

Audit & Risk Committee - Action and Decision Log
Meeting No 36 – 7 June 2022

(Paper 1a)

Meeting Date	Agenda Item	Reference	Details	Action Owner	Due Date	Action Decision	Open Complete Approved Declined
15/03/22	Business Continuity Plan as at March 2022	ARC35: D02	The Committee approved the Business Continuity Plan subject to management reflecting on the above recommendations put forward by the Committee.	NA	NA	Decision	Approved
15/03/22	AY2021-22 Ayrshire College Risk Register as at March 2022	ARC35: A01	It was agreed that a draft risk assessment, reflecting discussion and recommendations from the committee would be drafted and circulated to the Audit and Risk Committee for approval by email to allow submission to the Board Meeting on 24 March 2022.	M Breen / J Thomson	16/03/2022	Action	Complete
		ARC35: D03	The Committee subsequently approved, by email, risk BoM6 for submission to the Board meeting on 24 March 2022.	NA	NA	Decision	Approved
		ARC35: A02	Risk BoM2: EIS-FELA rejection of pay offer: further update to identify the action(s) to be taken towards a desired position including anticipated timelines for e.g., dates for potential industrial action.	M Breen / J Thomson	16/03/2022	Action	Complete <i>Further update on the position in June Risk Register</i>
		ARC35: D04	The Committee endorsed the corporate risk register for approval by the Board on 24 March 2022.	NA	NA	Decision	Approved
15/03/22	Proposal for Internal Audit Services for AY 2022-23 Procurement	ARC35: D05	The Committee approved the procurement process for the provision of Internal Audit services for the period 1 August 2022 to 31 July 2025, including the membership of the Evaluation Panel.	NA	NA	Decision	Approved

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AYRSHIRE COLLEGE

INTERNAL AUDIT REPORT

STUDENT SUPPORT
MARCH 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Substantial



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DISTRIBUTION

Anne Campbell	Vice Principal - Curriculum
Doreen Wales	Head of Student Experience
James Thomson	Assistant Principal, Finance, Funding and Estates
Members of the	Audit & Risk Committee

REPORT STATUS LIST


Auditors:	Tom O'Hara
Dates work performed:	31 January - 2 March 2022
Draft report issued:	09/03/2022
Final report issued:	16/03/2022


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AYRSHIRE COLLEGE, STUDENT SUPPORT

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design  There is a sound system of internal control designed to achieve system objectives.

Effectiveness  The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High		0
Medium		0
Low		2

TOTAL NUMBER OF RECOMMENDATIONS: 2

BACKGROUND:

As part of the 2021-22 Internal Audit Plan, it was agreed that Internal Audit would perform a review of the student support arrangements in place within Ayrshire College.

There are five principal student support services provided by the College, Student Services, Liaison Officers, the Counselling Service, the Inclusive Learning Service and the Student Safeguarding Service. The services included within the scope of this audit were the Student Services Team, the Counselling Service, and the College's Liaison Officers.

The Student Services Team provide information, advice, guidance, workshops and support, available to all students at the College. The Team also provides administrative support for various student services and liaises with curriculum staff, counselling staff and liaison officers. The Student Services Team provide individualised support to students based on their needs, for example, discreetly helping with travel expenses, and signposting to other teams and external organisations from which students can access support. There are four Student Services Team members for each campus, with a manned Student Services desk at each of the College's three campuses.

The Counselling Service provides counselling support for students referred to the service. There is currently one full-time, two part-time and eight trainee counsellors who offer a flexible service for students, which can take place in person, online or over the phone. In addition, for students who cannot access the College Counselling Service during its operating hours, the College has licenses on Togetherall for online therapy sessions. The Counselling Service is a recent development for the College, having been fully established in September 2020.

There are three Liaison Officers: the Mental Health & Wellbeing Officer, the Drugs & Alcohol Officer and the Police Liaison Officer. They are partnership roles designed to provide a link

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between the College and external organisations and resources. The Liaison Officers deliver workshops, offer one to one support for staff and students, and signpost to external resources. The Liaison Officers work flexibly across all three of the College's campuses.

The Student Services Team, Counselling Service and the three Liaison Officers are overseen by the Head of Student Experience. The Student Experience Coordinator supports the Head of Student Experience in the implementation and integration of the College's Student Support Services, assuming responsibility for evaluating the systems, processes and services in place at the College's Student Support Services and ensuring consistency across all three of the College's campuses.

The Student Experience Coordinator has played a key role in developing the Student Services Process Document, which was first prepared in September 2021, and the Liaison Officers Process Document, prepared in December 2021, which outlines the roles and responsibilities of Student Support staff. The Student Services Process document covers the counselling referral process, the Inclusive Learning referral process, disciplinary hearing process, the awarding of the Curriculum Discretionary fund process, the workshop delivery process and various Student Services administrative processes, such as inbox management and service desk management. The Liaison Officer Process document outlines the workshop delivery, student referral, related projects, student safeguarding and student communication responsibilities of each liaison officer.

There are four key policies and procedure documents that form the policy framework for the College's student support services: the Student Safeguarding Policy, the Student Conduct Policy, the Student Attendance and Withdrawal Policy and the Student Carers Support Procedure. All procedure and policy documents are available to staff on the College's staff intranet.

The aim of the Student Safeguarding Policy is to provide students with a safe and supportive environment in which they are protected from harm, abuse and exploitation. The policy outlines the College's procedures surrounding protect and prevent identification, recording, disclosure, referral and monitoring student safeguarding. The College's safeguarding activities are overseen and reviewed by the Safeguarding Steering Group, which meets quarterly.

The Student Conduct Policy aims to ensure that the College supports students in developing and maintaining positive behaviour. It outlines general classroom management procedures, the misconduct report procedure, and the student conduct hearing process. The Student Services Team administer the process and are responsible for the College's communications to the student and their family on conduct matters.

The Student Attendance and Withdrawal Policy aims to improve student retention at the College. On a weekly basis, Curriculum Administrators and the Student Services Team review the College's attendance data and identify any students at risk of disengaging from their programme. When a student has been identified as at risk of disengaging, the Student Services Team are responsible for determining the academic and pastoral support that should be provided, which will be continually monitored until the student is deemed not at risk anymore.

The Student Carers Support Procedure outlines the College's compliance with the Carers (Scotland) Act 2016 and outlines the support that the Student Services Team will provide to students identified as carers. Support could include support in applying for discretionary funds, referrals to the Inclusive Learning or Counselling services, and support with student progress. Progress and activities performed by the College in relation to student carers

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support is documented in the Carers and Corporate Parenting Plans, which are monitored by the Values, Inclusion, Equalities and Wellbeing Steering Group.

The College produces an annual Student Experience Operational Plan, which is designed to identify and action possible improvements to the College's student support services. The Student Experience Operational plan identifies actions, timescales and responsible action owners and provides an accompanying narrative for each action which details each action's progress with supporting evidence. The Student Experience Operational Plan feeds into the College Operating and Enhancement Plan, which is reviewed by the Corporate Leadership Team. The Student Experience Operational Plan is monitored and reviewed at weekly Student Services Team Leaders meetings.

The Student Experience Coordinator produces a monthly KPI report which is reviewed at the weekly Student Services Team Leader meetings. The KPIs cover the number of food-bank referrals made, workshops delivered, safeguarding incidents handled, student one to ones held and the number of Counselling Service referrals made by the Student Services Team within the reporting period. The monthly KPI report provides an overview of the Students Services Team performance as a whole, but also disaggregates the data by campus.

The Counselling Service produce an annual Counselling Service Evaluation Report which is reviewed by the Head of Student Experience, the Student Experience Coordinator and the Student Services Team Leaders. The most recent report was the 2020-21 Counselling Service Evaluation Report. The report summarises the Counselling Service's performance over the academic year, presenting data on the number of student referrals the service received (203), the percentage of referrals that resulted in an offer of counselling (99%) and the average waiting time for a student to receive a counselling session (21 days). The report then summarises and analyses the feedback gathered by students and staff before analysing the service's performance using the CORE-10 assessment framework, an assessment tool that measures psychological distress.

The three Liaison Officers also produce regular reports. The frequency and format of each Liaison Officers report is determined by the requirements of each officer's funding partner. The reports are distributed to the Liaison Officers funding partner and are reviewed by the Head of Student Experience and the Student Experience Coordinator. The reports outline the workshops the Officer has delivered, provides a presentation and analysis of workshop participant feedback gathered, and provides support intervention data during the reporting period.

The Student Services Team gather student feedback in several ways. MS Forms are distributed to students who have attended workshops delivered by the Student Services Team, which ask students to evaluate the workshop's usefulness and recommend areas for improvement. In addition, student feedback on Student Support services is gathered through a variety of student surveys, namely the two Student Satisfaction and Engagement surveys delivered to students throughout the academic year, the School College Partnership survey and the various Curriculum Student Feedback surveys.

Feedback gathered from students in relation to the College's support services is addressed through formal mechanisms and informally in an ad-hoc manner by the Head of Student Experience and Student Experience Coordinator. Feedback is discussed and analysed at monthly curriculum team meetings with the Student Experience Service and at annual Course Team Meetings.

The Counselling Service gather student feedback throughout the year using MS Forms, which are distributed to students upon being discharged from the Counselling Service. The form

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asks students to provide some details about their counselling experience, including their waiting times, their experience with the referral process and their thoughts and opinions on the counselling sessions they had. The Counselling Service also distributed MS Forms to staff at the end of the 2020-21 academic year which asked staff to provide their opinions on the administration of the counselling referral and session planning process. Feedback gathered from staff and students is reported on in the Counselling Service Evaluation report.

The three Liaison Officers gather feedback from students during and after the delivery of workshops. The feedback gathered after the workshop has been delivered is collected by MS Forms distributed to students after the workshop has taken place. Feedback gathered from students in relation to Liaison Officers is reported within their Liaison Officer reports.

SCOPE AND APPROACH:

The scope of our review was to assess whether:

- The College's Student Services Team function, student counselling and liaison officer support is providing a sufficient range of support services to its students;
- Support services are provided consistently across all campuses;
- Clear roles and responsibilities are in place in relation to support services;
- Clear policies and procedures are in place in relation to support services;
- Clear plans and targets are in place in relation to student services;
- Effective performance management arrangements are in place in relation to student services; and
- Feedback on support services is obtained and effective actions are taken to address any issues arising from the feedback.

Our approach was to conduct interviews to establish the controls in operation for each of our areas of audit work. We then sought documentary evidence that these controls are designed as described, and evaluated these controls to identify whether they adequately address the risks. We also sought to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the controls through use of a range of tools and techniques.

GOOD PRACTICE:

We identified multiple areas of good practice during our review. These include:

- The College has three Liaison Officers posted at the College who engage with external organisations to provide information, guidance and support to staff and students on a formal and informal basis.
- The College has a dedicated Counselling Service with sessions which are flexible in location and medium.
- The College has licenses with the Togetherall online service, allowing students who cannot access the Counselling Service during operating hours to access online mental health resources and online counselling.
- The College gathers student feedback about the Counselling Service via MS Forms once students are discharged from sessions.
- The College has developed a Student Services Process document and a Liaison Officer Process document that clearly outlines the roles and responsibilities of staff in relation to specific procedures.

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KEY FINDINGS:

Notwithstanding the elements of good practice noted above, we have identified two opportunities where improvements could be made to the College's Student Support Services, which are summarised below:

- **Policy Review:** The Student Safeguarding Policy and the Student Carers Support Procedure were due for review in 2021 and have yet to be reviewed.
- **Student Support Services Feedback:** Although the College gathers student feedback on student support services through various surveys, such as the Student Satisfaction and Engagement Survey, the feedback gathered is indirect and there is no mechanism to gather direct student feedback on specific services provided by the Student Services Team.

CONCLUSION:

At this stage, we are able to provide substantial assurance over the design and operational effectiveness of the arrangements in place at the College in relation to student support.

OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:


- ✓ The College's Student Services Team function, student counselling and liaison officer support may not be providing the expected range of student services to its students
- ✓ Student services may not be provided consistently across all campuses
- ✓ There may not be clearly defined roles and responsibilities in place in relation to student support services
- ✓ There may not be clearly defined policies and procedures in place in relation to student support services
- ✓ There may not be appropriate plans, targets and performance monitoring in place in relation to student support services
- ✓ There may not be mechanisms in place to gather feedback on the quality and range of student services offered
- ✓ Effective action may not be taken to address issues arising from student feedback on support services

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DETAILED FINDINGS

RISK: THERE MAY NOT BE MECHANISMS IN PLACE TO GATHER FEEDBACK ON THE QUALITY AND RANGE OF STUDENT SERVICES OFFERED

Ref	Sig.	Finding
1		<p>Student Support Services Feedback</p> <p>It is important to gather student feedback on all of the student support services the College offers to gather information from service users to identify improvement areas and allow continuous enhancement of the service.</p> <p>Feedback is gathered indirectly about the Student Services Team through the Student Satisfaction and Engagement Survey and the School College Partnership survey as they only ask students if they are aware of the Student Services Team and how to access its services. Additionally, feedback is gathered when workshops are delivered. However, besides workshops, there is no opportunity for students to directly provide feedback on their interaction with specific student support services provided by the Student Services Team.</p> <p>There is a risk that the College is not providing students with direct opportunities to provide feedback about student services.</p>

RECOMMENDATION:

We recommend that the College considers further methods to gain student feedback on services provided by the Student Services Team.

MANAGEMENT RESPONSE:

Accepted.

The College will continue to gather feedback using the existing arrangements described in the audit finding. We will enhance these arrangements by engaging a sample of those who have used the service in focus groups both with staff and also the Student Association.


Responsible Officer: Doreen Wales

Implementation Date: 31 May 2022

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RISK: THERE MAY NOT BE CLEARLY DEFINED POLICIES AND PROCEDURES IN PLACE IN RELATION TO STUDENT SUPPORT SERVICES

Ref	Sig.	Finding
2		<p>Policy Review</p> <p>It is good practice to regularly review and update policies to ensure that they are up to date and reflect current expected practice.</p> <p>We found the Student Safeguarding Policy and the Student Carers Support Procedure were due for review in 2021 and have yet to be reviewed. We note that the Student Safeguarding Policy was set a short review timescale of one year as a result of the College's response to COVID-19.</p> <p>There is a risk that, without regular reviews and updates, these policies may not be up to date and reflect current expected practice.</p>

RECOMMENDATION:

We recommend that the College reviews and updates the Student Safeguarding Policy and the Student Carers Support Procedure.

MANAGEMENT RESPONSE:

Agreed.

The policies and procedures are regularly reviewed and updated. The current versions are still relevant. The College had delayed formally revising these until there was greater clarity on how the service would operate based on exiting COVID-19 restrictions.

Responsible Officer: Doreen Wales

Implementation Date: 31 May 2022

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OBSERVATIONS

LIAISON OFFICER REPORTING CYCLE

The three liaison officers each have separate funding partners with different reporting requirements, which means that the reporting cycle for liaison officers is misaligned. The College may benefit from establishing a consistent reporting cycle for each of the three liaison officers, possibly on a quarterly basis, for more effective performance monitoring to be possible.

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STAFF INTERVIEWED





BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Ann Campbell	Vice Principal - Curriculum
Doreen Wales	Head of Student Experience
Wendy McColl	Student Experience Co-ordinator




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APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

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APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to assess and provide assurance over the key controls in place in relation to the provision of student support services. We will consider the types of services being offered, in the areas of student services, student counselling and liaison officer support, the management of these services, the student feedback sought and how it is actioned, and the continuous improvement practices in place in order to improve student support in the future.

KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- The College's Student Services Team function, student counselling and liaison officer support may not be providing the expected range of support services to its students;
- Support services may not be provided consistently across all campuses;
- There may not be clearly defined roles and responsibilities in place in relation to student support services;
- There may not be clearly defined policies and procedures in place in relation to student support services;
- There may not be appropriate plans, targets and performance monitoring in place in relation to student support services;
- There may not be mechanisms in place to gather feedback on the quality and range of support services offered; and
- Effective action may not be taken to address issues arising from student feedback on support services.

SCOPE OF REVIEW:

The scope of the review is to assess whether:

- The College's Student Services Team function, student counselling and liaison officer support is providing a sufficient range of support services to its students;
- Support services are provided consistently across all campuses;
- Clear roles and responsibilities are in place in relation to support services;
- Clear policies and procedures are in place in relation to support services;
- Clear plans and targets are in place in relation to student services;
- Effective performance management arrangements are in place in relation to student services; and
- Feedback on support services is obtained and effective actions are taken to address any issues arising from the feedback.

Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.

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APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

During the course of the review we will keep management informed of any issues which arise as a result of our testing.

A de-brief meeting will be undertaken before completing the review on-site to discuss findings and initial recommendations.

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AYRSHIRE COLLEGE

INTERNAL AUDIT REPORT

COMPLAINTS MANAGEMENT
APRIL 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Substantial



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DISTRIBUTION

Ann Heron James Thomson Members of the	Head of Quality Enhancement Assistant Principal, Finance, Funding and Estates Audit & Risk Committee
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REPORT STATUS LIST


Auditors:	Tom O'Hara
Dates work performed:	21 March - 04 April 2022
Draft report issued:	19 April 2022
Final report issued:	10 May 2022


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AYRSHIRE COLLEGE, COMPLAINTS MANAGEMENT

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design  There is a sound system of internal control designed to achieve system objectives.

Effectiveness  The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High		0
Medium		0
Low		0

TOTAL NUMBER OF RECOMMENDATIONS: 0

BACKGROUND:

As part of the 2021-22 Internal Audit Plan, it was agreed by management and the Audit & Risk Committee that Internal Audit would carry out a review of the complaints handling and management arrangements in place within Ayrshire College ('the College').

The College's Complaints Handling Policy outlines the College's complaints management process and the roles and responsibilities of staff. The policy is modelled on the Scottish Public Services Ombudsman (SPSO) Model Complaints Handling Procedures for the Further Education Sector. The current policy was developed by the Head of Quality Enhancement and the Information and Customer Relations Officer and approved by the Senior Leadership Team in April 2021.

The Complaints Handling Policy provides guidance to staff on receiving, recording and resolving complaints received from customers. The policy distinguishes between two different types of complaints: stage 1 complaints, and stage 2 complaints.

Stage 1 complaints are investigated and resolved at the frontline, with the guiding principle being that complaints should be answered and resolved as quickly as possible.

Where a customer is not satisfied with their stage 1 complaint response and wishes to escalate the complaint, or the initial complaint relates to a complex, serious or high-risk issue, the complaint is classified as a stage 2 complaint. The College will conduct an in-depth investigation to establish the relevant facts to resolve the complaint or provide the complainant with a full, objective and proportionate response that represents the College's final position.

In line with SPSO practice, the College is committed to resolve stage 1 complaints within five working days and stage 2 complaints within twenty working days. However, these timelines can be extended in exceptional circumstances and where a new resolution date is communicated to complainants.

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Complaints can be received by the College through various channels, most notably face-to-face interactions, emails, telephone calls or through the College's electronic complaints form available on its website. The Complaints Handling Policy outlines that the details of all complaints, whether resolved or not, should be recorded and distributed to the Information and Customer Relations Officer to document.

Upon receiving or being notified of a complaint, the Information and Customer Relations Officer will record the complaint in the College's Complaint Log. The log is used to track the complaints progress through the College's complaints management process and records basic complaint details, such as the date it was received, the complaints stage and the complaint outcome.

The Complaints Log outlines six categories of complaints, for example customer care and facilities. Each category has further sub-categories. Upon receiving a complaint, the Information and Customer Relations Officer categorises the complaint to help identify the root cause of the complaint.

The Information and Customer Relations Officer also records the complaint on Formstack, a data collection platform, which serves as the audit trail of the complaint. The Formstack record is more detailed than the Complaints Log, recording the number of working days taken to close the complaint, the service area and campus the complaint relates to and complainant's details.

The Information and Customer Relations Officer will often conduct the investigation of stage 1 complaints. For stage 2 complaints, the Information and Customer Relations Officer nominates Investigating Officers, who are involved with the area the complaint relates to. The results of stage 2 complaint investigations are fed back to the Information and Customer Relations Officer to record and resolve. The Information and Customer Relations Officer drafts the Stage 2 response which is then signed off by the Head of Quality Enhancement before being sent to the Complainant.

Any documents related to the complaint, such as investigation forms, the initial complaint or correspondences between the College and the complainant, are recorded and saved within a complaint sharedrive folder.

The Information and Customer Relations Officer monitors the completion of actions arising from complaints in the College's Complaints Action Tracker. The tracker outlines the action, the action owner and the status of the action. At the end of each quarter, the action owners of open complaints actions are chased by the Head of Quality Enhancement and the Information and Customer Relations Officer.

Complainants receive the outcome of their complaint from the Information and Customer Relations Officer. For stage 1 complaints, complainants are notified of the outcome of their complaint by the Information and Customer Relations Officer in person or over the telephone. All stage 1 complainants receive a follow-up email notifying them of the outcome of their complaint and providing information on how to escalate the complaint to stage 2 if they wish to do so.

All stage 2 complaints are notified of the outcome of their complaint by letter, which is reviewed and signed-off by the Head of Quality Enhancement. Each letter provides the complainant with guidance on referring their complaint to the SPSO for investigation if they feel necessary.

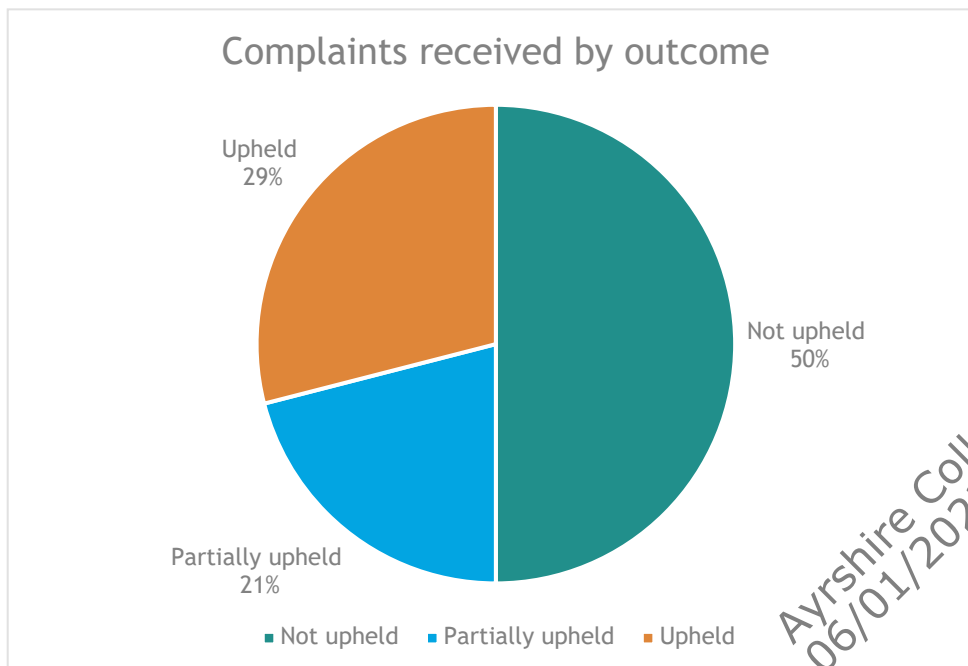
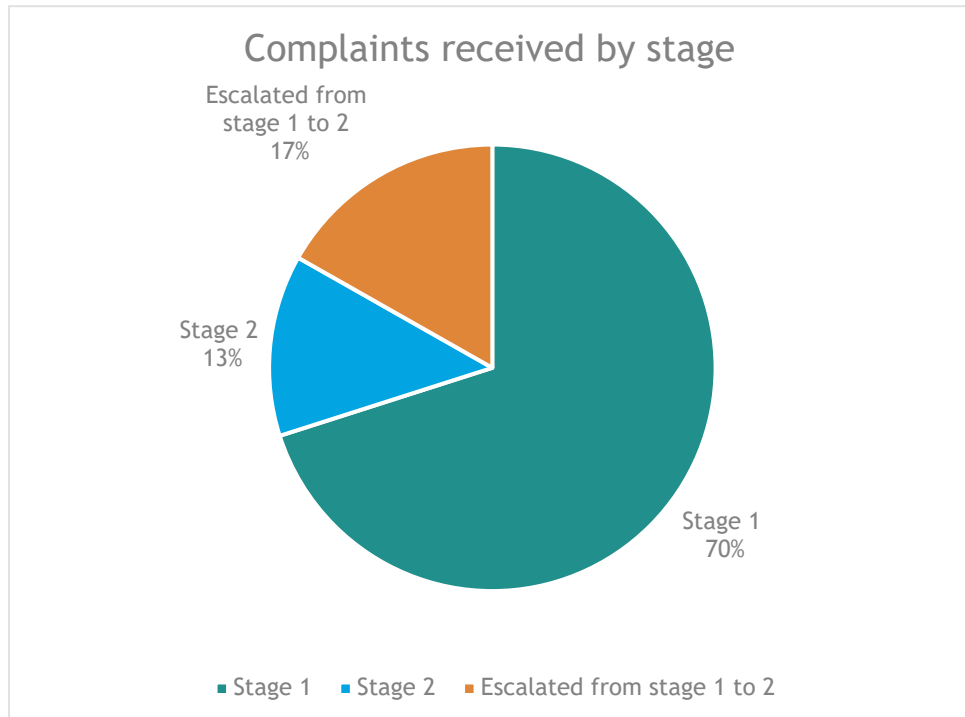
Upon the closure of a complaint, the College distributes a Customer Satisfaction Survey for complainants to feedback on their experiences and provide recommendations for improvement.

The Information and Customer Relations Officer prepares Quarterly and Annual Complaints Management Reports. The Annual Complaints Management Report analyses and provides data and KPIs on the number of complaints received in the period and their outcomes, disaggregated by campus, service line and complaint category. The report provides an

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outline of the number of identified actions arising from complaints received in the period and the resultant service improvements identified and completed by the College. The report ends by presenting customer satisfaction KPIs and data obtained from its customer satisfaction surveys.

The College received 137 complaints during 2020/21, a 26% decrease from 2019/20 in which the College received 186. The College's complaints management performance during 2020/21, visualised as the percentage of complaints received by stage and outcome, is summarised in the charts below:



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The Quarterly Complaints Reports follows the same format as the Annual Complaints Reports with minor exceptions.

The quarterly and annual reports are reviewed by the Head of Quality Enhancement and the Business, Resources and Infrastructure Committee, with the annual report also presented to the Board. In addition, the Complaints Management Reports are discussed and reviewed at monthly Vice Principal's Curriculum meetings attended by the Curriculum Assistant Principals, the Head of Quality Enhancement and the Head of Student Experience.

Both the quarterly and annual Complaints Management Reports are anonymised and published on the College's Complaints Management webpage.

SCOPE AND APPROACH:

The scope of our review was to assess whether:

- Complaints handling and management policies and procedures are in place;
- The College has appropriate systems in place to allow for complaints to be recorded and monitored;
- The College takes appropriate action following a complaint;
- The College evaluates the underlying issues following a complaint;
- Records of complaints are monitored regularly and therefore areas of concern are not identified; and
- Monitoring and reporting of complaints is reported internally and also to management.

Our approach was to conduct interviews to establish the controls and processes in operation, and to review documentary evidence that these controls are designed as described. We then evaluated these controls to identify whether they adequately address the risks. We also conducted sample testing to assess the operational effectiveness of the controls.

GOOD PRACTICE:

During our review we noted many areas of good practice being demonstrated in relation to complaints management. These included:

- The College's Managing Complaints webpage provides customers with guidance on making a complaint, links and contacts details to raise complaints and publishes complaints management reporting.
- The College distributes customer satisfaction surveys to complainants once complaints are closed.
- The College runs several complaints handling sessions throughout the year to raise staff awareness regarding their duties in the complaints handling process.
- The Information and Customer Relations Officer prepares quarterly and annual Complaints Management Reports for the Head of Quality Enhancement, the Business, Resources and Infrastructure Committee and the Board.
- Complaints Management Reports contain numerous KPIs that benchmark the College's complaints management performance against previous reporting periods.

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AYRSHIRE COLLEGE, COMPLAINTS MANAGEMENT

CONCLUSION:

We are able to provide substantial assurance over the design and operational effectiveness of controls in place relating to complaints management. We found complaints management controls to be well designed and operating effectively

OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

- ✓ Complaints handling and management policies and procedures may not be in place
- ✓ The College may not have appropriate systems in place to allow for complaints to be recorded and monitored
- ✓ The College may not take appropriate action following a complaint
- ✓ The College may not undertake evaluation of underlying issues following a complaint
- ✓ Records of complaints may not be monitored regularly and therefore areas of concern are not identified
- ✓ Monitoring and reporting of complaints may not be reported internally and also to management

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AYRSHIRE COLLEGE, COMPLAINTS MANAGEMENT

OBSERVATIONS

COMPLAINT INVESTIGATION FORMS

The SPSO require that each complaint investigation is recorded in writing. The SPSO provide Complaint Investigation Form templates to help investigators record the complaint investigation in a clear and effective manner. Although a written record of investigations which contain all necessary information was maintained for all of the stage 2 complaints sampled, two were not recorded in the complaint investigation form. The College might benefit from ensuring that all stage 2 investigations are recorded in the complaints investigation forms in future.

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AYRSHIRE COLLEGE, COMPLAINTS MANAGEMENT

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.





Ann Heron
Allyson Sharp

Head of Quality Enhancement
Information and Customer Relations Officer




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AYRSHIRE COLLEGE, COMPLAINTS MANAGEMENT

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

AYRSHIRE COLLEGE, COMPLAINTS MANAGEMENT

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to provide assurance to management and the Audit & Risk Committee that effective processes are in place in relation to complaints handling and management.

KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Complaints handling and management policies and procedures may not be in place;
- The College may not have appropriate systems in place to allow for complaints to be recorded and monitored;
- The College may not take appropriate action following a complaint;
- The College may not undertake evaluation of underlying issues following a complaint;
- Records of complaints may not be monitored regularly and therefore areas of concern are not identified; and
- Monitoring and reporting of complaints may not be reported internally and also to management.

SCOPE OF REVIEW:

The scope of the review is to assess whether:

- Complaints handling and management policies and procedures are in place;
- The College has appropriate systems in place to allow for complaints to be recorded and monitored;
- The College takes appropriate action following a complaint;
- The College evaluates the underlying issues following a complaint;
- Records of complaints are monitored regularly and therefore areas of concern are not identified; and
- Monitoring and reporting of complaints is reported internally and also to management.

Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

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AYRSHIRE COLLEGE, COMPLAINTS MANAGEMENT

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

During the course of the review we will keep management informed of any issues which arise as a result of our testing.

A de-brief meeting will be undertaken before completing the review on-site to discuss findings and initial recommendations.

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(Paper 4)



AYRSHIRE COLLEGE

INTERNAL AUDIT REPORT

MARKETING
APRIL 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Substantial

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AYRSHIRE COLLEGE, MARKETING

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DISTRIBUTION

Shelagh McLachlan James Thomson Members	Head of Marketing and Front of House Assistant Principal, Finance, Funding and Estates Audit & Risk Committee
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REPORT STATUS LIST


Auditors:	Joe Reid
Dates work performed:	11 April 2022 - 21 April 2022
Draft report issued:	22 April 2022
Final report issued:	27 April 2022

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AYRSHIRE COLLEGE, MARKETING

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design  There is a sound system of internal control designed to achieve system objectives.

Effectiveness  The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High		0
Medium		0
Low		2

TOTAL NUMBER OF RECOMMENDATIONS: 2

BACKGROUND:

As part of the 2021-22 Internal Audit Plan, it was agreed that Internal Audit would perform a review of the marketing arrangements in place within Ayrshire College ('the College').

The Marketing Team at the College is made up of the Head of Marketing and Front of House, five Marketing and PR Officers, one Graphic Designer and one Digital Marketing Assistant. The College have in place a Role Outline Questionnaire for the role of Digital Marketing Assistant, Graphic Designer and Marketing and PR Officer. The questionnaire is completed by the current holder of the position and provides a comprehensive overview of the role in question.

The Head of Marketing and Front of House prepares an annual Marketing Strategy, which includes objectives, audiences, methods, and success metrics for the Team. It is reviewed by the Vice Principal of Finance. The Marketing Strategy is shared with relevant staff members via email. The Marketing objectives included within the Marketing Strategy are also sent to the College's Quality Team and the Training and Development Team for review and approval.

The Marketing Team within the College is run in the style of a marketing agency with the different curriculum areas being the 'clients' of the department. Each department is assigned a Marketing Officer who is responsible for developing marketing plans for the department to help them meet their goals and objectives. The Team utilises the College website and social media platforms such as Twitter, Facebook, Instagram, and LinkedIn to promote the College. It is the responsibility of the dedicated Marketing Officer to keep the course pages for their department up to date with all current information. For larger and College-wide campaigns, paid platforms such as radio, TV, press releases and promoted social media posts are used. The Marketing Team also look to events such as open days or school visits to help departments achieve their goals.

AYRSHIRE COLLEGE, MARKETING

The Marketing Officer assigned to a department meets with the department's leadership team regularly to determine how marketing can assist them in achieving their objectives. Marketing Plans are made for each department which outline the actions that will be taken, tools used, measurement of success and how specific audiences will be reached. Department plans are created in January and are sent to the curriculum teams in March for approval. The Head of Marketing and Front of House approves all plans before they are sent out.

The marketing officers meet curriculum managers to discuss their marketing plans on a regular basis and ensure that efforts are being made in promoting the courses that need a push. The relevant department will confirm that they are happy with the progress being made with the plan and if this is being translated into increased applications. The Head of Marketing and Front of House monitors implementation of the marketing plans.

The Senior Leadership Team meet on a quarterly basis and discuss progress that has been made against the achievement of the College strategic objectives. The Head of Marketing and Front of House will report here on progress made against departmental objectives and how the Marketing Team have aided achievement of overarching strategic objectives.

At the end of the academic year, the Marketing Team meet and perform a self-evaluation, considering what has gone well, what needs work and any opportunities for growth going forward. This is a standard practice across the College. Feedback from students is also gained by the Marketing Department from the enrolment process where students are asked to state how they heard about the College. This gives a gauge of what marketing efforts are working to get students in the door.

There are two key policies in place at the College which directly concern the Marketing Department. These are the Social Media Personal Use and Social Media Staff Corporate Use policies. The Social Media Personal Use Policy explains the overarching principals for staff conduct when posting online in reference to the College. The Corporate Use Policy applies to staff members who are posting as or on behalf of the College. These policies are made available to key stakeholders via the staff intranet and College website. The Head of Marketing and Front of House also informs staff if there have been any changes to the policies and summarises the change to save time and reduce risk of missed information.

With regards to accessing the College's social platforms, it is the responsibility of the Digital Marketing Assistant to reset passwords on a regular basis and any time member of staff leaves the department. All marketing officers have access to post on all platforms and on the website. As part of their induction to the role, all marketing officers will have the access arrangements to social media platforms explained to them. The Head of Marketing and Front of House monitors all platforms daily.

The Marketing Team use platform specific tools to measure performance of posts and content on Twitter, Facebook and LinkedIn and use the FE Marketing system, to analyse the overall performance of digital campaigns. Metrics are reviewed monthly by the Head of Marketing and Front of House and by the Marketing Officers to consider what is working well and what is not. These metrics are also used when evaluating department marketing plans and campaigns. These metrics are shared with the curriculum departments by the Marketing Officers on an ongoing basis to discuss what is working well for the departments engagement and what needs work or rethink.

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SCOPE AND APPROACH:

The scope of the review was to assess whether:

- There is an effective marketing plan in place with key marketing objectives, which has been appropriately approved and communicated;
- Policies, procedure, roles, responsibilities and delegated authorities in relation to marketing are clearly defined and communicated to staff;
- A range of effective marketing methods are adopted which are regular, effectively planned and delivered;
- Appropriate review processes have been established for marketing materials issued;
- Progress against delivering the marketing plan and achieving objectives is sufficiently monitored and appropriately reported on; and
- The effectiveness of marketing methods is appropriately evaluated and feedback is sought and responded to from stakeholders and staff.

Our approach was to conduct interviews to establish the controls in operation for each of our areas of audit work. We then sought documentary evidence that these controls are designed as described. We evaluated these controls to identify whether they adequately address the risks. We sought to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

GOOD PRACTICE:

As a result of this review, the following points of good practice are raised:

- **Marketing Methods** - The College implements a broad range of marketing methods, including social media, television, radio and in person, with effective planning and evaluation of the methods to be used.
- **Monitoring and Reporting on Objectives** - Monitoring of progress against objectives and reporting of both the marketing objectives and how these objectives complement the wider college objectives is completed regularly.
- **Marketing Evaluations** - Detailed evaluations are carried out on the reach, hits and follow throughs of the marketing efforts for each department in addition to each of the different platforms that are used to market the College with metrics and outputs forming the basis of future marketing activities.
- **Tools and Documentation** - There are supporting procedures and documents in place at the College in relation to marketing, including the Brand Style Guide, Consent Form, Design Alternation Form, Design Brief, Design Approval Form and Digital Marketing Campaigns Checklist. These documents provide the basis for a strong system of internal control within the Marketing department.
- **Strategy**: the College has a Marketing Strategy which includes objectives, audiences, methods and success metrics for the Team
- **Plans** - The Marketing Team prepares marketing plans for each College department which are personalised to the needs of the department
- **Review of Metrics** - social media metrics are reviewed monthly by the Head of Marketing and Front of House and by the Marketing Officers to consider what is working well and what is not.

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AYRSHIRE COLLEGE, MARKETING

KEY FINDINGS:

Notwithstanding the points of good practice stated above, we identified two minor areas where further improvement could be made:

- **Social Media Policies** - The Social Media Personal Use and Social Media Staff Corporate Use policies are both beyond the date of formal review, with review being due in December 2020 and January 2021 respectively. It is noted that a working group has been formed to review and update these policies, where required
- **Access Rights Policy** - There is no policy in place highlighting access rights to social media platforms. There is no formal documentation of the roles and responsibilities relating to posting, password management, access arrangements to social media, the intranet and website, review processes for media outlets (including press releases) or monitoring of content that has been posted.

CONCLUSION:

In conclusion, we can provide a substantial level of assurance over the marketing arrangements in place at the College. We found marketing related controls to be sound and that these controls were being implemented consistently.

OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:


- ✓ There may not be an effective marketing plan in place with key marketing objectives
- ✓ Policies, procedure, roles, responsibilities and delegated authorities in relation to marketing may not be clearly defined
- ✓ There may not be effective marketing methods adopted, and these may not be regular, effectively planned and delivered
- ✓ Appropriate review processes may not have been established for marketing materials issued
- ✓ Progress against delivering the marketing plan and achieving objectives may not be sufficiently monitored and appropriately reported on
- ✓ The effectiveness of marketing methods may not be evaluated or feedback sought or responded to from stakeholders or staff

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AYRSHIRE COLLEGE, MARKETING

DETAILED FINDINGS

RISK: POLICIES, PROCEDURE, ROLES, RESPONSIBILITIES AND DELEGATED AUTHORITIES IN RELATION TO MARKETING MAY NOT BE CLEARLY DEFINED

Ref	Sig.	Finding
1		<p><u>Social Media Policies</u></p> <p>Policies should always be current and up to date. This is specifically important for policies related to social media due to its fast-changing nature and continual development.</p> <p>The Social Media Personal Use and Social Media Staff Corporate Use policies are both beyond the date for formal review with review being due in December 2020 and January 2021 respectively. It is noted that a working group has been formed to review these policies</p> <p>There is a risk that the policies in place are no longer adequate or fit for purpose.</p>

RECOMMENDATION:

The Social Media Personal Use and Social Media Staff Corporate Use policies should be reviewed and updated to reflect the current practices and expectation in place at the College.

MANAGEMENT RESPONSE:

Agreed.

College staff highlighted this point to the auditors at the initial audit meeting. A Working Group has been established to review the College's social media policies. Where required the existing practices will be updated and amended before being formally reviewed and approved.


Responsible Officer: Head of Marketing and Front of House

Implementation Date: 30 September 2022

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AYRSHIRE COLLEGE, MARKETING

RISK: POLICIES, PROCEDURE, ROLES, RESPONSIBILITIES AND DELEGATED AUTHORITIES IN RELATION TO MARKETING MAY NOT BE CLEARLY DEFINED

Ref	Sig.	Finding
2		<p><u>Access Rights Policy</u></p> <p>It is important that controls and roles and responsibilities in relation to marketing are clearly defined to ensure staff are aware of expected protocols.</p> <p>The College has a Social Media Staff Corporate Use Policy, however we found that it does not document the following:</p> <ul style="list-style-type: none"> • Detail of access rights to social media platforms. • Roles and responsibilities relating to posting, password management, access arrangements to social media, the intranet and website • Review processes for communications; and • Monitoring of content that has been posted, included expected response times. <p>There is a risk that college platforms are being used inappropriately or being accessed by those who do not require access.</p>

RECOMMENDATION:

It is recommended that the Social Media Corporate Use Policy is updated to include:

- Detail of access rights to social media platforms.
- Roles and responsibilities relating to posting, password management, access arrangements to social media, the intranet and website
- Review processes for communications; and
- Monitoring of content that has been posted, included expected response times.

MANAGEMENT RESPONSE:

Partially agreed.

This audit point solely relates to the formal documenting of arrangements already in place within the College. The audit report references the good practice and documentation in place by the Marketing Team regarding social media passwords and access. The audit report also notes that communications and social media platforms are monitored and reviewed by the Head of Marketing and Front of House.

These points are already being reviewed as part of the remit of the Working Group reviewing the social media policies. Where required any changes to the current arrangements will be updated and enhanced. These revised arrangement and good practices already in place will be documented within the next iteration of the social media policies.

Responsible Officer: Head of Marketing and Front of House

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AYRSHIRE COLLEGE, MARKETING

Implementation 30 September 2022
Date:

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AYRSHIRE COLLEGE, MARKETING

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.





Shelagh McLachlan

Head of Marketing and Front of House




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AYRSHIRE COLLEGE, MARKETING

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

AYRSHIRE COLLEGE, MARKETING

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to undertake a review of the marketing arrangements in place within the College. This will include an assessment of whether an effective marketing plan is in place with key objectives, and whether progress against the plan and objectives are monitored and reported on. We will also assess the effectiveness of the marketing mechanisms in place.

KEY RISKS:

- There may not be an effective marketing plan in place with key marketing objectives
- Policies, procedure, roles, responsibilities, and delegated authorities in relation to marketing may not be clearly defined
- There may not be effective marketing methods adopted, and these may not be regular, effectively planned and delivered
- Appropriate review processes may not have been established for marketing materials issued
- Progress against delivering the marketing plan and achieving objectives may not be sufficiently monitored and appropriately reported on
- The effectiveness of marketing methods may not be evaluated, or feedback sought or responded to from stakeholders or staff

SCOPE OF REVIEW:

The scope of the review is to assess whether:

- There is an effective marketing plan in place with key marketing objectives, which has been appropriately approved and communicated;
- Policies, procedure, roles, responsibilities and delegated authorities in relation to marketing are clearly defined and communicated to staff;
- A range of effective marketing methods are adopted which are regular, effectively planned and delivered;
- Appropriate review processes have been established for marketing materials issued;
- Progress against delivering the marketing plan and achieving objectives is sufficiently monitored and appropriately reported on; and
- The effectiveness of marketing methods is appropriately evaluated and feedback is sought and responded to from stakeholders and staff.

Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

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AYRSHIRE COLLEGE, MARKETING

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

During the course of the review, we will keep management informed of any issues which arise as a result of our testing.

A de-brief meeting will be undertaken before completing the review on-site to discuss findings and initial recommendations.

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FOR MORE INFORMATION:

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(Paper 5)

AYRSHIRE COLLEGE INTERNAL AUDIT PROGRESS REPORT 2021-22

June 2022

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Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

EXECUTIVE SUMMARY

Introduction

The purpose of this report is to **advise** the Audit Committee of the progress of the Internal Audit Plan for 2021-22. This paper together with progress and assignment updates are discussed with management and the Audit Committee throughout the year. These reports will form the basis of information to support our Annual Internal Audit Report for 2021-22.

Internal Audit Plan 2021 - 22

Since the last Audit Committee meeting, the following internal audit reports for the 2021-22 plan have been finalised and are presented under separate cover:




- Student Support
- Complaints Management
- Marketing

Conclusion

The Audit Committee is asked to **note** this report.

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WORK COMPLETED

Reports Issued	Overall Report Conclusions - see appendix I				
				Design	Operational Effectiveness
Covid-19 Health & Safety	0	0	0	Substantial	Substantial
Student Support	0	0	2	Substantial	Substantial
Complaints Management	0	0	0	Substantial	Substantial
Marketing	0	0	2	Substantial	Substantial

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PERFORMANCE AGAINST OPERATIONAL PLAN

Visit	Date of visit	Proposed Audit	Planned Days	Actual Days	Status
1	September 2021	Student Support Fund	3	3	Completed.
2	September 2021	FES Return	5	5	Completed.
3	November 2021	Covid-19 Health & Safety	5	5	Completed.
4	February 2022	Student Support	5	5	Completed.
5	April 2022	Marketing	5	5	Completed.
6	May 2022	Student Voice	5	-	In progress
7	March 2022	Complaints Management	5	5	Completed.
8	May 2022	Procurement	5	-	In progress
9		Follow Up	3	-	Scheduled September 2022

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AUDIT PERFORMANCE





AUDIT	COMPLETION OF FIELDWORK	DRAFT REPORT	FINAL MANAGEMENT RESPONSES	FINAL REPORT
FES Return	29 September 2021	1 October 2021	6 October 2021	6 October 2021
Student Support Fund	10 September 2021	21 September 2021	22 September 2021	24 September 2021
Covid-19: Health & Safety	12 November 2021	23 November 2021	25 November 2021	29 November 2021
Student Support	2 March 2022	9 March 2022	15 March 2022	16 March 2022
Complaints Management	4 April 2022	19 April 2022	5 May 2022	10 May 2022
Marketing	21 April 2022	22 April 2022	26 April 2022	27 April 2022




On average:

- Reports were issued in draft within 14 working days of completion of our fieldwork and a debrief meeting with management.
- Final reports were issued within 1 working day of management responses being received

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APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Reasonable 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

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Ayrshire College
Audit Strategy Memorandum
year ending 31 July 2022

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This document is to be regarded as confidential to Ayrshire College. It has been prepared for the sole use of the Audit and Risk Committee as the appropriate sub-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. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

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The Board of Management
Ayrshire College
Kilmarnock Campus
Hill Street
Kilmarnock
KA1 3HY

07 June 2022

Dear Members,

Audit Strategy Memorandum – Year ending 31 July 2022

We are pleased to present our Audit Strategy Memorandum for Ayrshire College for the year ending 31 July 2022.

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 Ayrshire 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 0788 724 2052.

Yours faithfully,
Lucy Nutley

1. Engagement and responsibilities summary

We are appointed by the Auditor General for Scotland to perform the external audit of Ayrshire College for the year to 31 July 2022. This is our sixth and final year of appointment.

Responsibilities

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

Audit opinion	<p>We are responsible for forming and expressing an opinion on the financial statements.</p> <p>The Audit and Risk 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.</p>
Regularity opinion	<p>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.</p>
Opinion on other matters	<p>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.</p>
Wider scope work	<p>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.</p>

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.

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2. Our audit engagement team

A committed, accessible team



Lucy Nutley

Director

lucy.nutley@mazars.co.uk

0738 724 2052

Lucy is the Engagement Lead for the audit and will be the key point of contact for the Audit and Risk Committee. She will have overall responsibility for delivering a high quality audit to the College. Lucy will be responsible for the opinions given on the financial statements and will liaise with the Director of Finance and Head of Finance and Student Funding. She will attend Audit and Risk Committee meetings, and where appropriate, Board meetings.



Joanne Buchanan

Audit Senior Manager

joanne.buchanan@mazars.co.uk

0779 403 1384

Joanne will manage and coordinate the audit and be the key point of contact for the Head of Finance and Student Funding and Principal Accountant, as well as liaising with Internal Audit. Joanne will oversee completion of audit work to a high standard and attend Audit and Risk Committees as appropriate.



Ross Barlow

Audit Assistant Manager

ross.barlow@mazars.co.uk

07580 554200

Ross will be responsible for leading the onsite work, reviewing the work of more junior members of the team and performing the audit work in more specialised areas.

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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

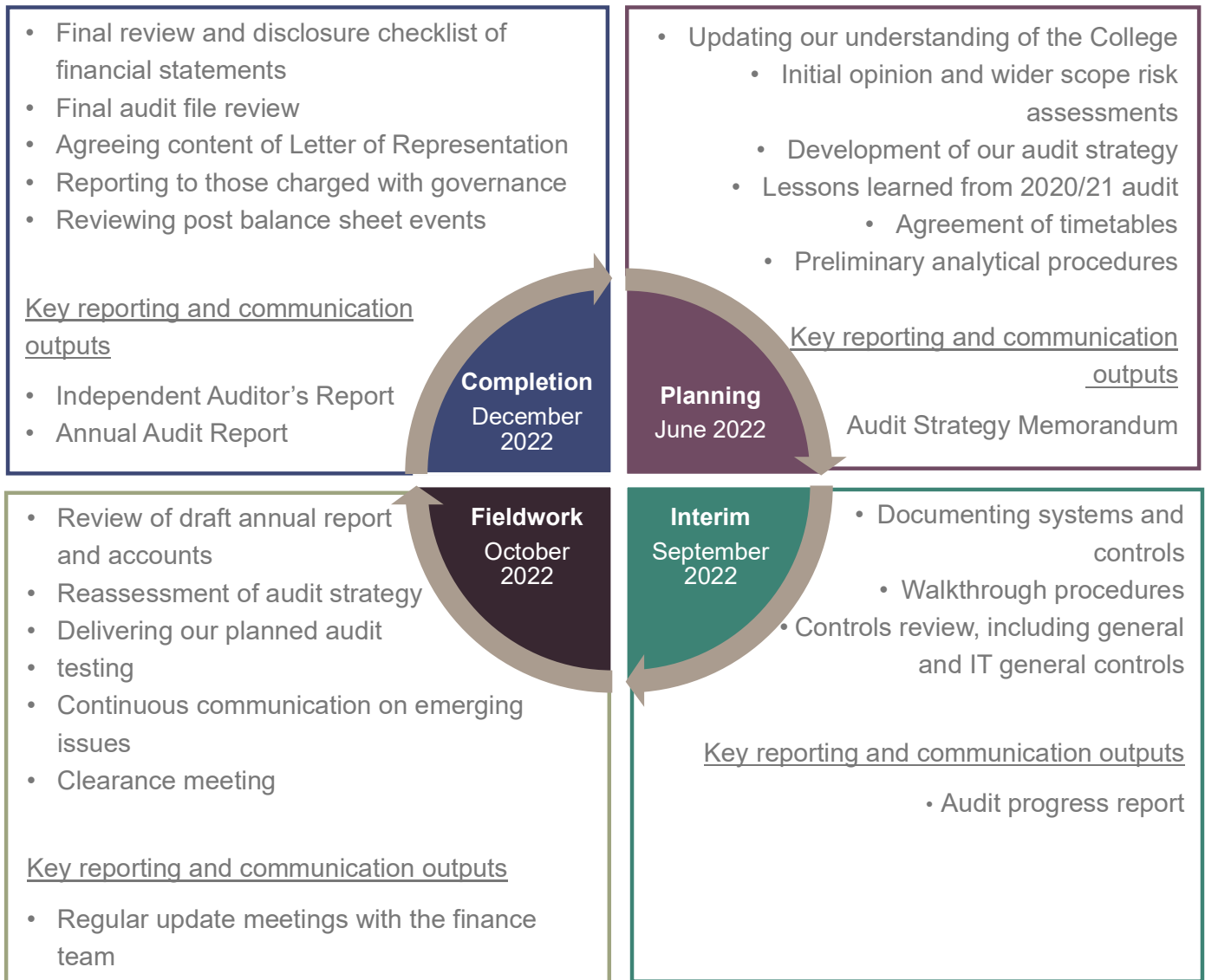
Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

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.

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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.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

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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	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

Ayrshire College took part in the NFI exercise in 2021/22. All matches have been reviewed by the College with no identified instances of fraud detected and no issues noted. The work that the College has undertaken will be reviewed as part of the interim audit in October 2022.

Adding value

We aim to add value to Ayrshire College through our external audit work by being constructive and forward looking, by identifying areas for improvement and by 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 2021/22 audit will be in line with the previous year and carried out remotely. The audit team and the College will build upon the experiences of the prior year to increase the effectiveness of the audit process.

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4. Significant risks and key judgement areas

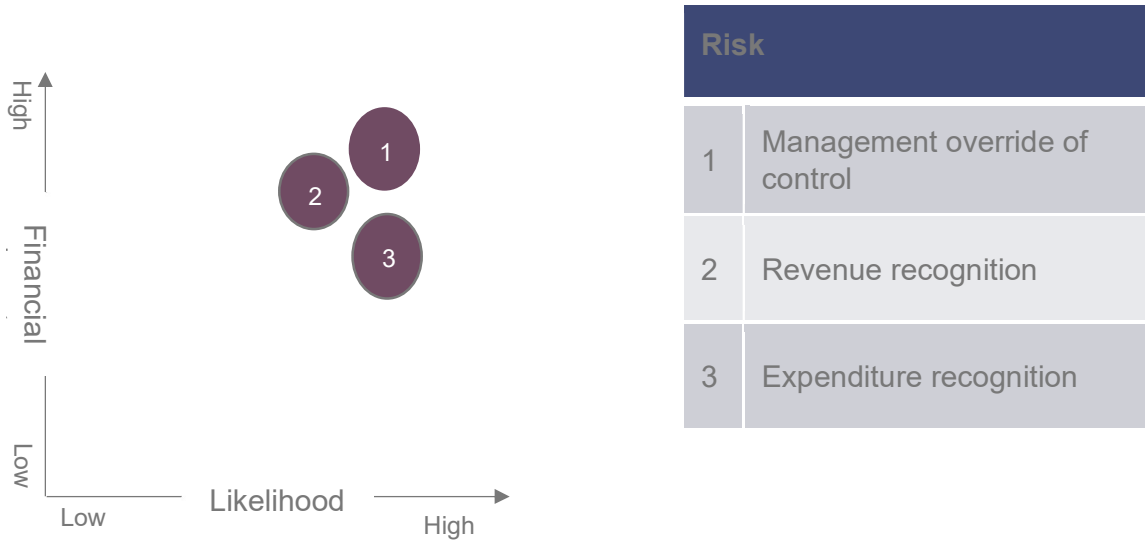
Following our risk assessment approach, we have identified relevant risks to the audit of the financial statements.

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">• 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• other audit assertion risks arising from significant events or transactions that occurred during the period
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.

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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 and Risk Committee.

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Significant risks

Description of risk	Planned response
<p>Management override of controls</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"> Accounting estimates impacting amounts included in the financial statements; Consideration of identified significant transactions outside the normal course of business; and Journals recorded in the general ledger and other adjustments made in preparation of the financial statements
<p>Revenue recognition</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 grant income should be recognised and if clawback conditions apply to the 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 low inherent risk associated with it.</p>	<p>We will address this risk through performing audit work over:</p> <ul style="list-style-type: none"> the design and implementation of controls management has in place to ensure income is recognised in the correct period; cash receipts around the year end to ensure they have been recognised in the right year; the judgements made by management in determining when non-grant income is recognised; for major grant income, obtaining counterparty confirmation; and expected credit loss provisions applied to receivables at the year end, considering the appropriateness of judgements made by management.

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Description of risk	Planned response
<p>Expenditure recognition</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"> the design and implementation of controls management has in place; testing of non-payroll expenditure around the year end to ensure transactions are recognised in the correct year; testing material year end payables, accruals and provisions; and reviewing judgements about whether the criteria for recognising provisions are satisfied

Key areas of management judgement

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.

Description of risk	Planned response
<p>Valuation of pension liabilities</p> <p>The College makes contributions to two pension schemes – the Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). 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 SPF’s underlying assets and liabilities is identifiable and a net liability is recognised in the accounts.</p> <p>Given the scale of the liability recognised in the accounts, a misstatement in the reported position could be material to the financial statements.</p>	<p>We will consider the College’s arrangements, including the existence of any relevant controls, for making estimates in relation to pension entries within the financial statements. We will also consider the reasonableness of the actuary’s assumptions used in providing the College with information in the financial statements through the use of our internal experts.</p>

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Description of risk	Planned response
<p>Valuation of land and buildings</p> <p>The College holds land and buildings with a net book value of £129m as at 31 July 2021.</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. As the external valuation was performed at 31 July 2021, no revaluation is planned in the current year.</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. The College is required to assess on an annual basis whether there are indicators of impairment to assets at the reporting date.</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"> • review of management’s assessment as to whether the value still reflects the prior year valuation; • review of the reconciliation between the College’s asset register and general ledger; and • consider the College’s impairment review process for land and buildings.

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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
Financial management	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"> • the monitoring of the effectiveness of internal control arrangements; • Whether the College's budgetary control system is timely and accurate; and • whether and how the College has assessed their financial capacity and skills
Financial sustainability	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"> • the financial planning system in place for short, medium and long term periods; • the adequacy and accuracy of financial reporting arrangements; • the reasonableness of affordability assumptions made in financial planning; and • the extent to which the financial planning assumptions have been updated and affected by the COVID-19 pandemic

Dimension	Description	Our planned approach
Governance and transparency	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"> • the effectiveness of internal control arrangements; • the appropriateness of disclosures made in the Governance Statement; and • whether the disclosure requirements of the Accounts Direction and the Code of Good Governance for Scotland's Colleges have been met
Value for money	Value for money concerns using resources effectively and continually improving services.	We intend to consider: <ul style="list-style-type: none"> • the College's evidence of providing value for money; and • the focus on improving value for money and the pace of change at the College.

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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 governance and transparency 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 and Risk Committee.

Description of significant risk	Planned response
<p>Financial sustainability</p> <p>During 2020/21, the College prepared a three-year forecast which highlights a future funding gap. The College has taken steps to identify areas where savings can be made to mitigate the funding gap in the FFR. Given the level of sector wide uncertainties around future funding and of the general economic environment that has arisen following Covid-19, there is a risk the timing of the future funding gap could be accelerated, or made greater without the plans identified by the College being fully implemented and / or additional funding not being made available from the SFC.</p> <p>We also note that should a decision be made to retain the Kilwinning Campus at the end of the PFI contract, there will be a final payment required that will have to be funded – either through additional SFC funding or further cost cutting measures than have already been planned.</p>	<p>We intend to consider:</p> <ul style="list-style-type: none"> • the forecast financial position in the three-year financial plans submitted to SFC; • alternative plans being considered by the College to ensure a balanced budget is achieved; • the financial reporting arrangements in place at the College; and • how management have considered the longer term implications of the COVID-19 outbreak; • the Board's plans for the Kilwinning Campus.

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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.

Service	2021/22 proposed fee £	2020/21 final fee £
Auditor remuneration	31,910	32,440
Pooled costs	1,630	1,850
Contribution to Audit Scotland costs	1,460	1,210
Total Fee	35,000	35,500

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 prior year fee reflected an additional £1,000 auditor remuneration in respect of work performed on the audit of the land and building valuation as at 31 July 2021 to ensure that we were performing sufficient work to meet the expectations of our regulators. The current year proposed fee reflects the additional audit work we will require to perform due to the significant risk identified under the financial sustainability dimension of Wider Scope.

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

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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 Lucy Nutley in the first instance.

Prior to the provision of any non-audit services, Lucy Nutley 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.

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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	1,048
Performance materiality	838
Trivial threshold for errors to be reported to the Audit and Risk Committee	31

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.

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 gross expenditure remains 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 and Risk Committee.

We expect to set a materiality threshold at 2% of gross expenditure (£1,048,000).

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 is 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, meaning that we have applied 80% of overall materiality as performance materiality.

Specific Materiality

We assess specific materiality if there is one or more 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 and Risk 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 £31,000 based on 3% of overall materiality.

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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	Audit Strategy Memorandum	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		✓

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Audit and Risk Committee**7 June 2022**

Subject: 2020-2021 Internal Audit Rolling Internal Audit Action Plan as at 31 May 2022

Purpose: To provide Members with an update on the Rolling Internal Audit Action Plan as at 31 May 2022

Recommendation: Members are asked to note the content of this paper

1 Background

The rolling Internal Audit Action Plan is a standing agenda item for the Senior Leadership Team (SLT). The rolling action plan is updated on an exceptions basis for actions approved by the Audit Committee which are now beyond their agreed completion dates. It is reviewed on a monthly basis by the College's SLT and presented to each meeting of the Audit Committee.

2 Current Situation

The Rolling Internal Audit Action Plan covers any audit recommendations made by our current internal auditors (BDO), once the audit reports and proposed management responses have been approved by the Audit Committee. The 2021-22 audit plan approved by the Audit Committee on 8 June 2021.

Table 1 below lists all outstanding recommendations from the internal audits that were due to have been completed by 27 May 2022. Table 1 also shows if the recommendation has been actioned or is still remaining.

Table 1

Ref	Audit Year	Audit Area	Points Due in Period	Actioned in Period	Remaining Points
1	2020-21	Commercial Income	3	3	0
2	2020-21	Financial Processes	1	1	0
TOTAL			4	4	0

2.1 Commercial Income

The first audit point was that the College should have formal due diligence processes in place before engaging in commercial activity with new companies. The due diligence process to be followed is detailed in the Business Growth's Commercial Due Diligence Policy approved by the by the BRIC Committee on 31 May 2022. This audit recommendation is therefore complete.

The audit report noted that the College has an FWDF Application Checklist that outlines the steps and checks required for an FWDF applications. There was however no similar checklist for Commercial Income courses and the auditors recommended the good practice for FWDF was documented for all courses. This audit finding is actioned through the Commercial Due Diligence Policy approved by the BRIC Committee. This audit recommendation is therefore complete.

The third audit recommendation was for the College to have a documented Business Growth Strategy. The Business Growth Strategy was approved by the BRIC Committee on 31 May 2022. This audit recommendation is therefore complete.

2.2 Financial Processes

The audit recommendation supported the College's proposed action to improve the efficiency of processing invoices by installing a software add-on that removes the need for scanning and filing paper copies of invoices. The software required for this efficiency improvement has now been installed and testing has been completed. The College is in the process of going live with the software update. This audit point is therefore complete.

3 **Proposals**

No further proposals are contained in this report.

4 **Consultation**

No formal consultation is required to be completed given the subject matter of this report.

5 **Resource Implications**

There are no resource implications to be noted in this paper.

6 **Risks**

An effective and challenging Internal Audit service is a key element in the management of risk within the College.

7 **Equality Impact Assessment**

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

8 **Conclusion**

Members are asked to note the content of this paper.

Michael Breen
Vice Principal, Finance
31 May 2022

(James Thomson, Assistant Principal – Finance, Student Funding and Estates)