



**Meeting of the Audit and  
Risk Committee**

**to be held on Friday 23  
February 2024 via MS Teams**



**AUDIT & RISK COMMITTEE**

**NOTICE**

There will be a meeting of the Audit & Risk Committee on **Friday** 23 February 2024 at 1000 hours through the use of Microsoft Teams

<b>AGENDA</b>		
<b>Agenda Item</b>		<b>Paper</b>
28-23	Apologies for Absence	
29-23	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items	
30-23	Minute of Previous Meeting – 29 November 2023	x
31-23	There were no Matters Arising from the Previous Meeting	
	<b>Matters for Discussion</b>	
32-23	Strategic Risk Register	x
33-23	Internal Audit Plan Update	x
34-23	Internal Audit Tender Documentation	x
35-23	External Audit Plan	x
	<b>Matters for Information</b>	
36-23	There are no matters for information for this meeting.	
	<b>Any Other Business</b>	
38-23	<b>Summation of Actions and Date of Next Meeting</b> The next meeting of the Audit & Risk Committee will be held on Wednesday 29 May 2024 at 1000 hrs via Microsoft Teams.	

## AUDIT & RISK COMMITTEE

### MINUTE OF MEETING

**DRAFT** Minute of Meeting of the Audit & Risk Committee held on Wednesday 29 November 2023 at 1150 hours via Microsoft Teams.

**Present:**

Jim Gifford  
Iain Watt  
Bryan Hutcheson  
Dave Anderson

**In attendance:**

Stuart Thompson, Vice Principal Finance & Resources  
Susan Lawrance, Secretary to the Board  
Karen Fraser, Minute Secretary  
Anne MacDonald, Audit Scotland  
David Archibald, Henderson Loggie

Agenda Item	
17-23	<p><b>Apologies for Absence</b> Apologies were received in advance of the meeting from L McDermid and S Elston.</p> <p>The resignation received from A Rodden from NESCol's Regional Board and Committees was noted. Thanks were expressed by Committee Chair for his valued contributions.</p>
18-23	<p><b>Declaration of any Potential Conflicts of Interest in relation to any Agenda Items</b> J Gifford declared a potential conflict of interest by virtue of his position with Aberdeenshire Council.</p>
19-23	<p><b>Minute of Previous Meeting – 29 September 2023</b> The Minute was approved as a true and accurate record.</p>
20-23	<p><b>Matters Arising from the Previous Meeting</b> Members noted the Matters Arising Report.</p>
	<p><b>Matters for Discussion</b></p>
21-23	<p><b>Strategic Risk Register and Risk Management Policy</b> S Thompson directed attendees to the updated SRR, highlighting the key changes applied.</p> <p>Feedback from Members specified appreciation of the contained detail, the adjusted formatting and the revised scoring. Responsibility for identified mitigations and the need to provide the mitigations at every Meeting were debated. It was agreed that only higher level or significant changes should be presented going forward.</p> <p>Recognition of ongoing processes generating necessary adjustments to the risk scores were noted, as were the challenges associated with implementing the mitigations.</p>

	<p>Referencing the previously mentioned Opportunities Register, it was confirmed that this will feature on the Regional Board's 13/12/23 Meeting Agenda.</p> <p>Updates applied to the Risk Management Policy were also reiterated, the main alterations to which were captured in Appendix A.</p> <p>Discussion by the Committee concluded, with the risks and risk scores and the Policy wording having been agreed.</p>
22-23	<p><b>Internal Audit Report(s)</b> On behalf of Henderson Loggie, D Archibald proffered an apology for the late submission of the Reports.</p> <p><b>Student Support Funds</b> Certification of submissions relating to FE and HE Discretionary and Childcare Funds, the Bursary Return and the EMA Allowance Return were confirmed, reservations were flagged and recommendations were summarised.</p> <p>Follow-ups on previous recommendations featured in the discussion, in particular that relating to internal printing costs, with S Thompson providing re-assurance that this will be resolved within year to satisfy audit recommendations.</p> <p>The decline in usage of the on-site nursery at Fraserburgh Campus was considered and discussed. Continuing provision is to be reviewed with options presented to the F&amp;R Committee Meeting on 21/02/24 and at the Regional Board Meeting on 20/03/24.</p> <p><b>Audit of Annual Credit Delivery</b> D Archibald summarised the audit purpose and presentational recommendations. Credit figures captured in Appendix 3 were highlighted. S Thompson highlighted the substantial credits reduction in AY2023/24 and the financial burden the College faces.</p> <p>Discussions were drawn to a close. Commendation for the thoroughness of reporting was expressed, with testament paid to S Thompson and the Finance Team for their input.</p> <p>The need for Members to be in timely receipt of the paperwork in order to digest the content was emphasised.</p>
23-23	<p><b>Internal Auditors Annual Report (Henderson Loggie)</b> D Archibald provided oversight of Henderson Loggie's audit services for 2022/23 and thanked all involved for their contributions.</p> <p>Emphasis was placed on all work featured in the 2022/23 approved plan having been delivered and the alterations made to the phasing of reporting. An update on previous issues was confirmed as having been captured in point 1.10 and the overall opinion of the auditor outlined in point 1.12.</p> <p>Discussion by the Committee concluded.</p>
	<b>Matters for Information</b>
24-23	<p><b>Audit Certification of Support Funds Year-End Return</b> Members noted the signed-off Year-End Return, provided for information.</p>
25-23	<p><b>Audit Certification of Credit Activity Year-End Return</b> Members noted the signed-off Year-End Return, provided for information.</p>

26-23	<p><b>Any Other Business</b> No items were raised.</p>
27-23	<p><b>Summation of Actions and Date of Next Meeting</b> No actions required summation by S Lawrance.</p> <p>Attention was drawn to the Opportunities Register featuring at the upcoming Regional Board Meeting on 13/12/23 and at future meetings of the F&amp;R Committee, and also to options relating to nursery provision being presented at the F&amp;R Committee Meeting on 21/02/24 and at the Regional Board Meeting on 20/03/24.</p> <p>The date of the next meeting of the A&amp;R Committee was confirmed as 23/02/24, noted as being a Friday.</p>



<b>AUDIT &amp; RISK COMMITTEE</b> <b>Meeting of 23 February 2024</b>	
<b>Title:</b> Strategic Risk Register update	
<b>Author:</b> S Thompson, Vice Principal – Finance and Resources	<b>Contributor(s):</b> Leadership Team
<b>Type of Agenda Item:</b> <b>For Decision</b> <input checked="" type="checkbox"/> <b>For Discussion</b> <input type="checkbox"/> <b>For Information</b> <input type="checkbox"/> <b>Reserved Item of Business</b> <input type="checkbox"/>	
<b>Purpose:</b> To enable the Committee to discuss and agree the updated strategic risk register.	
<b>Linked to Strategic Theme:</b> <b>5. Leading Sustainability</b>	
<b>Linked to Strategic Risk(s):</b> n/a	
<b>Executive Summary:</b> The attached strategic risk register was discussed and agreed by the College Leadership Team.  <b>Main Points</b> <ul style="list-style-type: none"> <li>• Changes to the previous risk scores are highlighted in yellow.</li> <li>• No additional risk identified.</li> <li>• Risk mitigations are included for the changes and red risks.</li> <li>• Each risk is now owned by a member of the College Executive Team.</li> <li>• The College Leadership Team continue to review the strategic risk register once a month and incorporate any relevant changes.</li> </ul>	
<b>Recommendation:</b> Agree the risks and risk scores.	
<b>Previous Committee Recommendation/Approval</b> (if applicable): n/a	

**Equality Impact Assessment:**

**Positive Impact**     

**Negative Impact**     

**No Impact**             

**Evidence:**

# NORTH EAST SCOTLAND COLLEGE STRATEGIC RISK REGISTER

Ref	Objectives and Risks	Risk Owner	Current Likelihood (1 - 5)	Current Impact (1 - 5)	Current Rating (max=25)	Target Likelihood (1 - 5)	Target Impact (1 - 5)	Target Total (max=25)
<b>1</b>	<b>Strategic Goal 1: Deliver high quality, accessible and inclusive learning and training opportunities, which transform lives and which support the economic and social development of our region. Risk Appetite - <span style="color: red;">Cautious</span></b>							
1.1	Failure to deliver future skills needs of the region & contributing to regional and national economic growth	VP C&Q	4	4	16	2	3	6
1.2	Financial pressures causing continued staff reductions negatively impacting on training provision; quality assurance; assessing.	VP C&Q	4	3	12	2	3	6
1.3	Financial pressures may cause reduced curriculum range, choice and opportunity to the region.	VP C&Q	4	3	12	2	3	6
<b>2</b>	<b>Strategic Goal 2: Develop the skills, talents and potential of all of the people who come to college either to learn or to work. Risk Appetite - <span style="color: red;">Cautious</span></b>							
2.1	Unable to recruit, retain and develop appropriately qualified staff, adversely impacting on the learner experience, curriculum delivery and development	Principal	4	3	12	2	2	4
2.2	If the College fails to adapt quickly and flexibly to changing demands, may not meet delivery targets for AY 2023-24	VP C&Q	4	4	16	2	2	4
2.3	If the college fails to improve attainment within identified areas of curriculum then fewer students will go on to positive destinations within work or HE.	VP C&Q	3	3	9	1	2	2
<b>3</b>	<b>Strategic Goal 3: Work with our partners to deliver positive and sustainable change for the individuals, communities and businesses in our region. Risk Appetite - <span style="color: red;">Open</span></b>							
3.1	If the College does not successfully engage with employers and other key stakeholders, THEN we will not be able to identify and meet their needs	VP C&Q	3	3	9	2	2	4
3.2	If the College does not work closely with Local Authorities and Schools, THEN effective learner pathways will not be delivered throughout the region	VP C&Q	3	3	9	1	3	3
3.3	If competitions between the College and University sector continues to intensify then FT HE student recruitment will be negatively impacted	VP C&Q	4	4	16	3	2	6
<b>4</b>	<b>Strategic Goal 4: Deliver an excellent learning environment and experience leading to successful outcomes for all learners. Risk Appetite - <span style="color: red;">Cautious</span></b>							
4.1	If the SFC fails to provide adequate funding for counsellors and other targeted health and wellbeing support then student outcomes and experiences will decline.	VP C&Q	3	4	12	2	3	6
4.2	IF student outcomes do not improve where required, then reputation and future student recruitment may be negatively impacted.	VP C&Q	3	3	9	2	3	6
4.3	Insufficient funding to maintain modern fit-for-purpose buildings, infrastructure and equipment negatively impacting the quality of the student experience	VP F&R	3	4	12	2	3	6
<b>5</b>	<b>Strategic Goal 5: Optimise the use of our available resources to deliver financial and environmental sustainability. Risk Appetite - <span style="color: red;">Averse</span></b>							
5.1	Funding and increasing cost pressures will reduce the College's ability to achieve a balanced budget and challenge future sustainability	VP F&R	5	5	25	3	4	12
5.2	If the College fails to achieve planned activity targets then the SFC may clawback funding increasing the financial sustainability challenge	VP C&Q	2	3	6	2	3	6
5.3	IF ASET do not grow at sufficient rates THEN gift aid will not meet budgeted levels.	VP F&R	4	4	16	3	2	6
<b>6</b>	<b>Other. Risk Appetite - <span style="color: red;">Averse</span></b>							
6.1	IF staff do not adhere to key statutory obligations and legislative requirements THEN the College may face significant financial penalties and/or reputational damage may occur	Principal	3	3	9	1	3	3
6.2	IF the College is the victim of a cyber attack THEN the College may experience IT systems outages and/or data security breaches, both resulting in significant business disruption	VP F&R	2	4	8	2	3	6
6.3	New Energy Transition Skills Hub does not meet the College or economic needs and is not financial sustainable	VP F&R	4	4	16	2	3	6

  PROPOSED SCORE CHANGES

SCORES	0-8	9-19	>19
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## NORTH EAST SCOTLAND COLLEGE STRATEGIC RISK REGISTER

Ref	Objectives and Risks	Risk Owner	Current Likelihood (1 - 5)	Current Impact (1 - 5)	Current Rating (max=25)	Target Likelihood (1 - 5)	Target Impact (1 - 5)	Target Total (max=25)
1.1	Failure to deliver future skills needs of the region & contributing to regional and national economic growth	VP C&Q	4	4	16	2	3	6

### MITIGATIONS

- Engagement with SDS and industry partners
- Identification of NESCol Business Priorities - Curriculum, Participation in Regional Economic Strategy Group, ACC Socio Economic Rescue Plan, Regional Learning & Skills Partnership
- Planning and recommendations from Curriculum Quality & Student Support Committees
- Campus Futures group aligning planning and facility requirements
- Improved market intelligence and data sharing with partners
- Ongoing industry-informed curriculum planning process
- New high-level Stakeholder Engagement Plan
- Continuation of Business Priorities work - Curriculum Area Recovery Plans, Course Discontinuance Criteria
- College approach to part time and distance learning to be reviewed as part of the BCD review
- Work of NESA and other college-partnerships to shape key demand areas.
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## NORTH EAST SCOTLAND COLLEGE STRATEGIC RISK REGISTER

Ref	Objectives and Risks	Risk Owner	Current Likelihood (1 - 5)	Current Impact (1 - 5)	Current Rating (max=25)	Target Likelihood (1 - 5)	Target Impact (1 - 5)	Target Total (max=25)
1.2	Financial pressures causing continued staff reductions negatively impacting on training provision; quality assurance; assessing.	VP C&Q	4	3	12	2	3	6

### MITIGATIONS

- Planning and recommendations from Curriculum Quality & Student Support Committees
- Monitor & review the Finance Strategy
- Scenario planning in partnership with L&D and People Services Teams to support workforce planning
- Horizon scanning and futures strategising
- Ongoing curriculum portfolio review - increased flexibility, upskilling & retraining opportunities
- External engagement activities to ensure staff
- Creation of new Curriculum Strategy to shape future delivery models
- Review of student records and associated systems and process to enhance efficiency and reduce manual processing
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## NORTH EAST SCOTLAND COLLEGE STRATEGIC RISK REGISTER

Ref	Objectives and Risks	Risk Owner	Current Likelihood (1 - 5)	Current Impact (1 - 5)	Current Rating (max=25)	Target Likelihood (1 - 5)	Target Impact (1 - 5)	Target Total (max=25)
2.1	Unable to recruit, retain and develop appropriately qualified staff, adversely impacting on the learner experience, curriculum delivery and development	Principal	4	3	12	2	2	4

**MITIGATIONS**

- Review & monitor People Strategy
- Recruitment & Selection Policy, Strategy & Procedure
- Induction arrangements continually reviewed and enhanced
- Organisational Development and Learning Technologies activities
- Implement refreshed approach to organisational development,
- Continue to promote College successes through proactive marketing and PR campaigns to increase attractiveness to employers,
- Refreshed approaches to Workforce Planning and Talent Management.
- Closer co-ordination in business planning processes to target resources and improve staff utilisation
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## NORTH EAST SCOTLAND COLLEGE STRATEGIC RISK REGISTER

Ref	Objectives and Risks	Risk Owner	Current Likelihood (1 - 5)	Current Impact (1 - 5)	Current Rating (max=25)	Target Likelihood (1 - 5)	Target Impact (1 - 5)	Target Total (max=25)
5.1	Funding and increasing cost pressures will reduce the College's ability to achieve a balanced budget and challenge future sustainability	VP F&R	5	5	25	3	4	12

### MITIGATIONS

-	Monitor & review the Finance Strategy
-	Agree annual budget & longer term planning with Leadership Team & Board
-	Review & report on financial performance to the Leadership Team & Board
-	Work with CPG, College Scotland & SFC to lobby for additional sector funding
-	Communicate significant financial challenges to Leadership Team, staff & students
-	Agree plan to grow non SFC income & reduce costs
-	Review & monitor workforce planning
-	All staffing changes reviewed & approved by the Executive Team
-	Cost modelling of curriculum delivery
-	Monitor & update income generation opportunity register
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## NORTH EAST SCOTLAND COLLEGE STRATEGIC RISK REGISTER

Ref	Objectives and Risks	Risk Owner	Current Likelihood (1 - 5)	Current Impact (1 - 5)	Current Rating (max=25)	Target Likelihood (1 - 5)	Target Impact (1 - 5)	Target Total (max=25)
5.2	If the College fails to achieve planned activity targets then the SFC may clawback funding increasing the financial sustainability challenge	VP C&Q	2	3	6	2	3	6

### MITIGATIONS

-	Planning and recommendations from Curriculum Quality & Student Support Committees
-	Curriculum portfolio review - increased flexibility, upskilling & retraining opportunities
-	Monitor & review application volumes across courses
-	Reporting and monitoring of KPIs (KPI Meetings)
-	Robust and transparent curriculum planning process
-	Further refinement of credits forecasting model
-	Refined admissions and inductions procedures
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## NORTH EAST SCOTLAND COLLEGE STRATEGIC RISK REGISTER

Ref	Objectives and Risks	Risk Owner	Current Likelihood (1 - 5)	Current Impact (1 - 5)	Current Rating (max=25)	Target Likelihood (1 - 5)	Target Impact (1 - 5)	Target Total (max=25)
5.3	IF ASET do not grow at sufficient rates THEN gift aid will not meet budgeted levels.	VP F&R	4	4	16	3	2	6

### MITIGATIONS

-	VP Finance & Resources appointed as ASET Director
-	Review & update the MOU & Articles of Association
-	Board to approve new ASET chair
-	Review & monitor ASET Business Strategy
-	Encourage exploring new markets
-	Review & monitor ASET financial performance
-	Report ASET financial performance to the Executive Team & Board
-	Board approve all expenditure over £25,000
-	Agree cost recharges for use of College facilities & services
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<b>AUDIT &amp; RISK COMMITTEE</b> <b>Meeting of 23 February 2024</b>	
<b>Title: Internal Audit Plan 2023-24</b>	
<b>Author:</b> S Thompson, Vice Principal – Finance and Resources	<b>Contributor(s):</b> Leadership Team
<b>Type of Agenda Item:</b> <b>For Decision</b> <input checked="" type="checkbox"/> <b>For Discussion</b> <input type="checkbox"/> <b>For Information</b> <input type="checkbox"/> <b>Reserved Item of Business</b> <input type="checkbox"/>	
<b>Purpose:</b> To enable the Committee to discuss and agree the update plan, scope & timing.	
<b>Linked to Strategic Theme:</b> <b>5. Leading Sustainability</b>	
<b>Linked to Strategic Risk(s):</b> n/a	
<b>Executive Summary:</b> The attached internal audit documentation.  <b>Main Points</b> <ul style="list-style-type: none"> <li>• Scope &amp; timing agree by the audit area lead.</li> <li>• Opportunity to revise scope &amp; timing.</li> </ul>	
<b>Recommendation:</b> Agree the updated internal audit plan.	
<b>Previous Committee Recommendation/Approval</b> (if applicable): n/a	
<b>Equality Impact Assessment:</b> <b>Positive Impact</b> <input type="checkbox"/> <b>Negative Impact</b> <input type="checkbox"/> <b>No Impact</b> <input checked="" type="checkbox"/>	

**Evidence:**



# North East Scotland College

## Internal Audit Annual Plan 2023/24

Internal Audit Report No: 2024/01

Draft issued: 12 September 2023

Final issued: 15 February 2024



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<b>Section 1</b>	<b>Introduction</b>	<b>1</b>
<b>Section 2</b>	<b>Extended Strategic Plan 2019 to 2024</b>	<b>2 - 3</b>
<b>Section 3</b>	<b>Outline Scope and Objectives</b>	<b>4 - 13</b>
	<ul style="list-style-type: none"><li>• Student Recruitment 4 -</li><li>• Space Management (Business Process Review)</li><li>• ASET</li><li>• Corporate Planning</li><li>• Environmental Sustainability 9 -</li><li>• Credits Audit</li><li>• Student Support Funds</li><li>• Follow-Up Reviews</li></ul>	<ul style="list-style-type: none"><li>5</li><li>6</li><li>7</li><li>8</li><li>10</li><li>11</li><li>12</li><li>13</li></ul>



## Introduction

- 1.1 The purpose of this document is to present for consideration by management and the Audit and Risk Committee the final annual operating plan for the year ended 31 July 2024. This would normally be based on a comprehensive Audit Needs Assessment (ANA) and three-year Strategic Plan, which would be prepared following discussion with Regional Board members and managers throughout the College. Given that the College has invoked a two-year contract extension, which takes us beyond the ANA and Strategic Plan 2019 to 2022 (Report 2020/01, finalised 10 September 2019) it was agreed that, similar to last year, a full ANA should not be undertaken at this time. The draft plan was based on discussions with the Leadership Team, consideration of areas of higher risk and need arising from a review of the College's Strategic Risk Register and previous internal audit coverage, and this was approved by the Audit and Risk Committee at its meeting on 29 September 2023.
- 1.2 A copy of the extended Strategic Plan is included at Section 2 of this report.
- 1.3 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2023/24, together with the proposed audit approach. These have been arrived at following discussion with the Leadership Team. The outline scopes will be refined and finalised after discussion with responsible managers in each audit area.
- 1.4 Separate reports will be issued for each assignment with recommendations graded to reflect the significance of the issues raised. In addition, audit findings will be assessed and graded on an overall basis to denote the level of priority that should be given to each report.



## Extended Strategic Plan 2019 to 2024

### Proposed Allocation of Audit Days

	Category	Priority	Actual 19/20 Days	Actual 20/21 Days	Actual 21/22 Days	22/23	Planned 23/24 Days
<b>Reputation</b>							
Publicity and Communications	Gov	M					
Health and Safety	Gov	M				5	
<b>Student Experience</b>							
Curriculum planning	Perf	M			5		
Quality	Perf	L					
Student support	Perf	M		5			
Student recruitment and retention	Fin/Perf	H					5
Students Association	Gov	M					
Timetabling and Registers (BPR)	Perf	M			5		
<b>Staffing Issues</b>							
Staff recruitment and retention	Perf	M/L		4			
Staff development	Perf	M					
Workforce planning	Perf	M					
Payroll	Fin	M			4		
<b>Estates and Facilities</b>							
Building maintenance	Fin/Perf	H/M***					
Estates and facilities contract VFM	Fin/Perf	M			5		
Estates strategy / capital projects	Fin/Perf	H/M***					
Space management	Perf	H					6
Asset / fleet management	Perf	M					
<b>Financial Issues</b>							
Budgetary control	Fin	H		4			
Financial planning	Fin	H	4			6	
Student fees and contracts / registry	Fin	M					
General ledger	Fin	M				3	
Procurement and creditors / purchasing	Fin	M			4		
Debtors/ Income	Fin	M				4	
Cash & Bank / Treasury management	Fin	M				5	
<b>Commercial Issues</b>							
Business Development	Fin/Perf	H/M	5				
International Activities	Gov/Fin/Perf	M					
ASET	Gov/Fin/Perf	H/M			5		6



## Internal Audit Annual Plan 2023/24

	Category	Priority	Actual 19/20 Days	Actual 20/21 Days	Actual 21/22 Days	Actual 22/23 Days	Planned 23/24 Days
<b>Organisational Issues</b>							
<i>Risk Management*</i>	Perf	M		5			
<i>Business Continuity*</i>	Perf	M					
<i>Corporate Governance</i>	Gov	M		6			
<i>Corporate Planning</i>	Perf	M					6
<i>Performance reporting / KPIs</i>	Perf	M		5			
<i>Partnership Working</i>	Gov/Perf	M					
<i>Equalities</i>	Gov	M					
<i>Environmental Sustainability</i>	Gov	M					5
<b>Information and IT</b>							
<i>IT network arrangements**</i>	Perf	M		6			
<i>BYOD VFM</i>	Perf/Fin	M	5				
<i>Data protection**</i>	Gov	H					
<i>FOI</i>	Gov	L					
<i>Systems development / implementation</i>	Perf	M					
<i>Website delivery project VFM</i>	Perf / Gov	M		4			
<i>IT / Digital strategy</i>	Perf	M				5	
<i>IT operations</i>	Perf	M	5				
<b>Other Audit Activities</b>							
Credits audit		Required	7	7	7	7	7
Student Support Funds		Required	8	8	8	8	8
Management and Planning)			5	5	5	5	5
External audit / SFC )							
Attendance at Audit & Risk Committee )							
Follow-up reviews		Various	3	2	2	2	2
Audit Needs Assessment			3				
<b>Total</b>			45	61	50	50	50

### Key

**Category:** Gov – Governance; Perf – Performance; Fin – Financial

**Priority:** H – High; M – Medium; L – Low

\*, \*\* these assignments will be linked

\*\*\* coverage of these High or Medium / High topics has not been incorporated into the 5-year programme of work based on the analysis of previous internal audit coverage which was conducted as part of our audit needs analysis exercise. This detail was included in internal audit report 2020/01 - ANA and Strategic Plan 2019 to 2020, which was approved by the Audit and Risk Committee in July 2019. The previous internal audit reports which covered these topics were the Review of the Fraserburgh Estates project in 2016/17 and the Estates Management review conducted in 2018/19.



# Outline Scope and Objectives

<b>Audit Assignment:</b>	Student Recruitment
<b>Priority:</b>	High
<b>Fieldwork Timing</b>	4 March 2024
<b>Audit &amp; Risk Committee Meeting:</b>	29 May 2024
<b>Days:</b>	5

### Scope

We will conduct a review of the adequacy and effectiveness of the processes and procedures for managing and controlling student recruitment, covering the role of Student Advice and Support, Marketing, Student Records and Curriculum Areas.

This will include a review of early warning indicators to flag where recruitment targets are not being met.

For the purposes of this review student recruitment is those activities targeted at individuals who are actively weighing up the prospect of entering or continuing in further or higher education.

### Objectives

The objectives of the audit will be to ensure that:

- there is appropriate senior management and Regional Board committee oversight, including monitoring and reporting of information on student applications against targets to identify areas of poor recruitment, and identify possible actions;
- clear roles and responsibilities have been established that foster accountability for student recruitment;
- there is an agreed student recruitment strategy taking into account:
  - ◆ College strategic objectives, the Regional Outcome Agreement and Scottish Funding Council (SFC) outcomes;
  - ◆ agreed student recruitment targets;
  - ◆ equal opportunities;
  - ◆ widening participation;
  - ◆ admissions policy;



**Objectives (continued)**

- an annual student recruitment plan is in place to define and coordinate recruitment activity including a recruitment lifecycle. Recruitment / promotional activities are:
  - ◆ planned;
  - ◆ activities are designed to be economic, efficient and effective;
  - ◆ underpinned by recruitment data and market intelligence;
  - ◆ coordinated;
  - ◆ reviewed, monitored and evaluated;
- knowledge, skills and training is provided to staff who are engaged in recruitment activity; and
- there are mechanisms to handle recruitment complaints and take remedial action, where necessary.

**Our audit approach will be:**

We will assess whether the above objectives have been met through discussions with student representatives, key staff, including the Vice Principal Curriculum and Quality, Director of Student Access and Information, Student Admissions, Records and Funding Manager and a sample of academic managers, and review of relevant documentation.



<b>Audit Assignment:</b>	Space Management (Business Process Review)
<b>Priority:</b>	High
<b>Fieldwork Timing</b>	24 June 2024
<b>Audit &amp; Risk Committee Meeting:</b>	September 2024
<b>Days:</b>	6

**Scope**

The scope of this assignment will be to carry out a review of the current processes used by staff for room allocation and the calculation of room utilisation.

**Objectives**

The objective of our audit will be to obtain reasonable assurance that:

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

**Our audit approach will be:**

Through discussions with staff involved with room allocation and review of room utilisation we will gain an understanding of the current processes in place and obtain a greater understanding of current issues. A facilitated session will be held with these staff, and we will use a range of business improvement tools to identify stakeholder needs; identify opportunities for removing inefficiency and waste from the current processes used; and to highlight revised processes that could create a flow between value creating steps to improve the processes.

We will then complete a prioritisation exercise of the issues in a meeting with College staff and develop an outline action list which we provided to staff to help them drive forward improvements.





**Internal Audit Annual Plan 2023/24**

<b>Audit Assignment:</b>	ASET
<b>Priority:</b>	High / Medium
<b>Fieldwork Timing</b>	29 April 2024
<b>Audit &amp; Risk Committee Meeting:</b>	29 May 2024
<b>Days:</b>	6

**Scope**

This review will build on the previous ASET review conducted in 2021/22, (internal audit report 2022/06 - Aberdeen Skills and Enterprise Training (ASET) Limited - Income & Risk Management Arrangements), which reviewed and assessed the processes and procedures in place within the College’s wholly owned subsidiary company to generate commercial income and mitigate key risks in relation to its commercial activities. This latest review will focus on the financial monitoring of profitability against budget, including projected income figures, and will examine the way in which income and expenditure is allocated to individual activity / projects in order to achieve financial targets and to focus future marketing activity and the ASET investment strategy on those activities which will deliver maximum financial benefit.

**Objectives**

Our review will seek to obtain reasonable assurance that appropriate mechanisms are in place to ensure that:

- full year income budgets and in year income reforecasts are compiled, including review of how pipeline contract information is gathered and utilised;
- any College recharges to ASET reflect the true commercial cost of the goods or services provided;
- ASET income and costs are appropriately analysed and allocated across the different ASET activities and projects; and
- the ASET investment strategy / capital planning process is appropriately informed by an analysis of income and costs split by activity, in order to maximise the benefits of marketing and investment activity to ASET (and by extension the College).

**Our audit approach will be:**

From discussion with the ASET Chief Executive Officer, the ASET Management Accountant, the Vice Principal Finance & Resources, and other relevant managers and staff, and review of relevant documents, we will establish the key controls in place within the above areas, consider their adequacy and undertake testing to confirm their effectiveness.



**Internal Audit Annual Plan 2023/24**

<b>Audit Assignment:</b>	Corporate Planning
<b>Priority:</b>	Medium
<b>Fieldwork Timing</b>	3 June 2024
<b>Audit &amp; Risk Committee Meeting:</b>	September 2024
<b>Days:</b>	6

**Scope**

The scope of this audit will be to consider whether the College's planning process is working effectively, particularly in relation to the development of the Strategic Plan and the linkage between the Strategic Plan, the Regional Outcome Agreement, and the detailed operational plans.

**Objectives**

The overall objective of the audit will be to obtain reasonable assurance that the College's planning process accords with good practice.

Specific objectives will be to obtain reasonable assurance that:

- the corporate planning process is adequately planned and challenged for robustness;
- linkages between the Strategic Plan, the Regional Outcome Agreement and operational plans are clearly defined and communicated;
- operational plans are robust and include detailed prioritised action plans;
- the Strategic Plan, Regional Outcome Agreement and operational plans are being appropriately monitored and controlled, including through the use of key performance indicators; and
- there is effective linkage between planning and budgeting at all levels.

**Our audit approach will be:**

Through discussions with key staff including the Vice Principal Finance and Resources we will document the planning process adopted by the College covering the setting of aims and objectives; operational planning; budgeting; implementation; monitoring and control.

A sample of the operational plans will be obtained and reviewed to ensure there are clear linkages to the Regional Outcome Agreement, the Strategic Plan and the key strategies that relate to the core activities of the College.



**Internal Audit Annual Plan 2023/24**

<b>Audit Assignment:</b>	Environmental Sustainability
<b>Priority:</b>	Medium
<b>Fieldwork Timing</b>	22 April 2024
<b>Audit &amp; Risk Committee Meeting:</b>	29 May 2024
<b>Days:</b>	5

**Scope**

Part 4 of the Climate Change (Scotland) Act 2009 (hereafter referred to as 'the Act') places duties on public bodies relating to climate change. The duties on the face of the Act require that a public body must, in exercising its functions, act:

- a) in the way best calculated to contribute to the delivery of the targets set in or under Part 1 of this Act;
- b) in the way best calculated to help deliver any programme laid before the Scottish Parliament under section 53; and
- c) in a way that it considers is most sustainable.

In doing so, public bodies must have regard to the guidance *Public Bodies Climate Change Duties: Putting Them Into Practice* issued by the Scottish Government in 2011.

In direct response to the international Paris Agreement, the Climate Change (Scotland) Act 2009 was amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, increasing the ambition of Scotland's emissions reduction targets to net zero by 2045. There are also interim targets of a 75% reduction in emissions by 2030 and 90% by 2040, relative to 1990 levels of carbon dioxide, methane and nitrous oxide and 1995 levels of hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride.

In February 2021, Scottish colleges' Statement of Commitment on the Climate Emergency was published. The colleges had come together to establish and commit collaboratively to delivering on a set of 10 key actions.

The SFC's latest guidance for the development of College Outcome Agreements notes that the SFC expects *'institutions to have or to put in place organisation-wide net zero and sustainability plans by the end of the calendar year 2024 if these do not already exist and to be able to highlight key priorities and dates for delivery of these.'* Measures should be taken to comply with the Scottish Government public sector carbon reporting and reduction guidance Public Sector Leadership on the Global Climate Emergency (October 2021).

This audit will include a review of the College's current position with regard to its strategic plans and operational arrangements to ensure compliance with the Climate Change (Scotland) Act 2009.



Audit Assignment:	Environmental Sustainability (Continued)
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**Objectives**

Our review will seek to obtain reasonable assurance that:

- The College has established the carbon baseline position and has set out and communicated the climate change aspirations for the College;
- Roles and responsibilities around climate change action and environmental sustainability have been clearly articulated;
- There are appropriate targets, actions and milestones in place to demonstrate the steps the College is taking to contribute to climate change mitigation and to climate change adaptation, and to act sustainably; and
- There are appropriate arrangements in place to update the Regional Board on the progress being made to deliver on actions around climate change and sustainability.

**Our audit approach will be:**

Through discussion with the Vice Principal Finance and Resources, Head of Facilities and Estates and other responsible College staff, and review of relevant documents, we will examine the extent to which the above objectives are being met.



**Internal Audit Annual Plan 2023/24**

<b>Audit Assignment:</b>	Credits Audit
<b>Priority:</b>	Required audit
<b>Fieldwork Timing</b>	2 September 2024
<b>Audit &amp; Risk Committee Meeting:</b>	November 2024
<b>Days:</b>	7

**Scope**

Credits Audit Guidance, issued by SFC, requests that colleges obtain from their auditors assurances as to the reasonableness of procedures used in the compilation of the Credits related element of the FES return.

**Objectives**

To obtain reasonable assurance that:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- the FES return is free from material misstatements.

**Our audit approach will be:**

Through discussion with College staff, and review of relevant documents, we will record the systems and procedures used by the College in compiling the returns and assess and test their adequacy. We will carry out further detailed testing, as necessary, to enable us to conclude that the systems and procedures are working satisfactorily as described to us.

Detailed analytical review will be carried out obtaining explanations for significant variations from previous year’s activity.

Our testing will be designed to cover the key areas of risk identified at Annex C to the Credits Audit Guidance.

We will also review the final error report from the FES on-line checks.



**Internal Audit Annual Plan 2023/24**

<b>Audit Assignment:</b>	Student Support Funds
<b>Priority:</b>	Required audit
<b>Fieldwork Timing</b>	19 September 2024
<b>Audit &amp; Risk Committee Meeting:</b>	November 2024
<b>Days:</b>	8

**Scope**

We will carry out an audit on the College’s student support funds for the year ended 31 July 2024 and provide an audit certificate. Three specific fund statements will require an audit:

- Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education Discretionary Fund; and
- Education Maintenance Allowance (EMA) Return.

**Objectives**

The audit objectives will be to obtain reasonable assurance that:

- the College complies with the terms, conditions and guidance notes issued by the SFC, SAAS and the Scottish Government;
- payments to students are genuine claims for hardship, childcare, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- the information disclosed in each of the returns for the year ended 31 July 2024 is in agreement with underlying records.

**Our audit approach will be:**

- Reviewing new guidance from the SFC, SAAS and the Scottish Government and identifying internal procedures through discussion with College staff, and review of relevant documents;
- Agreeing income to letters of award;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing for large or unusual items, obtaining explanations where necessary; and
- Carrying out detailed audit testing, on a sample basis, on expenditure from the funds.

Audit guidance issued by SFC will be utilised. This includes ‘Areas of risk and audit considerations’ for bursaries and for the discretionary funds and childcare, and ‘Guidance on the audit requirements for EMA.’



**Internal Audit Annual Plan 2023/24**

<b>Audit Assignment:</b>	Follow-Up Reviews
<b>Priority:</b>	Various
<b>Fieldwork Timing</b>	8 April 2024
<b>Audit &amp; Risk Committee Meeting:</b>	29 May 2024
<b>Days:</b>	2

**Scope**

This review will cover reports from the 2022/23 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding.

**Objectives**

To establish the status of implementation of recommendations made in previous internal audit reports.

**Our audit approach will be:**

- for the recommendations made in previous reports ascertain by enquiry or sample testing, as appropriate, whether they have been completed or what stage they have reached in terms of completion and whether the due date needs to be revised; and
- prepare a summary of the current status of the recommendations for the Audit and Risk Committee.



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<b>AUDIT &amp; RISK COMMITTEE</b>	
<b>Meeting of 23 February 2024</b>	
<b>Title: Internal Audit Documentation</b>	
<b>Author:</b> S Thompson, Vice Principal – Finance and Resources	<b>Contributor(s):</b>
<b>Type of Agenda Item:</b>	
<b>For Decision</b>	<input checked="" type="checkbox"/>
<b>For Discussion</b>	<input type="checkbox"/>
<b>For Information</b>	<input type="checkbox"/>
<b>Reserved Item of Business</b>	<input type="checkbox"/>
<b>Purpose:</b> To enable the Committee to discuss and agree the plan to appoint new internal auditors.	
<b>Linked to Strategic Theme:</b>	
<b>5. Leading Sustainability</b>	
<b>Linked to Strategic Risk(s):</b>	
n/a	
<b>Executive Summary:</b>	
<p>The College requires to issue a tender for a new internal audit service from 1<sup>st</sup> August 2024. The VP Finance &amp; Resources volunteered to score the APUC led tender process to create a new framework agreement for the tertiary education sector. The intention was for this process to be completed and a new framework published by the 1<sup>st</sup> February 2024. The current delay will not delay or negatively impact the College tender process.</p>	
<b>Main Points</b>	
<ul style="list-style-type: none"> <li>• Framework Agreement, Lot 2 - Internal Audit £25M - £75M organisation turnover.</li> <li>• New APUC framework due to be published this week.</li> <li>• College tender will be based on the new framework agreement.</li> <li>• Once we have the framework agreement, we can update the College tender specification.</li> <li>• College tender to be issued by the 25<sup>th</sup> March 2024.</li> <li>• Tender closing date by the 26<sup>th</sup> April 2024.</li> </ul>	

- Scoring to be completed including an A&R Committee member representative.
- Scoring completed and agreed by 10<sup>th</sup> May 2024.
- Recommend successful bidder to be review and agreed at the next A&R Committee meeting, 29<sup>th</sup> May 2024.

List of firms that submitted a bid on the APUC framework tender.

- AZETS
- BDO
- Henderson Loggie
- KPMG
- PricewaterhouseCoopers LLP
- Wylie & Bisset

**Recommendation:** Agree the plan and actions to award a new internal audit contract.

**Previous Committee Recommendation/Approval** (if applicable): n/a

**Equality Impact Assessment:**

**Positive Impact**

**Negative Impact**

**No Impact**

**Evidence:**



<b>AUDIT &amp; RISK COMMITTEE</b>	
<b>Meeting of 23 February 2024</b>	
<b>Title: External Audit Plan 2023-24</b>	
<b>Author:</b> S Thompson, Vice Principal – Finance and Resources	<b>Contributor(s):</b>
<b>Type of Agenda Item:</b>	
<b>For Decision</b>	<input checked="" type="checkbox"/>
<b>For Discussion</b>	<input type="checkbox"/>
<b>For Information</b>	<input type="checkbox"/>
<b>Reserved Item of Business</b>	<input type="checkbox"/>
<b>Purpose:</b> To enable the Committee to discuss and agree the actions to ensure a more effective year end financial audit.	
<b>Linked to Strategic Theme:</b>	
<b>5. Leading Sustainability</b>	
<b>Linked to Strategic Risk(s):</b>	
n/a	
<b>Executive Summary:</b>	
Following the 2022-23 financial year end audit there was general agreement that the planning and delivery of the audit required significant improvement. The attached is the agreed plan from Audit Scotland for the 2022-23 audit.	
<b>Main Points</b>	
<ul style="list-style-type: none"> <li>• Arrange an early meeting (by the end of March 2024) to create a new draft plan.</li> <li>• Review the timing of the audit and preparation work.</li> <li>• Draft plan to be reviewed and agree at the next A&amp;R Committee meeting.</li> </ul>	
<b>Recommendation:</b> Agree the actions and key improvements required to the external audit plan.	
<b>Previous Committee Recommendation/Approval</b> (if applicable): n/a	

**Equality Impact Assessment:**

**Positive Impact**     

**Negative Impact**     

**No Impact**             

**Evidence:**

# Reporting arrangements, timetable, and audit fee

## Reporting arrangements

**33.** All Annual Audit Plans and the outputs, as detailed in [Exhibit 3](#), and any other outputs on matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

**34.** Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officers to confirm factual accuracy.

**35.** We will provide an independent auditor's report to the college, the Scottish Parliament and the Auditor General setting out our opinions on the financial statements. We will provide the college and the Auditor General with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

**36.** [Exhibit 4](#) outlines the target dates for our audit outputs, and we aim to issue the independent auditor's report by the statutory deadline of 31 December 2023.

## Exhibit 4 2022/23 Audit outputs

Audit Output	Target date	Audit and Risk Committee Date
Annual Audit Plan	30 June 2023	29 September 2023
Independent Auditor's Report	31 December 2023	29 November 2023
Annual Audit Report	31 December 2023	29 November 2023

Source: Audit Scotland



## Timetable

**37.** To support an efficient audit, it is critical that the timetable for producing the financial statements for audit is achieved. We have included a proposed timetable for the audit at [Exhibit 5](#) that has been discussed with management.

**38.** We intend to take a hybrid approach to the 2022/23 audit with a blend of onsite and remote working. We will continue to work closely with management to identify the most efficient approach as appropriate and will keep timeframes and logistics for the completion of the audit under review. Progress will be discussed with management and finance officers over the course of the audit.

## Exhibit 5

### Proposed timetable for the audit of the financial statements

 Key stage	 Provisional Date
Latest submission date for the receipt of the unaudited financial statements with complete working papers package.	29 September 2023
Latest date for final clearance meeting with the Vice Principal Finance and Resources	3 November 2023
Agreement of audited and unsigned financial statements	17 November 2023
Issue of draft Letter of Representation and proposed Independent Auditor's Report	17 November 2023
Issue of Annual Audit Report to those charged with governance.	22 November 2023
Signed Independent Auditor's Report	29 November 2023

Source: Audit Scotland

## Audit fee

**39.** In determining the audit fee, we have taken account of the risk exposure of North East Scotland College and the planned management assurances in place. The proposed audit fee for 2022/23 is £60,040.

**40.** Our fees have increased in 2022/23 and this is a reflection of the current audit market and the rising costs in delivering high quality audit work. There are increased regulatory expectations and risks placed on audit and its quality, as well as a widening in the scope of work audit must cover.

**41.** In setting the fee for 2022/23, we have assumed that the college has effective governance arrangements and will prepare comprehensive and accurate accounts for audit in line with the agreed timetable for the audit. The audit fee assumes there will be no major change in respect of the scope of the audit during the year and where our audit cannot proceed as planned, a supplementary fee may be levied.