Ayrshire College

Minute of the Audit and Risk Committee
Held by Hybrid Attendance at Kilmarnock Campus
Thursday 30 November 2023

Present:

Steven Wallace	Chair
Sharon Morrow	Vice - Chair
Matthew Wilson	Non-Executive Board Member

In attendance:

Hilary Denholm	Board Governance Advisor & Minutes
Alan Ritchie	Vice Principal, Finance & Infrastructure
Liz Walker	Head of Financial Services
Stephen Pringle	Wylie & Bisset – Internal Auditors
Adrian Kolodziej	Azets – External Auditors
David Eardley	Azets – External Auditors

1. Welcome and Declarations of Interest

The Chair, Steven Wallace, welcomed all present to the meeting.

There were no Declarations of Interest presented.

The meeting was confirmed as quorate.

2. Apologies

Apologies were recorded from Alison Sutherland, Non-Executive Board Member; Angela Cox, Principal & Chief Executive; Anne Campbell, Vice Principal, Skills and Enterprise and David Davidson, Vice Principal, People, Performance and Transformation.

3. Minutes of the Previous Meeting held on 10 October 2023 *(Paper 1)* C/P

The minutes were approved as a correct record.

Proposed: S Morrow   **Seconded:** S Wallace

ARC Action & Decision Tracker *(Paper 1A) (P)*

The Committee noted the updates regarding the actions which are all now completed.

4. Matters Arising

A Ritchie gave a verbal update on the work progressing on the revised version of the Business Continuity Plan which will be brought to a future meeting.

There were no other outstanding matters arising from the minutes.

5. Internal Audit – Wylie & Bisset

i) 2022-23 Credits Audit Report *(Paper 2) (P)*

S Pringle introduced Paper 2 as presented.

The Committee noted:
- The requirement to undertake annually and submit to the Scottish Funding Council
- One low grade recommendation

The Committee noted the strong report and level of assurance received.

ii) 2022–23 EMA Audit Report *(Paper 3) (P)*

S Pringle introduced Paper 3 as presented.

The Committee noted that there were no issues or recommendations.

The Committee noted the positive report and level of assurance received.

iii) 2022-23 Student Support Funds Report *(Paper 4) (P)*

S Pringle introduced Paper 4 as presented.

The Committee noted:
- The requirement to undertake annually and submit to the Scottish Funding Council and to SAAS.
- There were no issues or recommendations.

The Committee noted the positive report and level of assurance received.

6. Draft Counter Fraud, Risk and Bribery Policy *(Paper 9) (P)*

A Ritchie introduced Paper 9 as presented.

The Committee noted:
- This had been produced following an internal audit recommendation.
- Once approved, actions will be taken to publicise and implement.
- A fraud response plan will be created.

Discussion took place around targets and clarification of staff level responsibilities, and some minor amendments to the documentation were highlighted.

Decision: ARC42-D05 - The Committee approved the Counter Fraud, Risk and Bribery Policy subject to the minor amendments highlighted.

9. Rolling Internal Audit Action Plan as at 31 October 2023 *(Paper 10) (P)*

A Ritchie introduced Paper 10 as presented.

The Committee noted:
- The College had three outstanding audit recommendations, of which one was due to be completed, and has now been closed.
- Revised Financial Regulations will be provided to the next BRIC.
- Financial Management training will be included in the revised Evolve management programme.
- A budget holder handbook will be issued to budget holders in Q1 2024.

The Committee noted the report.

12. AOB

Discussion took place around the ARC meeting frequency for AY24/25.

The Committee agreed that four meeting dates should be retained for AY24/25, with the additional meeting time available being used for added value activities, particularly around risk management, plus documentation reviews by the Committee.

Date of Next Meeting – Tuesday 19 March 2024 at 4pm

Private Meeting between the Committee and Auditors

In accordance with the Committee's terms of reference, the Committee held a meeting with Internal and External Auditors without management present. The purpose of this meeting is to provide auditors with the opportunity to present their views on the organisation and management.

External and Internal Audit both advised that despite significant change in the Executive Leadership Team, that there were no material issues raised in this regard, and that good collaborative working had helped achieve the audit plan completion.

The Chair and the Committee thanked the Auditors for their contribution and welcomed both the positive feedback put forward and level of assurance provided.

P - Papers will be published on the College Website; R - Papers will not be published for reasons of commercial confidentiality or for reasons associated with data protection legislation; C/P - Confirmed minutes will be published on the College Website

RESERVED ITEMS ON THE NEXT PAGE

Meeting Date	Agenda Item	Reference	Details	Action Owner	Due Date	Action Decision	Open Complete Approved Declined
30.11.23	BOM Report & Financial Statement 2022-23	ARC42: D01	The Committee recommended the approval of the 2022-23 Board of Management Report and Financial Statements to the Board of Management.	NA	14.12.23	Decision	Approved
30.11.23	Annual Audit Report to the BOM and Auditor General	ARC42: D02	The Committee recommended the approval of the Annual Audit Report to the Board of Management and Auditor General.	NA	14.12.23	Decision	Approved
30.11.23	Letter of Representation 2022-23	ARC42: D03	The Committee recommended the Letter of Representation 2022-23 the Board for approval.	NA	14.12.23	Decision	Approved
30.11.23	2022-23 Audit Committee Chair's Annual Report	ARC42: D04	The Committee recommended the approval of the Audit Committee Chair's Annual Report 2022-23 to the Board of Management.	NA	14.12.23	Decision	Approved
30.11.23	Counter Fraud, Risk and Bribery Policy	ARC42: D05	The Committee approved the Counter Fraud, Risk and Bribery Policy subject to the minor amendments highlighted.	NA	14.12.23	Decision	Approved
30.11.23	2023-24 Corporate Risk Register (V2)	ARC42: D06	The Committee recommended 2022-23 Corporate Risk Register (V2) to the Board for approval.	NA	14.12.23	Decision	Approved
30.11.23	Risk Management Policy & Procedure	ARC42: D07	The Committee recommended the Risk Management Policy & Procedure to the Board for approval.	NA	14.12.23	Decision	Approved

Ayrshire College *(Paper 2)*

Audit and Risk Committee

19 March 2024

Strategic Objective Reference:	SO5 High performing college underpinned by excellence in stewardship and governance
Subject:	**Internal Audit Report – Estate Management**
Purpose:	The paper provides an overview of the recently conducted internal audit review into Estate Management at the College.
Recommendation:	The Audit and Risk Committee is requested to consider and approve the report.

1   Executive Summary

This review formed part of the 2023-24 Annual Internal Audit Plan. The purpose of this assignment was to review the strategic and operational arrangements in place in respect of estates management at the College. The auditors have also reviewed the maintenance of the assets, the safety of the estates and the processes to ensure compliance with safety legislation.

Overall Assurance: Weak

The overall conclusion is as follows:

> *'We can provide the College with a weak level of assurance surrounding the controls in place for Estates Management. We have raised two recommendations including one high grade recommendations for improvement. Please see Section 3: Detailed Recommendations for further information. We have also raised three observations for consideration, please see Section 4: Observations for more information.'*

The overall weak assurance is regarding the lapsed College Estate Strategy which has resulted in a high-grade recommendation being made. The College has accepted this recommendation.

The report has identified several areas of good practice (pages 10-11) including compliance with legislative requirements across all campuses.

2   Detailed Report

The College has accepted the two recommendations, and these will be added to the Rolling Audit Action Plan.

The report made 3 observations in section 4 which the College has noted:

1) Curriculum Development Plan (CDP)
   Due to staff changes and appointments during the year the timetable for the completion of the CPD has been extended. The 24/25 CPD has now been finalised and work is underway to identify the additional resources required to deliver the intended plan.

2) Team Structure
   This is currently being addressed through the Executive Leadership Team for wider consultation in due course.

3) Net Zero
   This remains a commitment for the College subject to the staffing structure being finalised and resources being available to address the inevitable funding shortfall.

3   Resource Implications

No further resource implications require to be noted in this paper.

4   Consultation

No formal consultation is required to be completed. The audit report has been discussed with the relevant members of the Senior Leadership Team (SLT) and the required actions are being undertaken to address the recommendations made.

5   Risks

There are no further risks required to be considered as a result of this report.

6   Equality Impact Assessment

An equality impact assessment is not applicable to this paper given the subject matter.

7   Recommendation

The Audit and Risk Committee is requested to consider and approve the report.

Alan Ritchie
Vice Principal, Finance and Infrastructure
19 March 2024

Publication

This paper will be published on the College's website.

Ayrshire College
Internal Audit 2023-24

Estates Management
February 2024

Overall Conclusion
Weak

The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Ayrshire College's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

Wylie + Bisset

Overview

Purpose of review

The purpose of this assignment was to review the strategic and operational arrangements in place in respect of estates management at the College. We have also reviewed the maintenance of the assets, the safety of the estates and the processes to ensure compliance with safety legislation.

This review formed part of our 2023/24 Annual Internal Audit Plan.

Scope of review

Our objectives for this review were to ensure:

➢   The College's Estates Strategy supports the College objectives.

➢   The College has appropriate arrangements in place to ensure that its estates are managed effectively.

➢   There are robust procedures in place for ongoing maintenance and repair within the College.

➢   Estates planning takes due consideration of the College's future plans for the curriculum.

➢   The College is meeting its statutory obligations in relation to Estates Management.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There was no limitation of scope.

Background Information

College Estates

Ayrshire College has recently undergone a restructure of its estate where the previous Estates Strategy has rationalised and reduced the College estate down to three campuses and a satellite delivery centre. The three main campuses are in:

➢ Ayr;
➢ Kilmarnock; and
➢ Kilwinning.

Ayr Campus

The Ayr Campus is owned by the College and includes the Dam Park Building, Riverside Building and the Aeronautical Engineering Training Centre. The College is responsible for the maintenance of the Ayr Campus, whereby they will monitor and ensure compliance with the relevant statutory obligations.

The College maintain a schedule of planned preventative maintenance for the Ayr Campus which ensures statutory compliance inspections are appropriately scheduled and completed within required timeframes. During our review we were able to evidence that the College is fully meeting its obligations in respect of:

➢ Fire Safety;
➢ Gas Safety;
➢ Lift Maintenance; and
➢ Asbestos Management.

The campus has some of the oldest estate of the three campuses and is the only estate that requires asbestos inspections to be conducted.

Kilmarnock Campus

The Kilmarnock Campus opened in 2016 and is the newest of the three campuses. The campus offers a wide range of facilities including gym and sports facilities, café and restaurant and a Learning Resource Centre. The campus is owned by C3 Investments and is maintained through a facilities management agreement provided by Dalkia. As such, the College does not have an obligation over the maintenance of the building but does have an invested interest to ensure the building is fit for purpose and properly maintained for the effective delivery of its curriculum.

Monthly meetings are held between C3 Investment, Dalkia and the College which consider the status of the campus and any planned works scheduled.

Kilwinning Campus

The Kilwinning Campus is owned by KE Projects Ltd and is maintained through a facilities management agreement provided by Bellrock. The Campus was established using a Public Finance Initiative (PFI) arrangement. The Kilwinning Campus is set to be returned to College ownership at the end of the agreement in June 2025. Monthly meetings are held with all parties similarly to the Kilmarnock Campus, where assurances are relayed back to the College. In 2023, the Willie Mackie Future Skills Hub opened adjacent to the main building which provides curriculum activities such as trades e.g. joinery, painting and decorating, as well as renewable energy. The College is currently looking towards creating sustainable estates in a move towards the Scottish Government Net Zero ambition and as such an energy audit is to be conducted. We have raised an observation regarding the net zero target. **Please refer to Section 4: Observation for further information.**

Estates and Infrastructure Team

There has been several notable changes in personnel at the College which has significantly impacted the Team. The Team is currently headed up by the Vice Principal of Finance and Infrastructure who has been in post since October 2023. The structure of the team is clear with defined roles and responsibilities however, due to vacancies and turnover in staff the team is not operating at full capacity. We have raised an observation regarding the current vacancies. **Please refer to Section 4: Observation for further information.**

Estates Strategy

The College's 2010 - 2015 Estates Strategy was aimed at consolidating its estate down to the three campuses currently in use, including the opening of the new Kilmarnock campus. The College's previous Infrastructure Strategy ran from 2018 to 2020 and established five key strategic aims. There has been no Infrastructure Strategy in place since the conclusion of the previous strategy. We have raised a high-grade recommendation surrounding the development of an Infrastructure Strategy. **Please refer to section 3: Detailed Recommendations for further information.**

Property Budget

The College's total budget consists of a property budget which covers the maintenance of its estate. The budget allocated for the year is £2.7m. The budget and each component, including that of property, is considered within the management accounts which provide an analysis on the actual v budget for the year to date and forecast for the year. Significant variances are also highlighted through a traffic light system. Performance against the property budget for the year to date is slightly ahead of budget, with the College operating at a positive variance of £17k.

Work Undertaken

Our work undertaken for this review included the following:

Objective 1: The College's Estates Strategy supports the College objectives.

➢ We have considered the current arrangements in place surrounding the development of an Infrastructure Strategy.

➢ We have discussed with key staff the current situation at the College and the timelines expected for the implementation of a robust infrastructure strategy.

Objective 2: The College has appropriate arrangements in place to ensure that its estates are managed effectively.

➢ We have considered the structure of the Estates Team and considered whether roles and responsibilities are documented, and staff are aware of this.

➢ We considered the reporting arrangements in place in respect of estates at the College to ascertain if this is adequate and provides management with valuable information.

Objective 3: There are robust procedures in place for ongoing maintenance and repair within the College.

➢ We have considered the Planned Preventative Maintenance Schedules in place for the Ayr Campus and the sources of assurance for the Kilmarnock and Kilwinning campuses.

➢ We have considered the use of the Estates Helpdesk and reviewed the utilisation of the tool in responding to estates requests and reactive maintenance works.

➢ We discussed with key staff the arrangements in place for ensuring the effective maintenance of the College's three campuses.

Objective 4: Estates planning takes due consideration of the College's future plans for the curriculum.

➢ We considered the arrangements in place for the development of a Curriculum Development Plan.

➢ We discussed with staff the current situation regarding the development of the Curriculum Development Plan to ascertain how the College ensure estates have the capacity to deliver the plan.

Objective 5: The College is meeting its statutory obligations in relation to Estates Management.

➢ We reviewed the monitoring and compliance arrangements the College have in place to ensure that it is meeting its statutory obligations. This included sample testing on:
  ➢ Fire Risk Assessment conducted at the Ayr Campus Buildings.
  ➢ Asbestos Inspection conducted in December 2023 by SOCOTEC.
  ➢ Boiler Services conducted in August 2023 at the Ayr Campus.
  ➢ Lift Maintenance reports from OTIS for the period October 2023 to January 2024.
  ➢ Lift Maintenance examinations conducted by Allianz for February 2023 and August 2023.

Conclusion

Overall conclusion

Overall Conclusion: Weak
We can provide the College with a weak level of assurance surrounding the controls in place for Estates Management. We have raised two recommendations including one high grade recommendations for improvement. Please see **Section 3: Detailed Recommendations** for further information. We have also raised three observations for consideration, please see **Section 4: Observations** for more information.

Summary of recommendations

Grading of recommendations				
	High	**Medium**	**Low**	**Total**
Estates Management	1	1	0	2

The following is a summary of the recommendations we have graded as high
➤   Infrastructure Strategy

Areas of good practice

The following is a list of areas where the College is operating effectively and following good practice.	
1.	The College has processes in place across its Ayr Campus to ensure the safety of its buildings in accordance with the Health and Safety at Work Act 1974. We were able to confirm these processes are operating effectively for the management of fire safety, asbestos, legionella, gas, and lifts. The College receives external assurances that the Kilmarnock and Kilwinning campuses are meeting their statutory obligations through monthly meetings with Dalkia and Bellrock.
2.	The College maintain Planned Preventative Maintenance (PPM) Schedules to ensure all planned works are conducted timely across the three campuses. The College is responsible for the maintenance of the Ayr Campus and as such ensure all planned works are conducted accordingly. We were able to confirm for the calendar years 2023 and 2024 to date, all PPM inspections had been completed accordingly or are scheduled to be completed during the year.
3.	The Estates Team is headed up by the interim Estates Manager and overseen by the Vice Principal of Finance and Infrastructure, the structure of the team is clearly documented with the roles and responsibilities outlined within the active job descriptions. From discussions with key members of staff we were able to confirm awareness of these responsibilities.
4.	The College effectively consider budget holder input when considering the allocation of the capital budget. Both a capital works request form and scoring matrix are used to assess proposed projects and allow the College to assess the needs and interests of its budget holders whilst considering projects that are in the interests of the College and funding opportunities available.

The following is a list of areas where the College is operating effectively and following good practice.	
5.	The College's Management Accounts effectively outline any variances against the budget for both the year to date and annual forecast. An analysis of property costs is included as an appendix to the accounts that effectively considers the maintenance budget on an ongoing basis. From our review of the December 2023 Management Accounts, the College is currently operating at a positive variance of £17k. The property budget is currently managed by the Interim Estates Manager with monthly meetings held with the Finance Team to consider any areas of concern or significant variances identified.

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Estates Management

Benchmarking				
	High	**Medium**	**Low**	**Total**
Average number of recommendations in similar audits	0	0	2	2
Number of recommendations at Ayrshire College	1	1	0	2

From the table above it can be seen that the College has a similar number of recommendations although the gradings are higher compared to those colleges it has been benchmarked against.

Infrastructure Strategy			
Ref.	Finding and Risk	Grade	Recommendation
1.	Organisations should maintain an Infrastructure Strategy to provide a strategic plan for managing and developing its estates in line with its corporate objectives. During our review we identified the College's Infrastructure Strategy is currently out of date. We were informed the decision was made to pause the development of an Infrastructure Strategy until the College's Corporate Plan has been fully developed and implemented, a target date for the Corporate Plan has been set for Summer 2024. Thereafter an Infrastructure Strategy will be developed to direct future plans. The infrastructure Strategy should take consideration of the utilisation of the College estates, we were informed the College is unaware of its current utilisation. There is the risk that without an Infrastructure Strategy the utilisation of the College's estates does not align with the mission of the College.	**High**	We recommend that the College ensure an Infrastructure Strategy is developed following the implementation of the Corporate Plan. The College should focus on gathering data and undertake a utilisation exercise to highlight areas underutilised. The Infrastructure Strategy should take consideration of: • Details and condition of the College campuses • Utilisation • Financial implications and running costs • Curriculum planning and learner needs • Sustainability • Options Appraisals

Management response	Responsibility and implementation date
The College and the wider sector were expecting the delivery of the SFC Infrastructure Strategy in the latter part of 2023. The Strategy has now been replaced with a commitment from the SFC to delivery an infrastructure investment plan by the end of 2024. The College had anticipated that the SFC Strategy would provide an outline for the College to consider in developing its own strategy, but as this is now not available then the College will look to develop its own Infrastructure Strategy. This Strategy will be developed in conjunction with the revised Ayrshire College Corporate Strategy.	*Responsible Officer:* Vice Principal Finance and Infrastructure *Implementation Date:* 31 December 2024

	Monitoring of Estates Helpdesk		
Ref.	Finding and Risk	Grade	Recommendation
2.	It is good practice for organisations to monitor and report their performance against a set of agreed KPIs for the completion of estate works. During our review, we identified the College have an effective tool, the Estates Helpdesk, which logs requests made by staff. The Helpdesk allows for the effective recording of requests made by staff and provides the foundation to monitor performance. However, we identified this is not being fully utilised, where the completion of requests is not logged and no KPIs have been established to monitor and report performance. The College receives reports from the maintenance providers at the Kilmarnock and Kilwinning campuses, however there is limited internal reporting. There is the risk without adequate monitoring and reporting, high priority requests may go unresolved causing potential hazards at the College estates. There is a further risk that Management do not receive adequate information to inform key	**Medium**	We recommend that the College use its Estates Helpdesk for the monitoring of requests made. This would be strengthened alongside the introduction of reactive KPIs where performance can be measured on an ongoing basis. Thereafter regular estates reports should be produced and presented to Senior Management to inform key decisions and provide updates on performance against an established set of indicators. We also recommend the College look to implement a control to identify high priority requests from day to day requests. This will ensure high priority requests are identified at the first point of contact and as such can be resolved timely in line with established KPIs.

Wylie
Bisset

decisions.		
Management response		**Responsibility and implementation date**
The College receives monthly reports from both of its facilities management companies at Kilmarnock and Kilwinning. The College will develop a consistent suite of monthly reports incorporating the headings utilised by the external providers along with an agreed set of Performance Indicators for quarterly reporting to the Senior Leadership Team.		*Responsible Officer:* Vice Principal Finance and Infrastructure *Implementation Date:* 31 October 2024

	The following is a list of observations from our review
1.	During our review we were informed that the Curriculum Development Plan (CDP) for this year has only recently been produced due delays in core information being produced including SFC credit guidance. Going forward the CDP should be prepared timely to ensure estates are used fully and have the capacity to deliver the desired curriculum.
2.	Whilst we were able to evidence a clear structure and defined roles and responsibilities, we have noted a turnover in staff has had an adverse impact on the College Estates Team. Currently the College has an Interim Estates Manager and one Estates Team Leader vacancy. The College should look to actively restore the Estates Team to full capacity to ensure its ambitions and improvements noted during our review can be implemented going forward. The College is aware of the current vacancies and is actively looking to fill these positions.
3.	The College aspires to meet the Scottish Governments net zero ambition for 2045 and as such is taking this into consideration for future planning. From discussions with key staff, it has been noted that the College will require additional funding if it wants to achieve this ambition. The College is committed to ensuring its priority remains with the delivery of its curriculum and will require guidance from the Scottish Government and Scottish Funding Council to achieve net zero whilst maintaining the quality of its curriculum delivery.

**Wylie
+Bisset**

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit and Risk Committee meeting.

Audit stage	Date
Fieldwork start	29 January 2024
Closing meeting	8 February 2024
Draft report issued	14 February 2024
Receipt of management responses	4 March 2024
Final report issued	5 March 2024
Audit and Risk Committee	19 March 2024
Number of audit days	6

We detail below our staff who undertook the review together with the College staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Director	Stephen Pringle	Director of Internal Audit	stephen.pringle@wyliebisset.com
Senior	Zendl Abaigar	Internal Audit Senior	zendl.abaigar@wyliebisset.com
Auditor	Kyle McGuiness	Internal Auditor	kyle.mcguiness@wyliebisset.com

Ayrshire College			
Key Contacts:	Alan Ritchie	Vice Principal of Finance and Infrastructure	alan.ritchie@ayrshire.ac.uk
	Lisa Keggans	Interim Estates Manager	lisa.keggans@ayrshire.ac.uk
	Martin Hammond	Head of Health, Safety and Wellbeing	martin.hammond@ayrshire.ac.uk
Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

Wylie + Bisset

APPENDICES

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

For each recommendation, we assign a grading either as High, Medium, or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit and Risk Committee and addressed by Senior Management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Purpose of review

The purpose of this assignment is to review the strategic and operational arrangements in place in respect of estates management at the College. We will also review the maintenance of the assets, the safety of the estates and the processes to ensure compliance with safety legislation.

This review forms part of our 2023/24 Annual Internal Audit Plan.

Scope of review

Our objectives for this review are to ensure:

➢   The College's Estates Strategy supports the College objectives.

➢   The College has appropriate arrangements in place to ensure that its estates are managed effectively.

➢   There are robust procedures in place for ongoing maintenance and repair within the College.

➢   Estates planning takes due consideration of the College's future plans for the curriculum.

➢   The College is meeting its statutory obligations in relation to Estates Management.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

➢ Discussion with key personnel to ascertain the current arrangements in place for the management of the College Estates.

➢ Assessment of the arrangements to consider whether these are fit for purpose and ensure effective management of the College Estates.

➢ Discussion with relevant management, staff, and budget holders to establish the operational control arrangements and their involvement in this process.

➢ A review of the maintenance controls for re-active and preventative maintenance.

➢ An assessment of how contractors are procured for, organised, and monitored.

➢ Review of documentation to confirm that policies and procedures are in place and that current arrangements comply with good practice.

➢ Appraisal of the adequacy of information and reporting provided to senior management for decision making.

➢ An overall review of the internal control environment to ensure all relevant controls are evident and being complied with.

➢ Review of whether the College is attaining value for money with their Estates Management Activities.

➢ Confirming that the College's estates works are in line with their Strategy.

Potential key risks

The potential key risks associated with the area under review are:

➢ The College's Estates Strategy is inadequate and is not consistent with the College's Strategic Plan.

➢ Current arrangements are inadequate and do not allow effective management of the College's estates.

➢ Robust procedures may not be in place for ongoing maintenance and repair within the College.

➢ The curriculum is not considered when the College is planning its Estates Strategy.

➢ The College is not meeting its statutory obligations in relation to Estates Management.

Ayrshire College　　　　　　　　　　　　　　　　　　　　　　*(Paper 3)*

Audit and Risk Committee

19 March 2024

Strategic Objective Reference:	SO5　High performing college underpinned by excellence in stewardship and governance
Subject:	**Internal Audit Report – Student Retention**
Purpose:	The paper provides an overview of the recently conducted internal audit review into Student Retention at the College.
Recommendation:	The Audit and Risk Committee is requested to consider and approve the report.

1　Executive Summary

This review formed part of the 2023-24 Annual Internal Audit Plan. The purpose of this assignment was to review the levels of student retention at the College. The auditors assessed the processes in place at the College to highlight problem areas and where retention is low. They also assessed the steps taken by the College to address areas of poor student retention.

Overall Assurance: Strong

The overall conclusion is as follows:

> *'Following our review, we can provide the College with a strong level of assurance surrounding the controls in place to manage student retention. We assessed the processes in place at the College where problem areas and low retention have been highlighted. We have raised several good practice points and two low grade recommendations for improvement.'*

The report has identified several areas of good practice (page 14).

2　Detailed Report

The College has accepted the two low grade recommendations, and these will be added to the Rolling Audit Action Plan.

3　Resource Implications

No further resource implications require to be noted in this paper.

4　Consultation

No formal consultation is required to be completed. The audit report has been discussed with the relevant members of the Senior Leadership Team (SLT) and the required actions are being undertaken to address the recommendations made.

5   Risks

There are no further risks required to be considered because of this report.

6   Equality Impact Assessment

An equality impact assessment is not applicable to this paper given the subject matter.

7   Recommendation

The Audit and Risk Committee is requested to consider and approve the report.

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Alan Ritchie
Vice Principal, Finance and Infrastructure
19 March 2024

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Publication

This paper will be published on the College's website.

Wylie Bisset

Accountants, Business & Tax Advisers

Ayrshire College
Internal Audit 2023-24

Student Retention
February 2024

Overall Conclusion
Strong

The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Ayrshire College's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

**Wylie
+ Bisset**

Overview

Purpose of review

The purpose of this assignment was to review the levels of student retention at the College. We assessed the processes in place at the College to highlight problem areas and where retention is low. We also assessed the steps taken by the College to address areas of poor student retention.

This review formed part of our 2023/24 Annual Internal Audit Plan.

Scope of review

Our objectives for this review were to ensure:

➢   Responsibilities for student retention are clearly defined throughout the College.

➢   The College has robust quality data for quality monitoring and student retention which is reported on a termly basis.

➢   The College actively monitors its student retention in a clear and defined manner.

➢   The College has plans in place to address areas of poor retention in a timely manner.

➢   Where poor levels of retention are highlighted, the College's procedures have been adhered to and are fit for purpose.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There was no limitation of scope.

Background

Policies and Strategies

The College has an effective suite of strategies, policies and processes that guide and inform the approach to quality assurance and enhancement. These policies and procedures are designed to drive improved retention and attainment. These are:

Strategic Level

- Statement of Ambition 2021-24
- Refresh and Renew Plan 2021-24
- Regional Outcome Agreement
- Digital Strategy
- Empowering, Supporting and Inspiring Student Success (Ayrshire College's Learning, Teaching and Assessment Strategy)
- Student Carers' Action Plan

Operational Level

- Student Attendance, Engagement and Withdrawal Policy
- Assessment Policy
- Academic Appeals
- Internal Verification
- Assessment, Malpractice and Maladministration Policy
- Complaints
- Safeguarding Policy
- Student Conduct Policy

Student Attendance, Engagement and Withdrawal Policy

This Policy is aimed at improving retention and provides guidance to staff on the attendance/engagement and withdrawal processes. The Policy also outlines how curriculum staff, student Records, student Experience and student funding will work together to improve retention.

The Policy was approved on 26 January 2022 and is currently under review by the Head of Business Intelligence and Information Systems. Refer to **Section 3: Detailed Recommendations.**

Our discussions with various staff members of the College highlighted that the responsibility for student retention is embedded across the College, wherein the entire curriculum administration - from the heads, managers and administrators and student experience team have a clear understanding of their individual responsibility for the retention of students.

Systems Used

The College uses the following systems for managing student data, these are:
- Student Record System (Unit-e);
- Personal Learning Support Plan;
- Columbus;
- Retention Tool;
- QlikView; and
- Power BI Dashboard.

All systems are linked to the Student Record System (Unit-e) which is the main system that feeds data to the Retention Tool, Power Bi Dashboard and QlikView. These three systems are mainly used in the monitoring and analysis of student retention. **Section 3: Detailed Recommendations.**

Retention Tool

This application helps Curriculum Administrators / Student Experience Teams identify students at risk of disengaging from their programme. It is used as a communication tool for Curriculum Administrators / Student Experience Teams to re-engage students with poor attendance via text, email or telephone recording all attempts to do so. When all attempts to re-engage students have failed, Curriculum Administrators will use the tool to initiate a withdrawal, stating the reason for the student withdrawing if known. This will then be electronically authorised in the retention tool by the Curriculum Managers, and the Student Records Team will be automatically notified to allow the student record to be updated.

Power Bi Dashboard

The dashboard reports on enrolment figures vs withdrawals of student which can be filtered per campus, mode of study, enrolment status, level (HE or FE) and by course.

QlikView Dashboard

The dashboard is more detailed than the Power Bi dashboard as it presents withdrawal numbers that can be drilled down by class but also the withdrawal rates and reasons. During meetings, this dashboard is presented to show the performance of the overall College compared to the targets set for retention.

Quality Cycle

The College process for monitoring and evaluating performance (retention and attainment) is reflected in the Quality Cycle which is reviewed and updated annually. It flows from one academic year to the next where the outputs of team evaluation activities are used to update the Team Operating and Enhancement Plan (TOEP) and inform curriculum development planning meetings. The College process involves all curriculum staff in professional dialogues adopting a consistent approach to the monitoring and evaluation of retention and attainment and identifying meaningful actions to drive improvement.

The Team Operating and Enhancement Plan includes the following details:
- Areas covered ;
- Title (Actions);
- Intended Outcome;
- Assigned Personnel;
- Target Date;
- RAG Status; and
- Progress.

Retention Meetings

This is a weekly meeting between the Curriculum Managers, Curriculum Administrators and the Student Experience Department, to look at attendance and taking necessary actions to address poor attendance. This forum considers "students at risk of disengaging" and refers these students to Student Experience Department for either academic or pastoral support with a view that the support extended will reengage them in their course. The retention tool is utilised to record the nature and outcome of the support provided.

Inclusive Learning and Student Services Support

The most recent data in the QlikView dashboard as of 30 January 2024 showed:

- The overall early withdrawal rates have improved from 4.4% in the previous academic year to 3.9% currently.
- The overall further withdrawal rates have improved from 7.1% in the previous year to 5.9% currently.

The report identified the reasons for students withdrawing from a course as a mixture of:

- *health issues (including mental health) ;*
- *non-attendance/college withdrew after lapse of time with no contact. While every attempt is made to contact students to establish reasons for non-engagement and subsequent withdrawal, invariably, some students will not respond to attempts to re-engage them or to illicit this information;*
- *left to take up employment; and*
- *citing caring responsibilities.*

From our discussions with the Student Experience Department staff, headed by the Student Experience Manager, the department's services are divided into the following:

- **Inclusive Learning Area** for academic support for those students identified below.
- **Student Services Areas** for pastoral support for those students identified below.

Students are identified as:

- Care Experienced;
- Carers;
- Estranged ;
- Exceptional Entries;
- Visually Impaired ;
- Hearing Impaired;
- Autism Spectrum ; and
- or any other students who needs support.

The Student Experience Department conducts a needs assessment for these students to offer the most appropriate help for them. They are offered one-to-one meetings with learning support assistants as well as recommending them to external help such as social workers depending on the needs of the student. These services are communicated to the students during enrolment, induction, College application and through their lecturers at the College.

From the most recent student experience survey conducted by the Student Experience department, an 80% satisfaction rating was received from the three campuses of the College for the services offered to students.

Student Retention Reporting and Monitoring

As part of the Quality Cycle there are Curriculum Quality Sessions throughout the academic year. This is coordinated by the Assistant Principal– Student Experience and Quality Enhancement and Head of Quality Enhancement and undertaken together with the Heads of Curriculum and Curriculum Managers to evaluate and review the actions embodied in the Team Enhancement Operational Plan and look at curriculum KPIs including retention and attainment in the QlikView and PowerBi dashboards.

There is also a regular flow of reporting to the Senior Leadership Team, Learning, Teaching and Quality Committee and the Board of Management. From our review of the minutes of meetings provided from each forum, student retention was reported as improving in comparison to previous academic years and looked to be above target across all modes of delivery.

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Work Undertaken

Our work undertaken for this review included the following:

Objective 1. Responsibilities for student retention are clearly defined throughout the College.
- We reviewed the College's Student Attendance, Engagement and Withdrawal Policy to confirm if the College has policy and procedure in place to improve student retention.
- We discussed with the Assistant Principal the policies, processes and strategies in place that are designed to improved retention.

Objective 2. The College has robust quality data for quality monitoring and student retention which is reported on a termly basis.

- We discussed with the Head of Business Intelligence and Information System, the systems used for data collection, analysis, and reporting of student retention.
- We completed walkthrough testing of the systems (Retention Tool, Power BI, QlikView) through screenshare to confirm functionality and that systems were working as anticipated in practice.
- We discussed with the Curriculum Head, Managers and Administrator on their opinion in terms of the quality data that the systems are providing.

Objective 3. The College actively monitors its student retention in a clear and defined manner.

- We reviewed the 2022/23 updates provided to the Board, the Learning, Teaching, Quality Committee and Senior Leadership Team.
- We reviewed the Quality Cycle of the College and the monitoring arrangements in place for student retention.

Objective 4. The College has plans in place to address areas of poor retention in a timely manner.

- We reviewed the specific actions identified to address student retention through the College Team Operating and Enhancement Plans.
- We discussed with the Curriculum Managers and Student Experience department the mechanics of the weekly retention meetings undertaken.

Objective 5. Where poor levels of retention are highlighted, the College's procedures have been adhered to and are fit for purpose.

➢ We discussed with the Student Experience Department, the programs in place to increase student retention.
➢ We reviewed how student feedback is gathered and how this is fed into the quality of delivery to improve College operations.
➢ We obtained the most recent inspection report from Education Scotland.

Conclusion

Overall conclusion

Overall Conclusion: Strong
Following our review, we can provide the College with a strong level of assurance surrounding the controls in place to manage student retention. We assessed the processes in place at the College where problem areas and low retention have been highlighted. We have raised several good practice points and 2 low grade recommendations for improvement.

Summary of recommendations

Grading of recommendations				
	High	Medium	Low	Total
Student Retention	0	0	2	2

As can be seen from the above table there were no recommendations made which we have given a grading of high.

Areas of good practice

	The following is a list of areas where the College is operating effectively and following good practice.
1.	The College has adequate procedures in place for addressing areas of poor retention. This is evident in the services offered by the Student Experience Department and progress outlined in the Team Operating and Enhancement Plan which is regularly discussed during curriculum team meetings and curriculum team sessions.
2.	From the inspection report of Education Scotland, retention was identified as one of the major strengths in the College's work.
3.	Several surveys are run on a regular basis by the College to gauge student experience and improve retention. From our review, we can confirm that the survey results are largely positive, and reports and analysis were made to inform the planning and evaluation process of the College.
4.	We were able to confirm that the College have strong plans in place to improve their retention rates through their Team Operating and Enhancement Plans and weekly retention meetings.
5.	The College is actively monitoring retention and evaluates performance through its quality cycle which is reviewed and updated annually. The Curriculum Quality sessions and team evaluation sessions as part of the quality cycle focuses on retention and attainment.
6.	There is a regular flow of reporting to the Board of Management and Senior Leadership Team on student retention through the Performance Indicator dashboard presented during meetings. There is also an annual withdrawal report going to the Learning, Teaching and Quality Committee to update committee members on full-time student retention.

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We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Student Retention

Benchmarking				
	High	**Medium**	**Low**	**Total**
Average number of recommendations in similar audits	0	2	2	4
Number of recommendations at Ayrshire College	0	0	2	2

From the table above it can be seen that the College has a lower number of recommendations compared to those colleges it has been benchmarked against.

Overdue for Review			
Ref.	Finding and Risk	Grade	Recommendation
1.	Regular review of policies and procedures provides guidance and encourages good practice. During our review, we found that the Student Attendance, Engagement and Withdrawal Policy is currently overdue for review. As stated by the policy's cover sheet, the policy was due to be reviewed in May 2023. If policies are not reviewed and updated when they fall due, the College could be operating with outdated policies that may contain contents that are not up to date causing operational inefficiencies.	**Low**	We recommend that the Head of Business Intelligence and Information System reviews the policy in compliance with its regular review date.
Management response			Responsibility and implementation date

The Head of Business Intelligence and Information System will review the Student Attendance, Engagement and Withdrawal Policy and if necessary have the required changes authorised.	*Responsible Officer: Head of Business Intelligence and Information System* *Implementation Date: 31 May 2024*

Users Feedback for Systems Used			
Ref.	Finding and Risk	Grade	Recommendation
2.	Gathering feedback from the users of the systems informs discussions and actions, to drive enhancement of data quality which will improve analysis and monitoring. During our review we noted that the College uses numerous systems to store student data and facilitate the monitoring, analysis, and reporting of performance indicators across the College including student retention. Whilst we recognise that there is high satisfaction on the data generated from the system for student retention, we also noted some of the College staff, particularly curriculum managers, wish to enhance the capabilities of the QlikView system in terms of low-level analysis. There is a risk that data needs of staff are not available affecting analysis and reporting of retention.	**Low**	We recommend that the College in its ongoing meetings with the Curriculum Team gather feedback from the users of the systems, particularly from curriculum managers and administrators. Feedback should include the challenges encountered in data analysis and identify possible actions to be taken based on the feedback received. Furthermore, if feedback received pertains to knowledge gaps rather than system limitations, refresher training should be provided to ensure any knowledge inconsistencies will be addressed.
Management response			Responsibility and implementation date

The Head of Business Intelligence and Information Systems will work with Heads of Learning and Skills to gather feedback on College's systems through curriculum team meetings. The Head of Business Intelligence and Information Systems and Heads of Learning and Skills will work with Staff Learning and Development team to identify knowledge gaps and arrange staff training on College's systems as required.	*Responsible Officer: Head of Business Intelligence and Information System, Heads of Learning and Skills, Staff Learning and Development Team* *Implementation Date: August 2024*

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit Committee meeting.

Audit stage	Date
Fieldwork start	29 January 2024
Closing meeting	6 February 2024
Draft report issued	14 February 2024
Receipt of management responses	4 March 2024
Final report issued	5 March 2024
Audit Committee	19 March 2024
Number of audit days	5

We detail below our staff who undertook the review together with the College staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Director	Stephen Pringle	Director of Internal Audit	stephen.pringle@wyliebisset.com
Senior	Zendl Abaigar	Internal Audit Senior	zendl.abaigar@wyliebisset.com
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Ayrshire College			
Key Contact:	Doreen Wales	Assistant Principal – Student Experience and Quality Enhancement	doreen.wales@ayrshire.ac.uk
	Colin Ross	Head of Business, Computing, Travel & Tourism & Humanities	colin.ross@ayrshire.ac.uk
	Richard Simson	Head of Business Intelligence and Information Systems	richard.simson@ayrshire.ac.uk
	Wendy McColl	Student Experience Manager	wendy.mccoll@ayrshire.ac.uk

Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.

APPENDICES

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

For each recommendation, we assign a grading either as High, Medium or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by Senior Management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Purpose of review

The purpose of this assignment is to review the levels of student retention at the College. We will assess the processes in place in at the College to highlight problem areas and where retention is low. We will also assess the steps taken by the College to address areas of poor student retention.

This review forms part of our 2023/24 Annual Internal Audit Plan.

Scope of review

Our objectives for this review are to ensure:

➢ Responsibilities for student retention are clearly defined throughout the College.

➢ The College has robust quality data for quality monitoring and student retention which is reported on a termly basis.

➢ The College actively monitors its student retention in a clear and defined manner.

➢ The College has plans in place to address areas of poor retention in a timely manner.

➢ Where poor levels of retention are highlighted, the College's procedures have been adhered ti and are fit for purpose.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

➢ An assessment of the quality processes used to monitor student retention in place at the College and their effectiveness. This will include an assessment of performance metrics utilised, targets that are set and processes for monitoring progress and reporting outcomes.

➢ Discussion with the relevant College Staff to establish the procedures employed by the College for monitoring student retention.

Potential key risks

The potential key risks associated with the area under review are:

➢ There are no clear lines of accountability for student retention and responsibilities are not clearly defined.

➢ The data generated in relation to student retention processes is poor quality and/or not presented on a timely basis.

➢ The College is not effectively monitoring its student retention levels.

➢ The College does not have any clear objectives for managing student retention.

➢ The College does not have arrangements in place to address poor areas of retention.

Internal Audit Plan 2023/24

Wylie Bisset

Assignment Plans

A detailed assignment plan will be prepared for each audit undertaken, setting out the scope and objectives of the work, allocating resources and establishing target dates for the completion of the work. Each assignment plan will be agreed and signed off by an appropriate sponsor from the College.

Key Dates

Visit	Audit Areas	No. of Audit Days	Provisional Start Date for Visit	Provisional Date of Issue of Draft Report	Status	Provisional Date for Reporting to Audit Committee
Visit 1	Budgeting and Monitoring	6	14 August 2023	1 September 2023	Completed	30 November 2023
Visit 2	Estates Management Student Retention	6 5	29 January 2024	16 February 2024	Completed	19 March 2024
Visit 3	Overall Financial Controls Follow Up IT Security Corporate Governance	4 4 5 5	29 April 2024	17 May 2024		4 June 2024
Visit 4	Credits SSF EMA	6 4 4	26 August 2024 and 16 September 2024	4 October 2024		November 2024

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Ayrshire College   (*Paper 5*)

Audit and Risk Committee

19 March 2024

Strategic Objective Reference:	SO5 High performing college underpinned by excellence in stewardship and governance

Subject:	**2024-25 Draft Internal Audit Plan**

Purpose:	This paper presents to the Audit and Risk Committee the draft 2024-25 Internal Audit Plan for review.

Recommendation:	The Audit and Risk Committee is requested to consider the draft 2024-25 Internal Audit Plan prior to approval at the June 2024 Committee meeting.

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1   Executive Summary

The Audit and Risk Committee is required to annually agree the Internal Audit Plan for the following year. An initial 2024-25 plan was agreed at the June 2023 Committee meeting where the 2023-24 plan was approved.

The College has engaged with Wylie & Bisset to review the 2024-25 draft plan and consider what amendments could be made to it following the completion of the 2023-24 plan and wider assurance / compliance work undertaken by the College.

As part of this review the College has created an Audit Needs Assessment (audit universe) which reviews the actual audit assignments undertaken over the last three years against the other areas which the College might undertake future audit assignments (see Appendix 1).

A review of this Audit Needs Assessment is noted within the report along with potential changes to the 2024-25 internal audit plan.

2   Background

Wylie & Bisset LLP were appointed with effect from 1 August 2022 for an initial three-year period to 31 July 2025 with the option to extend this contract by a further two years.

The prime responsibility of the Internal Audit Service (IAS) is to provide the Board of Management, via the Audit and Risk Committee, with an objective assessment of the adequacy and effectiveness of management's internal control systems.

The Internal Auditor objectively examines, evaluates, and reports on the adequacy of internal control thus contributing to the economic, efficient, and effective use of resources and to the reduction of the potential risks faced by the College. Also, the operation and conduct of the Internal Auditor must comply with the standards and guidelines set down by the Chartered Institute of Internal Auditors.

In June 2023, the Audit and Risk Committee approved the 2023-24 Internal Audit Plan, which also included the draft 2024-25 plan. The Internal Audit Plan therefore took the College to the end of the current internal audit contract assuming no further extensions were granted.

The Audit Needs Assessment (Appendix 1) indicates the audits that have been undertaken over the course of the first two years of the contract, the planned work for 2024-25 and has been expanded to include other areas which may be subject to future audit assignments.

3   **Audit Needs Assessment (ANA)**

The ANA is split into sections and a commentary on potential future audits is noted below for consideration by the Committee:

Financial Systems
- Review of Financial Regulations
  - Potential to review the Financial Regulations to ensure that they are compliant with the SFC Financial Memorandum / SPFM.

- Procurement and Tendering
  - College will be subject to a review of procurement and tendering during 2024 by APUC. Results of this review will be fed back to the Committee.

- Alternative / Non-SFC Funding Sources
  - This area is subject to review by the College and maybe suitable for audit assignment in 2025-26

- Treasury & Cash Management
  - The College has no control over who it banks with and is required to only hold cash as needed. Limited benefit in auditing this area.
- Payroll Review
  - Significant area of expenditure which has not been subject to recent audit work.

Non-Financial Systems
- Potential areas for review are noted and can be considered should the Committee feel there is a material risk to the achievement of the College strategic objectives in these areas.

<u>Strategy</u>

- Potential areas for review are noted and can be considered should the Committee feel there is a material risk to the achievement of the College strategic objectives in these areas.

- The College Sustainability Strategy is due for review in 2024-25. At the current time the College is currently reviewing its staffing structures with a view to increasing the prominence of sustainability. It is felt that 2024-25 will be too soon to see the results of this work and request that the work is delayed until a future time.
  - o Five days could therefore be released for other audit work.

<u>Student</u>

- It would be anticipated that student related activities are the subject of at least one audit assignment per year. This has been the case and student recruitment is scheduled for review in 2024-25

<u>People</u>

- Much like student activity, it would be anticipated that staff related activities are the subject of at least one audit assignment per year. The original 2024-25 plan had 5 days allocated to Human Resources.

- The College would propose using the 5 days to review the sickness absence recording and reporting procedures across the organisation. Given the levels of sickness absence and the associated costs, it is felt that a review will provide assurance that the College is taking all steps to address the challenges in this area.

<u>IT Systems</u>

- The College is currently undertaking a significant amount of work to enhance its IT infrastructure and architecture through several transformation projects. The IT controls are also subject to review as part of the external audit process and reported upon annually.

- It is proposed that no further work be undertaken in this area during 2024-25 with work to be carried out in 2025-26 on the Response Planning to an IT Incident.

<u>Governance</u>

- Business Continuity and Disaster Recovery can be subject to a separate audit / scenario exercise to be undertaken by the College insurance provider. They are experts in this field and will report back on the current College BCP arrangements.
  - o Six days could therefore be released to other audit work.

- Work could be undertaken to review both GDPR and Freedom of Information request policies and procedures.

<u>Funding and Required</u>

- These are set days to undertaken statutory audits and the management of the internal audit contract.

The Audit and Risk Committee are requested to review the Audit Needs Assessment considering:

- The strategic risks faced by the College.
- The overall coverage as shown in the Audit Needs Assessment.
- The College strategic objectives

The Committee are requested to consider whether the draft 2024-25 plan is appropriate and if so the College and internal auditors will look to develop the high-level remit and timing for the implementation of the 2024-25 plan. The final 2024-25 internal audit plan will be brought back to the June 2024 Committee meeting for approval.

Based on the discussion at the Committee, the College will also look to develop a plan that takes the College to the end of the potential internal audit contract in 2026-27.

3   Resource Implications

No further resource implications require to be noted in this paper.

4   Consultation

No formal consultation is required to be completed.

5   Risks

There are no further risks required to be considered because of this report.

6   Equality Impact Assessment

An equality impact assessment is not applicable to this paper given the subject matter.

7   Recommendation

The Audit and Risk Committee is requested to consider the draft 2024-25 Internal Audit Plan prior to approval at the June 2024 Committee meeting.

Alan Ritchie
Vice Principal, Finance and Infrastructure
19 March 2024

Publication
This paper will be published on the College's website.

Appendix 1 – Audit Needs Assessment

System	Audit Area	Operating Plan		
		2022-23 Actual	2023-24 Actual	2024-25 Planned
Financial Systems	Overall Financial Controls / Health Check	6	4	4
	Review of Financial Regulations			
	Budget and Monitoring		6	
	Procurement and Tendering			
	Alternative / Non-SFC Funding Sources			
	Treasury & Cash Management			
	Payroll Review			
Non-Financial System	Fraud Awareness	5		
	Complaints Handling			
	External Communications – Website			
	Internal Communications - Intranet			
	Assurance Mapping			
Strategy	Digital Strategy			
	Curriculum Strategy			
	Sustainability Strategy			5

System	Audit Area	Operating Plan		
		2022-23 Actual	2023-24 Actual	2024-25 Planned
	Estates Strategy			
	IT Strategy			
	People Strategy			
	Communications and Marketing Strategy			
Student	Curriculum Planning & Timetabling			
	Student Retention		5	
	Student Recruitment			6
	Student Enrolment Procedures	5		
	Safeguarding and Child Protection	5		
People	Continuing Professional Development			
	Succession Planning			
	Staff Recruitment and Retention			
	Sickness and Absence Reporting			
	Human Resources			5

System	Audit Area	Operating Plan		
		2022-23 Actual	2023-24 Actual	2024-25 Planned
IT Systems	IT Systems Administration			
	Response to IT Incident			
	IT Security		5	
Governance	Corporate Governance		5	
	Risk Management	5		
	Business Continuity and Disaster Recovery			6
	GDPR Compliance			
	Freedom of Information			
	Whistleblowing			
	Operational Planning			
	Estate Management		6	
	Strategic Planning			5
Funding	SSF	4	4	4
	EMA	4	4	4
	Credits	6	6	6

System	Audit Area	Operating Plan		
		2022-23 Actual	2023-24 Actual	2024-25 Planned
Required	Follow Up	4	4	4
	Audit Management	6	6	6
	Total Days	**50**	**55**	**55**

Ayrshire College   (*Paper 7*)

Audit and Risk Committee

19 March 2024

Strategic Objective Reference:	SO5 High performing college underpinned by excellence in stewardship and governance
Subject:	**Rolling Audit Action Plan**
Purpose:	To provide Members with an update on the recommendations made by both the internal and external auditors.
Recommendation:	The Audit and Risk Committee are requested to note the content of the report.

1   **Executive Summary**

This paper details the internal and external audit recommendations and the status of the actions taken by the College. The College has six outstanding audit recommendations, of which two have been completed.

A review of College evidence and closure of completed recommendations will be undertaken by the internal auditors in April 2024 and reported to the June 2024 Committee.

2   **Background**

The Rolling Audit Action Plan is maintained on the Internal Audit Teams site which allows the responsible managers to update their responses in real time. The RAAP is reviewed at Senior Leadership Team meetings and is presented to each meeting of the Audit and Risk Committee.

3   **Status of Recommendations**

The table below shows the source of each recommendation and the priority level assigned to them:

Year		High	Medium	Low	Total
2022-23	IA - Financial Regulations	-	-	1	1
	IA - Credits	-	-	1	1
C/fwd.		**0**	**0**	**2**	**2**
2023-24	IA - Budget and Monitoring	-	-	1	1
	EA - IT Controls	-	1	-	1
	EA – Performance Indicators	-	-	1	1
	EA – Infrastructure Strategy	-	-	1	1
	Total	**0**	**1**	**5**	**6**

The College considers that it is making satisfactory progress in addressing the recommendations, as indicated in the table below:

Status	High	Medium	Low	Total
Completed	-	-	2	2
Progressing	-	1	3	4
Not Started	-	-	-	-
Total	**-**	**1**	**5**	**6**

4 Resource Implications

No further resource implications require to be noted in this paper.

5 Consultation

No formal consultation is required to be completed.

6 Risks

There are no further risks required to be considered because of this report.

7 Equality Impact Assessment

An equality impact assessment is not applicable to this paper given the subject matter.

8 Recommendation

The Audit and Risk Committee are requested to note the content of the report.

Alan Ritchie
Vice Principal, Finance and Infrastructure
19 March 2024

Publication

This paper will be published on the College's website.

ROLLING AUDIT ACTION PLAN

	Audit Finding	Risk	Audit Recommendation	Action Owner	Due Date	Management Response	College Update		
							Status	Date Completed	Update / Evidence Provided
	Financial Regulations								
1	The College should have detailed Financial Regulations in place to govern the financial activities throughout the College. During our review, we found that the College has a detailed and robust Financial Regulations document. We do note, however, that there is no reference to Dormant Bank Accounts in the Financial Regulations, although we note that the College does not have any Dormant Bank Accounts. The College has procedures in place for the following, however, they are not documented in the Financial Regulations or in standalone policies: -New Supplier Set Up; and - Changing of Bank Details for Staff and Suppliers. There is a risk that the Financial Regulations do not adequately outline	Low	We recommend that the College includes sections on the aforementioned areas within their Financial Regulations.	Vice Principal - Finance and Infrastructure	30 November 2025	The College will include reference to procedures re dormant bank accounts and new supplier set up and verification checks completed on suppliers and staff bank accounts in the next version of the Financial Regulations when reviewed in 2025.	Complete	12 March 2024	The College has undertaken a review of the Financial Regulations. The revised document has included the recommended process re dormant accounts and changes in supplier details. A revised version has been provided to March 2024 BRI Committee for approval.
	Credit Audit 2022-23								
2	The College should ensure that Fee Waiver Forms are appropriately signed by the student in line with SFC guidance. During our review, our sample testing highlighted that 1 of our sample of 15 tested had not signed the Fee Waiver Form. This was due to a temporary member of staff accepting the letter unsigned. We note that the form had been stamped by the Job Centre to confirm the student's eligibility. There is the risk that this could make the claim invalid, which could result in a fee waiver being funded by the SFC in error.	Low	We recommend that the College ensures that Fee Waiver Forms are signed by the student before being returned to the College.	Vice Principal - Finance and Infrastructure	31 October 2023	The Financial Services Team will be reminded of the importance of ensuring the student's signature is obtained on all Fee Waiver Forms.	Complete	5 October 2023	Members of staff were reminded, verbally, to ensure that sign-off procedures were in place, particularly when mentoring temporary / new members of staff.
	Budget and Monitoring (IA)								
3	It is good practice for any College to provide training to their Budget Holders with regards to the various responsibilities due to be fulfilled with their position. It was identified that budget holders had been provided with very limited training with regards to their duties and would rely on their experience and the Financial Regulations document to provide guidance where required. This can result in budget holders potentially making mistakes if they encounter an issue they have not dealt with before.	Low	We recommend that Budget Holders are provided with training and refresher training periodically to ensure their knowledge and abilities are up to standard, giving them an opportunity to further develop and improve in areas where they may be lacking. The College may want to consider creating a training schedule to help future plan training, and document those individuals who have undergone training, and these who are yet to receive it.	Head of Financial Services	31 March 2024	Many budget holder have been in post for some years and are familiar with all processes, however we will ensure that all new budget holders received relevant training in the first month of their appointment. Finance are also working on a budget holders manual which will be issued to all budget holders.	Progressing		The College is currently undertaking a management development programme (Evolve). The April element of the programme will include a section on Financial Management. This section will partially address the recommendation. A budget holder handbook has been drafted and is currently being finalised. This will be issued to all budget holders as part of the 2024-25 budget setting process.
	External Audit - IT Controls								
4	The College external auditors specialist IT team reviewed design and implementation of IT general controls in the key systems impacting preparation of the financial statements and identified several areas for improvement. As this is a public report, we do not deem appropriate to include more detail, but this has been provided to the College separately. Due to the weaknesses in the design and implementation of the controls there is a risk of fraud or error impacting financial statements.	Medium	We recommend that the specific IT points identified are addressed.	Head of ICT Services	31 March 2024	The College will work with the auditors to more fully understand the nature of the identified weaknesses and implement an action plan to address the noted weaknesses.	Progressing		The College has undertaken a material level of work in relation to the recommendations made by the external auditors - payroll / finance and active directory were the areas covered during the review. As part of the recent external audit effectiveness review the methodology for clearing these recommendations was discussed with the external audit team. The College is awaiting further guidance on next steps.
	External Audit - Performance Indicators								
5	While the College has a set of reports to consider the performance against all KPIs, its reporting in the annual report and accounts is largely limited to student credit targets and financial measures, and it does not provide additional commentary measures that are key to students, for example on student satisfaction levels or students progression. Providing more information on the above to the Board has also been limited in that it doesn't expand on areas where targets are not being met and might not allow informed decision making. The users of the accounts and Board members might not be able to make informed decisions due to insufficient detail provided.	Low	We recommend the reporting is improved to explain student and other key issues to the decision makers.	Vice Principal Finance and Infrastructure	31 July 2024	The College will undertake a review of the content of the Performance and Accountability Report for 2023/24 in line with the auditor recommendation and against Audit Scotland best practice guidance.	Progressing		Planning has commenced on the work required to undertake the 2023-24 year end audit. An initial review meeting has undertaken with the external auditors to learn from the 2022-23 audit process. The College is confident that the intended work combined with the Perfprmamnce Report now considered by the Board of Management will allow it to address the concern raised in this action.

	Audit Finding	Risk	Audit Recommendation	Action Owner	Due Date	Management Response		Status	Date Completed	Update / Evidence Provided
	External Audit - Infrastructure Strategy									
6	The College has a high-level Infrastructure Strategy 2018-20 to address emerging and future needs. Two out of three of the College's Campus are held by PFI/NPD contract and thus the maintenance of the infrastructure lies with the operators. However, the contract for the Kilwinning campus is due to expire in June 2025, at which point the College take over the asset and become responsible for the ongoing maintenance and development. We would expect there to be an updated Infrastructure Strategy, which aligns with the wider Statement of Ambition 2030, to establish how the College intends to manage its asset base over the mid to longer term period.	Low	We recommend that an updated Infrastructure Strategy is developed to ensure the College has sufficiently identified and prioritized the investment needed within its estate and to ensure it can secure the required funding to support this. It would also enable the development of a mid to long term capital plan.	Vice Principal Finance and Infrastructure	31 July 2024	In line with the refresh of the College Statement of Ambition, the College will develop a long term Estate Strategy for approval by the Board of Management.		Progressing		This matter was also raised during the internal Audit review of Estates Management. The intention would be to combine both these actions after consideration by the Audit and Risk Committee.

Ayrshire College   *(Paper 9)*

Audit and Risk Committee

19 March 2024

Strategic Objective Reference:	SO5	High performing college underpinned by excellence in stewardship and governance.
Subject/Purpose:		2022-23 National Fraud Initiative
Action Required:		To Note
Appendices:		Yes

1.   Summary/Key Points

The College continues to participate in the National Fraud Initiative (NFI) as part of the wider assurance / compliance work undertaken by the organisation. Audit Scotland's last report "The National Fraud Initiative in Scotland 2022", published in August 2022, describes how the NFI has helped to identify outcomes of £14.9m from the 2020-21 exercise, with cumulative outcomes across Scotland since 2006-07 of £158.5m of fraud, overpayments and errors.

The College has participated in the 2022-23 NFI exercise and this report provides an update for the Committee on the NFI process along with a review of the Audit Scotland Self-Assessment Checklist (Appendix A).

2.   Proposals and Recommendations

Committee members are asked to note the content of this report.

3.   Associated Risks

N/A

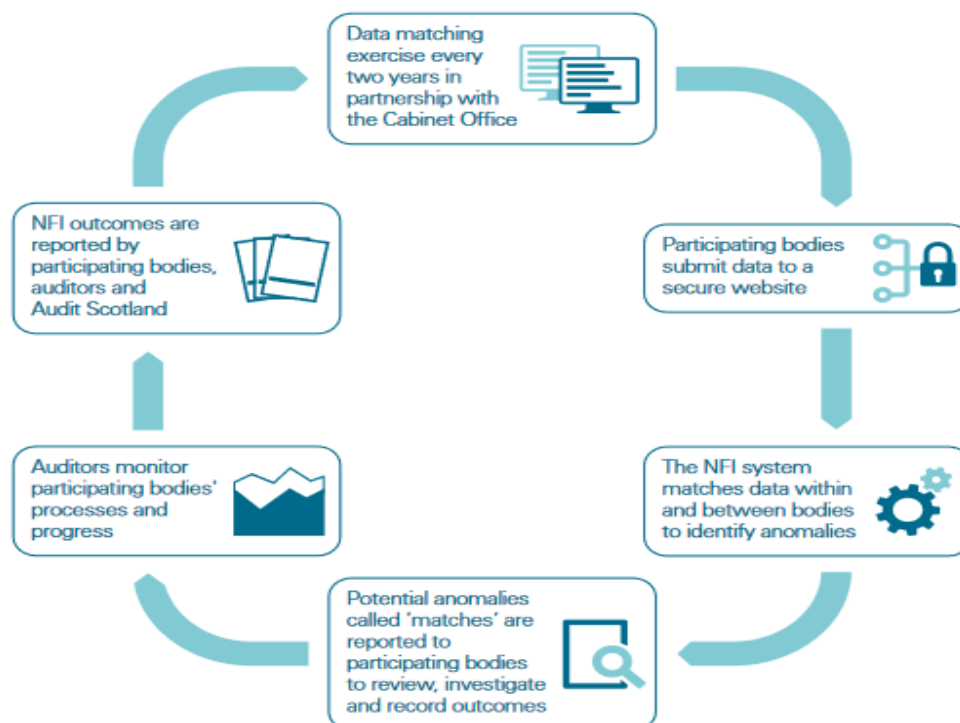## 4.   Equality and Diversity Impact Assessment (if applicable)

An impact assessment is not applicable given the subject of this paper.

NATIONAL FRAUD INITIATIVE REPORT

1. BACKGROUND

1.1 The NFI is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The Cabinet Office oversees it, and Audit Scotland leads the exercise in Scotland, working with a range of Scottish public bodies and external auditors.

1.2 The NFI takes place every second year. The NFI's key features as highlighted by the latest Audit Scotland report are:
  o Acts as a deterrent to potential fraudsters.
  o Identifies errors and fraud enabling appropriate action to be taken.
  o Operates across boundaries and public bodies in different sectors and countries.
  o Can provide assurances that systems are operating well.
  o Can identify where system improvements are required.
  o Represents value for money through centralised data processing and identifying targeted high-priority matches.

1.3 The diagram below shows how the NFI exercise works:

Exhibit 2
How the biennial NFI exercise works

- Data matching exercise every two years in partnership with the Cabinet Office
- Participating bodies submit data to a secure website
- The NFI system matches data within and between bodies to identify anomalies
- Potential anomalies called 'matches' are reported to participating bodies to review, investigate and record outcomes
- Auditors monitor participating bodies' processes and progress
- NFI outcomes are reported by participating bodies, auditors and Audit Scotland

Source: Audit Scotland

1.4   Public bodies that take part in the NFI in Scotland include the Scottish Government and other central government bodies, all councils, NHS bodies, pension administering bodies, the Scottish Fire and Rescue Service, Police Scotland, and colleges.

1.5   The NFI process is carried out under part 2A of the Public Finance and Accountability (Scotland) Act 2000. This legislation provides that Audit Scotland may carry out data matching exercises or arrange for them to be carried out on its behalf.

2.   2022-23 Exercise

2.1   The National Fraud Initiative (NFI) is a data matching exercise which matches electronic data within and between participating bodies to prevent and detect fraud. The Code of Data Matching Practice sets out further guidance on data governance which all public bodies participating in data matching must have regard to.

2.2   The timeline for the 2022-23 exercise is noted below along with key actions undertaken by the College:

Key Milestones	Actions	Status
29 July 2022	The Cabinet Office publishes the 2022/23 NFI final data specifications and instructions.	For noting
31 Aug 2022	Key Contacts will log in to the 2022/23 web application Data File Upload (DFU), check the list of expected datasets is accurate and advise the NFI Helpdesk of any changes to the list	Completed
30 Sept 2022	Participants submit privacy notice compliance returns in the NFI web application	Completed
18 Nov 2022	Participants extract and submit 2022/23 NFI data to the NFI web application through the Data File Upload facility, in accordance with the data specifications.	Completed
26 Jan 2023	The NFI team makes the 2022/23 NFI exercise matches available for investigation by participating bodies.	Completed
Late 2023/early 2024	External auditors will review NFI governance arrangements and progress in reviewing matches.	Completed
31 Mar 2024	Audit Scotland will use the outcomes as at this date for its national report.	Pending
Summer 2024	Audit Scotland will publish the 2022/23 NFI report.	Pending

3.   Data request and submission

3.1   The NFI review is undertaken every two years and the 2022-23 exercise was the fourth such request from Audit Scotland for the College to participate. The required data was limited to payroll / purchase ledger transaction / standing data. In the case of payroll data, this consisted of current employee standing data including national insurance (NI) numbers along with year to date (YTD) earnings. For purchase ledger information, the College supplied current address and standing data for trade creditors, and transaction histories for the period October 2019 to 30 September 2022. In line with the Audit Scotland timetable the required data was submitted by the 18 November 2022 deadline.

4.   Privacy Notice

4.1   The Cabinet Office uses the term "Fair Processing Notices" to refer to informing individuals that their data is being shared. The Information Commissioner's Office promotes the use of the term 'privacy notice' to describe the provision of this information, and this is the terminology that we use. The College follows the guidance from Audit Scotland's website and e-mailed a copy of the Privacy Notice to all staff on 31 October 2022.

5.   Outcome

5.1   The College has an established internal process for review of the outcomes notified by NFI. Where an outcome is recorded, the College is required to investigate the query and respond via the secure web site as to the outcome of the investigation. These investigations were undertaken by senior finance staff as appropriate. The Head of Financial Services has overall responsibility for the review of NFI data.

Outcome – Payroll

5.2   The Vice Principal Finance, with support from the Financial Accountants, completed a review exercise during March 2023 for matched payroll information.

5.3   The matches were the result of cross-referencing employees NI numbers
       between participating bodies. Noted below is the initial outcome of the payroll
       data matching exercise:

Payroll	
High	1
Medium	5
Low	2
Nil	2
Total	10

5.4   Of the 10 payroll matches, 1 was categorised as 'High' risk; this match
       reported that one member of our staff was also employed by The Scottish
       Police Authority. This is the Chair of the College Board who also sits on the
       board of The Scottish Police Authority. The matter was closed as it was
       concluded that there was no issue with the individual sitting on another board.

5.5   The remaining 9, Nil to Medium risk matches were investigated and related to
       individuals who have another employment alongside their College contract.
       • Two were employed by the College but were also local councillors.
       • Four were employed by the College but also worked elsewhere on a
         casual basis.
       • One was employed by the College on a casual basis but also had
         employment elsewhere.
       • One was matched as working full time for both employers but on
         investigation, the person had left the previous employer before starting
         with the College.
       • The last match had two part time jobs, one at the College and one
         elsewhere.
       No issues identified with any of these matches.

5.6   All of the payroll outcomes have been marked as '*Closed – No Issue*' on the
       NFI website.

       Outcomes – Purchase Ledger

5.7   The Financial Accountants assisted by the Purchase Ledger Team carried out
       the review exercise for matched information during March 2023. The NFI
       process is to look at supplier name, addresses and invoice details to identify
       instances where there is a match in the data sets submitted by the College.
       The outcome of the exercise, as noted below, was reported to the Vice
       Principal Finance.

5.8   There were a total of 162 matches, of which 152 relate to purchase ledger data as listed in the table below. The remaining 10 related to payroll and were dealt with in section 5.2 above.

ID ▲	REPORT TITLE	TOTAL ALL
66	Payroll to Payroll	10
81	Payroll to Creditors	2
701	Duplicate creditors by creditor name	2
702	Duplicate creditors by address detail	9
703	Duplicate creditors by bank account number	6
708	Duplicate records by amount and creditor reference	130
709	VAT overpaid	2
750	Procurement - Payroll to Companies House (Director)	1
TOTAL		**162**

5.9   Of the 152 purchase ledger matches identified for investigation, 152 were reviewed with reference to the supplier account on the finance system with no errors or frauds being identified.

6.   Self-Appraisal Checklist

6.1.   One of the actions arising from the Audit Scotland report 'The National Fraud Initiative in Scotland 2022' is for public bodies to carry out a self-appraisal to ensure that their organisation's planning, approach, and progress during the NFI exercise is appropriate.

6.2.   The College's NFI Self-Appraisal Checklist 2022-23 (relevant section on Planning) is attached at **Appendix A**. Part A of the appendix is designed to assist Audit and Risk Committee members when reviewing, seeking assurance over, or challenging the effectiveness of the College's participation in the NFI. Part B of the appendix is for staff involved in planning and managing the NFI exercise.

6.3.   Assurances about the initial planning, resourcing and data submissions associated with the College's participation in the NFI 2022-23 exercise can be taken from the updates and self-appraisal outcomes contained within this report.

External Audit Review

6.4.   As part of Audit Scotland requirements, the external auditors will review the outcome of the matches notified to the College.

6.5.   This work was completed as part of Azets audit, and a report will be submitted to Audit Scotland. The auditors raised no issues with the College approach to the 2022-23 NFI exercise.

Alan Ritchie
Vice Principal Finance and Infrastructure
19 March 2024

(Liz Walker, Head of Financial Services)

Self-appraisal checklist

1. Appendix 1 includes a two-part checklist that we encourage all participating bodies to use to self-appraise their involvement in the NFI prior to and during the NFI exercises.

● Part A is designed to assist audit committee members when reviewing, seeking assurance over or challenging the effectiveness of their body's participation in the NFI.

● Part B is for staff involved in planning and managing the NFI exercise.

Appendix 1
Self-appraisal checklists

Part A: For those charged with governance	Yes/No/Partly	Is action required?	Who by and when?
Leadership, commitment and communication			
1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action?	Yes The College Strategic Risk Register is updated and reviewed as part of the Board and Committee cycle.	No	
2. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?	Yes The Senior Leadership Team is supportive of the exercise and this has been shared with all staff.	No	
3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?	Yes There is reference to NFI on the College website and fraud prevention is included within the College's financial regulations.	No	
4. Have we considered using the point of application data matching service offered by the NFI team (AppCheck), to enhance assurances over internal controls and improve our approach to risk management?	Yes Not felt as appropriate given low quantity of data. The College uses the data match notifications received from NFI. Lessons learned from these situations are then used to inform and develop existing college processes.	No	
5. Are NFI progress and outcomes reported regularly to senior management and elected/board members (e.g., the audit committee or equivalent)?	Yes Reports are provided at the start of the exercise and by exception on the outcomes. If significant issues or frauds arose within the College or the sector then these may also be reported to the Board or senior management.	No	
6. Where we have not submitted data or used the matches returned to us (e.g. council tax single person discounts), are we satisfied that alternative fraud detection arrangements are in place	N/a The College uses the NFI matching service. Student Funding and Student Services engage with DWP for validation/queries.	No	

	Yes/No/Partly	Is action required?	Who by and when?
and that we know how successful they are?			
7. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	Yes NFI is reviewed by external audit as part of their programme of work. Internal audit work is risk based. This covers all aspects of financial oversight and fraud. If significant issues arose then internal audit resources would be targeted to review the identified areas.	No	
8. Do we review how frauds and errors arose and use this information to improve our internal controls?	Yes This is done on an exceptions basis. The College also considers the lessons learned from other colleges.	No	
9. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?	N/a This is done on an exceptions basis. The level of reporting and detail would also be reviewed at these times, if applicable.	N	

Part B: For NFI Key Contacts and users	Yes/No/Partly	Is action required?	Who by and when?
Planning and preparation			
1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action?	Yes The College Strategic Risk Register is updated and reviewed as part of the Board and committee cycle.	No	
2. Are we investing sufficient resources in the NFI exercise?	Yes The current level of resources would be increased if significant or repeated instances of fraud took place.	No	
3. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.	Yes The College's Finance Department review arrangements for submitting data and for matches.	No	

4. Is our NFI Key Contact the appropriate officer for that role and do they oversee the exercise properly? Are our Key Contact's details up to date on the NFI system?	Yes Our key contact is VP Finance and Infrastructure who oversees the exercise. All user details are up to date.	No	
5. Does our Key Contact have the time to devote to the exercise and sufficient authority to seek action across the organisation?	Yes	No	
6. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?	Yes The College recognizes that no organisation can be complacent about fraud and the College has robust internal controls in place to mitigate the potential for fraud. These are reviewed on an ongoing basis.	No	
7. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?	Yes College complies with deadlines set by NFI	No	
8. Do we plan to provide all NFI data on time using the secure data file upload facility properly?	Yes	No	
9. Have we considered using the point of application data matching service offered by the NFI team (AppCheck) to enhance assurances over internal controls and improve our approach to risk management?	Yes The College uses the NFI data matching service. Intelligence gained through identified matches (even though not fraudulent) is used to develop and enhance internal controls.	No	
Effective follow-up of matches			
10. Do all departments involved in NFI start the follow-up of matches promptly after they become available?	Yes This process is led by the College's key contact who has sufficient authority to ensure this happens.	No	
11. Do we give priority to following up high-risk matches, those that become quickly out-of-date and those that could cause reputational damage if a fraud is not stopped quickly?	Yes Fraud is treated seriously by the College and prompt action is always taken on any suspected fraud.	No	
12. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?	Yes All matches are investigated and a reason provided before being recorded as no issue. Record kept of reason for decision.	No	

13. (In health bodies) Are we drawing appropriately on the help and expertise available from NHS Scotland Counter Fraud Services?	N/a	N/a	
14. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively?	Yes Appropriate action is taken and is in line with the College's approved policy.	No	
15. Do we avoid deploying excessive resources on match reports where early work (e.g., on high-risk matches) has not found any fraud or error?	Yes Decisions are taken throughout the process to ensure an effective, but proportionate, use of resources.	No	
16. Where the number of high-risk matches is very low, are we adequately considering the medium and low-risk matches before we cease our follow-up work?	Yes All matches are considered and a decision reached.	No	
17. Do we follow up matches which indicate a customer may be eligible for a benefit or service which they currently do not receive?	N/a	N/a	
18. Overall, are we deploying appropriate resources on managing the NFI exercise?	Yes	No	
Recording and reporting			
19. Are we recording outcomes properly in the secure website and keeping it up to date?	Yes	No	
20. Do staff use the online training modules and guidance on the secure website, and do they consult the Cabinet Office NFI team if they are unsure about how to record outcomes (to be encouraged)?	Yes This is on an exceptions basis.	No	
21. If, out of preference, we record some or all outcomes outside the secure website, have we made arrangements to inform the Cabinet Office NFI team about these outcomes?	N/a All outcomes are recorded on the secure website.	N/a	

Appendix 2
Suggestions for improving efficiency and effectiveness

Area	How to work more efficiently
Use the NFI software efficiently	Ensure staff involved in the NFI keep up to date with new features of the web application and good practice, by reading the guidance notes and watching the online training modules before they begin work on the matches.
Act upon the matches that are time critical, so I identify overpayments at an early stage	Key Contacts should schedule staff resources so that time critical matches, such as housing benefit to students, can be dealt with as soon as they are received.
Coordinate investigations across internal departments to avoid duplication of effort or delays in identifying overpayments	Key Contacts should coordinate investigations across internal departments and, eg organise joint investigation of single person discount matches involving housing benefit, to ensure all relevant issues are actioned.
Only spend time looking at matches that meet local fraud risks	Use the tools within the web application, such as the filter and sort options or data analysis software, to help prioritise matches that you deem the highest risk. You should also look back to see which reports in a previous exercise gave you outcomes. This will save time and free up staff for the most important investigations.
Respond to enquiries from other organisations that take part in the NFI promptly	The web application shows the number of shared comments which require a response (Outstanding Actions). These responses should be prioritised if they relate to an ongoing investigation so that it can be progressed promptly.

Address data quality issues highlighted within the web application Data Quality Module before the next NFI exercise	Review the quality of the data supplied before the next exercise as external providers normally have to phase in changes to extraction processes. Better data quality will improve the quality of resulting matches.
Prioritise employee fraud recovery and the use of civil sanctions	Develop capability and capacity to punish fraudsters, ensuring that investigations are not abandoned if the individual resigns, leaves the property etc. Seek, through collaborating with law enforcement and the courts, the recovery of defrauded funds.

Source: Cabinet Office NFI web app