

Zoom – 4.30pm

**AGENDA**

1. Declarations of interest
2. Apologies

**FOR APPROVAL**

3. Minutes of meeting of 15 November 2022
4. Matters Arising - None
5. Internal Auditor Appointment Alison Stewart

(Elements of paper 5 are withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

6. External Audit Plan Mazars

(Elements of paper 6 are withheld from publication on the Forth Valley College website under Section 38 Personal Information of the Freedom of Information (Scotland) Act 2002.)

**FOR DISCUSSION**

7. Presentation of Internal Audit Reports Henderson Loggie
    - a) Performance Reporting and KPI's
    - b) Freedom of Information
    - c) Complaints
    - d) Budgetary Control
  8. Update on Internal Audit Investigation (Verbal) David Archibald
  9. Progress Report on Audit Recommendations Stephen Jarvie
  10. Risk Management Alison Stewart
  11. Review of Risk
  12. Any other competent business
-

**FOR INFORMATION**

City of Glasgow College Lessons Learned report

(This report is withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)

UNCONTROLLED COPY

---

**Steeple Suite, Falkirk (commencing at 5.00pm)**

Present: Lorna Dougall (Chair)  
Hazel Burt

In Attendance: Professor Ken Thomson, Principal  
Alison Stewart, Vice Principal Finance and Corporate Affairs (VPFACA)  
Kenny MacInnes, Vice Principal Learning and Student Experience (VPLSE)  
Stephen Reid, Ernst & Young – exited after A/22/022 owing to connection issues on the video call  
David Archibald, Henderson Loggie

The Chair noted that the meeting was not quorate and that, while those present would discuss the papers, electronic approval from the other members would be sought after the meeting.

**A/22/015 Annual Report and Financial Statements 2021/22  
(Joint item with Finance Committee)**

The Chair of Audit Committee chaired for items F/22/015 and F/22/016

The DOF presented the accounts for member's consideration.

She noted that, in the papers as issued, there had been a section regarding the donation to the ALF which had been under discussion with Ernst & Young when the papers were issued. She confirmed to members that a way forward had been agreed and the VPFACA confirmed the donation would remain in the 2021/22 accounts. Members welcomed this update and queried if this meant the accounts were now unqualified.

The VPFACA confirmed the accounts were now unqualified.

The DOF noted that an assessment of going concern had been conducted again and was included in the papers. She highlighted that, with no corrective actions, there was a shortfall in cash flow later in 2023/24. She informed members that corrective actions were currently being examined for implementation.

Members queried the reason behind increase in the number of temporary contracts for staffing as outlined in the accounts.

The VPFACA informed members that, as the management knew there would be a restructuring exercise in 2021/22, the decision had been taken to award temporary contracts until such time as the new structure was in place. This had the additional benefit of protecting existing permanent staff member roles.

Members queried in regard to going concern, whether there was a need to request a letter of assurance from SFC.

The VPFA noted that this had been discussed with Ernst & Young and that, if there were no corrective actions being taken in relation to projected cash flow issues, then there may have been a need to do so. Corrective actions and other changes are anticipated which would address the cash flow and thereby the need for an assurance letter.

Stephen Reid confirmed that discussions had taken place and, as this matter relates to College's across the sector, SFC will have to take a position on this. He noted that they have no issues with the College as a going concern however auditing standards would consider running out of cash flow a material uncertainty and therefore more information is needed to address this.

a) Members endorsed the accounts to the Board of Management subject to the issue of cash flow being addressed

A/22/016

**Draft External Audit Annual Report to the Board of Management  
(Joint item with Finance Committee)**

Stephen Reid presented the draft report to members. He noted that this was the sixth and final year Ernst & Young would be the College's external auditors.

He noted his thanks to the College finance team for their cooperation with the audit.

He informed members that the audit had not, to date, identified any adjustments that were required.

He noted that going concern had already been discussed at the meeting and that the text currently in the report would be updated once this was finalised.

He also informed members that the donation to the ALF, as reported earlier, had been discussed and he outlined the reasons why this could now be included in the 2021/22 accounts. He noted that the letter of representation would also be updated to reflect this.

He discussed the red rating in the report for financial sustainability and confirmed that while management had taken, and continue to take, corrective steps the external environment the College operates in called for this rating.

Members queried whether this rating applied to other Colleges and Stephen Reid confirmed that this was the case.

Members noted that, as a result of the discussions that had been taking place with management, the report as issued was not the final version. It was agreed that an updated version would be prepared and issued to members for consideration and comment ahead of the Board of Management meeting.

Members noted their thanks to the Finance team and Ernst & Young for their work on preparing the report.

a) Members endorsed the report in principal for submission to the Board of Management and agreed to review the updated report ahead of that meeting

**A/22/017      Declarations of Interest**

David Archibald declared an interest in relation to item A/22/028 as it relates to the internal audit tender.

**A/22/018      Apologies**

Paul Devoy  
Alistair McKean  
Emma Meredith

**A/22/019      Minutes of meeting of 8 September 2022**

The minutes of the meeting of 8 September 2022 were reviewed and a typo highlighted.

a) The minutes will be issued electronically for approval.

**A/22/020      Matters Arising**

The Chair noted that the business continuity flowcharts members had expressed an interest in seeing would be brought to the May 2023 meeting of the Committee.

**A/22/021      Chairs Report to the Board**

The Chair presented the annual report she makes to the Board on the activity of the Committee.

a) The report is to be issued electronically and members should submit any comments to the Chair ahead of the Board of Management meeting

**A/22/022      Internal Audit Plan 2022/23**

David Archibald presented the internal audit plan for 2022/23. He apologised for the late issue of the paper noting that there had been a number of issues to finalise.

He outlined to members the process for drafting the plan, noting that this builds upon the previous three years of activity.

He outlined the proposed audits that are planned for the year.

Members commented that the planned activity seemed fine but that they would like more time to consider the scopes associated with each audit.

a) It was agreed electronic approval for the audit plan would be sought

**A/22/023 Presentation of Internal Audit Reports**

**2020/21 Student Activity Data**

David Archibald presented the outcome of the audit. He highlighted section 2.2.3 which covered elements of the College's flexible learning activity. He noted that other colleges ran similar courses and the College had also done so previously. He highlighted that this did not fully match SFC guidance but, given previous attempts to obtain updated guidance from SFC and the fact they had not raised concerns about this activity previously, he remained comfortable with claiming the credits for this activity.

a) Members noted the content of the report

**Student Support Funds**

David Archibald presented the outcome of the review of student support funds, noting a range of sample testing had occurred. He highlighted some small, duplicate payments but noted these were not of a material nature and appeared to be the result of human error.

a) Members noted the content of the report

**A/22/024 Data Protection Compliance**

The CGPO presented the first annual report on data protection compliance. He outlined the approach and discussed the small number of breaches that had been identified, highlighting that these were not of a significant enough impact to warrant notification of the Information Commissioners Office.

He also outlined the small number of subject access requests that had been received.

David Archibald commented that, as the report was the result of an internal audit recommendation, this was the type of report they had expected to be provided.

a) Members welcomed the new report and noted its contents

**A/22/025 Progress Report on Audit Recommendations**

The CGPO presented the regular report on the status of audit recommendations, noting that there were none currently at or beyond their agreed completion dates.

a) Members noted the content of the report

**A/22/026 Risk Management**

The VPFACA presented members with the updated strategic risk register. She noted that external challenges continued to drive a number of the risks.

She highlighted to members that, since the paper was prepared, there had been positive feedback received from Education Scotland following their recent visit and that the top risk relating to the quality of the student experience would likely have its score reduced to reflect this feedback.

Members agreed that this score should be reviewed

a) Members noted the content of the report

**A/22/027 Review of Risk**

No new risks identified

**A/22/028 Any Other Competent Business**

**Internal Audit Tender**

The VPFACA highlighted that the need to tender for Internal Audit services for 2023/24 onwards and this would be undertaken in the new year and asked members to consider being on the tender evaluation panel. Both members present indicated a willingness to be involved in the process.

**A/22/029 Private Discussion between Members and Auditors (Verbal)**

As the external auditor had exited owing to IT issues, the Chair decided to defer this item.

**1. Purpose**

To inform members of the outcome of the procurement process for Internal Audit services.

**2. Recommendation**

That members note the outcome of the procurement process and approve the appointment of Wylie & Bisset as internal audit service provider for a period of 3 years with the option to extend for a further one year.

**3. Background**

Henderson Loggie were appointed as the College internal auditors by the Board of Management from 1 August 2019. In line with the tender the option to extend the appointment for a further year was approved by Audit Committee on 13 May 2022. The current contract therefore expires on 31 July 2023.

**4. Key Considerations**

A mini competition was run which included all suppliers on the APUC Framework for Audit Services. APUC supported the College in the procurement process and a copy of their report is attached.

Wylie & Bisset were the winning bid.

**5. Resource Implications (Financial, People, Estates and Communications)**

The annual cost is £16,590 ex VAT.

**6. Equalities**

**Assessment in Place?** –No. This paper is an award recommendation only

**7. Communities and Partners**

No impact.

**8. Risk and Impact**

Please complete the risk table below. Risk is scored against Likelihood x Impact, with each category scored from Very Low through to Very High. Risks should be robustly scored and, if the combined score (Likelihood x Impact) is higher than the Board Risk appetite for the risk category identified, additional justification must be provided on why this risk is necessary.

---

If the paper is an approval, please reflect on whether the approval will have any direct or indirect impact for any other areas of operational activity internally or externally within the College – No

	Likelihood	Impact
Very High (5)		
High (4)		
Medium (3)		
Low (2)	X	X
Very Low (1)		

**Total Risk Score – 4**

The College has a Strategic Risk appetite for categories of risk as defined by the Board of Management. Decisions being taken at LMT/SMT/Board level must have cognisance of this. Please indicate the single most relevant risk category in the table below.

BoM Risk Categories & Risk Appetite (Select one area only)			
Cautious <15		Open 15> <20	Eager >20
Governance	X	Strategy	People
Legal		Financial	Project/Programme
Property		Reputational	
		Technology	

Failure to appoint internal auditors would be considered a breach of the Financial Memorandum and a failure to comply with the Code of Good Governance. This is mitigated by the process undertaken to ensure internal audit is procured on a regular basis.

**Is the score above the Board Risk Appetite level? - No**

**Risk Owner – Alison Stewart**

**Action Owner – Alison Stewart**

**Paper Author – Stephen Jarvie**

**SMT Owner – Alison Stewart**



Forth Valley College  
**Annual Audit Plan**  
year ending 31 July 2023

# Contents

1.	Engagement and responsibilities summary	4
2.	Our audit engagement team	5
3.	Audit approach, scope and timeline	6
4.	Significant risks and key judgement areas	9
5.	Wider scope work	13
6.	Audit fees	15
7.	Our commitment to independence	16
8.	Materiality and misstatements	17

UNCONTROLLED COPY

This document is to be regarded as confidential to Forth Valley College. It has been prepared for the sole use of the Audit Committee as the appropriate committee charged with governance by the Board of Management. No responsibility is accepted to any other person in respect of the whole or part of its contents.

The Board of Management  
Forth Valley College  
Grangemouth Road  
Falkirk  
FK2 9AD

15 May 2023

Dear Members,

## **Annual Audit Plan – Year ending 31 July 2023**

We are pleased to present our Annual Audit Plan for Forth Valley College for the year ending 31 July 2023.

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 7 of this document also summarises our considerations and conclusions on our independence as auditors.

We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Forth Valley College which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor.

Client service is extremely important to us and we strive to continuously provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07881 283571.

Yours faithfully,  
Michael Speight

# 1. Engagement and responsibilities summary

**We are appointed by the Auditor General for Scotland to perform the external audit of Forth Valley College for the year to 31 July 2023. This is our first year of appointment.**

## Responsibilities

Our responsibilities, principally derived from the Code of Audit Practice (the Code) issued by Audit Scotland, are outlined below.

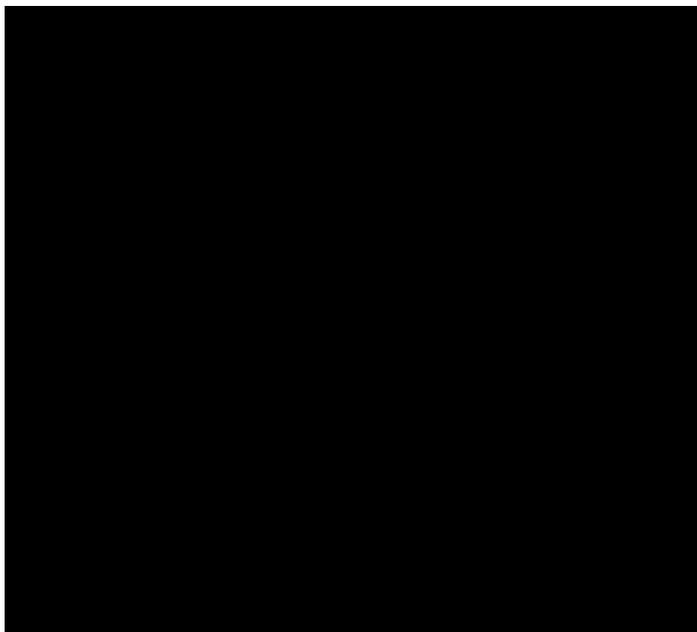
<b>Audit opinion</b>	We are responsible for forming and expressing an opinion on the financial statements. The Audit Committee is responsible for the assessment of the College's ability to continue as a going concern. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of the disclosures made.
<b>Regularity opinion</b>	We are required to form and express an opinion on whether the College has, in all material respects, incurred expenditure and income in accordance with any applicable enactments and guidance issued by the Scottish Ministers.
<b>Opinion on other matters</b>	We are required to express an opinion on whether the audited part of the Remuneration and Staff Report, and the Governance Report have been properly prepared in line with relevant legislation and directions. We also express an opinion on whether the Performance Report is consistent with the audited financial statements.
<b>Wider scope work</b>	The Code requires us to conclude and make a judgement on the four dimensions of wider scope work. The four dimensions are Financial Sustainability, Financial Management, Governance and Transparency, and Value for Money.

Our audit does not relieve the Board of Management, as those charged with governance, or management of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

## 2. Our audit engagement team

### A committed and accessible team



#### **Michael Speight**

Director



Michael is the Engagement Lead for the audit and will be the key point of contact for the Audit Committee. He will have overall responsibility for delivering a high quality audit to the College. Michael will be responsible for the opinions given on the financial statements and will liaise with the Vice Principal – Finance and Corporate Affairs and the Director of Finance. He will attend Audit Committee meetings, and where appropriate, Board meetings.

#### **To be Confirmed**

Audit Manager

Your Audit Manager will manage and coordinate the audit and be the key point of contact for the Director of Finance and the Finance Manager, as well as liaising with Internal Audit. They will oversee completion of audit work to a high standard and attend Audit Committees as appropriate.

We are in the process of determining the best fit between our managers and our new clients under the Audit Scotland contract and will confirm the details of this individual as soon as possible.

### 3. Audit approach, scope and timeline

**Our audit approach is designed to provide an audit that complies with all professional requirements**

#### **Audit Scope**

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

#### **Audit Approach**

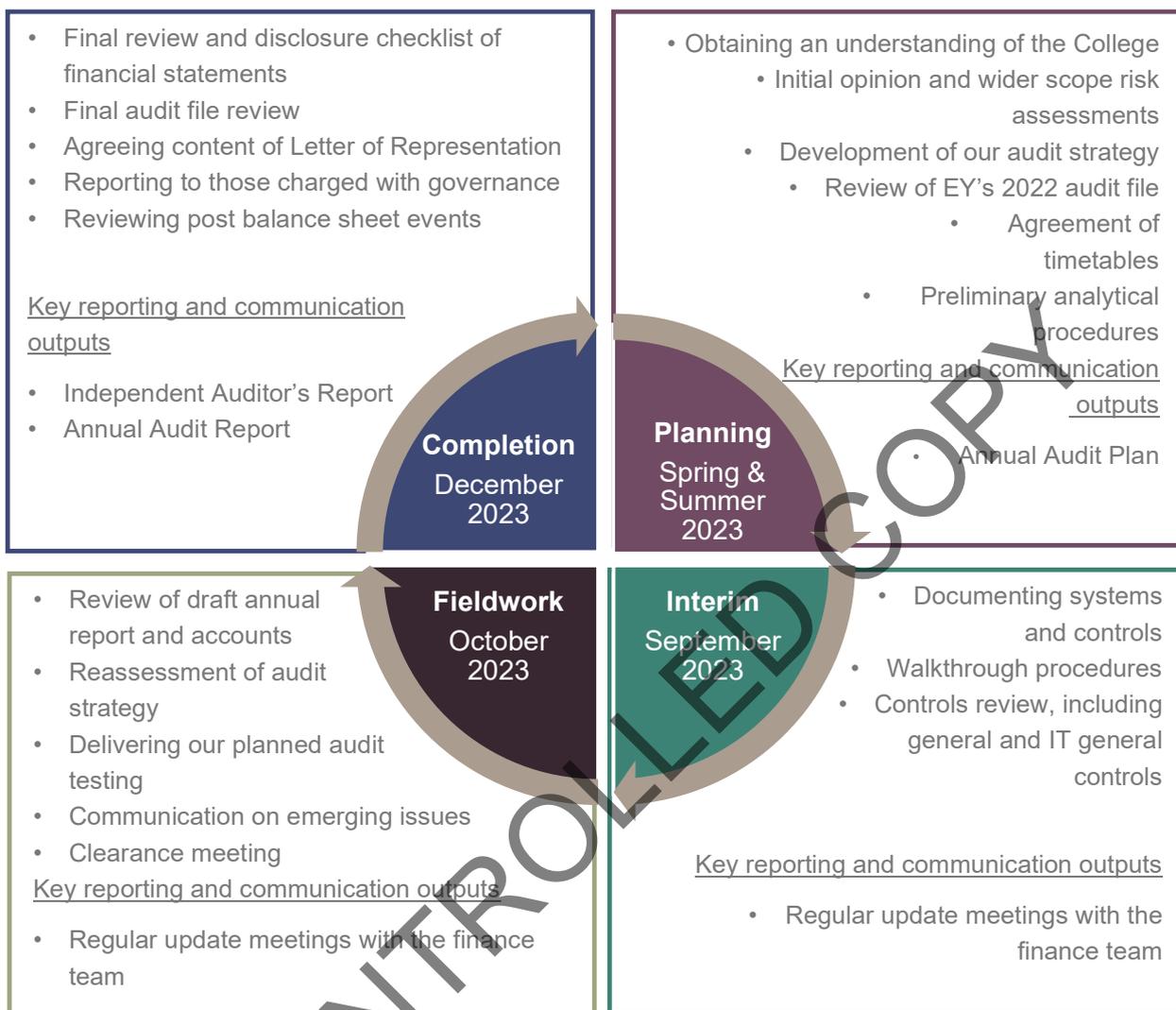
Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of details (of classes of transactions, account balances, and disclosures) and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram below outlines the procedures we perform at the different stages of the audit.

### 3. Audit approach, scope and timeline (continued)



#### Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

### 3. Audit approach, scope and timeline (continued)

#### Management's and our experts

Management makes use of experts in specific areas when preparing the College's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Planned audit approach
Defined benefit pension liability and associated accounting entries and disclosures required by FRS 102.	Actuary – Hymans Robertson LLP	We will consider the reasonableness of the actuarial assumptions made, referring to our in-house pension scheme experts.

#### Reporting to Audit Scotland

During the year we will continue to make returns to Audit Scotland as they collect data to establish the impact on the further education sector and feed into any national reporting as required.

#### National Fraud Initiative

Forth Valley College took part in the NFI exercise in 2022/23. The work that the College has undertaken will be reviewed as part of our audit procedures.

#### Adding value

We aim to add value to Forth Valley College through our external audit work by being constructive and forward looking, by identifying areas for improvement and be recommending and encouraging good practice. In doing so, we intend to help the College promote improved standards of governance, more effective use of resources and better management and decision making.

The 2022/23 audit will be undertaken in a hybrid approach with the appropriate mix of onsite and offsite work – in order to maximise the efficiency of both College staff and auditor time.

## 4. Significant risks and key judgement areas

Following our risk assessment approach, we have identified relevant risks to the audit of the financial statements.

The audit risks we identify are categorised as significant, enhanced or standard, as defined below:

Significant risk	A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.
Enhanced risk	An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks incorporate but may not be limited to: <ul style="list-style-type: none"> <li>• key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and</li> <li>• other audit assertion risks arising from significant events or transactions that occurred during the period</li> </ul>
Standard risk	This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

The summary risk assessment, illustrated in the audit risk continuum below, highlights those risks which we deem to be significant and other enhanced risks. We have summarised our audit response to these risks on the next page.



## 4. Significant risks and key judgement areas (continued)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of the Audit, we will report this to the Audit Committee.

With Forth Valley College being a new client for the July 2023 year-end, this increases the likelihood of a change as we complete our first audit with the College.

### Significant risks

Description of risk	Planned response
<p><b>Management override of controls</b></p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	<p>We will address this risk through performing audit work over:</p> <ul style="list-style-type: none"> <li>• Accounting estimates impacting amounts included in the financial statements;</li> <li>• Consideration of identified significant transactions outside the normal course of business; and</li> <li>• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.</li> </ul>
<p><b>Revenue recognition</b></p> <p>There is a presumption under International Standards on Auditing that there is a significant risk of fraud and error in the timing of revenue recognition leading to the material misstatement of revenue overall. This is because revenue is an area of particular focus by users of financial statements and can be subject to judgements as to when certain income streams should be recognised and if clawback conditions apply to any funding.</p> <p>The risk above applies only to the non-core grant income and other non-grant income generated by the College. The risk has been rebutted in relation to the core grant income received by the College, given the highly regulated nature of this income, and therefore the lower inherent and fraud risks associated with it.</p>	<p>We will address this risk through performing audit work over:</p> <ul style="list-style-type: none"> <li>• the design and implementation of the controls management has in place to ensure income is recognised in the correct period;</li> <li>• cash receipts around the year end to ensure they have been recognised in the right year;</li> <li>• the judgements made by management in determining when non-grant income is recognised;</li> <li>• for major grant income, obtaining counterparty confirmation; and</li> <li>• expected credit loss provisions applied to receivables at the year end, considering the appropriateness of judgements made by management.</li> </ul>

## 4. Significant risks and key judgement areas (continued)

Description of risk	Planned response
<p><b>Expenditure recognition</b></p> <p>For public sector organisations, the same risk in relation to fraud and error in respect of the timing of recording of transactions can apply to the recognition of non-payroll related expenditure and contractual obligations. The pressure to manage expenditure to ensure that budgeted outcomes are achieved increases the risk surrounding fraudulent reporting of expenditure.</p>	<p>We will address the risk through performing audit work over:</p> <ul style="list-style-type: none"> <li>• the design and implementation of the controls management has in place;</li> <li>• testing of non-payroll expenditure around the year end to ensure transactions are recognised in the correct year;</li> <li>• testing material year end payables, accruals and provisions; and</li> <li>• reviewing judgements about whether the criteria for recognising provisions are satisfied.</li> </ul>
<p><b>Defined benefit pension scheme assets</b></p> <p>There is a significant asset value used in calculating the Falkirk Council Pension Fund (FCPF) position as at 31<sup>st</sup> July 2023 and due to the nature of the pension scheme there is significant complexity in identifying the College's share of the assets.</p> <p>The complexity is created by factors such as:</p> <ul style="list-style-type: none"> <li>• The types of assets held by the pension scheme and their valuation bases; and</li> <li>• The calculation of the College's share of the overall Scheme assets requiring the rolling forward of quarter-end valuations.</li> </ul>	<p>We will address this risk by obtaining confirmation from the pension fund of the total value submitted to the actuary and details of how the College's share of assets has been calculated.</p> <p>We will then review this confirmation and consider if the information provided is sufficient and challenge any inconsistencies noted.</p>

### Key areas of management judgement and estimation

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

## 4. Significant risks and key judgement areas (continued)

Description of judgement or estimate	Planned response
<p><b>Defined benefit pension scheme assumptions</b></p> <p>The College makes contributions to two pension schemes – the Scottish Teachers Superannuation Scheme (STSS) and the Falkirk Council Pension Fund (FCPF). While both are defined benefit schemes, it is not possible to identify the College’s share of the underlying assets and liabilities in the STSS scheme and it is therefore accounted for as a defined contribution scheme.</p> <p>The College’s share of the FCPF’s underlying assets and liabilities is identifiable and the net position is recognised in the accounts.</p> <p>There are significant assumptions used in calculating the value of the liability element of the year-end position of the FCPF.</p>	<p>We will consider the actuarial assumptions used by the actuary when calculating the liability element of the year-end position of the FCPF.</p> <p>We will utilise our internal Actuarial Valuations team in order to assess the validity of these assumptions, both individually and in combination with each other.</p> <p>We will seek from management information to support the membership numbers included in the Actuarial report and understand how management have gained comfort that the data is correct.</p>
<p><b>Early Retirement Provision</b></p> <p>The College includes a provision in their financial statements in respect of staff who receive an enhanced pension for accepting early retirement.</p> <p>The calculation of the value of this provision uses a model which incorporates actuarial assumptions.</p>	<p>We will consider the actuarial assumptions used by the actuary when calculating the provision value.</p>
<p><b>Valuation of land and buildings</b></p> <p>The College held land and buildings with a net book value of £117m as at 31 July 2022.</p> <p>In line with the requirements of the Government Financial Reporting Manual, the College has adopted a formal revaluation policy of an external valuation every five years, with a desktop, interim valuation performed during the five year period. For the 2023 year-end DM Hall (Chartered Surveyors) will provide the College with an interim valuation which will be used to update the carrying values.</p> <p>The College policy meets the requirement of the FE SORP that assets are valued sufficiently regularly so that the carrying value of the asset is not materially different from its fair value.</p> <p>Given the significance of the value of fixed assets held, a misstatement in the valuation could be material to the financial statements.</p>	<p>We will undertake a range of substantive procedures including:</p> <ul style="list-style-type: none"> <li>• review of management’s assessment as to whether the interim valuation sufficiently takes account of changes to land and buildings since the most recent full valuation undertaken at July 2020;</li> <li>• review of the reconciliation between the College’s asset register and general ledger; and</li> <li>• consider the College’s impairment review process for land and buildings.</li> </ul>

## 5. Wider scope work

The Code requires us to conclude and make a judgement on the four dimensions of wider scope work:

- **Financial sustainability**
- **Financial management**
- **Governance and transparency**
- **Value for money**

We set out below the work that we intend to perform to reach these judgements:

Dimension	Description	Our planned approach
<b>Financial management</b>	Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.	We intend to consider: <ul style="list-style-type: none"> <li>• the monitoring of the effectiveness of internal control arrangements;</li> <li>• Whether the College's budgetary control system is timely and accurate; and</li> <li>• whether and how the College has assessed their financial capacity and skills.</li> </ul>
<b>Financial sustainability</b>	Extending our work on the going concern assumption in the financial statements looking forward two to five years from the reporting date, reviewing and assessing the College's arrangements for financial planning and affordable and sustainable service delivery.	We intend to consider: <ul style="list-style-type: none"> <li>• the financial planning system in place for short, medium and long term periods;</li> <li>• the adequacy and accuracy of financial reporting arrangements;</li> <li>• the reasonableness of affordability assumptions made in financial planning; and</li> <li>• the extent to which the financial planning assumptions have been updated and affected by the COVID-19 pandemic.</li> </ul>
<b>Governance and transparency</b>	The Governance Statement sets out the internal control arrangements and governance framework in place for the year under review.	We intend to consider: <ul style="list-style-type: none"> <li>• the effectiveness of internal control arrangements;</li> <li>• the appropriateness of disclosures made in the Governance Statement; and</li> <li>• whether the disclosure requirements of the Accounts Direction and the Code of Good Governance for Scotland's Colleges have been met.</li> </ul>

## 5. Wider scope work (continued)

Dimension	Description	Our planned approach
<b>Value for money</b>	Value for money concerns using resources effectively and continually improving services.	We intend to consider: <ul style="list-style-type: none"> <li>the College's evidence of providing value for money; and</li> <li>the focus on improving value for money and the pace of change at the College.</li> </ul>

### Identified significant risks to our wider scope work

We have also considered, as part of our planning, whether there are significant risks that would impact on any of the four areas of our wider scope work that require special audit consideration. At the planning stage we have identified one significant risk, under the financial sustainability heading as detailed below. Should our assessment of risk, or our planned approach to address the risk change during the course of the audit, we will report this to the Audit Committee.

Description of significant risk	Planned response
<p><b>Financial sustainability</b></p> <p>We are aware that the overall College Sector in Scotland is having to respond to the financial pressures of inflating costs in a period when core grant income is flat.</p> <p>We have been made aware that the College is projecting a full-year position close to break-even - prior to the inclusion of depreciation and Voluntary Severance Scheme costs.</p> <p>The above position means that the College will have to make decisions in order to appropriately balance finances.</p> <p>Given the level of sector wide uncertainties around the sufficient of future funding and of the general economic environment that has arisen following the pandemic, there is a risk the timing of the future funding gap could be accelerated and / or additional funding not being made available from the SFC.</p>	<p>We intend to consider:</p> <ul style="list-style-type: none"> <li>the forecast financial position in the financial plans submitted to SFC;</li> <li>plans being considered by the College to ensure a balanced budget is achieved;</li> <li>the financial reporting arrangements in place at the College; and</li> <li>how management have considered the longer-term implications of the COVID-19 outbreak and the combined impact of cost inflation and income levels.</li> </ul>

## 6. Audit fees

### Fees for audit and other services

Our fees for the audit of the financial statements and for any other services are outlined in the tables below:

<b>Service</b>	<b>2022/23 proposed fee</b>
	<b>£</b>
Auditor remuneration	47,170
Pooled costs	(6,920)
Audit support	1,210
Sectoral cap adjustment	(1,900)
<b>Total Fee</b>	<b>39,560</b>

The fees outlined above are provided on the basis that we will receive a high-quality set of draft financial statements, supported by good working papers. Should we be required to perform significant levels of additional audit work, or face significant delay in our audit, we will discuss the impact of this on our proposed fee with management.

The proposed audit fee is in line with the scale fee set by Audit Scotland.

## 7. Our commitment to independence

**We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually, in writing, that we comply with the Financial Reporting Council's Ethical Standard**

In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer-based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team;
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Michael Speight in the first instance.

Prior to the provision of any non-audit services, Michael Speight will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Any emerging independence threats and associated identified safeguards will be communicated in our Annual Audit Report.

## 8. Materiality and misstatements

**Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.**

### Summary of initial materiality thresholds

	Initial Threshold £'000
Overall materiality	735
Performance materiality	477
Trivial threshold for errors to be reported to the Audit Committee	22

### Overall materiality

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

## 8. Materiality and misstatements (continued)

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

We consider that revenue represents the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the Audit Committee.

We expect to set a materiality threshold at 1.75% of revenue (£735,000).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

### Performance Materiality

Our audit testing is based on a level of performance materiality, which is a percentage of overall materiality, but also dependent on the level of inherent risk assessed on the area being tested. It is the level we use to calculate our sample sizes, and drives our acceptable difference in any substantive analytical procedures. It is lower than overall materiality as it helps to reduce the risk that the total of the uncorrected or undetected misstatements does not exceed materiality for the financial statements as a whole. It is based on between 50 – 80% of overall materiality depending on the risk level. Our initial assessment of performance materiality is based on low inherent risk and takes into account this is the first year we have audited the College, meaning that we have applied 65% of overall materiality as performance materiality.

### Specific Materiality

We assess specific materiality if there are particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the users of the financial statements. Specific materiality focuses on the qualitative nature, as well as the size, of an item. It recognises that, in some circumstances, it may take a much smaller misstatement to influence the user of the financial statements.

We are required to provide an opinion as to whether the audited part of the Remuneration and Staff Report has been properly prepared. Given the sensitivity of the disclosures made in the Remuneration and Staff Report, we have assessed a specific materiality for this work at £500, being the level that would impact rounding for figures shown to the nearest £'000.

### Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £22,000 based on 3% of overall materiality.

## Appendix 1 – Key communication points

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Annual Audit Plan	Annual Audit Report
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
Planned scope and timing of the audit	✓	
Significant audit risks and areas of management judgement	✓	
Our commitment to independence	✓	✓
Responsibilities for preventing and detecting errors	✓	
Materiality and misstatements	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓

## Contacts

### **Michael Speight**

Director, Mazars

[michael.speight@mazars.co.uk](mailto:michael.speight@mazars.co.uk)

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.

[www.mazars.co.uk](http://www.mazars.co.uk)

LEVEL OF ASSURANCE

Good

# Forth Valley College

## Performance Reporting / KPIs

Internal Audit report No: 2023/07

Draft issued: 31 March 2023

Final issued: 11 May 2023



# Contents

		<b>Page</b>
<b>Section 1</b>	<b>Management Summary</b>	
	• Overall Report Grade	1
	• Risk Assessment	1
	• Background	1
	• Scope and Objectives	2
	• Audit Approach	2
	• Summary of Main Findings	3
• Acknowledgements	3	
<b>Section 2</b>	<b>Main Findings and Action Plans</b>	<b>4 - 10</b>

## Level of Assurance

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

Gradings are defined as follows:

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

## Action Grades

<b>Priority 1</b>	Fundamental issue subjecting the organisations to material risk which requires to be addressed by management and the Audit Committee as a matter of urgency.
<b>Priority 2</b>	Issue subjecting the organisations to significant risk, and which should be addressed by management as a priority.
<b>Priority 3</b>	Matters subjecting the organisations to minor risk or which, if addressed, will enhance efficiency and effectiveness.



# Management Summary

## Overall Level of Assurance

<b>Good</b>	System meets control objectives.
-------------	----------------------------------

## Risk Assessment

A review of the Forth Valley College risk register, identified the following specific risks relating to Performance Reporting/ KPIs:

- R1 – We fail to deliver a high-quality learning experience and meet targets of the outcome agreement (rating – 20).
- R6 – We are unable to deliver on the ambitions of the People Strategy (rating – 8).

## Background

As part of the Internal Audit programme at Forth Valley College for 2022/23, we carried out a review of the systems in place in relation to Performance Reporting and KPIs. The ANA identified this as an area where risk can arise and where Internal Audit can assist in providing assurances that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Forth Valley College is governed by a Board of Management, which has a number of sub-committees in place which are attended by key managers and Board members, including: Audit Committee, Finance Committee, HR Committee, and Learning and Student Experience Committee. Across these committees, operational and strategic performance is monitored and scrutinised, with any issues escalated to the Board, where deemed appropriate to do so.

Responsibility for managing the documentation which is submitted to both the Board and the relevant committees, as well as producing any other key management information, rests with the lead SMT/LMT member for the relevant committee. The postholder works closely with the Chairs of each of the committees to establish the level of performance information they require, relative to the point in time in the academic calendar at which they are meeting. This information is then prepared in a timely manner and is submitted to all members for their review and consideration in advance of the relevant meeting.

The responsibilities of each of the committees is defined within a Committee Remits document, which details the purpose, members, specific duties, and authority of each of the committees in effect within the College. Each of these responsibilities feeds into the wider governance framework of the College, and therefore each of the committees assists in monitoring the performance across various aspects of the College (i.e. financial performance monitored by the Finance Committee).

The college utilises the IBM Cognos system for its management information, which takes manually entered information such as student attendance or exam results, which is then compiled into high level figures for the individual faculties in order to measure the overall record against the Performance Indicators (PIs).



**Scope, Objectives and Overall Findings**

This audit considered the format, content and timeliness of management information, both financial and non-financial, provided to senior management and to the Board (although budget monitoring is excluded because this is covered separately within the internal audit programme for 2022/23). We also considered whether the information reported to the Board is appropriate, and whether such information is accurate and easy to understand for those who rely on it.

Objective	Findings			
<b>The objective of our audit was to ensure that:</b>		<b>1</b>	<b>2</b>	<b>3</b>
		<b>No. of Agreed Actions</b>		
1. The management information needs of users have been identified and the information provided meets those needs.	<b>Good</b>	-	-	-
2. The management information is clearly set out, easily accessible, accurate, provided on a timely basis and readily understood by users.	<b>Good</b>	-	-	-
3. Management information is available which: - Reports on appropriate key performance indicators and, where applicable, on outputs, outcomes and impacts; - Enables the impacts of key strategic and operational decisions to be measured; - Assists in forecasting.	<b>Good</b>	-	-	-
4. Processes in place to provide and disseminate management information are efficient.	<b>Good</b>	-	-	-
<b>Overall Level of Assurance</b>	<b>Good</b>	-	-	-
		System meets control objectives.		

**Audit Approach**

A sample of management staff and Board members were interviewed and the College’s management reports, and management reporting procedures, were reviewed to assess compliance with the above objectives.



### Summary of Main Findings

#### **Strengths**

The audit identified the following areas of good practice:

- The College has live reporting of strategic Performance Indicators (PIs) via the IBM system;
- Reporting to Board and Committees has evolved over time to meet the needs of member requests and what they feel they benefit the most from;
- Additional information is made available upon request in advance of the committee meetings for all members;
- Committee data is provided to members digitally, 6 days in advance of the meetings to allow adequate time for review of the information;
- A review of trends relating to local demographics, and students with protected characteristics, is undertaken by the College;
- Detailed information can be obtained in real time by both management and this information can be presented to committee members to allow analysis of the specific factors which are impacting on the performance indicators;
- A Board induction pack is in place to allow for members to understand the remits of each committee and the range of information which they will be reviewing;
- Data is reported in visual formats such as charts and graphs which are more understandable than detailed technical reports;
- Every committee has an agenda item on the main Board which allows highlighting of any points to note from the committee;
- Management information is submitted automatically through the system via standard reports, with real time information also available;
- Committee reporting includes a 'matters arising' section where actions from previous meetings/ discussions are raised and followed up on;
- All committee data is retained by the Corporate Governance and Planning Officer in secure share drive folders;
- All managers have real time access to the systems to allow scrutiny of data at any time; and
- All previous meeting information and supporting documentation is held on the AdminControl system for review by Board members at any time.

#### **Area for Improvement**

The audit also identified one area for improvement as follows:

- Committee Chair inductions for new committee members have not been taking place since the changes implemented by the Covid-19 pandemic took effect, and as a result, members are potentially missing out on key learnings which could assist them in discharging their role.

#### **Acknowledgment**

We would like to take this opportunity to thank the staff at Forth Valley College who helped us during our audit.



## Main Findings and Action Plan

**Objective 1: The management information needs of users have been identified and the information provided meets those needs.**

### Board and Sub-Committees

The College has sub-committees to monitor performance in specific areas, which then feed into the overarching College Board of Management. These are: Audit Committee, Finance Committee, HR Committee, , and Learning and Student Experience Committee. The responsibilities of each are defined in a 'Committee Remits' document, which dictates the nature of the information which members are expected to consider for performance monitoring and forecasting.

### Performance Indicators

The College has a full suite of Performance Indicators (PIs) covering the key learning functions of the College such as: student recruitment, student retention, successful completion against enrolments etc. which are available via the Learning & Student Experience Committee on a quarterly basis, which are also available in real time, at all times, to the Management Team via the IBM Cognos system.

On the home page for the PI system, there are dashboards displaying high level information, and the management team has the facility to drill down into the data to interrogate information from specific PIs to a granular level, which reduces the need for detailed reporting as each member of the management team can obtain information in real time at their own convenience.

### Changes in Committee Reporting

From discussions with the Chair of the Audit Committee and the Learning Experience Committee, it was identified that the data now reported to the Learning Experience Committee has changed significantly, as the reporting was previously in the form of detailed technical reports of student attainment and attendance etc. This level of detail became unwieldy and ultimately led to the development of the dashboard by former Chair, in conjunction with IT staff within the College. We were advised that the metrics, including student satisfaction, then become much clearer as the members can now review percentages on a dashboard and can see how these figures have changed across the academic period, as opposed to detailed numbers which required more detailed inspection and analysis.

From discussions with the Chair, it was established that there is a culture within the College where members are aware that if they do not have the information which they feel they need, then they can ask the Corporate Governance and Planning Officer for further information, and they will pass this on prior to the meeting. At the most recent Learning and Student Experience Committee, the Chair went back to the Corporate Governance and Planning Officer to provide the annual report to the members as it was considered to be beneficial to the committee's understanding of the information under review. Normal practice is for the Chair to review the papers and pass comments back to the Corporate Governance and Planning Officer if anything is missing, though as noted above, other Board members can also do this.



**Objective 2: The management information is clearly set out, easily accessible, accurate, provided on a timely basis and readily understood by users.**

### Management

The College's performance data is split between management information and the information which is provided to the Board. The Board, and relevant sub-committees, have designated timeframes in which they review information (i.e. quarterly meetings) whereas management review a plethora of real time information when they are reviewing specific areas. Senior managers also have differing access levels which provides them with access to information which operational staff may not have access to.

The IBM Cognos system is in place for all College performance data, and this system runs in the background and takes into account various data sets, from financial performance to student attendance. The College has two members of staff who maintain and update the data system, and these staff members pull information together, and collate into new tabs, where new data requirements are identified.

Within the system, there is a PIs tab which holds all information for management oversight. The College also has a PI Prediction tool which tracks overall student retention, which can be filtered down to individual courses and classes. The system tracks attainment across the year, with start, middle and end data assessed to produce periodic reports. This then allows students to be proactively managed when they are seen to be struggling, in order to reduce the risk of them leaving the College, and the College losing funding from the government. Where any students are on development/improvement plans, then managers can drill down into individual student data and monitor their progress.

The College has a similar progress report for school courses to monitor individual student performance and wider attainment, drilling into individual lecturers and their courses to show the overall picture for student performance. All student registers and test data is digitally recorded within the IBM Cognos system by the appropriate lecturers, to allow the data to be pulled through in real time.

In addition to student related data, the College also has PIs for credits, unmarked registers, finance, discipline compliance PIs. Teaching staff can ask for specific reports to be run for particular disciplines (for instance the ECITB (electricians body)).

On a periodic basis, the system generates reports to members of staff relevant to each field and issue them automatically to the predetermined recipients. From review of examples of this, it was identified that the frequencies are noted in the email (weekly/ monthly/ quarterly).



**Objective 2: The management information is clearly set out, easily accessible, accurate, provided on a timely basis and readily understood by users.**

### Board/ Committees

The Board of Management and sub-committees has information distributed to the Chair, and the committee members, six days prior to the date on which the meeting is due to take place, to allow adequate time for any questions/additional information to be resolved. Board/committee papers are uploaded into the 'AdminControl' system, in which members can review the information, and any previous meeting documentation, as this is also held in AdminControl for secure storage.

The information reviewed by Board/committee members is more rigid in terms of what is to be considered based on the responsibilities and authority of the committee, as well as the point in time in the academic year. However, any additional areas can be included at the request of the Committee members.

A Board induction pack is in place which provides all incoming members with the information regarding a background on the College, key members of management and the Board, the college's mission and values, code of conduct and code of governance and standing orders among others. This helps the members understand the information which they will be reviewing as part of their role and what they are required to do with the information.

From our discussions it was established that Committee Chair inductions have not been undertaken in recent years as a result of procedural changes within the college to manage the impact of the Covid-19 pandemic. It was identified, however, that the Chair of both the Audit Committee and the Student & Learning Experience Committee has been on the Board of the College since 2015, overseeing significant changes, and therefore, there is potential that valuable information accumulated from their time in their role has not been passed on.

With the respective member in question due to leave the Board in the coming years, it would potentially be beneficial for Chairs to pass on their experiences to incoming members on a one-to-one basis to help ensure that new members have a comprehensive understanding of where the College has been, and where it is going. However, given that this a minor governance point we have not included a separate recommendation on this point.



### Objective 3: Management information is available which:

- Reports on appropriate key performance indicators and, where applicable, on outputs, outcomes and impacts;
- Enables the impacts of key strategic and operational decisions to be measured;
- Assists in forecasting.

From discussions with the Corporate Governance and Planning Officer, it was identified that there are various dashboards which detail the college's key performance measures, including the formal PIs. From a review of a selection of these, the following information was identified.

#### Inclusion and Student Services (ISS)

Referrals for key support services, including Safeguarding and Counselling, are provided for 2021/22 and for each of the quarters in 2022/23 with some additional narrative noting the highlights and risks associated with each of the metrics, including extra resource being provided to the area or a potential loss in funding for a certain project.

From inspection of the data for 2022/23 at Q2, referrals for all of the services provided by the College had increased (on average) against the uptake in 2021/22.

#### Learning and Digital Skills Academy (LDSA)

The LDSA dashboard details the usage of key digital systems across the college, and provides additional narratives around the development of certain systems and any key milestones which will increase the uptake over each of the systems. The Key Milestones for the systems, and their uptake status at each month in the year, is detailed at the top of the dashboard, which provides a straightforward portrayal of the status of these, on which members can then assess any narrative and raise any queries.

#### Continuous Curriculum Improvement (CCI)

The dashboard provides a quarterly update of CCI PI Predictions which details the college's expected FE and HE attainment across the academic year, the target for which is 85%. The Prediction tool generates expected attainment figures based on historic figures, and the actual figures are then measured against these once they are calculated, with analysis provided regarding explanations for why the figures are as they are, including economic issues causing students to leave their course to obtain a full-time job. Additionally, student attainment figures are detailed for the departments within the college, which allows the members to see what types of courses are impacting the wider college figures.



### Objective 3: Management information is available which:

- Reports on appropriate key performance indicators and, where applicable, on outputs, outcomes and impacts;
- Enables the impacts of key strategic and operational decisions to be measured;
- Assists in forecasting.

#### Outcome Agreement (OA)

The outcome agreement dashboard details the credit requirements for the college, and more specifically, the % of credits allocated to students from the most deprived areas and to care-experienced learners as defined in the outcome agreement which the college holds with the Scottish Funding Council (SFC). The metrics are highlighted in green if they are meeting the targets, with missed targets highlighted in red. Additional narrative is provided to note the reasons for this and any expected changes.

#### Health & Safety (H&S)

The H&S dashboard contains key information regarding health and safety training updates, in addition to accident reporting figures and their most frequent causes. This information allows the members to review the figures for the college and establish whether any measures can be implemented to improve the figures.

From a review of the main dashboards, well presented information is in place, with additional narrative to explain the figures where appropriate. This allows both Senior Management to gain an understanding of the key issues and they can obtain more detailed information through the IBM Cognos system, and also provides members with a high-level understanding of the college's position.



### Objective 4: Processes in place to provide and disseminate management information are efficient.

Within each of the College's sub-committees to the Board, there are 3 or 4 meetings per year to discuss the various areas of concern for each of the committees. Each of these committees has a representative Senior Management Team (SMT) lead for each of the Boards, including the VP for Finance who acts as the Board Secretary (and is responsible for the HR, Finance and Audit Committees), and the VP for Learning & Student Experience (who is responsible for the Learning & Student Experience Committee). Any report presented to the Board is considered by the Leadership Management Team (who meet weekly), and this allows them to review information and also raise actions and make amendments to address any issues identified.

When a Board meeting comes around, the Corporate Governance and Planning Officer will review the information from the previous meeting and pass this to the VP of Finance and Corporate Affairs four weeks in advance, who then meets with the Principal of the College to discuss any issues and check the status of actions which are shared within the SMT. These are then included in the agenda and minutes for discussion at the meeting.

Where any actions are raised from committee discussions, these are passed by the Corporate Governance and Planning Officer to the relevant member of staff, with follow up undertaken through agenda items to monitor any actions to be addressed.

UNCONTROLLED COPY



UNCONTROLLED COPY

LEVEL OF ASSURANCE

Satisfactory

# Forth Valley College

## Freedom of Information

Internal Audit report No: 2023/04

Draft issued: 3 April 2023

Final issued: 11 May 2023



# Contents

	<b>Page</b>
<b>Section 1</b>	
<b>Management Summary</b>	
• Overall Level of Assurance	1
• Risk Assessment	1
• Background	1
• Scope, Objectives and Overall Findings	2
• Audit Approach	2
• Summary of Main Findings	3
• Acknowledgements	3
<b>Section 2</b>	
<b>Main Findings and Action Plan</b>	<b>4 - 12</b>

## Level of Assurance

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

Gradings are defined as follows:

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

## Action Grades

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



## Management Summary

### Overall Level of Assurance

**Satisfactory**

System meets control objectives with some weaknesses present.

### Risk Assessment

There is no specific risk in relation to Freedom of Information included on the Forth Valley College ('the College') Strategic Risk Register.

### Background

As part of the Internal Audit programme at the College for 2022/23 we carried out a review of the organisation's Freedom of Information arrangements. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Principal and to the Board that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Freedom of Information (Scotland) Act 2002 (FOISA) gives a general right of access to all types of recorded information held by public authorities, sets out exemptions from that right and places a number of obligations on public authorities. Any person who makes a request to a public authority for information is entitled to receive that information, subject to exemptions. As set out within the Act, the College must adopt and maintain a publication scheme setting out the information routinely made publicly available. Subject access request requests under the Data Protection Act do not fall under the scope of this review.

UNCONTROLLED COPY



## Scope, Objectives and Overall Findings

The scope of the review was to assess whether the arrangements in place within the College for dealing with requests for information under the Freedom of Information (Scotland) Act 2002 (FOISA) are sufficient to meet the requirements placed on the organisation as a public body.

The table below notes each separate objective for this review and records the results:

Objective		Findings			Action already planned	
		1	2	3		
<b>The objective of our audit was to obtain reasonable assurance that:</b>			<b>No. of Agreed Actions</b>			
1	The organisation has established a publication scheme which sets out the information which will be published	<b>Good</b>	0	0	0	
2	The responsibility and approach for dealing with FOISA requests has been formally documented	<b>Satisfactory</b>	0	0	1	
3	Requests for information under the Act are promptly transferred to the appropriate part of the organisation for action and procedures ensure that requests are actioned in a timely fashion	<b>Satisfactory</b>	0	0	1	
4	Procedures are in place to allow effective monitoring of performance to ensure that requests are dealt with within the statutory timescales and to make sure that the information provided is accurate and up to date before it is published or released	<b>Satisfactory</b>	0	0	0	✓
5	There are arrangements in place to report compliance with the requirements set out within the Act on at least an annual basis	<b>Satisfactory</b>	0	0	1	
<b>Overall Level of Assurance</b>		<b>Satisfactory</b>	<b>0</b>	<b>0</b>	<b>3</b>	
			System meets control objectives with some weaknesses present.			

## Audit Approach

Through discussion with the Corporate Governance and Planning Officer and review of relevant documents, we examined the publication scheme developed for the College and documented the systems and processes implemented to allow the organisation to meet the requirements set out within the Act.

We then performed walk-through testing to establish whether the agreed processes are operating effectively in practice.



### Summary of Main Findings

#### **Strengths**

- The organisation has established a publication scheme based on the Model Publication Scheme developed by the Scottish Information Commissioner;
- The publication scheme is updated on an ongoing basis by the Corporate Governance and Planning Officer who has oversight to all changes which may impact the publication scheme;
- The responsibility for dealing with FOISA requests has been established and is published in the Publication Scheme;
- While not documented, the College has established a robust process for dealing with FOI requests which is centrally co-ordinated by the Corporate Governance and Planning Officer;
- All FOI requests are recorded on a FOI Monitoring Spreadsheet which records key details for each request including date received, who the request is from, a summary of the request, date a response is due, and the actual date a response has been provided;
- The College operates a separate FOI email inbox which is monitored on an ongoing basis for incoming requests;
- FOI requests are kept for the current year plus the four previous academic years to allow for monitoring and analysis of requests made to the College;
- All information gathered in response to a FOI request is reviewed by both the Corporate Governance and Planning Officer and Principal prior to being issued to the requester; and
- Responses to FOI requests are drafted by the Corporate Governance and Planning Officer and reviewed by the Principal, or the Vice Principal Finance and Corporate Affairs in the Principal's absence, for accuracy prior to being issued to the requestor.

#### **Weaknesses**

- The approach for dealing with FOISA requests, including the recording, handing and review of requests, has not been formally documented by the College;
- Due to an issue with training records, it cannot be confirmed how many members of staff have completed the compulsory FOI induction or refresher training and how many members of staff are overdue in completing this training. College management advised that they are confident that staff are completing compulsory training;
- Due to requests being monitored in Excel, there are no built-in notifications to ensure that requests are being completed within required deadlines. As action is already planned to develop a monitoring tool, we have not raised a recommendation in this report. It is also recognised that the number of requests received in a year is relatively low, and all requests received in 2022/23 to date have been responded to within the statutory timescale; and
- As part of good practice, the College should report to the Board on at least an annual basis regarding compliance with the requirements of the Act however currently no such reporting is in place.

### Acknowledgments

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



## Main Findings and Action Plan

### Objective 1 - The organisation has established a publication scheme which sets out the information which will be published

Freedom of Information (FOI) requires public authorities to proactively publish information, as well as respond to any requests for information not already available.

The Freedom of Information (Scotland) Act 2002 (FOISA) requires all Scottish public authorities to produce and maintain a publication scheme which has been approved by the Scottish Information Commissioner. As part of the publication scheme, authorities must publish a Guide to Information that they make available which includes:

- Publishing the types of information that are routinely available; and
- Making it clear how information can be accessed and any cost that may be involved.

The Scottish Information Commissioner's Model Publication Scheme is expected to be adopted by all Scottish authorities. This model publication scheme contains nine classes of information, which describe the types of information, that the authority must publish:

- About the authority;
- How we deliver our functions and services;
- How we take decisions and what we decided;
- What we spend and how we spend it;
- How we manage our human, physical and information resources;
- How we procure goods and services from external providers;
- How we are performing;
- Our commercial publications; and
- Our open data.

In addition to this, the publication scheme follows key principles which govern how authorities make published information available:

- Availability and Formats – information should be available on the authority's website and there must be an alternative arrangement for people who cannot reasonably access information online;
- Exempt Information – authorities do not need to publish information which is exempt under FOI;
- Copyright and re-use – explanation of any copyright and re-use restrictions;
- Charges – can only charge real costs for providing information such as photocopying and should note costs in publication scheme;
- Contact details – contact details for enquiries and advice and assistance; and
- Duration – once published, information should be available for the current and previous two years.



### **Objective 1 - The organisation has established a publication scheme which sets out the information which will be published (continued)**

Forth Valley College has adopted the Model Publication Scheme provided by the Scottish Information Commissioner to ensure maximum transparency. The Publication Scheme was first adopted by the College in 2013 and is subject to regular review, with the last major review taking place in December 2022 and additional minor updates made in January 2023. While there is no formal review timetable in place, the Corporate Governance and Planning Officer ensures that any changes are reflected in the publication scheme as and when they occur.

The publication scheme is available on the College website in the Governance and Freedom of Information sections. From review of the publication scheme, we have been able to confirm that the College's publication scheme clearly sets out the information that it publishes, with links where appropriate. In addition to this the publication scheme also meets the publication scheme principles, setting out the formats in which information is available, charges where required and how to contact the College for additional information.

UNCONTROLLED COPY



### **Objective 2 - The responsibility and approach for dealing with FOISA requests has been formally documented**

Through our discussions, it was determined that the Corporate Governance and Planning Officer has overall responsibility for dealing with FOISA requests received by the College and is named as FOI Officer in the publication scheme. As part of this role, they have responsibility for the management of the processes to ensure the College meets the requirements of the FOISA and Data Protection Act and are responsible for the management of the College's publication scheme and the publication of documentation. The Corporate Governance and Planning Officer is supported by other members of staff who work within the Executive Office and assist with monitoring incoming requests, gathering information, and sending out initial confirmation of receipt emails.

The FOISA states that requests must be made in writing. The College's publication scheme gives a variety of methods for contacting the College in regard to FOI requests. The College has a generic FOI email address, with the inbox monitored by the Corporate Governance and Planning Officer for incoming requests. The publication scheme also states that requests can be made by phone or in writing, both to the Corporate Governance and Planning Officer. In addition to the ways listed in the publication scheme, FOI requests can be made to any member of staff at the College and FOI requests are commonly made directly to the College's general enquiries email address or departmental email addresses such as procurement and finance. All requests are re-directed to the Corporate Governance and Planning Officer to ensure that these are correctly dealt with.

Upon receipt of a FOI request, the Corporate Governance and Planning Officer will review the request to confirm it is legitimate and meets all FOI requirements before actioning the request. They will then contact the requester to confirm that the request has been received. If any clarifications are required before the request can be actioned, this will also be requested. The request will then be reviewed and it is determined what information is required. While some information can be gathered by Executive Office staff, other information may be held by other departments. In these cases, the relevant department lead will be identified and contacted with a list of the required information and a deadline for providing this. Internal timescales dictate that information should be with the Corporate Governance and Planning Officer at least one week before the final response deadline.

Once the information has been obtained, it is then sent to the Corporate Governance and Planning Officer who will collate the information and review, to ensure that the correct information has been collected and that it is both up-to-date and accurate. If additional information is needed, this would again be co-ordinated with the relevant department or staff members. A response to the request is then drafted alongside the requested information, which is reviewed by the Principal for accuracy. Following this review, the response would then be approved by the Principal for sending. In the Principal's absence, authorisation may be provided by the Vice Principal Finance and Corporate Affairs. This is then sent from the generic Principal email address and the inbox monitored by the Corporate Governance and Planning Officer and supporting staff for any further correspondence in relation to the FOI request.



**Objective 2 - The responsibility and approach for dealing with FOISA requests has been formally documented (continued)**

In circumstances where the requester is not satisfied with the response or information provided, they can request that the College performs an internal review to re-consider the request. It was noted during our discussions that these requests tend to be rare with none occurring in the current academic year. However, when such a request is made the file for the request would be reviewed by the Vice Principal Finance and Corporate Affairs, including the original request, information gathered, and response provided. An assessment would then be made as to whether the response and evidence have met FOI requirements or whether further information should have been provided. The results of the internal review would then be provided to the requester. If the requester is still unhappy with the outcome of the internal review then this can be escalated to the Scottish Information Commissioner for further investigation.

Observation	Risk	Recommendation	Management Response	
<p>While we have been able to establish that there is a robust approach in place for dealing with FOISA requests, led by experienced members of staff, it was determined that there are no formal policies or procedures in place which detail this approach, including the recording of a request, actions taken to fulfil a request and the review process. It would be good practice to formally document these processes to assist other members of staff who may be involved in the FOI process.</p>	<p>In the absence of formally documented responsibilities and processes, staff involved in the process may be unaware of how a request should be recorded, documented and treated.</p>	<p><b>R1</b> The College should formally document the responsibilities of individuals in relation to FOISA requests. A procedural document should also be created, detailing the College's approach for dealing with FOISA requests, including receipt of request, collection of required information and response to requesting individual.</p>	<p>A process document will be created outlining the roles and responsibilities of specific posts within the College and detailing the process for managing a request from receipt to response/review.</p> <p><b>To be actioned by:</b> Corporate Governance and Planning Officer</p> <p><b>No later than:</b> 31 August 2023</p>	
			<p><b>Grade</b></p>	<p><b>3</b></p>



### **Objective 3 - Requests for information under the Act are promptly transferred to the appropriate part of the organisation for action and procedures ensure that requests are actioned in a timely fashion**

As noted above, the FOISA states that FOI requests must be made to an organisation in writing. Methods for contacting the College with regard to a FOI request are clearly set out in the College's publication scheme and include direct contact with the Corporate Governance and Planning Officer, or use of the College's FOI email address. However, as previously noted, FOI requests can be made to any member of staff at the College and do not need to be made through the dedicated email address or to the named FOI Officer.

Per FOI legislation, a response must be provided to a request within 20 working days of receipt of the request. It is important to note that this begins from the date a request is received by the College, not the FOI Officer. As such, it is critical that all members of staff working at the College recognise what a FOI request is and what they may look like to ensure that these are transferred to the Corporate Governance and Planning Officer, the named FOI Officer, to review the request and co-ordinate a response.

In order to ensure that staff members understand what a FOI request is and the importance of responding to these in a timely fashion, FOI training is compulsory for all staff members. This is first completed at induction and then as refresher training every two years thereafter. Training is completed online through the completion of modules on Moodle VLE via SharePoint. Staff are notified when they are due to complete refresher training and will receive weekly email reminders until the training is completed. Line managers will also be made aware when a member of staff has not completed the required training through Moodle VLE and are required to follow up with staff to ensure training is completed.

Although not formally documented staff are aware, via training, that requests should be forwarded to the Corporate Governance and Planning Officer. If staff are unsure if it is a FOI request, then the Corporate Governance and Planning Officer will be contacted for clarification.



**Objective 3 - Requests for information under the Act are promptly transferred to the appropriate part of the organisation for action and procedures ensure that requests are actioned in a timely fashion (Continued)**

Observation	Risk	Recommendation	Management Response		
<p>During our review it was not possible to review records showing the number of staff who have completed the required FOISA training and staff currently required to complete the training.</p> <p>Through discussion with the Corporate Governance and Planning Officer it was explained that due to a known issue with the records held by HR, it was not possible to provide an accurate report showing completed and outstanding training records.</p> <p>A similar issue was noted in internal audit report 2021/05 – Health and Safety, issued May 2021, although we have been assured that processes to ensure staff have completed training are in place and the College is confident that staff are completing compulsory training.</p>	<p>The College cannot demonstrate that all staff have completed current FOISA refresher training.</p>	<p><b>R2</b> Management should review all staff records to ensure they have completed all mandatory training requirements.</p> <p>A process for reporting the completion rates of FOI refresher training should be developed to inform management of any gaps and support required to ensure this is completed.</p> <p>A process for reporting refresher training compliance rates from across the College should be developed with reports provided to the Board as part of wider FOI reporting.</p>	<p>The College is currently implementing a new HR system which will be key in ensuring the accurate and timely recording of all mandatory training.</p> <p><b>To be actioned by:</b> HR / Business Transformation Team</p> <p><b>No later than:</b> 31 December 2023</p> <table border="1" data-bbox="1585 1002 2089 1163"> <tr> <td data-bbox="1585 1002 1830 1163"><b>Grade</b></td> <td data-bbox="1830 1002 2089 1163"><b>3</b></td> </tr> </table>	<b>Grade</b>	<b>3</b>
<b>Grade</b>	<b>3</b>				

UNCONTROLLED COPY



### **Objective 4 - Procedures are in place to allow effective monitoring of performance to ensure that requests are dealt with within the statutory timescales and to make sure that the information provided is accurate and up to date before it is published or released**

All FOI requests received by the College are tracked on an excel 'FOI Monitoring Sheet'. This records key information about the requests including:

- date received;
- method through which request was received;
- who the request is from;
- brief description of request;
- due date of response; and
- actual date response was supplied

Records of all requests and information gathered are kept in a central FOI folder which is maintained by the Corporate Governance and Planning Officer as the named FOI Officer. A FOI email inbox is also maintained where all correspondence in relation to FOI requests is held. There is a publicly available tracker on the Scottish Information Commissioner website which shows statistics relating to FOI requests received by Scottish public bodies from 2013/14. The College's own internal tracker shows information from 2009/10. Full details of requests are maintained for the current year plus previous four academic years, with all requests prior to this anonymised in line with the College's own information retention requirements.

As the monitoring sheet is maintained in Excel, there are no built-in notification procedures. As such, the Corporate Governance and Planning Officer, who coordinates FOI responses, adds alerts into their Outlook calendar both two weeks, and one week before the statutory 20-working-day deadline to ensure that appropriate progress is being made and requests are not forgotten or overlooked.

During discussions it was noted that the College is currently developing a monitoring tool for the recording of complaints, in which details including deadlines can be tracked, with built-in notifications at regular intervals as a deadline is approached. It is anticipated that this will be completed and deployed for the beginning of the 2023/24 academic year, at which point a similar monitoring tool will be developed for FOI requests. As action is already planned to address this, we have not raised a recommendation in this report. The number of requests received in a year is relatively low.

As previously noted, once a response has been drafted and prior to it being sent to the requestor, it is provided to the Principal for authorisation. In the absence of the Principal, this may be reviewed and authorised by the Vice Principal Finance and Corporate Affairs.

As noted under Objective 2, it was determined that there are no formal policies or procedures in place in relation to the treatment of FOI requests, including detail on how performance should be measured to ensure requests are dealt with within statutory timescales. A robust process is in place to complete requests within statutory timescales, with all requests monitored centrally by an experienced FOI Officer, however it would be good practice to formally document these processes and requirements to ensure any member of staff involved in the completion of a FOI request is aware of expectations and requirements.



**Objective 4 - Procedures are in place to allow effective monitoring of performance to ensure that requests are dealt with within the statutory timescales and to make sure that the information provided is accurate and up to date before it is published or released (continued)**

During our testing, we walked through a sample FOI request and determined that procedures were operating effectively, with an initial acknowledgement response provided promptly after the request was made, and a full response provided to the requestee with the requested information within statutory timescales, as recorded on the FOI monitoring sheet.

From review of the FOI monitoring sheet, it was confirmed that all FOI requests received in 2022/23, up to the date of our testing, have been responded to within the statutory timescale of 20 working days. This has been further supported by review of statistics from the Scottish Information Commissioner which again showed that there had been no late responses in the current period.

UNCONTROLLED COPY



**Objective 5 - There are arrangements in place to report compliance with the requirements set out within the Act on at least an annual basis**

Observation	Risk	Recommendation	Management Response	
<p>In line with good practice, the College should report to the Board on at least an annual basis regarding compliance with the requirements of the Act.</p> <p>Currently, no such reporting takes place. A similar recommendation was raised in internal audit report 2021/22 – Data Protection, issued April 2022 (with a Data Protection compliance report subsequently presented to the Audit Committee in November 2022) and as such it is being proposed that a general Governance report containing Data Protection and FOI information should be reported to the Board on an annual basis to confirm compliance with the Act. Although FOI issues are currently reported to the Leadership Management Team (LMT) as they arise, this report would also be presented to the LMT.</p> <p>The report should include relevant FOI progress updates, as well as summaries of key compliance metrics relating to fulfilment of FOI requests and staff training.</p>	<p>Assurance on compliance with Freedom of Information legislation is not effectively communicated to the Board.</p>	<p><b>R3</b> An annual Governance report encompassing Freedom of Information Compliance should be developed and formally reported to the Audit Committee.</p> <p>The report should include relevant FOI progress updates, as well as summaries of key compliance metrics relating to fulfilment of FOI requests and staff training. These metrics should also be included within the suite of performance data reported to senior management.</p>	<p>This report format will be developed and delivered to the Audit Committee</p> <p><b>To be actioned by:</b> Corporate Governance and Planning Officer</p> <p><b>No later than:</b> 30 September 2023</p>	
			<p><b>Grade</b></p>	<p><b>3</b></p>

UNCONTROLLED COPY



UNCONTROLLED COPY

---

**Aberdeen** 45 Queen's Road AB15 4ZN

**Dundee** The Vision Building, 20 Greenmarket DD1 4QB

**Edinburgh** Ground Floor, 11-15 Thistle Street EH2 1DF

**Glasgow** 100 West George Street, G2 1PP

**T:** 01224 322 100

**T:** 01382 200 055

**T:** 0131 226 0200

**T:** 0141 471 9870

**F:** 01224 327 911

**F:** 01382 221 240

**F:** 0131 220 3269

Henderson Loggie LLP is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of PrimeGlobal, a global association of independent accounting firms, the members of which are separate and independent legal entities. Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB. All correspondence signed by an individual is signed for and on behalf of Henderson Loggie LLP. Reference to a 'partner' is to a member of Henderson Loggie LLP. A list of members' names is available for inspection at each of these addresses.



LEVEL OF ASSURANCE

Satisfactory

# Forth Valley College

## Complaints

Internal Audit report No: 2023/05

Draft issued: 3 April 2023

Final issued: 11 May 2023



# Contents

		<b>Page</b>
<b>Section 1</b>	<b>Management Summary</b>	
	• Overall Level of Assurance	1
	• Risk Assessment	1
	• Background	1
	• Scope, Objectives and Overall Findings	2
	• Audit Approach	2
	• Summary of Main Findings	3
	• Acknowledgements	3
<b>Section 2</b>	<b>Main Findings</b>	<b>4 - 10</b>

## Level of Assurance

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

Gradings are defined as follows:

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

## Action Grades

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



## Management Summary

### Overall Level of Assurance

**Satisfactory**

System meets control objectives with some weaknesses present.

### Risk Assessment

This review focused on the controls in place to mitigate the following risk on the Forth Valley College ('the College') Risk Register:

- Risk 1 – We fail to deliver a high-quality learning experience and meet targets of outcome agreement (Risk score 20).

### Background

As part of the Internal Audit programme at the College for 2022/23 we carried out a review of the systems in place to deal with Complaints. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Principal and to the Board that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The College must comply with the Further Education Model Complaints Handling Procedure (CHP). The purpose of the model CHP is to provide a standardised approach in dealing with complaints, to encourage public bodies to make best use of lessons learned from complaints made. Compliance with the model CHP is monitored by the Scottish Public Services Ombudsman (SPSO).

## Complaints

### Scope, Objectives and Overall Findings

The scope of this audit was to carry out a review of the operation of the College CHP process to provide assurances to the Principal and the Board that the processes and their application meet the requirements of the model CHP.

The table below notes each separate objective for this review and records the results:

Objective	Findings				Action already planned
	1	2	3	No. of Agreed Actions	
<b>The objective of our audit will be to ensure that:</b>					
1. The College CHP is in line with the Scottish Public Services Ombudsman's model for public sector bodies	<b>Good</b>	0	0	0	
2. Adequate training and guidance have been provided to staff on dealing with complaints and decision reviews	<b>Satisfactory</b>	0	0	0	✓
3. There is a robust system to ensure 'lessons learned' are identified from complaint resolution and the outcomes from the decision review process and appropriate action is taken to make improvements if required	<b>Good</b>	0	0	0	
4. Steps have been taken to improve the customer experience and minimise the number of Stage 2 complaints through better first-time handling of initial complaints lodged	<b>Satisfactory</b>	0	0	0	✓
5. Effective governance arrangements are in place, including regular reporting to the Principal, senior managers and the Board, on the volume and outcome of complaints and decision review requests	<b>Satisfactory</b>	0	0	0	✓
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>	<b>0</b>	<b>0</b>	<b>0</b>	System meets control objectives with some weaknesses present.

### Audit Approach

The Corporate Governance and Planning Officer was interviewed to determine current working practices and the systems in place in relation to complaints. In addition, the decision review handling processes were also documented. The College CHP was reviewed to ensure that it complied with the SPSO's requirements and with the model scheme. Compliance testing was carried out to ensure that the CHP and decision review policies were being followed in practice.



### Summary of Main Findings

#### **Strengths**

- The College has adopted the SPSO's CHP for Further Education bodies and it is up to date;
- The CHP is reviewed and updated on an ongoing basis by the Corporate Governance and Planning Officer, who has oversight to all changes which will require the procedure to be updated;
- Complaints are recorded on a monitoring spreadsheet, which details the date a complaint was received, through which method, the complainant, summary of the complaint, who is involved in the investigation, response due date, and the date a response was sent;
- The College is currently developing an improved complaints monitoring tool through Microsoft PowerApps which will allow staff members to record details about all complaints received at both Stage 1 and Stage 2, resulting in improved monitoring of complaints. This will also allow notifications to be built into the system to ensure that deadlines are being monitored and met;
- Complaints that are raised as a Stage 2 Investigation are received and co-ordinated by the Executive Office, offering a central point of contact and oversight for the complaints process;
- There is a robust 'lessons learned' process in place, which ensures that complaints are reviewed to identify areas where improvements could be made and that these improvements are implemented;
- Steps have been taken to improve the customer experience and minimise the number of Stage 2 complaints by identifying areas of repeated complaint and closure of complaints at Stage 1 wherever possible;
- The Principal (or Vice Principal Finance and Corporate Affairs in the absence of the Principal), is involved in reviewing and approving all responses for Stage 2 Investigation complaints, allowing ongoing oversight of complaints lodged with the College; and
- An annual Complaints overview is presented to the Board following the end of each academic year summarising total Stage 2 complaints received, outcomes, trends and a summary of each complaint including investigation outcome, action taken, and any lessons learned.

#### **Weaknesses**

- Formal training has not been provided to members of staff in regard to the College's CHP;
- There is no written guidance or documentation for staff setting out how a complaint should be handled, which would complement the document 'Forth Valley College Complaints Procedure – a guide for students'; and
- Due to the fact that only Stage 2 Investigation complaints require escalation to the Executive Office, not all Stage 1 complaints are captured on the monitoring spreadsheet.

As action is already underway or planned to address the above points, we have not raised separate recommendations in this report.

### Acknowledgments

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

# Main Findings

### **Objective 1 - The College CHP is in line with the Scottish Public Services Ombudsman's model for public sector bodies**

The College has adopted the Further Education Model Complaints Handling Procedure (CHP) which has been developed by the Scottish Public Services Ombudsman (SPSO). The CHP is held on the College's website in the Complaints section and the web content is maintained by the Corporate Governance and Planning Officer.

The CHP sets out what a complaint is; what can and cannot be complained about; who can complain; and how to make the complaint. In line with the model CHP, the College operates a two stage complaints process, which is detailed in the procedure.

Stage 1 is the frontline response and a decision and response should be made within five working days, unless there are exceptional circumstances, in which case the College can apply for an extension. The typical response at this stage would be an on-the-spot apology, explanation if something has gone wrong, or immediate action to resolve the problem raised.

Stage 2 is the investigation stage and may occur because a complainant is dissatisfied from the response at Stage 1, or in some circumstances, a complaint may be escalated immediately to Stage 2. Complaints at this stage are handled by the Corporate Governance and Planning Officer and Executive Office. An initial acknowledgement of the complaint should be made within three working days, and a full response within 20 working days.

If a complainant remains dissatisfied after the final decision has been given, this can be escalated to the SPSO or the Scottish Qualifications Agency (SQA) (or other awarding body) for further review. Contact details for the SPSO are provided in the procedure and are also provided at the conclusion of each Stage 2 complaint (should a complainant wish to escalate the issue for further investigation).

From our review of the College's CHP, we noted that this is in line with the model CHP, as set out by the SPSO, and is up to date with the most recent model procedure published in September 2021. The CHP is well-developed and provides a clear documented process of complaints handling, including relevant templates, flowcharts and guidelines.



## Complaints

### Objective 2 - Adequate training and guidance have been provided to staff on dealing with complaints and decision reviews

Through discussion with Corporate Governance and Planning Officer and review of the annual Board (Human Resources Committee) report from 2021/22, we established that the complaints handling process is led and co-ordinated by the Corporate Governance and Planning Officer, with support provided by other members of staff working within the Executive Officer, and is overseen by the Principal.

As noted in the CHP, complaints can be made to the College in a variety of ways including in person, by phone, in writing, by email, or via the website. Complaints made through the complaints form on the website are redirected to the complaints email address, which is monitored by the Corporate Governance and Planning Officer. When a complaint is received by the College, it should be directed to the Corporate Governance and Planning Officer to make an assessment on how to best resolve the issue. Where possible, complaints should be dealt with via a Stage 1 frontline response within five working days, but where this response is not satisfactory or the complaint cannot be dealt with at the frontline, it is escalated to the Executive Office for investigation.

A complaint raised as a Stage 2 investigation should be acknowledged within three working days. This response is sent by either the Corporate Governance and Planning Officer or a supporting member of the Executive Office team, using email templates, and will confirm the College's understanding of the complaint and the outcome that is sought. Following this, a full investigation will take place with the Corporate Governance and Planning Officer contacting members of College staff as appropriate, gathering information and co-ordinating a response. Once an investigation has been completed and a response drafted, this will be reviewed by the Principal prior to approval, and issued to the complainant in writing from the generic Principal email address. In the absence of the Principal, the response is instead reviewed by the Vice Principal Finance and Corporate Affairs.

All complaints received by the Corporate Governance and Planning Officer are recorded on a Complaints Monitoring spreadsheet. This details:

- The date the complaint was received;
- Method through which it was received;
- Name of complainant;
- Brief Summary of the complaint;
- Who is involved in the investigation process;
- Date the response is due; and
- Date the response was actually sent.

This ensures that complaints can be monitored and that deadlines as set out in the CHP are met. During our discussions, it was noted that a new complaints monitoring tool was currently in development using Microsoft PowerApps. This tool would be used by members of staff to log all complaints as they are received, ensuring that all complaints at both Stage 1 and Stage 2 are captured and able to be monitored. The monitoring tool would record the same details as the current spreadsheet but will allow increased automation for complaints acknowledgement and embed trigger points during the process to ensure that deadlines are met. The monitoring tool is currently undergoing testing and it is expected this it will be rolled out to the entire College for the start of the 2023/24 academic year,



## Complaints

### **Objective 2 - Adequate training and guidance have been provided to staff on dealing with complaints and decision reviews (continued)**

From the discussions held with the Corporate Governance and Planning Officer we established the processes in place as described above, it was noted that as the process is largely co-ordinated by a small team of staff experienced in complaints handling, with oversight from the Principal. There is no formal written guidance for staff members in relation to complaints handling. There has also been no formal training to members of staff, although the Corporate Governance and Planning Officer is available to provide insight and advice, as required, during the complaints process.

When the new complaints monitoring tool is ready for release to all members of staff, a series of guidance notes will be created on how to use the tool for complaints handling and describing what information is required. The Corporate Governance and Planning Officer will also provide training to staff around the complaints handling process and recording. Since actions are already underway, or are already planned, to address these points, we have not raised separate recommendations in this report. However, this is reflected in the objective grading set out in the table on page 2, above, which then influences the overall report grading.

UNCONTROLLED COPY



## Complaints

### **Objective 3 - There is a robust system to ensure 'lessons learned' are identified from complaint resolution and the outcomes from the decision review process and appropriate action is taken to make improvements if required**

Through discussion with the Corporate Governance and Planning Officer, it was established that lessons learned is a key aspect of the complaints handling process within the College. At the conclusion of a complaint, issues raised as part of the process are reviewed to ensure that any follow up actions required are identified and completed, and lessons learned are established to ensure that improvements are made, where required, with the aim of preventing the recurrence a recurrence of a similar issue in the future.

At the conclusion of each Stage 2 complaint, which has undergone investigation (where required), the Corporate Governance and Planning Officer will discuss a specific complaint with the appropriate member of Senior Management Team to agree required actions (such as training for members of staff), and ensure that this is carried out to prevent recurrence of a similar issue in future.

A Complaints Overview is reported to the Board (Human Resources Committee) on an annual basis at the end of each academic year. Review of the most recent overview for 2021/22 (November 2022) showed that trends occurring in relation to Stage 2 complaints in the year are analysed to identify any overarching issues within the College. It was noted that an increased number of complaints related to issues with external partners of the College, and this would be monitored in the following academic year to see where improvements could be made in this area. As part of the Complaints Overview, a summary is provided for each Stage 2 investigated complaint showing any lessons learned that have been identified and actions that will be undertaken to make improvements where required.

As part of our testing, we selected a sample of 10 complaints received by the College in the 2021/22 academic year, split as four resolved at Stage 1 Frontline response and six at Stage 2 Investigation, to see if lessons learned had been identified and appropriate action taken to make improvements if required. Our sample was selected from 2021/22 in order to link these through to the annual Board report. We confirmed that for each of the sample, reasonable action had been taken to close the case, with follow up actions identified and implemented where required, and the complainant notified of the outcome. One Stage 2 case had been withdrawn by the complainant shortly after submission and so no further investigation was completed. We also noted that for the five remaining Stage 2 complaints tested, lessons learned had been recorded and reported to the Board as part of annual reporting.

We are satisfied that the process of identifying lessons learned is well developed and embedded, with relevant action being undertaken to ensure that learning from the complaints process is being implemented.



## Complaints

### **Objective 4 - Steps have been taken to improve the customer experience and minimise the number of Stage 2 complaints through better first-time handling of initial complaints lodged**

Through discussion with the Corporate Governance and Planning Officer we confirmed that the current approach to complaints handling prioritises the need to deliver responses within the timescales, also taking into account the stressful nature of complaints and aiming to reduce stress experienced by both staff and students.

As set out by the SPSO, complaints encompass a two-stage process in an effort to resolve complaints as close to the frontline as possible. Stage 1 complaints are dealt with as 'frontline' resolution, typically by a department or academic lead as appropriate. Responses at this stage may be an on-the-spot apology, explanation as to why something has gone wrong, or immediate action to resolve a problem. As set out in the CHP, Stage 1 complaints must be responded to within five working days.

As part of our testing of the 10 complaints noted under Objective 3, we reviewed all documentation held for the samples and ensured that in each case, the complaint was correctly classified. For the four Stage 1 complaints, we recorded the method of response and confirmed that in all cases an appropriate response had been made within five working days, as required by the CHP.

In 2021/22, it was established that 15 of the 39 complaints recorded on the monitoring spreadsheet were able to be resolved at Stage 1, although it should be noted that currently not all Stage 1 complaints would be referred to the Corporate Governance and Planning Officer and therefore would not be captured on the monitoring spreadsheet. With the introduction of the new monitoring tool as described under Objective 2, the College will be able to capture all complaints raised at Stage 1 and have a clearer insight of the proportion of complaints resolved at the frontline. As action is already underway or planned to address these points, we have not raised recommendations in this report.

Each Stage 2 complaint is co-ordinated by the Corporate Governance and Planning Officer, ensuring that there is a single point of contact throughout the investigation of a complaint. This is further supported by other members of staff working within the Executive Office, who are able to act in the absence of Corporate Governance and Planning Officer to continue the progression of a complaint investigation.

As part of the College's CHP, when a complaint is escalated to Stage 2 Investigation, the College must acknowledge the complaint within three working days, confirming understanding of the complaint to be investigated and detailing the outcome that is being sought.



## Complaints

### **Objective 4 - Steps have been taken to improve the customer experience and minimise the number of Stage 2 complaints through better first-time handling of initial complaints lodged (continued)**

As part of our sample testing noted above, we performed testing of the six Stage 2 complaints and confirmed that an acknowledgement email was sent out in all cases, correctly detailing the nature of the complaint and sought outcome. For four of the sampled complaints, it was noted that the email was issued within three working days as set out in the CHP. In one instance the acknowledgement email was not sent out for five working days. This was discussed with the Corporate Governance and Planning Officer and it was established that the complaint had been received by another member of staff and there had been a delay in the complaint being re-directed to the Executive Office, meaning that the usual three day deadline for acknowledgement was not met. The date the complaint had been originally sent to the College was recorded on the tracker to ensure that the overall 20 day deadline to formally respond to the complaint was met and there were no further implications, with all other requirements being met. The final sample Stage 2 complaint was withdrawn shortly after being submitted to the College. An email was sent to the complainant acknowledging both the complaint and withdrawal, with no further action taken.

In discussion with the Corporate Governance and Planning Officer, it was noted that on the completion of each academic year, total complaints are analysed against previous year to review any trends that may have occurred and reported to the Board. From review of the most recent report (November 2022), we noted that the number of Stage 2 complaints received by the College has been relatively steady in recent years, with a slight decrease each year from 2017/18. However, it was noted in the report that this may be somewhat disguised due to a large percentage of complaints in 2020/21 relating directly to strike action, skewing the figures.

From analysis of number of complaints, it was noted that there has been a significant decrease of Stage 2 complaints since 2012/13. Through discussion it was established that this was due to the introduction of a new applications process to the College. Previously, a large number of complaints had related to applications. The complaints were analysed, and it was determined that a new process would improve the experience of current and prospective students, resulting in a significant reduction in complaints.

We are satisfied that appropriate actions are taken to identify opportunities for improvement arising from the complaints handling process which will enhance performance and improve customer experience.



## Complaints

### **Objective 5 - Effective governance arrangements are in place, including regular reporting to the Principal, senior managers and the Board, on the volume and outcome of complaints and decision review requests**

During our discussions, sample testing, and review of documentation it was established that the complaints handling process is co-ordinated and led day-to-day by the Corporate Governance and Planning Officer, with reporting to both senior management and the Principal, as appropriate. While Stage 1 complaints are dealt with by frontline staff, all Stage 2 complaints are escalated to the Executive Office for investigation and response. The investigation is typically led by the Corporate Governance and Planning Officer to provide a single point of contact, with input from senior management, as required. Once an investigation is complete, the Principal is actively involved in the complaints handling, reviewing the complaint to ensure the response is accurate and appropriate before authorising this to be sent to the complainant. All responses for Stage 2 complaints are sent from the College's generic Principal email address.

As previously noted, an overview of Stage 2 complaints received by the Executive Office is reported to the Board at the end of each academic year, setting out the background of the complaints handling process and key trends identified during the year. From review of the most recent report for 2021/22 (November 2022), the College was able to demonstrate robust reporting to the Board with regard to Stage 2 complaints received in the year. The report shows the number of complaints received each year since 2009/10, and investigation outcomes, with the percentage of complaints deemed to be upheld, partially upheld, or not upheld for the most recent academic year. The report also gives an overview of each Stage 2 complaint investigated by the College, summarising the type of complaint, the content of the complaint, the investigation outcome, actions taken, and any lessons learned as a result of the investigation.

As noted under Objective 4, not all Stage 1 complaints are currently being captured and this is being addressed by the introduction of a new monitoring tool, which will allow more accurate reporting on the volume of complaints received and dealt with by frontline staff.



UNCONTROLLED COPY

---

**Aberdeen** 45 Queen's Road AB15 4ZN

**Dundee** The Vision Building, 20 Greenmarket DD1 4QB

**Edinburgh** Ground Floor, 11-15 Thistle Street EH2 1DF

**Glasgow** 100 West George Street, G2 1PP

**T:** 01224 322 100

**T:** 01382 200 055

**T:** 0131 226 0200

**T:** 0141 471 9870

**F:** 01224 327 911

**F:** 01382 221 240

**F:** 0131 220 3269

Henderson Loggie LLP is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of PrimeGlobal, a global association of independent accounting firms, the members of which are separate and independent legal entities. Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB. All correspondence signed by an individual is signed for and on behalf of Henderson Loggie LLP. Reference to a 'partner' is to a member of Henderson Loggie LLP. A list of members' names is available for inspection at each of these addresses.



LEVEL OF ASSURANCE

Good

# Forth Valley College

## Budgetary Control

Internal Audit report No: 2023/08

Draft issued: 4 May 2023

Final issued: 11 May 2023

UNCONTROLLED COPY



# Contents

		Page
<b>Section 1</b>	<b>Management Summary</b>	
	• Overall Level of Assurance	1
	• Risk Assessment	1
	• Background	1
	• Scope, Objectives and Overall Findings	2
	• Audit Approach	2
	• Summary of Main Findings	3
	• Acknowledgements	4
<b>Section 2</b>	<b>Main Findings and Action Plan</b>	<b>5 - 18</b>

## Level of Assurance

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

Gradings are defined as follows:

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

## Action Grades

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



## Management Summary

### Overall Level of Assurance

<b>Good</b>	System meets control objectives.
-------------	----------------------------------

### Risk Assessment

This review focused on the controls in place to mitigate the following risk on the Forth Valley College ('the College') Risk Register:

- Risk 3 – We are unable to maintain financial sustainability (Risk score 20).

### Background

As part of the Internal Audit programme at the College for 2022/23 we carried out a review of the systems in place for budgetary control. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Principal and to the Board that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Budgets are set annually, with the staffing budget quantified centrally based on the staff required to deliver the agreed curriculum, and non-staffing budgets being agreed between Finance staff and budget holders and managers in order to determine an overall budget position. The budget is reviewed by the Leadership Management Team (LMT) and Finance Committee and is then approved by the Board of Management.

The agreed budgets are loaded into the College's finance system, SUN. Budget holders and managers are provided with monthly budget monitoring reports, which are generated from SUN using a report writer tool called Infor10 Q&A. These reports detail actual spend and income against planned expenditure and income, and highlight any variances.

The Finance Manager holds meetings with budget holders and managers during the year to discuss progress and identify reasons for budget variances identified.

Regular reports on year to date budget variances, and the year-end forecast outturn, are provided to the LMT, Finance Committee and the Board.



## Budgetary Control

### Scope, Objectives and Overall Findings

This audit looked at the College's budgetary control practices and protocols. It specifically considered budget monitoring procedures in place centrally and within a sample of Academic Departments and Corporate Services, and also cash flow reporting to senior management and the Board, and SFC.

The table below notes each separate objective for this review and records the results:

Objective	Findings				Action already in progress
	1	2	3	No. of Agreed Actions	
<b>The objectives of our audit were to ensure that:</b>					
1. Budgets are controlled in accordance with the Financial Regulations and Procedures.	<b>Satisfactory</b>	-	-	1	
2. Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change or funding targets are not achieved.	<b>Good</b>	-	-	1	
3. Information is available to management in Academic Departments and Corporate Services which is up-to-date and in a format that can be easily understood.	<b>Good</b>	-	-	-	✓
4. Budget holders have the necessary skills for managing budgets.	<b>Good</b>	-	-	1	✓
5. Budget variations are reported and acted upon.	<b>Good</b>	-	-	-	
6. There is accurate cash flow reporting.	<b>Satisfactory</b>	-	-	-	
7. Senior management and the Board regularly review the College's overall financial position.	<b>Good</b>	-	-	-	
<b>Overall Level of Assurance</b>	<b>Good</b>	-	-	<b>3</b>	
		System meets control objectives.			

### Audit Approach

The Director of Finance, Finance Manager, and a sample of budget holders in Academic Departments and Corporate Services, together with their Operations Managers or other support managers, were interviewed, and reports reviewed, to determine current working practices in budget monitoring, and the information and training provided to budget holders.

The processes used to prepare cash flow reports for senior management, the Board, and the SFC were determined through discussion with Finance staff and review of supporting working papers.



### Summary of Main Findings

#### *Strengths*

- Financial Regulations are in place covering the Financial Planning and Financial Control processes, and are up to date (last updated in September 2022);
- Detailed Finance department procedures have also been drafted covering the Budget Setting process, In-Year Monitoring and Reforecasting, and Budget Monitoring and Month End processes;
- There is an established budget setting process in place, with a timetable set out to complete and approve the annual budget by June each year;
- There are planned budget reforecasting milestones in place during the financial year to review the budget as the actual financial position becomes clearer;
- Budget reports are provided to budget holders and managers on a monthly basis, to allow responsible budget holders to monitor progress. The budget holders and managers interviewed as part of our audit did not have any issues with the timeliness and format of the financial reports received from Finance, although it was recognised that the current information will be enhanced by the implementation of the Infor Dynamic Enterprise Performance Management (Infor d/EPM) system from August 2023 onwards. This will provide real-time access and allow the facility to drill down to detailed transaction lists and individual invoices;
- The budget holders or managers can request meetings with Finance, or request further information in relation to these budget reports, as and when required. Formal meetings with Finance staff are set on a quarterly basis;
- Some departments also utilised information available from other systems as part of their budget monitoring process. For example the Arlo online booking system for commercial training courses and the Bleep Electronic Point of Sale (EPOS) system for catering;
- All the budget holders and managers interviewed as part of our audit demonstrated that they have the necessary skills required to effectively manage their devolved budgets;
- A key budgetary control is enacted through the purchase order authorisation process, which prevents the raising of orders on the P2P/FIDO system if the remaining funds in the budget line will be exceeded. Where this scenario occurs, this necessitates a discussion with Finance and approval by the Finance Manager prior to committing to the spend; and
- Management Accounts are prepared for the LMT and Finance Committee, as a minimum, on a quarterly basis. Explanations are included within the Management Accounts LMT and Finance Committee covering papers for all variances considered significant. A paper on the forecast outturn is also prepared for the Finance Committee on a quarterly basis.

#### *Opportunities for Improvement*

- The College does not have a specific Finance Strategy or Financial Plan document in place and the Financial Forecast Return (FFR) is the main tool utilised by the College for financial planning. The Director of Finance advised that the FFR will be moving from five to two-year forecasts and therefore it will be important for the College to develop separate medium-term financial plans moving forward;
- There is a certain amount of scenario planning and sensitivity analysis undertaken as part of the preparation of the annual budget and FFR. However, this could be further developed to build on the existing work completed. We understand that the implementation of the Infor d/EPM system will make this process more straightforward, as it would no longer be a manual, time consuming, spreadsheet-based process; and
- Although Finance staff do provide training and support to budget holders and managers, including the provision of one-to-one support when requested or required, there is no formal training programme or detailed written procedures in place for the training of budget holders and managers, including those taking on budget holder roles for the first time.



**Acknowledgments**

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

UNCONTROLLED COPY



## Main Findings and Action Plan

### Objective 1 - Budgets are controlled in accordance with the Financial Regulations and Procedures.

#### Financial Regulations

The College's Financial Regulations (approved September 2022) cover Financial Planning at section 4 and Financial Control at section 5.

#### 4.1 – Introduction

The Vice Principal Finance & Corporate Affairs is responsible for preparing a rolling three-year financial plan for approval by the Board of Management on the recommendation of the Finance Committee and for preparing financial forecasts for submission to the Scottish Funding Council (SFC). Financial plans should be consistent with the strategic plans approved by the Board of Management.

#### 4.2 – Budget Objectives

The Board of Management will, from time to time, propose budget objectives for Forth Valley College. These will help the Vice Principal Finance & Corporate Affairs in preparing the more detailed financial plans for Forth Valley College.

The Board shall plan and conduct its financial and academic affairs so that:

- Its total income is not less than sufficient, taking one financial (31 July) year with another, to meet its total expenditure;
- A reasonable level of net current assets is maintained (excluding deferred capital grant and pension obligations);
- A reasonable level of capital expenditure is made each year so as to maintain the value of the College's fixed assets; and
- It has sufficient financial resources to meet its needs in the form of cash and other liquid assets or borrowing facilities.

#### 4.3 – Budget Preparation

The Vice Principal Finance & Corporate Affairs is responsible for preparing an annual revenue budget and capital programme each year for consideration by the Finance Committee before submission to the Board of Management. The budget should also include a projected year-end balance sheet and cash flow forecasts if appropriate.

The Vice Principal Finance & Corporate Affairs must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Directors and Heads of Corporate Service departments as soon as possible following their approval by the Board of Management.

Throughout the year the Vice Principal Finance & Corporate Affairs is responsible for submitting revised financial forecasts to the Finance Committee.



## Budgetary Control

### Objective 1 - Budgets are controlled in accordance with the Financial Regulations and Procedures (continued).

#### 5.1 – General

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to their line manager and ultimately their SMT member for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Director of Finance by the budget holder concerned and, if necessary, corrective action taken. As a minimum, quarterly budget reviews will take place with each budget holder.

#### 5.2 – Financial Information

The budget holders are assisted in their duties by management information provided by the Finance department. The types and frequency of management information available to different levels of management are described in the detailed Budget Monitoring Procedures to reflect the current management needs of the College.

The Vice Principal Finance & Corporate Affairs is responsible for supplying budgetary reports on all aspects of Forth Valley College's finances to the Finance Committee on a basis determined by the Finance Committee but subject to any specific requirements of SFC. The Chair of the Finance Committee will update the Board of Management, which has overall responsibility for College finances.

#### 5.3 – Changes to Approved Budget

The Finance Committee will approve any significant changes to the previously set budget after consideration of updated financial forecasts. Additionally, the Finance Committee must approve moving the adjusted operating position (AOP) from surplus to deficit.

#### 5.4 – Virement

Where a budget holder is responsible for more than one budget, virement is only permitted with the prior approval of the Director of Finance. Virement is only permitted between budget headings (e.g. materials, transport, property costs) within the same budget at reforecast time in discussion with Finance.

Virement between capital and revenue budgets is not generally permitted but in exceptional circumstances may be approved by the Finance Committee, and will also require SFC approval.

#### Procedures

Detailed procedures have been drafted covering Budget Setting, In-Year Monitoring and Reforecasting, and Budget Monitoring and the Month End process.



## Budgetary Control

### Objective 1 - Budgets are controlled in accordance with the Financial Regulations and Procedures (continued).

Discussions with the Director of Finance and Finance Manager, and review of documentation, confirmed that budgets are being controlled in accordance with the Financial Regulations and Procedures although the following points were noted:

- In internal audit report 2020/07 – Financial Planning, issued September 2020, we noted that the College does not have a specific Finance Strategy or Financial Plan document in place and the Financial Forecast Return (FFR) submitted to the SFC is the main tool utilised by the College for financial planning. This continues to be the case; and
- The 2022/23 revenue budget approved by the Board of Management in June 2022 was in deficit of £501k after revenue funding allocated to loan repayments although, once one-off costs funded from prior years surplus were separated out, the Core College position was a small surplus of £44k. In September 2022, as part of the paper requesting the Board to approve the FFR 2022-27, the Board was asked to approve amendments to the 2022/23 budget, incorporating significant known changes since approval in June 2022. SFC had indicated that the surplus in 2021/22 could not be carried forward into 2022/23 and a donation was to be made to the FVC Foundation. The adjusted operating position was a deficit of £1.066m, which effectively arose from a higher pay award and lower levels of student recruitment. This shortfall was to be resolved from in-year savings or additional income, and by Q2 forecast the position was improved by £918k.

UNCONTROLLED COPY



## Budgetary Control

### Objective 1 - Budgets are controlled in accordance with the Financial Regulations and Procedures (Continued).

Observation	Risk	Recommendation	Management Response		
<p>The Audit Scotland report <i>Scotland's Colleges 2022</i> noted that <i>'in the context of growing financial challenges and uncertainties, medium-term financial planning based on as much information as possible is more important than ever. In May 2022, the Scottish Government announced its multi-year spending plans up to 2026/27. This shows a flat cash settlement for the SFC over the next four years, equating to an eight per cent reduction in real terms.'</i> Audit Scotland recognised that <i>'to support colleges in planning for and implementing proposed changes over the longer term, the Scottish Government and the SFC need to clarify expectations and priorities for the sector for the medium and long term, and the funding available to deliver them.'</i></p> <p>(continued)As noted above, the College does not currently have a specific Finance Strategy or Financial Plan document in place, and the FFR is the main tool utilised by the College for financial planning. The FFR is based on assumptions provided to the college sector, which the SFC had instructed must achieve a balanced adjusted operating position, and these assumptions do not align with the College's own assumptions (although for 2022-27 the College also prepared forecasts based on the Finance Directors Network assumptions, with no staff reductions made).</p> <p>The Director of Finance advised that the FFR will be moving from five to two-year forecasts, and therefore it will be important for the College to develop separate medium-term financial plans moving forward.</p>	<p>The College is not financially sustainable in the medium to longer term.</p>	<p><b>R1</b> The College should develop realistic medium-term financial plans and forecasts to supplement the annual FFR and help to identify and mitigate emerging risks to its medium to long term financial sustainability.</p>	<p>The ability to develop sensible medium term plans depends on receiving 3-year funding allocations. SFC has acknowledged that Budget plus one further year is sufficient, and this is expected to be the FFR requirement in June.</p> <p>We will discuss with the Finance Committee members the level of forward planning they would like to see and we will look to develop these plans when we have additional clarity around key assumptions.</p> <p><b>To be actioned by:</b> Director of Finance</p> <p><b>No later than:</b> 30 November 2023</p> <table border="1" data-bbox="1659 1209 2089 1326"> <tr> <td data-bbox="1659 1209 1868 1326"><b>Grade</b></td> <td data-bbox="1868 1209 2089 1326"><b>3</b></td> </tr> </table>	<b>Grade</b>	<b>3</b>
<b>Grade</b>	<b>3</b>				



## Budgetary Control

**Objective 2 - Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change or funding targets are not achieved.**

### Strategic and Operational Plans

The College's Strategic Plan covers the period 2022 to 2025 and sets out at a high-level the College's four strategic objectives, including Driving a Sustainable Future. This includes continuing to deliver financial sustainability in a challenging environment and making investment to enhance the student experience. Each department is responsible for preparing its own operational plan, which is linked to the objectives in the College's Strategic Plan. It was established that there is no operational plan timetable demonstrating linkage with the budget setting cycle. The Vice Principal Finance & Corporate Affairs indicated that budgets are prepared first and feed into the operational plans due to the severe budget constraints the College has to work with. As noted below, budget setting is directly linked to the curriculum plans and budget holders we spoke to as part of this audit did confirm that their departments' operational plans were considered during the budget setting process.

### Budget Setting

Finance staff calculate the academic salary budgets using the information from the Curriculum Planning System (CPS). This identifies the required teaching hours for the courses planned for the next academic session (taking into account Credits targets). Finance staff review CPS with the Directors of Curriculum. Once the teaching hours are agreed, a full time equivalent (FTE) for lecturers is calculated. This FTE is compared with the current establishment report from HR and will identify if a teaching department requires any Lecturer vacancies or if a teaching department is under deployed. Finance staff review with the Directors of Curriculum their current establishment of Operations Manager, Curriculum Manager and Support posts and note any changes required.

Staffing budgets for Corporate Services staff are calculated by Finance following consultation with the respective Directors and Heads of Service. Each Director / Head receives a note of their current staffing establishment report from HR and discusses with Finance any changes to be made for the following year. This includes the unwinding of any backfill, maternity leave etc to return staff to their substantive posts.

Once all of the FTE figures have been agreed, Finance calculate the salary budget, including any salary increases and on-costs. This is prepared on an individual employee basis to provide the staffing budget at the most granular level and is spreadsheet based using Excel. For other costs such as Evening Hours, Additional Hours, Overtime, etc. these are set with input from the Directors of Curriculum and Operations Managers. Once Finance has completed the Staffing Budget, a copy is sent to the Director of Curriculum or Director / Head of department for review and sign off.

As part of the annual budget setting process, each budget holder is asked to complete a budget submission template which covers all income and non-staff operating expenditure for which the department is responsible. The budget needs to be phased monthly which can be done using prior year information and looking at trends. If there is no other information to show what the pattern of expenditure is likely to be then this is divided equally across the 12 months. Budget review meetings are held by Finance with all budget holders to discuss and review their submitted budget templates in detail.



## Budgetary Control

### **Objective 2 - Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change or funding targets are not achieved (continued).**

The Finance department prepares the overall College budget using the following:

- SFC funding allocations;
- Tuition fee schedules for SAAS, evening provision and HEI;
- Flexible Workforce Development Fund spreadsheets;
- Departmental salary budget calculations;
- Departmental operating budget submission templates;
- Depreciation, revaluation reserve and capital grant release calculations;
- Schedules of Foundation Apprenticeship income; and
- Calculations of other income sources by the Finance department.

The staffing budget will at this stage be consolidated with the operational submission for each department. Finance staff review and consolidate the numerous returns. If necessary, follow up meetings with specific budget holders are arranged should any additional information or clarification be required.

The next stage is for Finance staff to prepare a detailed Income & Expenditure report of the draft budget and provide this to the Director of Finance for review, pending a meeting with the Vice Principal Finance & Corporate Affairs to discuss the draft budget position. Following this review, an initial draft budget report is presented to the Leadership Management Team (LMT) for discussion (setting out assumptions used, where relevant based on those agreed by sector Finance Directors) and approval of any amendments, which may be needed to balance the budget position. A second draft is then taken to LMT and once approved the budgets are set and finalised on the finance system.

The detailed report is thereafter presented to the Finance Committee, and subsequently the Board, for approval, normally at their June meetings. For the 2022/23 budget, the report presented in June 2022 noted that SFC had recently provided the financial assumptions for the budget period, but these did not align with the College's own assumptions, as it had been more realistic than just assuming public sector pay increases for 2022/23. As noted under Objective 1, the Core College position originally approved in June 2022 was a small surplus of £44k however this was adjusted in September 2022 to show an operating deficit of £1.066m. This forecast was based on the assumptions agreed by the College sector Finance Directors Network and revised recruitment forecasts for 2022/23.

The budget setting reports to the LMT, Finance Committee and the Board highlight specific risks and the potential financial implications are noted where known, for example relating to pay awards and student recruitment.

The FFR 2022-27 submitted to the SFC in September 2022 was based on the assumptions provided to the college sector, which the SFC had instructed must achieve a balanced adjusted operating position. The commentary to the FFR also showed the 2022-27 forecasts based on the Finance Directors Network assumptions, with no staff reductions made, to highlight the scale of the funding gap which was up to £6.6m per annum by 2026/27. The commentary noted that the LMT would continue to seek ways of increasing income streams and reducing costs and would also scenario plan for longer term solutions.



## Budgetary Control

### **Objective 2 - Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change or funding targets are not achieved (Continued).**

The FFR commentary included some sensitivity analysis highlighting that pay awards cost the College £300k for every 1% awarded based on the current on-costs for pension and NIC. Any increase in the pension rates above the current levels adds another £200k.

The LMT also discuss and approve the proposed spend of the College's SFC Capital Maintenance allocation in June each year. This is split between capital and revenue spend.

#### **Reforecasting**

The College carries out in-year reforecasting exercises to take account of any significant movements from the original budget approved by the Finance Committee. The major reforecast in the year is completed at the end of December, producing a Q2 forecast budget based on five months actual figures and seven months forecast. In addition, high-level forecasts are prepared at Q1 (to end October) and at Q3 (to end April) to highlight and roll forward more significant variances to date, and any other known adjustments. The In Year Reforecasting Process follows a similar format to budget setting.

UNCONTROLLED COPY



## Budgetary Control

**Objective 2 - Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change or funding targets are not achieved (Continued).**

Observation	Risk	Recommendation	Management Response		
<p>As noted above, there is a certain amount of scenario planning and sensitivity analysis undertaken as part of the preparation of the annual budget and FFR. However, there is scope for this to be further developed to build on the work already completed.</p> <p>We understand that the implementation of the Infor Dynamic Enterprise Performance Management (Infor d/EPM) system from August 2023 will make this more straightforward, as it would no longer be a manual, time consuming, spreadsheet-based process.</p>	<p>The College is not financially sustainable in the medium to longer term.</p>	<p><b>R2</b> As part of the preparation of the 2023/24 budget we would advocate the development of further scenario planning and sensitivity analysis to enhance the information provided to the LMT, Finance Committee and Board in the budget setting paper. This would also apply during the reforecasting.</p>	<p>A table of scenarios will be included within the 2023/24 budget paper, focussing on the material areas of staff costs, property costs and all sources of Scottish Government funding.</p> <p><b>To be actioned by:</b> Director of Finance</p> <p><b>No later than:</b> 30 June 2023</p> <table border="1" data-bbox="1585 1029 2089 1134"> <tr> <td data-bbox="1585 1029 1830 1134">Grade</td> <td data-bbox="1830 1029 2089 1134">3</td> </tr> </table>	Grade	3
Grade	3				



## Budgetary Control

**Objective 3 - Information is available to management in Academic Departments and Support Services which is up-to-date and in a format that can be easily understood.**

Monthly budget monitoring reports are prepared and uploaded to each departments Microsoft Teams budget monitoring page. The budget holders, the Directors of Curriculum and Heads of Corporate Service departments, are supported in reviewing their budgets by Operations Managers or other support managers. The budget holders or managers can request meetings with Finance or information following up on these reports as and when required. Formal meetings with Finance staff are set on a quarterly basis, October, January and April (coinciding with Q2 & Q3 forecast meetings) and June.

Once all the month end adjustments have been processed in the SUN finance system, reports for the budget holders are prepared through a report writer called Infor10 Q&A, and uploaded to the Teams pages within seven days of the month end.

Budget monitoring reports show:

- Year to Date (YTD) Actual, YTD Budget, Variance;
- Annual budget, Budget remaining;
- Commitments; and
- Previous Year YTD.

The budget holders and managers interviewed as part of our audit did not have any issues with the timeliness and format of the budget monitoring reports received from Finance, although it was recognised that the current information will be enhanced by the implementation of the Infor d/EPM system from August 2023. Infor d/EPM delivers integrated planning, budgeting, forecasting, financial consolidation and scenarios. Departments will have access to real time information on actual spend versus budget and will be able to drill down to detailed transaction lists and individual invoices. Currently, this more detailed information would need to be requested from Finance.

Some departments also utilised information available from other systems as part of their budget monitoring process. The Commercial training team and Apprenticeship team run reports from the Arlo online booking system in relation to commercial training courses, and also an in-house developed Sharepoint system for the Flexible Workforce Development Fund and the Skills Development Scotland (SDS) Funding Information and Processing System (FIPS) for Modern Apprenticeships. The Hospitality Department runs reports from the Bleep Electronic Point of Sale (EPOS) system. In addition to real time monitoring, this allowed a comparison to be carried out with the budget monitoring reports received from Finance to highlight any queries to be followed up with Finance.

In one department reviewed, the Operations Managers advised that they only review the budget monitoring reports quarterly, in advance of the meetings with Finance. Control over the budgets was however maintained through the purchase order authorisation process, and the budget holder retains overall responsibility for review of the monitoring reports.



## Budgetary Control

### **Objective 4 - Budget holders have the necessary skills for managing budgets.**

Discussion with the Finance Manager noted that there is no formal training programme or detailed written procedures for budget holders and Operations Managers or other support managers, however training and support is provided by Finance to new members of staff in those roles. Continuing support is also available through the regular meetings with Finance and in response to any additional request for training and support. A recent example being the new Head of Estates who meets regularly with the Finance Manager to discuss the department's budget and who received training on the P2P / FIDO system etc.

All the budget holders and managers interviewed as part of our audit appeared to have the necessary skills for managing budgets and had received some form of training however one Operations Manager did comment that the training they had received was very informal and that much of their knowledge was picked up from support received from colleagues in the department.

It was highlighted by Finance and budget holders that the new Human Resources and Payroll system currently being implemented would change the process for identifying training needs for each employee / post. The Finance Manager also highlighted that it is intended to provide formal training and written procedures to support the roll out of Infor d/EPM and the procedures are currently being drafted.

UNCONTROLLED COPY



## Budgetary Control

### Objective 4 - Budget holders have the necessary skills for managing budgets. (Continued)

Observation	Risk	Recommendation	Management Response	
<p>Although Finance staff do provide training and support to budget holders and managers, including the provision of one-to-one support when requested or required, there is no formal training programme or detailed written procedures in place for budget holders and managers, including those taking on these roles for the first time.</p>	<p>Budget holders and managers are not fully aware of their roles and responsibilities in managing their allocated budgets resulting in budgetary control not being as effective as it could be.</p>	<p><b>R3</b> The College should develop a formal training programme for budget holders, and managers, which they are required to complete before they undertake their budget monitoring role.</p> <p>Detailed written procedures should also be developed.</p>	<p>Once the dEPM system is operational, all existing, and thereafter new budget holders and managers, will be given structured training by the Finance team.</p> <p><b>To be actioned by:</b> Finance Manager</p> <p><b>No later than:</b> 30 September 2023</p>	
			<p><b>Grade</b></p>	<p><b>3</b></p>



## Budgetary Control

### Objective 5 - Budget variations are reported and acted upon

As noted under Objectives 1 and 3, above, monitoring reports are provided to budget holders and managers that show variances. From discussions with a range of budget holders and managers we were advised that they identify items for follow-up, or Finance may identify these and raise with budget holders and managers (particularly if these are large amounts). In either case staff advised that they would seek to understand the reason for variances and consider whether specific corrective action is required to be undertaken.

There is a timetable in place for meetings between Finance and budget holders and managers throughout the year, which provides a further mechanism to discuss variances and consider any corrective action required.

A key budgetary control is enacted through the purchase order authorisation process, which prevents the raising of orders on the P2P/FIDO system if the remaining funds in the budget line will be exceeded. Where this scenario occurs, this necessitates a discussion with Finance and approval by the Finance Manager prior to committing to the spend.

UNCONTROLLED COPY



## Budgetary Control

### Objective 6 - There is accurate cash flow reporting

Consideration of cash balances and cash flows are important to ensure that the College has sufficient funds to fulfil all its financial obligations as they fall due. Each month a monthly Cash Flow Forecast Return is required to be completed and submitted to the SFC by mid-month. This sets out the forecast expenditure for that month, as well as analysing actual expenditure and closing cash balances for the previous months. These are prepared by the Finance Manager who makes various adjustments to the forecast income and expenditure for non-cash items.

The Cash Flow Forecast Return to the SFC is prepared on an August to July, with a split at March basis. We noted that the return to March 2022 forecast a closing cash balance of £3,642,653 for July 2022. The actual closing balance at the end of July 2022 per the audited financial statements was £5,497,031. Management noted that the reason for the variance was that the College made a greater surplus than expected, resulting in a £1.5m donation to the FVC Foundation being made in relation to 2021/22. The most significant variances were in FWDF deferred income, severance pay and student support funding. The donation was not cash settled until September 2022 therefore the July 2022 cash balance was higher than forecast back in March 2022.

Looking at a sample of returns from 2022/23 the variances were as follows:

Month	Forecast	Actual	Difference	Percentage
March 2023	£3,053,275	£3,873,257	£819,982	27%
February 2023	£3,748,275	£3,731,253	£(17,022)	(0.5)%
November 2022	£2,663,971	£2,966,207	£302,236	11%
September 2022	£2,714,852	£2,912,895	£198,043	7%

Although the variance was significant for March 2023 in particular, an explanation was provided by management and this related to timing differences for lifecycle maintenance capital spend and student support fund expenditure.

Overall, we found that there is a reasonable process for cash flow reporting however the accuracy of individual monthly balances is impacted by a range of variables including unforeseen timing differences. Management recognised that as the College's current healthy cash balances reduce there will be a need to review the process and increase the level of sophistication.



## Budgetary Control

### **Objective 7 - Senior management and the Board regularly review the College's overall financial position.**

Management Accounts are prepared for the LMT and Finance Committee on a quarterly basis. Explanations are included within the Management Accounts LMT and Finance Committee covering papers for all variances considered significant. The reports are initially produced by the Finance Manager with support from the Finance team and thereafter reviewed by the Director of Finance

The Management Accounts pack includes an Income & Expenditure account (YTD Actual, YTD Forecast, YTD Variance and Full Year Forecast), Balance Sheet and a report showing spend from the Capital & Revenue maintenance grant.

A paper on the forecast outturn is also prepared for the Finance Committee. The latest was a Q2 Forecast Outturn for 2022/23, which was circulated to the Finance Committee meeting of 28 March 2023. The paper provided:

- a summary of the College's Income & Expenditure account comparing the Q2 forecast for 2022/23 with the final agreed budget for 2022/23;
- an explanation for the main variances from budget to Q2 forecast; and
- a capital budget update.



UNCONTROLLED COPY

---

**Aberdeen** 45 Queen's Road AB15 4ZN

**Dundee** The Vision Building, 20 Greenmarket DD1 4QB

**Edinburgh** Ground Floor, 11-15 Thistle Street EH2 1DF

**Glasgow** 100 West George Street, G2 1PP

**T:** 01224 322 100

**T:** 01382 200 055

**T:** 0131 226 0200

**T:** 0141 471 9870

**F:** 01224 327 911

**F:** 01382 221 240

**F:** 0131 220 3269

Henderson Loggie LLP is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of PrimeGlobal, a global association of independent accounting firms, the members of which are separate and independent legal entities. Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB. All correspondence signed by an individual is signed for and on behalf of Henderson Loggie LLP. Reference to a 'partner' is to a member of Henderson Loggie LLP. A list of members' names is available for inspection at each of these addresses.



### 1. Purpose

To update members on progress with the implementation of recommendations contained within internal and external audit reports.

### 2. Recommendation

That members note the content of the report and associated appendix.

### 3. Background

The College monitors progress against internal and external audit recommendations and reports on progress to each meeting of the Audit Committee. This report provides assurance to the Committee that the College is appropriately managing all internal and external audit recommendations.

### 4. Summary of Changes

There were no new recommendations arising from the November 2022 meeting to add to the tracker. The attached annex contains an update on progress against recommendations.

2 recommendations, numbers 4 and 5, have had to change completion dates. This is due to the external provider for the sector, JISC, changing their offering and is outwith the direct control of the College to influence the timescales.

The table below represents a summary of the current position of the recommendations as at 9 May 2023.

	No Priority	Priority 1	Priority 2	Priority 3	Total
Live within date	0	0	0	0	0
Live recommendation passed implementation date	0	0	0	2	2
Completed since last report to Committee	0	0	2	2	4

### 5. Resource Implications (Financial, People, Estates and Communications)

This is a summary report so there are no specific resource implications

### 6. Equalities

#### Assessment in Place? –No

This is a summary report so there are no equalities implications

7. Communities and Partners

Not applicable

8. Risk and Impact

Please complete the risk table below. Risk is scored against Likelihood x Impact, with each category scored from Very Low through to Very High. Risks should be robustly scored and, if the combined score (Likelihood x Impact) is higher than the Board Risk appetite for the risk category identified, additional justification must be provided on why this risk is necessary.

	Likelihood	Impact
Very High (5)		
High (4)		
Medium (3)		
Low (2)	X	X
Very Low (1)		

Total Risk Score – 4

The College has a Strategic Risk appetite for categories of risk as defined by the Board of Management. Decisions being taken at LMT/SMT/Board level must have cognisance of this. Please indicate the single most relevant risk category in the table below.

BoM Risk Categories & Risk Appetite (Select one area only)			
Cautious <15		Open 15 > <20	Eager >20
Governance	X	Strategy	People
Legal		Financial	Project/Programme
Property		Reputational	
		Technology	

Audit recommendations continue to be actively managed by the College and are reported as a standing agenda item to the Audit Committee

Is the score above the Board Risk Appetite level? No

Risk Owner – Alison Stewart

Action Owner – Stephen Jarvie

Paper Author – Stephen Jarvie

SMT Owner – Alison Stewart

ID	Audit Name	Date of Audit	SMT Owner	Action Owner	Recommendation	Management Response	Priority	Evaluation	Scheduled Completion Date	Revised Completion Date	Evidence	Completed
1	Health and Safety	Sep-21	David Alison	Ralph Burns/Martin Loy	A more 'joined-up' approach between HR and H&S is required to ensure that H&S training needs are identified and delivered in a cost-effective manner. A process should be developed to ensure that HR and H&S teams review all specialised H&S training requests to determine need and in-house provision. All H&S training should be reported to HR using the SDAF. No H&S training should be approved without due diligence over SDAF forms by the H&S Team. Management should identify the H&S skills and knowledge needed for staff to do their job in a safe way. This could take the form of a skills matrix based on job roles that details the mandatory and desired H&S training requirements. The process for reporting H&S training needs to HR and H&S should be defined in policies for staff awareness, including that training needs be identified from completing risk assessments and who to communicate needs to.	Please see above response	2	<p>May 23 - Our Health &amp; Safety skills matrix has been updated, and is being reviewed through the College's Health &amp; Safety Committee. The information is stored in spreadsheets, with the ideal place to store this information being our HR System. Our HR System is being replaced, and the potential for this information to be stored there will be evaluated following full implementation of the new HR System.</p> <p>Nov 22 - Reports have been created that show the College picture, with the option to drill down to course or Department level and to identify individuals. Work continues to provide this in a dashboard for managers to utilise as required and without prompting.</p> <p>Aug 22 - Reports have been created that show the College picture, with the option to drill down to course or Department level and to identify individuals. Work continues to provide this in a dashboard for managers to utilise as required and without prompting.</p> <p>May 22 - In relation to non mandatory training the College is awaiting the output from the national support staff role profile exercise to identify role specific CPD. This, combined with the functionality of the new HR system to be deployed later, will</p>	31/03/2022	20/12/2022 - agreed by Audit May 22	The identified risk has been mitigated by updating/completing a Health & Safety Skills Matrix. However, due to the College replacing it's HR System it won't be possible to evaluate whether this information can be stored within this system until after implementation.	Jan-23
2	IT Network Arrangements/Cyber Security	Nov-21	David Alison	Graeme Robertson	Mechanisms should be established for testing the effectiveness and value for money of the security training provided to staff. The areas of the organisation that regularly feature in security reports, or achieve the lowest feedback from information security questionnaires, should be targeted for further tailored training activity.	The IT Team will explore testing the effectiveness of training provided through the use of ethical phishing campaigns.	3	<p>May 23 - The IT Team have undertaken a cost-benefit analysis of an ethical phishing campaign, however the costs are prohibitive, and this avenue won't be pursued. Our emphasis will be on training to mitigate the identified risk.</p> <p>Nov 22 - Plans are in place to run an ethical phishing campaign in late November.</p>	31/07/2022	30/11/2022 - agreed by Audit September 2022	Monitoring of completion of training, and monitoring of any security breaches.	Apr-23
3	IT Network Arrangements/Cyber Security	Nov-21	David Alison	Graeme Robertson	Explore how guidance for staff on how to manage their digital footprints safely and reduce the risk of becoming a target for attackers, both in a professional and personal capacity, and particularly through use of social media platforms can be made more widely available to staff and Board members. The Learning Digital Skills team delivering training as part of the agenda for Staff Development days should be considered.	The existing mandatory training course will be adapted to specifically highlight the risks associated with social media platforms, and consideration will be given to running targeted training on staff development days.	3	<p>May 23 - Revamped course in use.</p> <p>Nov 22 - Course will be launched in December.</p> <p>Aug 22 - Course content for the existing mandatory course has been written, and passed to the course development team.</p> <p>May 22 - Update to the existing mandatory course planned for July.</p>	31/08/2022	31/12/2022 - agreed by Audit September 2022	Mandatory course revamped, and in use.	Jan-23
4	IT Network Arrangements/Cyber Security	Nov-21	David Alison	Graeme Robertson	A risk-based approach should be adopted to enabling critical logs to improve endpoint security. Examples of critical logs include: <ul style="list-style-type: none"> <li>Local user and group enumeration.</li> <li>Logon attempts with local accounts.</li> <li>Logon with explicit credentials.</li> <li>Plug-and-play device connections (e.g., USBs).</li> <li>Process creation.</li> <li>File creation.</li> <li>PowerShell providers loaded.</li> <li>Script block logging.</li> </ul>	The College is currently on-boarding with Jisc to introduce a Security Information Events Management (SIEM) system, starting with logging at server level. It's planned to extend logging to key workstations once all parties are comfortable with how they system functions. This recommendation reflects where we are with our implementation.	3	<p>May 23 - JISC have had to radically change it's SIEM offering, which put a stop to onboarding. They recommended onboarding early May with the new service but there is no indication at this time when the College will be able to do so. Other JISC recommended tools (pingcastle) have been used and action in response to recommendations made.</p> <p>Nov 22 - We are awaiting a date from Jisc, with the provisional date of October having passed.</p> <p>Aug 22 - All preparatory work has been undertaken by the College, however this service is proving popular, and the college has a provisional date in Oct with Jisc.</p> <p>May 22 - On-boarding with Jisc to introduce a SIEM is progressing</p>	31/08/2022	TBC - Awaiting clarification from external provider		
5	IT Network Arrangements/Cyber Security	Nov-21	David Alison	Graeme Robertson	Use manual testing methods (for example penetration testing or red team simulated cyberattack exercises) in addition to automated tools, such as network IDS / IPS or SIEM, to test and obtain assurance that vulnerabilities are identified and managed.	As per previous response, the College is currently on-boarding with Jisc to introduce a managed SIEM. Penetration testing will be re-introduced.	3	<p>May 23 - As above</p> <p>November 22 - As above</p> <p>August 22 - As above</p> <p>May 22 - As above</p>	31/07/2022	TBC - Awaiting clarification from external provider		
6	IT Network Arrangements/Cyber Security	Nov-21	David Alison	Graeme Robertson	The Incident Response Plan should be finalised and communicated to all relevant staff and stakeholders to ensure that everyone's roles and responsibilities are defined and understood. This should then be supported through appropriate training. The response plan should then be practised to ensure staff know how to respond during an incident, and to also highlight any problem areas in the planned response. Practises should also include restoring files from backups	Agreed. The Incident Response Plan is currently in draft format, with advice on content gratefully received through this audit. Individual system RTOs are being tested on our air gapped test network. The plan will be finalised, shared appropriately and tested.	2	<p>May 23 - Incident Response Plan is in use, and been used in earnest twice with accompanying developed playbooks. Backup and Recovery processes have been, reviewed and enhanced through the help of external consultancy. Testing of these processes continue.</p> <p>Nov 22 - Testing on target for end 2022</p> <p>Aug 22 - Incident Response Plan reviewed at the Information Governance Group (IGG), with internal testing undertaken by the IT Team. Agreed at IGG that fuller testing should be combined with an exercise on College Business Continuity.</p> <p>May 22 - Incident Response Plan has been written and will be taken for approval to the Information Governance Group in June.</p>	28/1/22 for testing plan, 31/7/22 for testing	31/12/2022 for fuller testing combined with Business Continuity - agreed by Audit September 2022	Incident Response Plan in use.	Feb-23

**1. Purpose**

To present members with the Strategic Risk register for the College.

**2. Recommendation**

That members note the content of the register attached to this paper and the actions taken to date.

**3. Background**

The College continues to monitor Strategic Risks to the College. These risks are discussed at LMT/SMT meetings and are also brought to each meeting of the Audit Committee.

In line with the College Risk Management Policy, specific separate risk registers can be created for significant projects or to provide information on specific large-scale risks.

**4. Changes to the Strategic Risk Register**

Following the Board of Management meeting of 28 April 2023, three new risks were identified.

These risks, as well as an additional risk identified internally, have been added to the register and initially scored as risks 5, 6, 11 and 12.

Risk ID 4 has had a slight reduction in score as the likelihood of the risk arising has been assessed at medium rather than high.

**5. Resource Implications (Financial, People, Estates and Communications)**

The register itself does not require significant resource to manage however mitigating actions may require additional resource on a case by case basis.

**6. Equalities**

**Assessment in Place? –No**

The Risk Registers do not require equalities impact assessment. Individual risks may result in Equalities assessments being completed for new/revised College policies and procedures.

**7. Communities and Partners**

Not applicable

---

### 8. Risk and Impact

Please complete the risk table below. Risk is scored against Likelihood x Impact, with each category scored from Very Low through to Very High. Risks should be robustly scored and, if the combined score (Likelihood x Impact) is higher than the Board Risk appetite for the risk category identified, additional justification must be provided on why this risk is necessary.

	Likelihood	Impact
Very High (5)		
High (4)		
Medium (3)		
Low (2)	X	X
Very Low (1)		

**Total Risk Score – 4**

The College has a Strategic Risk appetite for categories of risk as defined by the Board of Management. Decisions being taken at LMT/SMT/Board level must have cognisance of this. Please indicate the single most relevant risk category in the table below.

BoM Risk Categories & Risk Appetite (Select one area only)			
Cautious <15	Open 15 > <20	Eager >20	
Governance	Strategy	X	People
Legal	Financial		Project/Programme
Property	Reputational		
	Technology		

Risk continues to be comprehensively managed and reviewed, including comparing risk scores against the Board risk appetite levels, on an ongoing basis.

**Is the score above the Board Risk Appetite level? No**

**Risk Owner** – Kenny MacInnes

**Action Owner** – Kenny MacInnes

**Paper Author** – Stephen Jarvie

**SMT Owner** – Kenny MacInnes

Forth Valley College Strategic Risk Register

No	There is a real or perceived risk that...	Risk Management and Mitigation				Actions/Progress to Date	Owners				Initial Risk Score			Score After Mitigation			Board Risk Appetite		
		Causes	Potential Consequences	Mitigating Actions			College Committee	Board Committee	SMT Risk Owner	Action Owner	Likelihood	Impact	Risk Score	Likelihood	Impact	Risk Score	Change to score since last meeting	Risk Category	Board risk appetite compared to mitigated score
1	We are unable to maximise the long term return on investment on the College estate	- Insufficient capital maintenance funding from SFC - Changes in working practices impact on demand - lack of stakeholder engagement in the new campus facilities	- We are unable to maintain our estate to an acceptable standard - Impact on Student Experience - Creation of backlog maintenance - Loss of commercial income	- Effective monitoring of lifecycle maintenance programme - Continue to secure best value for TFM contract - Development of commercialisation strategy - Review of campus utilisation - Maximising the legacy status of the Falkirk campus with project lead-in the Falkirk growth deal and for future inward investment	May 23 - A survey of all of our campuses has now been undertaken to identify current backlog maintenance, and enable more effective maintenance planning and budget forecasting. Our current position will be shared with SFC as there is a current assumption that FVC has no backlog maintenance as we have 'newer' campuses. Oct 22 - Initial funding to survey building energy usage has been secured, which links to Net Zero, however appropriate building maintenance funding from SFC remains an issue. Aug 22 - Seeking alternative funding streams linked to Net Zero. College have heads of terms for a transition skills project through the Falkirk growth deal and the building is an intrinsic attractant for the project, however appropriate funding from SFC for ongoing maintenance remains an issue. May 22 - Insufficient funds in capital grant. Currently prioritising whilst diversifying funding streams. Nov 21 - Highest priority lifecycle maintenance needs are being met through our 2021/22 Capital allocation. Aug 21 - Highest priority lifecycle maintenance needs are being met through our 2021/22 Capital allocation. Agreed appointment of Commercialisation and Skills Director with role to maximise Estates activity. Apr 21 - Available capital allocation has been prioritised to cover the highest priority lifecycle maintenance in AY 21/22. Lifecycle maintenance for the next 5 years, particularly for Alloa and Stirling, is being reviewed by Head of Estates. There are quarterly review meetings of our TFM contract to ensure best value.	LMT	F	P	VPIC	H	VH	20	H	VH	20	↔	Financial	20	Apr-21
2	We are unable to maintain financial sustainability	- Political/regulatory changes - Changes in funding streams - Insufficient funding from Scot Gov/SFC to support core College activities - SFC new funding model potentially - Failure to meet commercial or student enrolment targets	- Inability to deliver high quality learning - Inability to react to changing economic and local environment - Inability to maintain College infrastructure - Impact on College performance indicators - Reputational Damage	- Principal and Chair represented on sector groups to lobby SFC/Scottish Government - Director of Business Development has strategic relationships with key stakeholders - Regular reporting on financial position to Leadership Team, Finance Committee and the Board	May 23 - The indicative funding settlement of flat cash is challenging and the College has launched a consultation to remove 26.75fte from the establishment. Work continues to identify operational savings together with growing our commercial activities. The sector continues to lobby for 3 year funding settlements in order to effectively plan beyond one year. November 22 - Current financial projections show significant ongoing deficits on the basis of flat cash funding and unfunded pay awards. Chair of BoM has written to SFC on behalf of the Board seeking a meeting to discuss. August 22 - Board have approved the budget for 22/23 showing a small surplus and have agreed the transfer of last years surplus into the ALF. However since then it has been identified inflation is running at higher levels than anticipated, particularly in relation to gas and electricity, SFC have been asked to look at in year cuts to funding, budgeted pay award will be unacceptable to Unions and future allocations will be flat cash at best going forward for the next 3 years. Increased commercial activity will offset this to a limited extent. May 22 - Indicative allocations announced in March 22. Consultation for FVC transformation and restructure approved by the Board and launched 10 May to reduce headcount by 41fte. Once complete we will be financially sustainable for 2022/23. Awaiting final allocation for 2022/23 and outcome of 3 year spending review. Nov 21 - No further update from SFC. Awaiting Scottish Government budget announcements in Dec 21. SMT working on a number of scenarios for savings/efficiencies. August 21 - All instructor assessors have been converted to lecturers. Applications/Enrolments for FA and HEI courses for 21/22 are	LMT	F	P	VPFACA	VH	VH	25	H	VH	20	↔	Financial	20	Apr-21
3	National bargaining adversely impacts College staffing relationships and finances	- National bargaining process removes ability to implement local agreements - Issues at national level can impact on local union relations	- Impact on staff morale due to delay in implementation of pay awards/job evaluation - Action Short of Strike/Strike Action impacts on student experience - Reputational Damage	- Ongoing engagement with local union representatives and Employers Association	May 23 - The College Management continues to engage with our Union partners at a local level and is building strong communication and engagement links. NJNC negotiations are taking place for 22/23 pay deals. Ballot for industrial action has resulted in Action Short of Strike Action commencing from 2nd May and will run until September. The College will monitor the impact of ASOS but no current counter action is being taken. EIS-FELA also has a mandate for full strike action. Full strike action has not yet been implemented. Support staff job evaluation is still ongoing. The College has launched a consultation with staff on the 3rd of May. Consultation is based on achieving a balanced budget for 23/24 against a flat cash settlement and a 10% reduction in credits. Management will continue to engage with both Unions through the consultation process. Oct 22 - The College Management continues to engage with our Union partners at a local level and is building strong communication and engagement links. Restructure of departments is continuing to be imbedded and staff are continuing to be supported where there have been changes in structure. Positive start to the academic year. Nationally the NJNC negotiations are taking place for 22/23 pay deals and support staff job evaluation is still ongoing. Aug 22 - Transformation consultation now completed with no compulsory redundancies. Restructure across both teaching and Corporate Services staff with no negative feedback received on the process from EIS-FELA or Unison. 21/22 national pay dispute resolved. However EIS-FELA are seeking a £5k increase at each scale point for 22/23 while the offer in line with public sector pay is £500. Given inflation pressures and pay awards in other areas of the public sector this could lead to further disputes. New monthly LNCC and JCC meeting schedules arranged for academic session 22/23.	LMT	HR	P	VPULSE	VH	H	20	H	H	16	↔	People	25	Apr-21
4	We fail to deliver a high quality learning experience and meet targets of outcome agreement	- Failure to deliver upon digital learning strategy - Curriculum fails to meet need of students/employers or other stakeholders - Inability to access campus resources owing to Pandemic - Failure to provide required support levels for individual student needs	- Impact on student experience with blended learning - Impact on student retention and attainment - Impact on College meeting credit and PI targets - Impact on student recruitment - Reputational damage with key stakeholders such as SFC - Failure to meet sustainability ambitions	- Implementation of the Digital Skills Academy - Success of Project NxGen - Student Engagement and Feedback - Effective staff structures to support the student experience - Milestone dates for meeting with Springback project leads and working groups to test progress	May 23 - Continuous Curriculum Improvement process continues to sit at the centre of curriculum review informing decisions on curriculum change and improvement. The Course review tool and PI tracker was used in identifying courses to be reviewed in the current consultation. This ensures the College's portfolio of programmes are efficient and relative to our students, regional employers and partners, whilst meeting our 10% reduction in credit deliver for 23/24. Oct 22 - Excellent feedback from Education Scotland in our Annual Engagement visit in October highlighting the College is delivering high quality learning experience. The College's analytics tools came in for high praise as well as the implementation of the new Learning Improvement Facilitator role. Aug 22 - Hybrid learning now launched as well as Digital self-assessment tool. LDSA team delivering hybrid learning support training. Student portal launched for on-boarding and student information app CampusM app launched. LDSA funding now in place and team fully staffed. LDSA Ambitions on target. Teaching pods launched to support hybrid learning. In September we are launching a pulse survey to support our cultural strategy. May 22 - LDSA has received funding for another 2 years from the College's ALF. LISEC established and monitoring the Student Journey Project. Student President sits on LISEC as Student Voice. Digital Skills self-evaluation tool now launched. ISS receiving excellent feedback from Departments. LDSA project to launch Hybrid Learning on target. Moodle upgrade completed and teaching materials transferred. Student portal App agreed as Campus M. MIS team working with Campus to create platform and launch for Aug 22. Nov 21 - For 2020/21 Forth Valley College has again performed well overall against our OA target figures across FE and HE categories, whilst continuing to operate in a restricted blended learning environment. The College continues to actively manage learning on and off campus to deliver the best learning experience possible while continuing to follow all necessary Scottish Government Covid guidance. September 2021 - LDSA now launched with all staff in place. LDSA Ambitions document released and quarterly reports on progress to targets released to LMT. Project next GEN FVC launched. Continuous Curriculum Improvement process launched and running across all departments to help improve course performance and student outcomes. Learning Improvement and Student Experience Committee (LISEC) also launched to help improve student experience. LISEC will also monitor student engagement and feedback. EILS restructure launched to help improve student support and learning services as part of project NxGen FVC. 19/20 combined FVC FE/HE PIs highest in sector. FT/HE FT PIs improved on 18/19 position. FT/HE PT PIs highest in sector. 20/21 PIs not yet finalised but on target to meet OA set targets.	LIPSEC	LSE	P	VPULSE	H	VH	20	M	VH	15	↓	Strategy	20	Apr-21
5	Student accommodation is not available for commercial contracts	Current provider may chose not to tender	Loss of commercial contracts	Director of ASC to perform review of alternative solutions	May 23 - not yet started	LMT	F	VPFCA	DASC	M	H	12	M	H	12		Financial	20	May-23

Forth Valley College Strategic Risk Register

6	Fuel Change investigation identifies governance issues related to the project resulting in SFC involvement and reputational damage to the College.	Internal Auditors findings identify poor College adherence to governance and financial procedures.	Damage to College reputation. Impact in relationship with SFC and external partners.	Full internal investigation launched. Internal Auditors engaged to carry out independent audit on Fuel Change project. Quick resolution of issues raised. All mitigations quickly acted on.	May 23 - Internal audit investigation initiated. Verbal feedback to be given to Audit Committee on 18/5/23.	SMT	A	P	P	M	H	12	M	M	9		Reputational	20	May-23
7	A major incident prevents the College from operating	- Loss of access to campuses - Loss of access to IT from network issues or cyber attack	- Inability to deliver learning and teaching and the impact on student experience - Additional costs (including ransomware demands) - Staff morale from uncertainty over College reopening - Data protection and other legal issues - Reputational damage	- Business Continuity Plan which is regularly tested - Specific IT cyber security plan and IT business continuity plan - Regular testing of Health and Safety systems inc fire drills	May 23 - IT Incident Response Plan and flowchart have been updated and reviewed by the Information Governance Group. Oct 22 - IT Security playbook has been developed, and has been tested within the IT Team. Further testing will link to the College's Business Continuity Plan. Aug 22 - Business Continuity audit on Covid 19 highlighted excellent practice. Further testing will be undertaken in 22/23. May 22 - The Covid 19 experience has shown our Business Continuity process can work. Further trialling to be undertaken in 22/23. Nov 21 - An IT Security and Network audit has been undertaken by our internal auditors, with a rating of satisfactory. A number of minor recommendations were made, and are being addressed by the IT Team. Aug 21 - Updated IT Security Policy has been approved. We are currently on-boarding with Jisc to introduce a managed Security Information and Event Management (SIEM) system which will monitor logs of servers and key desktop PCs. Apr 21 - Additional IT security measures have been introduced to reflect increased remote working. IT Security policy is being updated	LMT	B	P	VPIC	H	H	16	L	H	8	↔	Governance	15	Apr-21
8	We are unable to deliver on the ambitions of the People Strategy	- Changes to staffing establishment impacting on succession planning - Impact of Covid on staff time - Increase in demand for wellbeing support - Inability to recruit/retain staff - Long term affordability of staffing	- People strategy not achieved - Increased staff absence/decreased staff morale - Staffing establishment not adequate to meet operational requirement	- Additional support mechanisms - employee counselling system, mental health ambassadors, carers support forum, signposting to training and wellbeing support days in place. A dedicated space has also been created on SharePoint - Initiatives such as time for me, weekly recharge - Increase in flexible working and staff autonomy - Futures programme to deliver effective and efficient structures	May 23 November 22 - A new People Strategy will be taken to the HR Committee in November 22 for approval. Funding in the current climate will be a challenge, however funding has been secured from Forth valley College Foundation to support workforce resilience and wellbeing. August 22 - Consultation completed, the objectives were achieved and the College now has a stable financial position. we are now in the process of revisiting the People Strategy at the same time we have launched a wellbeing personal assessment which will give a high level position for the College and a separate confidential statement for each member of staff completing the document. In September we are launching a Pulse survey to support our cultural strategy. May 22 - Consultation document launched in May 22 will have impact on staff morale, particularly on the academic staff. Nov 21 - A detailed report has been produced for the HR committee showing our progress in meeting the people strategy. Extensive work has been done in health and wellbeing and in staff development. An audit of our recruitment and succession planning approach supported our position as being on track. Morale continues to be a key point of focus with wellbeing, training, structure, and management forming key elements of the support in place August 21 - Revised LMT structure implemented from 1 August 21 to improve succession planning for SMT. Hybrid working pilot to be implemented following October break. May 21 - weekly recharge and time for you initiatives extended to July 21. Springback project launched and will look at increased flexible working.	LMT	HR	VPFACA	HHR	H	H	16	L	H	8	↔	People	25	Apr-21
9	Failure to grow and influence strategic partnerships impacts on our reputation as a partner of choice	- Insufficient resource - Competition from other providers - Inability to adapt to changes in the political/economic environment	- Loss of commercial income - Reduction in Modern Apprentices/Foundation Apprentices - Lack of influence at a regional level - Curriculum becomes outdated	- Director of Business Development works closely with Scottish Government/SFC/SDS and other key stakeholders - FVC key partner in City Deals/Investment Zone activity across the region - Project NxGen	May 23 - New Principal is reviewing SMT/LMT areas of responsibility. KM will review strategic objectives with Director of ASC. This will be completed for start of academic session 23/24. Oct 22 - This continues to be managed by SMT and the DCS. Aug 22 - Role for SMT and the Director of Commercialisation and Skills (DCS) and a strategic objective in the new strategic plan 22-26 to support being at the heart of economic recovery. This can be evidenced with a number of projects. May 22 - Positive start to 2022 in a number of strategic projects developing. Consultation and new structure for Commercialisation and Skills (formerly Business Development). New systems in place to improve efficiency and performance. Nov 21 - Director of Commercialisation & Skills appointed and will start in January 2022. BP Senegal project is in place and started. Fuel Change has received commitment from Scottish Government to progress from pilot to implementation phase. Falkirk investment zone is progressing. Scottish International Environmental Centre will be locating into our Alloa campus. August 21 - Director of Business Development & Strategic Relationships role has been split into 2 roles; Director of Commercialisation & Skills which will focus on increasing commercial activity and Director of Strategic Partnerships & Regional Economy which will focus on strategic funding opportunities. April 2021 - 4C* collaboration in place and delivered on nT*** and YPG***, relationship will continue into 21/22. Progressing work in FIZ*** and S&C***** regional deal - skills work to be based in FVC as well as possible HQ for SIEC***** at Alloa campus. Fuel Change 1st round of challenges well received and road to COP26 planned. MA numbers down due to Covid-19 and delays on delivery for construction. UKRI bid and BP Senegal contract expected May 21. £353000 investment secured from SE to allow EnableSTEM digitisation to be accelerated.	LMT	B	P	P	M	H	12	L	H	8	↔	Strategy	20	Apr-21
10	SQA Maladministration and malpractice could impact on College's ability to offer courses	- Failure to have robust processes and staff understanding in place to ensure compliance with awarding body criteria	- Reputational damage - Investigation from SQA resulting in loss of awarding body status or other special measures	- Internal audit review of quality processes - Learning and Quality department in place with quality policy and procedures - Procedure for internal verification in place - Ongoing training	May 23 - Training now rolled out across College and part of College mandatory training programme. Audit now complete and implementation of findings complete. On-going monitoring of incidences of Malpractice/Maladmin. Oct 22 - Audit details still to be finalised. All other actions now closed off. Aug 22 - All SQA and internal review actions completed and response sent to SQA. All internal actions from Malpractice review, including training for staff, now closed out. Internal audit not yet completed. Completion date to be finalised with Auditor. May 22 - Audit scheduled for week commencing 6 June 22	LMT	LSE	P	VPLSE	M	H	12	L	H	8	↔	Reputational	20	May-22
11	New Principal is inexperienced and handover process does not run smoothly creating reputational risk to the College.	New to the role and inexperienced in role requirements.	Damage to reputation. Impact in relationships internal and external.	Extensive handover with outgoing Principal. New Principal is internal candidate so knows College processes and procedures well.	May 23 - Weekly meeting with Interim Chair established. Handover process being followed. SMT and LMT processes and meeting schedules continuing to ensure continuity in College business.	SMT	B	P	VPFACA	M	H	12	L	H	8		Governance	15	May-23
12	Consultation does not deliver required savings or creates reputational risk to the College.	Further reductions to College funding in final allocations in May 23. Processes and procedures not adhered to through process.	Damage to reputation. Impact in relationships internal and external: Union relations, stakeholder relations.	LMT oversight of process, timelines and decisions through consultation processes. Quick resolution of issues raised. All mitigations quickly acted on.	May 23 - Weekly updates to LMT from DoCs and Head of HR. Weekly review of adherence to timelines. Quick resolution of issues raised. All mitigations quickly acted on.	LMT	F	P	VPFACA	L	H	8	L	M	6		Financial	20	May-23