or have moved in.

28. Councils withdrew £1.8 million worth of SPDs because of the NFI. The additional income, based on a forward projection of annual savings for two years, in line with the Cabinet Office methodology, equates to an additional £2.7 million. These amounts are shown together and alongside savings for the previous three exercises in [Exhibit 8 \(page 17\)](#).

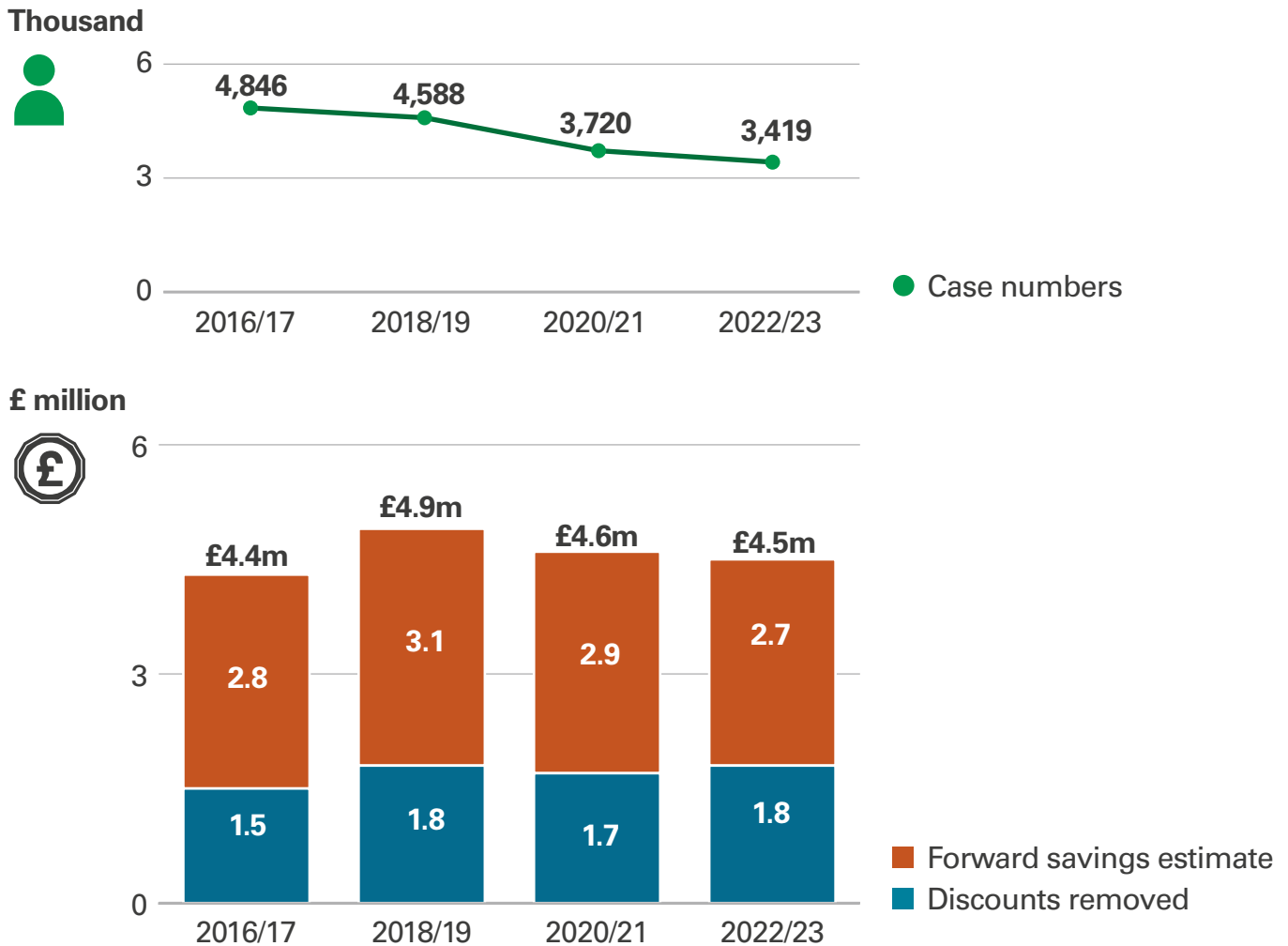
29. Only 19 councils recorded NFI activity in relation to SPDs, as more councils are now making use of third party providers for data matching and follow-up. Seven councils using third-party providers now record no NFI outcomes (an increase of two from the previous exercise).

¹ Total outcomes for this area ([Exhibit 2](#)) includes a notional amount of £0.91 million relating to the pilot exercise in 2020/21 (based on the Cabinet Office methodology at the time which applied £550 to each travel pass cancelled).

Exhibit 8.

Council Tax SPD savings and case numbers by NFI exercise

Case numbers and savings from single person discounts decreased in 2022/23.



Source: NFI management information

Council Tax Reduction Scheme (CTRS)

30. Council tax reduction is available to low-income households in Scotland. The NFI matches CTRS data to other datasets, such as payroll and pensions, for example, to identify undeclared income.

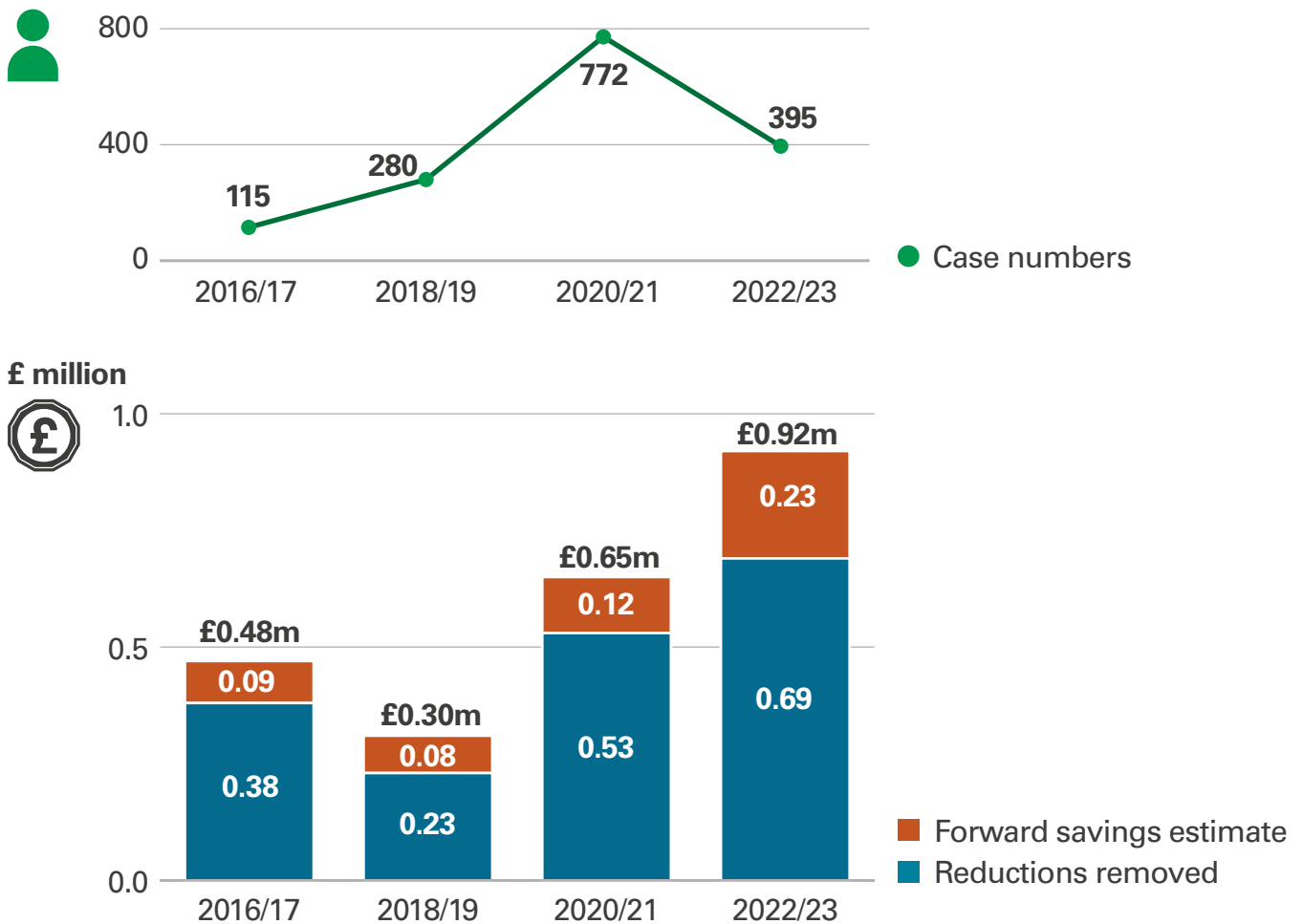
31. In 2022/23, additional council tax income of £0.92 million was identified because of follow-up on NFI matches (up from £0.65 million in 2020/21). Savings and case numbers are shown alongside those from the previous three NFI exercises in [Exhibit 9 \(page 18\)](#).

32. Actual additional income from the removal of council tax reductions has increased, as have forward savings estimates. The forward savings estimate methodology has, however, changed with savings now based on 33 weeks, compared to the 21 weeks previously used.

Exhibit 9.

Council Tax Reduction Scheme savings and case numbers by NFI exercise

Total potential savings from CTRS have increased to £0.92 million in 2022/23.



Source: NFI management information

33. Only 18 councils identified savings from CTRS, with most savings arising from matches to pensions (around 40 per cent) and payroll (around 30 per cent), where income had not been declared.

Housing Benefits

34. Housing benefits (HB) help people on low incomes pay their rent. HBs in payment continues to decrease as more benefit recipients move on to universal credit.

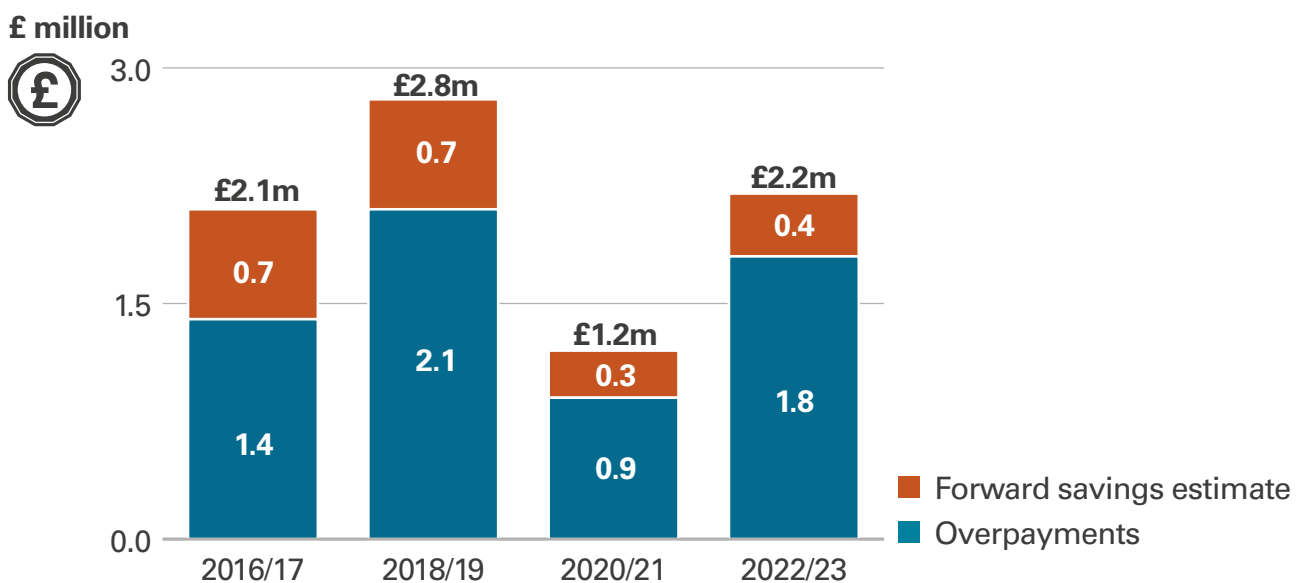
35. The DWP's Verify Earnings and Pensions alerts service has also impacted HB savings from NFI as alerts are sent directly to councils for investigation, allowing them to follow up outside the NFI process. We no longer match HB to payroll and pension as part of the NFI.

36. There has, however, been an increase in reported savings in 2022/23 due to the inclusion of late DWP savings from the 2020/21 exercise which was affected by Covid-19. [Exhibit 10](#) shows the HB overpayments and forward savings reported for the current and previous three NFI exercises.

Exhibit 10.

Housing Benefit savings by NFI exercise

2022/23 includes significant late DWP savings from the 2020/21 exercise.



Source: NFI management information

37. HB matches involving suspected fraud are referred to the DWP for investigation and resultant savings are not attributed back to councils. In 2022/23 almost £2 million of savings arose from these referrals. £0.2 million of savings was identified locally by 17 councils, largely from the follow-up of matches to student loans.

Pensions

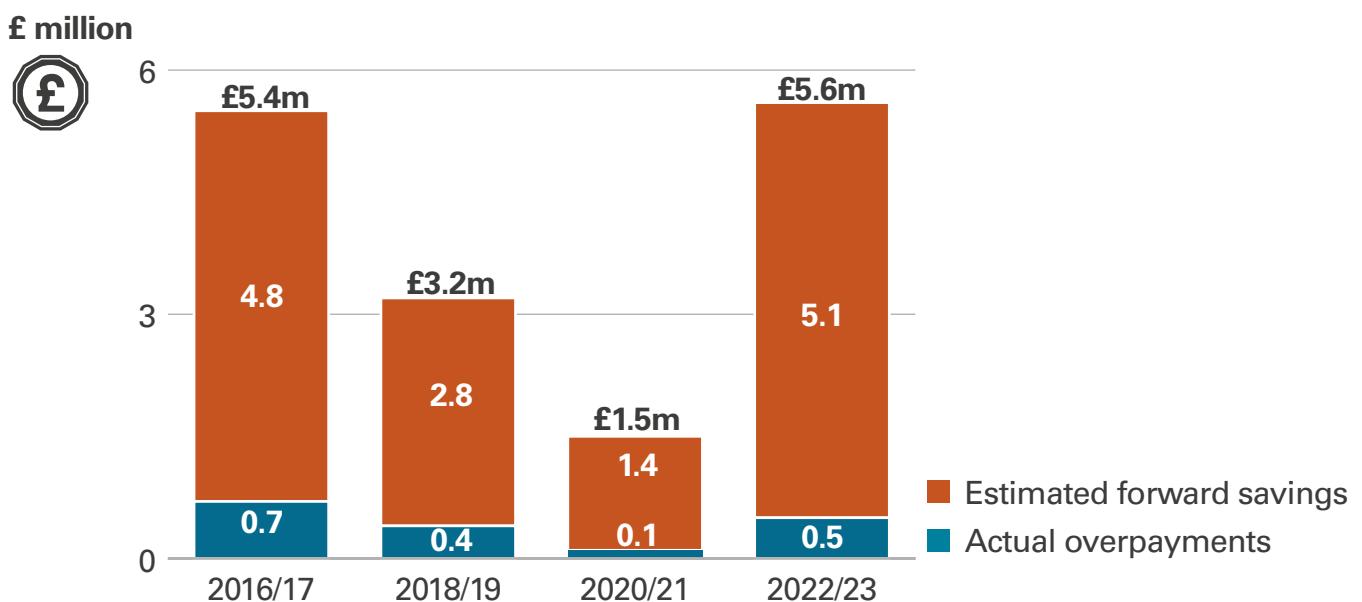
38. The NFI is an efficient and effective way for the Scottish Public Pensions Agency (SPPA) and councils that administer pensions to check that they are only paying pensions to people who are alive.

39. The follow-up of matches has led to the identification of actual overpayments of £0.5 million as at 31 March 2024, with projected forward savings amounting to a further £5.1 million. These savings are shown along with those reported for previous exercises in [Exhibit 11](#).

Exhibit 11.

Pensions savings by NFI exercise

Follow-up activity and recording of outcomes in 2020/21 was impacted by Covid 19.



Source: NFI management information

40. Forward savings are estimated based on a potential payment period from the date overpayments are identified until the date the deceased pensioner would have reached the age of 85 (consistent with actuarial assumptions used to value public sector pension schemes).

41. In 2022/23 we have seen improved follow-up of pensions matches. However, not all overpayments identified had been recorded by 31 March 2024. Late savings will be reported as part of the 2024/25 exercise as a result.

Blue Badges

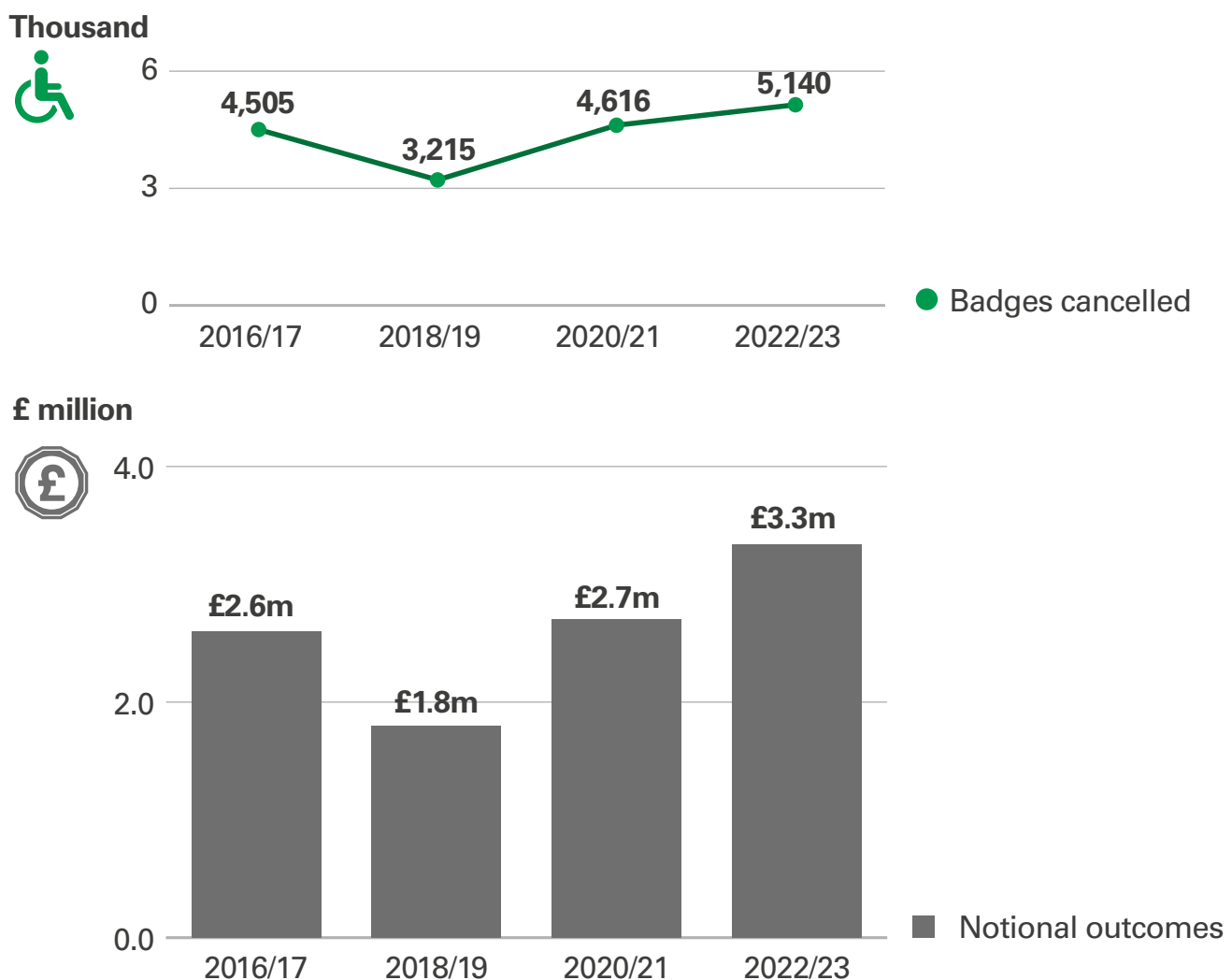
42. The Blue Badge scheme allows individuals with mobility problems to park for free at on-street parking meters, in 'pay and display' bays, in designated Blue Badge spaces, and on single or double yellow lines in certain circumstances. Badges are sometimes used by unauthorised persons after the badge holder has died. Not only is this an offence under the Disabled Persons' Parking Badges (Scotland) Act 2014, but it may also result in parking spaces being denied to people who legitimately use the Blue Badge scheme.

43. The NFI matches Blue Badges issued to records of deaths, enabling badges to be cancelled. The number of badges cancelled in 2022/23 has gone up to 5,140, as shown at [Exhibit 12](#).

Exhibit 12.

Blue Badges outcomes and case numbers by NFI exercise

There have been higher levels of recorded cancellation in 2022/23 than for recent exercises.



Source: NFI management information

44. The increased number of cancellations, together with a new estimate multiplier, has resulted in a higher notional outcome value. The Cabinet Office estimation methodology now applies £650 per badge cancelled (compared to £575 per badge in 2020/21).

Housing Tenancy

45. With reported housing shortages and high levels of homelessness, tenancy fraud is increasingly an issue for councils. Where fraudulent subletting exists, it means that properties are not available to house people who are in most need and this can be costly to councils.

46. The NFI uses council housing tenancy data to identify possible cases where tenants may have sublet their property. It also helps identify cases where the tenant has died, and the property is either empty or has other individuals living in it.

47. As a result of the 2022/23 exercise, councils were able to identify and recover ten properties. A housing association property was also identified and made available for social housing. The numbers of properties recovered along with the notional outcome estimates for the last four exercises are shown at [Exhibit 13 \(page 23\)](#).

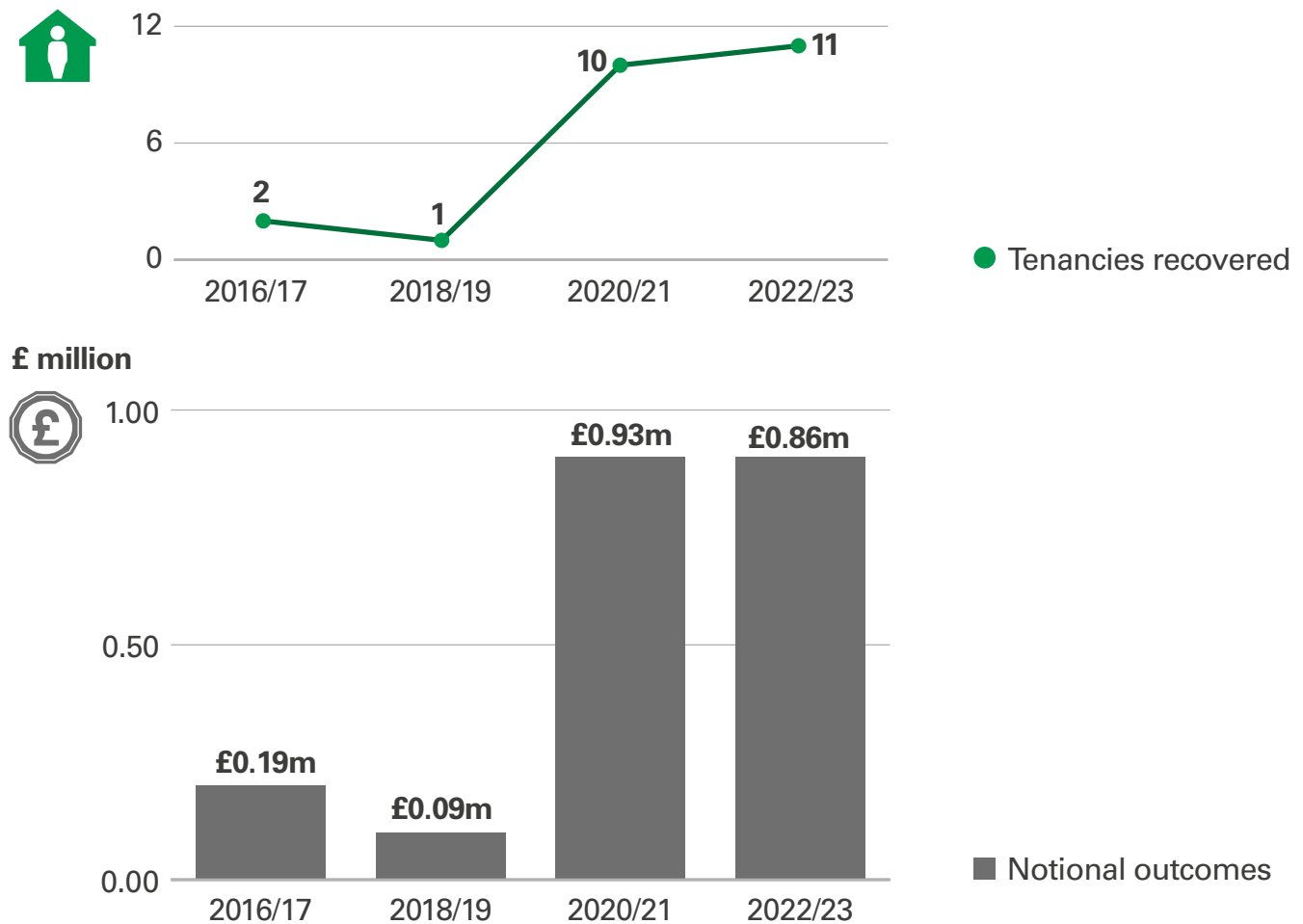
48. Notional outcomes of £78,300 are allocated per property recovered (£93,000 in 2020/21). This is based on an average four-year fraudulent tenancy and includes estimated costs of temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.

49. In addition to recovery of properties, NFI has enabled several councils to update tenancy details where there has been legitimate succession following a bereavement.

Exhibit 13.

Housing Tenancy outcomes and case numbers by NFI exercise

Tenancies recovered as a result of NFI have remained in double figures in 2022/23.



Source: NFI management information

Housing Waiting Lists

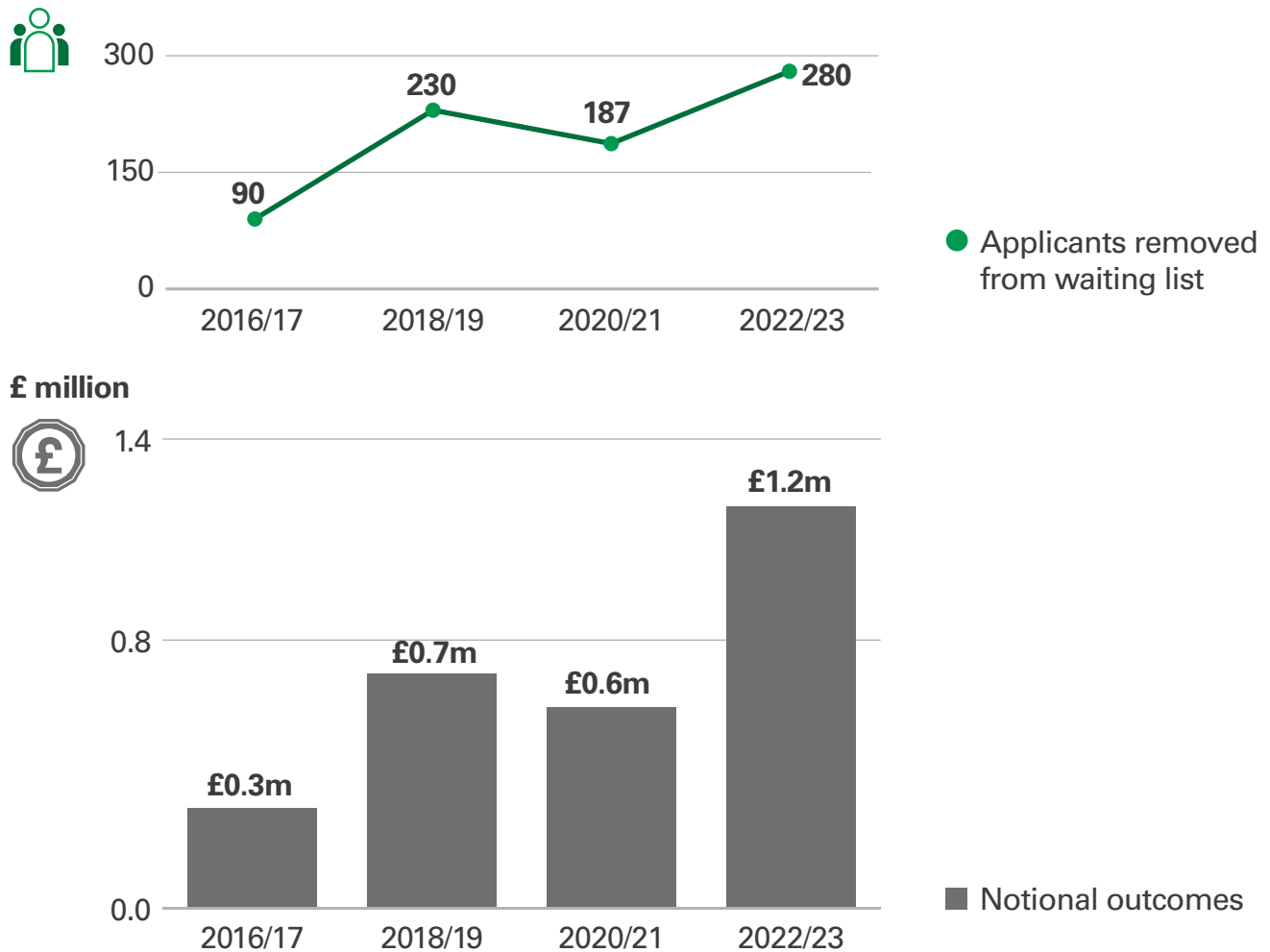
50. Councils maintain waiting lists for council housing, and in some cases for all social housing in their area. The NFI matches waiting list data to housing tenancy data and other data sets, enabling undisclosed changes in circumstances to be picked up. This enables removal of ineligible applicants from the waiting list, stops inappropriate allocations, and accelerates allocations to people in genuine need of social housing.

51. In 2022/23 we have seen an increase in the number of applicants removed from waiting lists as a result of NFI. Notional outcomes have also increased as shown in [Exhibit 14 \(page 24\)](#).

Exhibit 14.

Housing Waiting List outcomes and case numbers by NFI exercise

More applicants have been removed from the waiting list in 2022/23 than in previous exercises.



Source: NFI management information

52. Notional outcomes are attributed to applicants removed from the waiting list on the basis that social housing could have been allocated inappropriately. The estimation methodology allocates £4,283 per case removed from the waiting list (an increase from £3,240 per application in 2020/21).

5. Pilot exercises and future developments

Social Security Scotland took part in a pilot data-matching exercise which identified limited fraud and error. We are also exploring the possibility of involving wider public sector bodies in the 2024/25 NFI exercise on a voluntary basis.

Social Security Scotland – benefits pilot 2022

53. In 2022 a pilot exercise was undertaken with Social Security Scotland (SSS) to identify any instances where claimants received support but were not residing in Scotland, or where claimants appear to have claimed benefits more than once (eg, from more than one Scottish address). The pilot exercise included payments made in the three-month period from April to June 2021.

54. Around 45,000 lines of data relating to benefit payments were submitted for matching, resulting in the identification of 367 claimants who appeared to be residing outwith Scotland. Following review and corroboration of addresses by SSS there were just 17 cases where claimants were not entitled to benefits. Overpaid benefits of £16,450 were identified, a further £20,000 could have been paid out in relation to these claims, over the remaining eligibility periods.

55. Despite the identification of fraud and error, the number and value of cases was not deemed sufficient to justify the inclusion of this match type in the main biennial NFI exercise in 2022/23. The intention is to run another pilot in 2024/25 which may also include Adult Disability Payments for the first time.

Inclusion of bodies on a voluntary basis

56. There are potential benefits from expanding the NFI to include more public sector bodies in Scotland. We invited Scottish housing associations and universities to participate in the 2024/25 NFI on a voluntary pilot basis.

57. While no universities have volunteered for participation, we are working with several interested housing associations. At this time, it is unclear how many of those interested will actually participate.

Appendix

Estimated outcomes methodologies

In some cases NFI outcomes include an estimated element for forward savings or for where no monetary value can be recovered

The NFI uses the term 'outcomes' to refer to the financial value of fraud, error and overpayment that can be attributed to NFI data matching. In some cases NFI outcomes include an estimated element which seeks to capture:

- The value of loss from a fraud or error detected because of an NFI match, in instances where no monetary value can be recovered - such as the value of recovering a property from a tenant who has fraudulently obtained that tenancy. We have called these 'notional outcome estimates' in our report.
- The value of any future losses that may have been incurred without intervention as a result of an NFI match. For example, the value of future overpayments prevented through detecting and stopping a fraudulent or erroneous housing benefit claim. We have called these 'forward savings' in our report.

Most NFI datasets have a methodology to calculate estimated outcomes. These methodologies account for:

- data relevant to the fraud problem, including national published data and data from previous NFI cases
- the policy context relative to the fraud problem
- any regional variances that may result in the generation of estimate methodologies specific to a region or area
- alignment where possible with relevant estimated savings methodologies used in other central government departments.

All methodologies are reviewed prior to the start of each new NFI exercise. Any changes are reviewed by the Cabinet Office NFI Governance Board and approved by the Cabinet Office Fraud Prevention Panel. This panel consists of cross government counter fraud experts (including representatives from DWP, HMRC, NHS, MOD, BEIS, DFID, NAO, etc.) who review and challenge, where necessary, methodologies for calculating the estimated value of fraud prevention initiatives across government departments.

Once approved, these methodologies are built into the NFI web application to enable the estimated outcomes element to be automatically generated.

A summary of the outcomes methodology calculations applied to NFI datasets is set out in the following table:

Data match	Basis of calculation of forward savings and estimated outcomes
Council tax single person discount	Forward savings – Annual value of the discount cancelled multiplied by two years.
Council tax reduction scheme	Forward savings – Weekly change in council tax discount multiplied by 33 weeks (increased from 21 weeks in 2020/21).
Housing benefit	Forward savings – Weekly benefit reduction multiplied by 21 weeks.
Pensions	Forward savings – Annual pension multiplied by the number of years until the pensioner would have reached the age of 85.
Housing Tenancy	Notional outcomes – £78,300 per property recovered, based on average four-year fraudulent tenancy. Includes: temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies (reduced from £93,000 in 2020/21).
Housing waiting lists	Notional outcomes – £4,283 for each case based on the annual estimated cost of housing a family in temporary accommodation, the duration a fraud may continue undetected and the likelihood a waiting list applicant would be provided a property (increased from £3,240 in 2020/21).
Blue Badges	Notional outcomes – Number of badge holders confirmed as having died multiplied by £650 to reflect lost parking and congestion charge revenue (increased from £575 in 2020/21).
Concessionary bus travel	Forward savings – Number of bus passes used fraudulently multiplied by £420. Based on average fraudulent use and reflecting two years forward use.
Payroll	Notional outcomes – £5,685 for each employee dismissed or resigns as a result of NFI matching. (up from £5000 in 2020/21).

The National Fraud Initiative in Scotland 2024



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ISBN 978 1 915839 46 6