BOARD OF MANAGEMENT
ACTION TRACKER

COMMITTEE: **Audit Committee: 14 September 2021** *(Paper 1a)*

DATE RAISED	ACTION No	ACTION	DUE DATE	OWNER	STATUS*	COMMENTS
16.03.21	7	M Breen/J Thomson to circulate the full Zurich Municipal Survey Report to members.	March 2021	M Breen/J Thomson	Completed	
16.03.21	8	Updates on the progress of the College Cyber Security Review be provided at future meetings of the Committee pending, completion of and presentation of the review report to this Committee.	June 2021	M Breen/J Thomson	Completed	
16.03.21	9	J Thomson to work with Y Melvin to organise an Audit Development Session	October 2021	J Thomson/Y Melvin	In Progress	UPDATE: Committee preference for a remote or face-to-face session to be sought. Appropriate date can then be determined.
16.03.21	10	The addendum of risks in future papers to be updated to include a further additional column showing the Current Risk Appetite.	ASAP	J Thomson	Completed	
16.03.21	11	The risk category section of BRIC2 to be updated to reflect the financial components outlined in the risk wording.	ASAP	J Thomson	Completed	
16.03.21	12	The risk category section of L&T1 to be updated to reflect the learning and teaching components outlined in the risk wording.	ASAP	J Thomson	Completed	
16.03.21	13	The wording used in L&T2 to be updated to reflect that the one-off £200 payment to support FE bursary eligible students had been made.	ASAP	J Thomson	Completed	

Ayrshire College # 484082
09/08/2021 14:25:13

DATE RAISED	ACTION No	ACTION	DUE DATE	OWNER	STATUS*	COMMENTS
08.06.21	1	Learning and Teaching Committee to determine the focus of the five day curriculum based review.	November 2021	A Campbell	In Progress	UPDATE: Discussion to take place at LTQC on 11 November 2021
08.06.21	2	The lead committee of BRIC1 and BRIC2 be updated to Business, Resources and Infrastructure Committee in line with the other risks.	ASAP	J Thomson	Completed	
08.06.21	3	The covering paper for the 2020-21 Corporate Risk Register to include the proposal that, moving forward to AY2021-22, the College would revert from the current COVID-19 focussed risk register back to the traditional corporate focussed risk register.	September 2021	J Thomson	Completed	

* ***Not Started*** / ***In Progress*** / ***Completed***

Ayrshire College # 484082
09/08/2021 14:25:13

Ayrshire College ***(Paper 2)***

Audit and Risk Committee

Date: 14 September 2021

Subject: Committee Membership, Committee Terms of Reference, and Committee 2021/22 Work Plan.

Purpose: To ensure that the Committee has met the required commitment to annually review the Terms of Reference and define the corresponding work plan.

To advise the Committee on the outcome of the review of the Committee Membership.

Recommendations: The Committee is asked to:

- Note the 2021/22 Committee Membership.
- Endorse the Terms of Reference and the 2021/22 Work Plan for approval by the Board of Management.

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1. Background

At the first quarterly meeting of the Committee, in each academic year, the Committee will be advised of any Membership changes and will consider its Terms of Reference and corresponding work plan for the forthcoming academic year.

- The Chair will advise on any Committee Membership changes following an annual review which considers current Board Member annual evaluations, changes to overall Board Membership including appointment of new Board members, outcomes from the annual Board and Committee self-evaluation of effectiveness, current skill mix and diversity.
- The Terms of Reference from an integral part of the Board Standing Orders and outlines the remit, duties, and composition of the Committee.
- The Committee work plan is designed to ensure that the Committee is in fulfilment of the requirements as set out in its Terms of Reference.
- The Terms of Reference and corresponding work plan will be submitted to the September meeting of the Board of Management for formal approval.

Ayrshire College # 484082
09/08/2021 14:25:13

2. Current Situation

The opportunity has been taken to review the Terms of Reference given recent changes to Executive Leadership responsibilities, the appointment of new Board Members, the appointment of co-opted Committee members and the appointment of a new Student Board Member (all as reported to the Board, June 2021). Work

Plans have also been reviewed to ensure alignment to and provide assurance to support the Committee to deliver to the Terms of Reference.

3. Proposals

The following proposals are put forward for the Committee to note/review:

3.1 Membership (Appendix 1)

The current Committee Membership is detailed in Appendix 1. Changes to membership are detailed below:

Committee Members	Reason for change	Action
Hazel Murphy	Retired from Board	Remove from membership
Steven Wallace	Appointed as Chair	Add to membership

3.2 Terms of Reference (Appendix 2)

Proposed changes to the Terms of Reference are minimal and have been highlighted in red in Appendix 2. These changes align and are standard to all other Committee Terms of Reference.

3.3 Work Plan (Appendix 2)

The annual work plan has been reviewed in alignment with the Terms of Reference. The work plan outlines the framework to provide assurance that the Committee will receive the required updates and performance reports to evidence delivery to the Terms of Reference. This will not preclude reporting on any other significant issues within the Committee remit, as they occur.

4. Consultation

The Executive Leadership Team has been engaged in developing the proposals.

Following approval by the Board, the Standing Orders of the Board will be updated accordingly.

5. Resource Implications

No specific resource implications have been identified.

6. Risks

There is a risk that the Committee could fail to demonstrate that it was fulfilling the requirements of the Terms of Reference because it has not prepared, approved, and implemented a work plan, resulting in a failure to evidence compliance with governing legislation and regulation, and the Board's governance requirements.

Ayrshire College # 484082
09/08/2021 14:25:13

7. Equality and Diversity Impact Assessment

None required in this instance.

8. Conclusion

The Committee is asked to note the recommendations as detailed and advise accordingly.

Pauline Donald
Board Governance Advisor
September 2021

Ayrshire College # 484082
09/08/2021 14:25:13

Audit and Risk Committee Membership AY 2021-22

*Non-Executive Board Member

*Steven Wallace
Chair

*Steve Graham
Vice-Chair

*Elaine Anderson
*Scott Cooley
*Alison Sutherland
*Matthew Wilson

Ayrshire College # 484082
09/08/2021 14:25:13

Appendix 2

Ayrshire College

Audit and Risk Committee Terms of Reference 2021-22

Introduction

The Audit and Risk Committee is identified as a Committee of the Ayrshire College Board of Management. The approved Terms of Reference and information on the composition and frequency of the Committee will be considered as an integral part of the College Standing Orders.

The Committee will be known as the Audit and Risk Committee of the Board and will be a Standing Committee of the Board of Management. For the purposes of the Terms of Reference, unless otherwise indicated, 'the Board' means the Ayrshire College Board of Management.

Remit

The Committee will be responsible for overseeing and providing assurance to the Board on all matters related to the external audit, internal audit and risk management of the College and provide assurance to the Board that the requirements of the Code of Audit Practice published by Audit Scotland are observed along with all other relevant regulations and legislation. The Committee will have a particular engagement with internal and external audit, financial reporting issues and corporate risk management.

Committee Membership

The Committee membership shall consist of a minimum of four non-executive Board members who shall be independent and objective in terms of their Audit and Risk Committee function and, in line with good practice, will not include either the Principal or the Chair of the Board. At least one member of the Audit and Risk Committee must have recent relevant financial or audit experience.

The Committee Chair will be appointed by the Board.

Committee membership will be reviewed annually by the Board.

Quorum

50% of the total membership of the Committee will constitute a quorum.

Attendance

The Committee may co-opt additional individuals as appropriate. Details of proposed co-opted individuals will be notified to the Chair of the Board in advance. The role, remit and term of membership of co-opted individuals will be determined by the Committee.

External and Internal Auditors shall normally attend meetings and will be invited to all meetings.

Ayrshire College # 484082
09/08/2021 14:25:13

The Vice Principal responsible for Finance, the Assistant Principal of Finance, Student Funding and Estates and, where appropriate, other staff will be invited to attend meetings of the Committee to provide information and reports as appropriate.

Meetings

The Committee shall normally meet on a quarterly basis, but shall meet on a minimum of three occasions per annum.

Any member of the Committee may request to convene additional meetings of the Committee as and when required by giving a minimum of ten working days' notice to the Secretary to the Board of Management to call a meeting.

The Committee Chair will instruct the Secretary to the Board of Management to call meetings of the Committee. The agenda and supporting papers will be sent to members at least five working days before the day of the meeting.

The Committee may meet privately without any non-members (with the exception of the secretary) for all or part of a meeting if they so decide.

The Committee will normally meet with the external and internal auditors annually without any non-members (with the exception of the secretary) being present.

Duties

- To agree Strategies within the Committee's overall remit subject to Board of Management approval.
- Reviewing and advising the Board of Management on the effectiveness of the College's financial and other internal Control Systems.
- Reviewing and advising the Board of Management on corporate governance requirements.
- Reviewing and advising the Board of Management on the effectiveness of the College risk management procedures, the presentation of the Ayrshire College Corporate Risk Register and the maintenance of an appropriate balance between risk and opportunity
- Appointing the College's Internal Auditors on a contractual basis and agreeing on the terms of reference for an audit service.
- Reviewing the scope and effectiveness of the work of the internal and external auditor using appropriate performance indicators.
- Considering issues raised in audit reports, annual management letter and reporting to the Board of Management on action required.
- Considering the College's annual financial statements and external auditor's report prior to submission to the Board of Management by the Business, Resources and Infrastructure Committee. Recommending to the Board the adoption of the audited Annual Accounts.

Ayrshire College # 484082
09/08/2021 14:25:13

- Agreeing an internal and external audit plan.

- Advising the Board of Management on internal and external value for money reviews which secure the effective use of College resources.

- Preparing an Annual Report to the Board of Management on the work of the Audit Committee which will then be submitted to the Scottish Funding Council.

- Reviewing reported cases of impropriety to establish whether they have been appropriately handled.

- Agreeing the fees of Internal and External Auditors.

- At each meeting receive and consider the rolling Ayrshire College Corporate Risk Register and comment accordingly to the Board of Management.

- The consideration and approval of the Ayrshire College Business Continuity Plan at the second quarterly meeting of each session.

Authority

The Committee is authorised to investigate any matters which fall within its Terms of Reference.

The Committee is authorised to seek and obtain any information it requires from any senior manager or employee of the College, its advisors or member of the Ayrshire College Board of Management whilst taking account of policy and legal rights and responsibilities.

Reporting Arrangements

At the end of each meeting, the Committee will decide on the business of the meeting that may be fully published on the College website. Normally it would be expected that complete minutes and papers will be published: except where the exclusions listed in paragraph 2.8 of these Standing Orders apply.

Minutes will be kept of the proceedings of the Committee by the Board Secretary. These will be circulated, in draft form normally within ten working days to the appropriate executive Leadership representative for checking and then to the Chair of the Committee for consideration. It is expected that minutes will be checked timeously and any amendments advised to the Secretary to the Board of Management.

The Chair of the Committee shall report on the work and recommendations of the Committee to the next scheduled Board meeting for information/approval and submit confirmed Committee minutes to the first meeting of the Board immediately following their approval.

Ayrshire College # 484082
09/08/2021 14:25:13

Audit and Risk Committee Work Plan 2021-22

September	November	March	June
Terms of Reference & 2021-22-21 Work Plan	2020-21 Financial Statements to July 2021	2021-22 Internal Audit Reports	2021-22Internal Audit Reports
2020-21 Internal Audit Reports	2021-22 Letter to SAA Covering Internal Audit of Discretionary Funds Return	Internal Audit Rolling Action Plan at February 2022	External Audit Strategy Review and Plan for 12 Months Ending July 2022
Corporate Risk Register 2021-22 (V1)	202--201Credit Data Return Internal Audit Report	Corporate Risk Register 2021-22(V3)	Internal Audit Rolling Action Plan at May 2022
Internal Audit Rolling Action Plan at September 2021	2021-22 Audit Committee Chair's Draft Annual Report	An Audit Development Session to be prepared and presented by one of the internal or external auditors	Corporate Risk Register 2021-22 (V4)
2021-22 September Internal Audit Progress Report	2021-22 November Internal Audit Progress Report		Audit Scotland Annual Report on the Performance of Scotland's Colleges
External Audit 2021-22 Progress Report	Internal Audit Rolling Action Plan at November 2021		
	Corporate Risk Register 2021-22 (V2)		
	2020-21 Internal Audit Reports		
	Meeting between Committee and Auditors without non-Members present		

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE

INTERNAL AUDIT REPORT

CURRICULUM PLANNING
JULY 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Substantial

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, CURRICULUM PLANNING

EXECUTIVE SUMMARY 2
STAFF INTERVIEWED 6
APPENDIX I – DEFINITIONS 7
APPENDIX II - TERMS OF REFERENCE.....8

DISTRIBUTION	
Anne Campbell	Vice Principal - Curriculum
James Thomson	Director of Finance, Student Funding and Estates
Members	Audit Committee

REPORT STATUS LIST	
Auditors:	Abigail McGurn
Dates work performed:	07/30/21 - 01/07/21
Draft report issued:	05/07/21
Final report issued:	13/07/2021

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, CURRICULUM PLANNING

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 2020-21 Internal Audit plan for Ayrshire College (the 'College'), it was agreed that Internal Audit would carry out a review of the curriculum planning arrangements in place and compare these with good practice.

One of the College's seven strategic objectives for 2021-24 is to work with partners, including businesses, to co-create a portfolio of learning and skills that is dynamic, flexible and responsive to employer and industry needs, and to current and future skills requirements, and which contributes to social and economic recovery. The College's Learning and Teaching Strategy 2021-24 aims to have a curriculum which is dynamic, responsive, and flexible, and pathways which are accessible, successful and seamless.

Curriculum planning starts in June. Course Team Meetings are held, where Curriculum Managers review current year course performance with their team. Key performance indicators (KPIs) for recruitment, retention and attainment are reviewed and considered.

In August, KPIs are formalised and the Head of Curriculum leads the Team Evaluation process for each directorate. This includes a high level review of the curriculum plan, KPIs and labour market intelligence including Skills Development Scotland (SDS) and Regional Skills plans. The relevant Head of Curriculum creates a draft Curriculum Delivery Plan (CDP) for their area.

CDP approval meetings occur in October where the Vice Principal – Curriculum, relevant Directors, Curriculum Heads and Curriculum Managers agree the overall College draft CDP. In November, the draft College CDP is presented to the Learning and Teaching Committee for approval. Once approved, courses are advertised on the College website and are open for applications from January.

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, CURRICULUM PLANNING

The College sets recruitment and enrolment targets for each course which are slightly greater than the target number of students which the College expects to be able to claim credits for. This is to ensure that the College will meet the credit target. These targets take into consideration historical early withdrawal rates. These targets are finalised in May when the final credit targets is set by the Student Funding Council.

Business Intelligence and Information Systems (BIIS) provides recruitment activity reports, on a weekly basis, to the College Leadership Team and Curriculum Managers. It shows the application status of all courses, including how many applicants are at interview stage, have been offered a conditional/unconditional offer and have accepted. This allows Curriculum Managers to review course performance against recruitment targets, assess whether they are meeting minimum enrolment requirements and are financially viable.

The College's Regional Outcome Agreement (ROA) set a credit target of 124,877 for 2020/21 and are on track to exceed the target. This would be the fifth year in a row that the College has exceeded targets.

Other priorities included in the ROA include attracting and supporting students declared as care experienced, continuing to recruit and grow foundation and modern apprenticeships and offering enhanced senior phase vocational pathways

The College's Curriculum Plan is held on an in-house business intelligence application, which curriculum staff can review and make amendments via BIIS. Any changes made to a course such as changing the level of qualification and minimum students requires approval from the Curriculum Director.

To create a new course, a Curriculum Manager would present the new course to the Quality Approval Committee for review and approval the year before they wish to deliver the course. The Committee is chaired by the Head of Quality and Enhancement and includes Curriculum Directors. Panels are held in May and June each year with an additional panel held in August. The new course is then created on BIIS by the Curriculum Manager and approved by the Curriculum Head.

Curriculum directorates engage with Universities such as the University of the West of Scotland to increase the range of pathways available and improve articulation opportunities for students. Articulation arrangements with Universities can be seen in the course specification for the relevant courses on the College website.

An Executive Oversight Group was created with representatives from Skills Development Scotland, Ayrshire College and University of West of Scotland, with the Vice Principal-Curriculum representing the College. The Group meet quarterly and is currently considering the challenges and the medium to long term impact of Covid-19 and the associated impact on the curriculum offer.

The College engages with schools within North Ayrshire, East Ayrshire and South Ayrshire. Each Local Authority has a School College Partnership Group (SCP) which meets on a quarterly basis. The College's School College Partnership Officers attend these meetings and can get feedback on the College's curriculum. The Head of Schools, Engagement & Widening Access and the Heads of Curriculum develop the College's School College Partnership CDP which is part of the College's overall CDP. In August, the Head of Schools, Engagement & Widening Access meets with each curriculum directorate to review school student's applications, withdrawals, enrolments over the last four years.

Ayrshire College # 484082
09/08/2021 12:25:13

As a result of Covid-19, course delivery has completely changed, with some courses being delivered entirely online and others being a mixture of face-to face and online. Lecturers in

AYRSHIRE COLLEGE, CURRICULUM PLANNING

conjunction with Curriculum Managers and Curriculum Directors agreed the changes to be made to course delivery for each course, in response to lockdown restrictions.

There have been delays in delivering some elements of courses whilst awarding bodies produced guidance on course delivery and examination. Social distancing guidance has limited the number of students which can be in a classroom, with classroom capacity being anywhere between 10 - 50% of what it was prior to lockdown. As a result, some practical delivery and assessment of vocational courses has been delayed as they require delivery in a practical classroom environment. Activity has been scheduled, over the summer period, in order to help as many students as possible conclude their studies within AY 2020-21. Despite all the disruption to learning, throughout AY 2020-21, almost all students who remain with the college will conclude their studies.

SCOPE AND APPROACH:

Our review assessed whether:

- The College has a robust curriculum planning process which is in line with the Regional Outcome Agreement and learner demand, and is fully supported by both curriculum and finance staff;
- Curriculum staff engage with other education providers to plan pathways effectively;
- The options for modes of delivery for courses has been considered in detail and revisions established to cater for the changes required through the lockdown restrictions resulting from COVID-19;
- Evaluation of course continuance is detailed and includes consideration of previous course demand and performance;
- There is a documented and detailed process in place for approval of new course content; and
- Key financial elements of course provision are considered to identify viability and minimum enrolments required.

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 then sought to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control.

A de-brief meeting was undertaken before completing the review to discuss findings and initial recommendations.

GOOD PRACTICE:

We identified a number of areas of good practice:

- The College utilise labour market data including from Skills Development Scotland, to align their provision to the needs of the region
- The College engages with educational partners as well as industry in their curriculum planning approach.
- The College uses analytic tools on curriculum data to help make informed decisions in their curriculum planning.
- There is a built-in approval process to making changes and adding new courses on the CPD tool BIIS.
- The Curriculum Delivery Plan is approved by the Learning and Teaching Committee.

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, CURRICULUM PLANNING

CONCLUSION:

We are able to give substantial assurance over the design and effectiveness of the controls in place around curriculum planning.

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

- ✓ The curriculum planning process may not be supported by both curriculum and finance staff, and may not be effectively linked to the Regional Outcome Agreement and aligned with learner demand.
- ✓ Curriculum staff may not engage effectively with other education providers locally to plan pathways effectively.
- ✓ Consideration may not have been given to the best mode of delivery point for courses due to the lockdown restrictions resulting from COVID-19.
- ✓ Previous course performance and demand has not been evaluated when considering if the course should be continued.
- ✓ There is not a robust process in place for approving new course content.
- ✓ Consideration may not have been given to financial aspects of course provision, so as to determine the viability of course provision and the minimum enrolment required to maintain course viability.

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, CURRICULUM PLANNING

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.

Anne Campbell	Vice Principal Curriculum
Julie Maxwell	Director of Curriculum
Carol Nisbet	Head of Schools, Engagement & Widening Access
Ann Heron	Head of Quality and Enhancement
Morag Soutter	Curriculum Manager Social Care
Richard Simons	Head of Business Intelligence and Information Systems
Ged Freel	Head of Learning & Skills: Business and Computing
Cameron Bell	Head of Learning & Skills: Construction Technology, Trades, Motor Vehicle and Horticulture

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, CURRICULUM PLANNING

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 # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, CURRICULUM PLANNING

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to provide assurance to management and the Audit Committee regarding the adequacy and effectiveness of curriculum planning arrangements and to recommend improvements to those arrangements as necessary.

Specifically, we will assess whether a robust curriculum planning process is in place which is aligned to the requirements of the regional outcome agreement, and evaluate whether the College has adequately considered learner demand, course quality and performance / evaluation as part of curriculum planning processes'. In addition, we will consider the modes of delivery for courses adopted by the College as a consequence of the lockdown restrictions resulting from COVID-19.

KEY RISKS:

- The curriculum planning process may not be supported by both curriculum and finance staff, and may not be effectively linked to the Regional Outcome Agreement and aligned with learner demand.
- Curriculum staff may not engage effectively with other education providers locally to plan pathways effectively.
- Consideration may not have been given to the best mode of delivery point for courses due to the lockdown restrictions resulting from COVID-19.
- Previous course performance and demand has not been evaluated when considering if the course should be continued.
- There is not a robust process in place for approving new course content.
- Consideration may not have been given to financial aspects of course provision, so as to determine the viability of course provision and the minimum enrolment required to maintain course viability.

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, CURRICULUM PLANNING

SCOPE OF REVIEW:

Our review will assess whether:

- The College has a robust curriculum planning process which is in line with the Regional Outcome Agreement and learner demand, and is fully supported by both curriculum and finance staff;
- Curriculum staff engage with other education providers to plan pathways effectively;
- The options for modes of delivery for courses has been considered in detail and revisions established to cater for the changes required through the lockdown restrictions resulting from COVID-19;
- Evaluation of course continuance is detailed and includes consideration of previous course demand and performance;
- There is a documented and detailed process in place for approval of new course content; and
- Key financial elements of course provision are considered to identify viability and minimum enrolments required.

However, 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.

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.

Ayrshire College # 484082
09/08/2021 14:25:13

FOR MORE INFORMATION:

CLAIRE ROBERTSON

Claire.robertson@bdo.co.uk

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Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE

INTERNAL AUDIT REPORT

COMMERCIAL INCOME GENERATING PROGRAMMES
JUNE 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

EXECUTIVE SUMMARY 2
DETAILED FINDINGS 5
DETAILED FINDINGS 6
STAFF INTERVIEWED 12
APPENDIX I – DEFINITIONS.....13
APPENDIX II - TERMS OF REFERENCE 14

DISTRIBUTION	
Michael Breen	Vice Principal – Finance
Nuala Boyle	Head of Business Growth
Members of the	Audit and Risk Committee

REPORT STATUS LIST	
Auditors:	Abigail McGurn
Dates work performed:	17/05/21 - 10/06/21
Draft report issued:	16/06/21
Final report issued:	10/08/21

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	■	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	■	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	▲	0
Medium	■	1
Low	●	3

TOTAL NUMBER OF RECOMMENDATIONS: 4

BACKGROUND:

It was agreed with management and the Audit Committee within the 2020-21 internal audit plan that Internal Audit would assess the design and operating effectiveness of the controls in place at Ayrshire College (the College) surrounding commercial income generating programmes.

The Business Growth Team is responsible for ensuring that Ayrshire College delivers on the Scottish Government's Flexible Workforce Development Fund (FWDF) and for securing commercial training and learning contracts through the provision of courses that meet market needs and deliver a commercial surplus to reinvest in services, facilities and equipment.

The College's Business Growth Team comprises of 10 individuals. The Team comprises of 3 trainers, 2 Business Growth Officers, an Operations Team Leader, and 2.8 FTE Administrative Assistants and is led by the Head of Business Growth. The Head of Business Growth reports to the Vice Principal-Finance. The Head of Business Growth took up her post in October 2019.

Business growth income targets are agreed as part of the annual budget planning process. The 2020/21 budget was approved by the Board at its June 2020 meeting. The budget included a FWDF allocation of £1.3m and £285k commercial income. The FWDF allocation includes £391k which had been rolled forward from 2019-20 as course delivery has been delayed due to Covid-19 restrictions. The College tends to use a flat fee of £1,000 per day for commercial course delivery, and will also benchmark against other course providers.

Ayrshire College # 484082
09/08/2021 14:25:13

The forecast year-end position as at 30 April 2021 for FWDF was £556k which is £462k less than the target agreed in the budget. The College is actively working on the 2020/21 FWDF and working with companies to translate applications into scheduled training and delivery.

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

Commercial income courses forecast year-end position as at 30 April was £103k for 2020/21, which is £182k less than the agreed target. This variance is primarily a result of Covid-19 as face-to-face courses (evening and weekend) courses have been unable to be delivered and employers were unwilling or unable to undertake training due to lockdown restrictions.

The Business Growth Team's activities were affected by the COVID-19 pandemic. Training activities effectively ceased during the initial lockdown. The Business Growth team's ability to interact and connect with employers was hampered due to home working, staff being furloughed and companies unable to consider or commit to on-going training. The face-to-face training portfolio was redesigned in order to offer a virtual training package to clients. Training activities gained momentum from Autumn 2020. The Business Growth Team focused on encouraging applications and completing training for the 2019/20 FWDF programme and also on the application pipeline for the 2020/21 FWDF programme. Despite this, the Business Growth Team is forecast to deliver over £650k during 2020/21.

Levy paying employers, employers with a payroll bill of over £3 million, can complete a FWDF application form and email the completed form to the business growth inbox. The application form is available on the College website. The application is reviewed including costs related to running specific courses, and the course listings employers wish to offer. It is then approved by the Head of Growth.

The Commercial Contracts Central Log, records all commercial contracts including FWDF. It logs income, course start and end dates, course type, delivery method, venue etc. Each course also has its own Share Drive folder to store documents.

The Vice Principal-Finance and Head of Business Growth update the Business Resource and Infrastructure Committee (BRIC) on a quarterly basis via Business Growth Update papers. The Update papers provide an overview and update on progress of the FWDF and other commercial activities. Progress against the Business Growth income targets is reporting to the College's Senior Leadership Team on a monthly basis, as part of the College's management accounts process.

SCOPE AND APPROACH:

The scope of the review was to assess whether:

- The College has set income targets for commercial activity which align with the College's strategic objectives;
- There is a consistent and utilised framework in place to effectively manage costs and risks;
- The Commercial Income generating frameworks remain the same despite the effects of COVID-19 but better reflect the changes to income generating opportunities;
- The College only carries out commercial and outreach activities after completion of appropriate risk assessments and contractual arrangements;
- The College is efficiently utilising its resources in relation to commercial and outreach activities
- There is appropriate monitoring, recording and communication of progress towards income targets.

Our approach was conduct interviews to establish whether the controls for each of our areas of audit work. We sought documentary evidence that these controls are designed as

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

described. We evaluated these controls to identify whether they adequately address the risks. We then sought to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control.

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

GOOD PRACTICE:

We identified a number of areas of good practice:

- Regular monitoring of commercial income performance against target by the Head of Growth; and
- The Business Resource and Infrastructure Committee (BRIC) are updated on Business Growth including FWDF on a quarterly basis.

KEY FINDINGS:

Notwithstanding the areas of good practice noted above, we identified areas where there is an opportunity to improve the controls in place:

- **Due Diligence:** We note that the majority of the College's commercial income comes from companies with existing FWDF clients for which there are longer standing relationships. There is however currently no formally documented process in place for undertaking due diligence checks for new companies, such as background checks of potential clients prior to entering a contract for commercial activity. Moving forward, having robust documented due diligence policies and procedures will be important;
- **Policies and Procedures:** There are no documented business growth income policies and procedures, including acceptance, due diligence, pricing, costing and profit margins. The College has an FWDF Application Checklist that outlines the steps and checks required for an FWDF applications. However there is no similar checklist for Commercial Income courses. A new Training Management Software System is due to be implemented which will assist in standardising the process across FWDF and commercial income;
- **Business Growth Income Strategy:** Commercial income targets are set annually through the budget planning process. However, the College does not have a documented Business Growth Strategy. We note that this is being proposed and timelines provided to BRIC; and
- **Senior Leadership Team Updates:** Currently SLT is not provided with regular updates on Business Growth. However we note that the BRIC are updated quarterly and the BRIC consists of Leadership Team attend the meetings.

CONCLUSION:

We are able to give moderate assurance over the design and effectiveness of the controls in place around commercial income generating programmes. We recommend the College implements the recommendations mentioned above to strengthen their control environment.

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

- ✓ The College may have income targets which are not aligned to the College's strategic objectives
- ✓ The College may not have a consistent and utilised framework in place to effectively manage costs and risks;

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

- ✓ The frameworks in place for generating Commercial Income have been impacted by the effects of COVID-19.
- ✓ The College may not be utilising resources efficiently in relation to commercial and outreach programmes
- ✓ Income targets may not have been appropriately monitored, recorded or communicated.

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

DETAILED FINDINGS

RISK: THE COLLEGE CARRIES OUT COMMERCIAL AND OUTREACH ACTIVITIES AND MAY NOT HAVE COMPLETED APPROPRIATE RISK ASSESSMENTS AND CONTRACTUAL ARRANGEMENTS.

Ref	Sig.	Finding
1		**Due Diligence** It is considered good practice for risk assessments to be carried out for commercial activity opportunities. Risk Assessments for each Commercial Income course should be conducted so all appropriate risk mitigations can be taken prior to launching a course. We note that the majority of the College's commercial income comes from companies with existing FWDF clients for which there are longer standing relationships. There is however currently no formally documented process in place for undertaking due diligence checks for new companies, such as background checks of potential clients prior to entering a contract for commercial activity. Moving forward, having robust documented due diligence policies and procedures will be important. There is the risk that the College has not evaluated and mitigated risks associated with commercial activities, which may be financial or operational risks.

RECOMMENDATION:

We recommend formal due diligence processes (including risk assessments of clients) are carried out before agreeing to involvement in commercial activities.

MANAGEMENT RESPONSE:

Agreed

The Business Growth Team will document the due diligence processes to be followed. Once approved these will be actioned for each new client.

Responsible Officer:	Head of Business Growth
Implementation Date:	25 February 2022

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

RISK: THE COLLEGE MAY NOT HAVE A CONSISTENT AND UTILISED FRAMEWORK IN PLACE TO EFFECTIVELY MANAGE COSTS AND RISKS.		
Ref	Sig.	Finding
2		**Policies and Procedures** It is important for key processes within Business Growth are documented to ensure consistent practices are adopted. There are no documented business growth income policies and procedures, including acceptance, due diligence, pricing, costing and profit margins. The College has an FWDF Application Checklist that outlines the steps and checks required for an FWDF applications. However there is no similar checklist for Commercial Income courses. A new Training Management Software System is due to be implemented which will assist in standardising the process across FWDF and commercial income. There is a risk that pricing methodology is not consistent.

RECOMMENDATION:

We recommend the College documents business growth related processes and controls, including client acceptance, due diligence, pricing, costing, profit margins and references relevant costing templates.

We also recommend a checklist similar to the FWDF Application Checklist be created for Commercial Income Courses.

MANAGEMENT RESPONSE:

Agreed.

FWDF activity accounts for circa 76% of Business Growth income. Therefore, the audit finding recognises the strong arrangements in place for FWDF activity. These good practices will be used to develop processes and procedures for all aspects of Business Growth income (including commercial income activities).

Responsible Officer:	Head of Business Growth
Implementation Date:	17 December 2021

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

RISK: THE COLLEGE MAY HAVE INCOME TARGETS WHICH ARE NOT ALIGNED TO THE COLLEGE'S STRATEGIC OBJECTIVES.

Ref	Sig.	Finding
3		**Business Growth Income Strategy** A Business Growth Strategy sets the strategic direction a College plans to take for business growth and commercial income activities. Commercial income targets are set annually through the budget planning process. However, the College does not have a documented Business Growth Strategy. We note that this is being proposed and timelines provided to BRIC. As the College has not developed a Business Growth Strategy, the strategic direction is unclear.

RECOMMENDATION:

We recommend the College develops a Business Growth Strategy.

MANAGEMENT RESPONSE:

Agreed.

The College has been developing its Statement of Ambition. This piece of work is now being finalised. The Business Growth Team can therefore now develop its strategy, ensuring it reflects the overall strategic aims and activities of the College.

Responsible Officer:	Head of Business Growth
Implementation Date:	17 December 2021

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

RISK: INCOME TARGETS MAY NOT HAVE BEEN APPROPRIATELY MONITORED, RECORDED OR COMMUNICATED.		
Ref	Sig.	Finding
4		**Senior Leadership Team (SLT) Updates** It is important that SLT has an awareness of business growth activities, to assist in their overall knowledge of the College. Currently SLT is not provided with regular updates on Business Growth. However we note that the BRIC are updated quarterly and the BRIC consists of Leadership Team attend the meetings. There is a risk that there is not sufficient oversite and challenge to Business Growth activities.

RECOMMENDATION:
We recommend that SLT receive quarterly updates ahead of the BRIC on Business Growth.

MANAGEMENT RESPONSE:
Agreed.

Responsible Officer:	Head of Business Growth
Implementation Date:	From 30 November 2021

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

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.

Michael Breen	Vice Principal – Finance
Nuala Boyle	Head of Business Growth
Laura Blackhurst	Financial Accountant

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

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 # 484082
05/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to provide management and the Audit Committee with assurance that Ayrshire College has well designed, effective controls in place in relation to commercial income generating programmes.

KEY RISKS:

Based upon discussions with management and our collective audit knowledge and understanding, the key risks associated with the area under review are:

- The College may have income targets which are not aligned to the College's strategic objectives;
- The College may not have a consistent and utilised framework in place to effectively manage costs and risks;
- The frameworks in place for generating Commercial Income have been impacted by the effects of COVID-19;
- The College carries out commercial and outreach activities and may not have completed appropriate risk assessments and contractual arrangements;
- The College may not be utilising resources efficiently in relation to commercial and outreach programmes
- Income targets may not have been appropriately monitored, recorded or communicated.

SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- The College has set income targets for commercial activity which align with the College's strategic objectives;
- There is a consistent and utilised framework in place to effectively manage costs and risks;
- The Commercial Income generating frameworks remain the same despite the effects of COVID-19 but better reflect the changes to income generating opportunities;
- The College only carries out commercial and outreach activities after completion of appropriate risk assessments and contractual arrangements;
- The College is efficiently utilising its resources in relation to commercial and outreach activities
- There is appropriate monitoring, recording and communication of progress towards income targets.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to its 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.

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, COMMERCIAL INCOME GENERATING PROGRAMMES

APPROACH:

Our approach will be to conduct interviews to establish whether the controls 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.

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.

Ayrshire College # 484082
09/08/2021 14:25:13

FOR MORE INFORMATION:

Claire Robertson

Claire.robertson@bdo.co.uk

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Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE

INTERNAL AUDIT REPORT – FINAL

IT SERVICE PROVISION DURING COVID-19
MAY 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

EXECUTIVE SUMMARY 2
DETAILED FINDINGS 7
STAFF INTERVIEWED 10
APPENDIX I – DEFINITIONS 11
APPENDIX II - TERMS OF REFERENCE 12

DISTRIBUTION	
James Thomson	Director of Finance, Student Funding and Estates
Brad Johnstone	Head of ICT Services
Members of the Audit Committee	

REPORT STATUS LIST	
Auditors:	Gemma Rickman
Dates work performed:	29 March – 22 April 2021
Draft report issued:	5 May 2021
Final report issued:	21 May 2021

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	■	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	■	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	▲	
Medium	■	1
Low	●	2

TOTAL NUMBER OF RECOMMENDATIONS: 3

BACKGROUND:

As part of the 2020-21 Internal Audit plan for Ayrshire College (the 'College'), it was agreed that Internal Audit would perform a review of the how effectively the College's IT services have operated during the COVID-19 pandemic and the remote support provided.

Throughout the COVID-19 pandemic the College's ICT department has communicated or published information and guidance on ICT services to both staff and students. Near the beginning of the initial Covid-19 lockdown period, the College's Head of ICT Services issued an email to all staff providing them with a guidance document on ICT Services. The guidance included step by step instructions for accessing a range of resources including the VPN (Virtual Private Network), Citrix Desktop and password management. It also clearly detailed how issues can be reported to the ICT department, which includes via email or Microsoft Teams.

Prior to the beginning of the 2020-21 academic year, the Head of ICT issued further guidance to all managers via email on how ICT could provide assistance both remotely and on campus, as at this time some staff and students were returning to the College's campuses. The guidance shared confirmed that face to face contact from the ICT team would be kept to a minimum and only used as a last resort (with an appointment system being used), and that ICT can be contacted by email, Microsoft Teams or via phone call with the relevant details provided. Further information was provided within this document on the processes that to be followed, including when lecturers should contact ICT if their students are facing issues.

For students, the College website provides a range of ICT user guides, including for example changing your password, accessing OneDrive & Office 365, and accessing emails amongst

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

others. Contact details for ICT Services are also provided on the College website should further assistance be required.

The College uses a service desk (Simplysis) to log any ICT requests received. Guidance has been developed for the ICT team which provides an overview of the service desk system, including how to raise tickets, edit tickets, and change the ticket status amongst others. The document provides a matrix showing what target response and resolution times are applied to each priority description:

Priority Code	Description	Target Response Time	Target Resolution Time
1	Critical	15 Minutes	1 Hour
2	High	30 Minutes	4 Hours
3	Medium	2 Hours	9 Hours
4	Low	4 Hours	18 Hours
5	Very Low	1 Day	45 Hours

Priority Matrix		Impact		
		High	Medium	Low
Urgency	High	1	2	3
	Medium	2	3	4
	Low	3	4	5

The service desk is only accessed by the ICT team. The ICT team will receive a request or an issue will be communicated, for example by email or phone, and then ICT will log the issue or request onto the service desk.

The ICT team can monitor their performance against service desk target timescales by producing reports showing the number of tickets that are out with the target timescales for each month. As an example, within February it was reported that 6 out of 690 tickets were not closed within the target timescales.

Other guidance documents have been created for the ICT team. For example, flow charts have been developed which detail the processes to be followed for both remote support and on campus support. These detail the steps for each scenario, which include for example if the service desk can resolve the issue or not, if the issue has been resolved, and if a user has made a booking for support.

The ICT team has access to a range of tools to access staff's devices remotely, in order to investigate and resolve any issues arising. For example, Teamviewer can be used to give ICT remote control on a device. Microsoft Teams can also be used to screen share and view

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

what error the user is having. If an issue cannot be corrected remotely, an appointment will be made (if on campus) for the device to be handed to ICT, and thereafter for it to be collected at a later date.

Most staff members have been provided with College laptops, which are managed centrally via admin access. There are a number of tools and software in place to ensure that accessibility is provided during lockdown restrictions and to ensure devices are secure and managed centrally, for example:

VPN: This allows secured access to the College's resources, and a College account is required for access to be gained. VPN can only be accessed by approved staff members.

Citrix: Citrix Desktop is a virtualisation product which allows for both staff and students to access College software remotely, providing an online classroom for learning.

Sophos: Sophos includes the following: anti-virus (installed on all College endpoint devices), web control (monitors all internet traffic and alerts when users access any suspicious websites filtered by the College, which are checked twice a day by ICT), threat protection, email gateway (scans emails to ensure those considered as spam or bulk go into quarantine) and Sophos Incident Reporting. Scheduled scans of devices are completed every day at 10am.

InTune: Microsoft InTune is used to enable the College to manage 'mobile' devices. InTune also includes anti-virus, Windows Defender, and allows the following to be performed: real-time monitoring, scanning all downloads, monitor file and program activity, and scanning incoming mail messages amongst others.

SCOPE AND APPROACH:

The scope of our review was to assess whether:

- There are clearly documented processes and procedures available for users to report issues or requests and these have been communicated to users;
- There are sufficient systems and resources in place to provide effective IT support to remote or on campus users;
- End point devices are secure;
- End point devices are being managed centrally;
- Remote access for users to College resources is secure; and
- There is regular and detailed monitoring and reporting on the effectiveness of IT service provision, including details of issues requiring attention and performance statistics.

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. For example:

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

- The ICT department has published and communicated various user guides and information for both staff and students on ICT services.
- Contact details have been provided for ICT Services where further assistance is required in relation to any ICT matters, and the methods for contacting the ICT team have been clearly communicated.
- A number of tools are available to allow for ICT to access devices remotely, including Teamviewer and Microsoft Teams.
- The ICT team produces service desk reports which allow for monitoring of performance in closing service desk tickets against target timescales for each month.
- A range of solutions are utilised to manage and secure devices, including Sophos, VPN and InTune.

KEY FINDINGS:

Notwithstanding the elements of good practice noted above, we have identified three opportunities where improvements could be made to the current IT service provision arrangements and documentation, which are summarised below:

- **ICT service performance reporting:** The ICT team produces reports from the Service Desk showing analysis of the tickets completed that were within or outwith the agreed SLA. However, these reports are operational. Regular formal reports on ICT and cybersecurity are not presented to College management. ICT service performance is monitored at a team level and through regular one to one meetings between the Head of ICT Services and Vice-Principal, Finance.
- **Accuracy of monthly SLA team reports:** We reviewed six monthly SLA reports produced and compared this with the analysis provided on why tickets were out with the relevant SLA. The audit identified two reports where the total number of incidents where the SLA was not achieved and the total number of incidents covered by the report did not match. Upon investigation, staff advised that these incidents were due to user error and an isolated error in reporting format resulting in data not being reported, and have advised that additional checks to prevent this issue arising will be performed going forward.
- **Completeness of staff guidance documentation:** The ICT team has created an internal guidance document which provides an overview of the service desk system, Simplysis. This is a live document that is regularly updated by the ICT team to reflect changes in working practices. We reviewed this document and found sections where no information had been input, for example there are headers for an SLA descriptor and escalation rules but no content was provided. It would also be useful to include guidance descriptors on how to decide the priority to be applied to each ticket, for example descriptors for what may constitute a 'critical' to 'very low' issue , and supporting definitions for high/medium/low urgency and impact, to aid staff in their decision making. Management has advised this has been explained verbally to staff, but it had not been formally documented at the time of the audit.

CONCLUSION:

At this stage, we are able to provide moderate assurance over the design and operational effectiveness of the arrangements in place relating to the College's IT service provision during COVID-19. We recommend management implement the noted control improvements to develop the current arrangements, and ensure they operate consistently across the College.

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

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

- ✓ The processes and procedures for users to report issues or requests are not effective.
- ✓ The provision of remote or on campus IT support is not effective.
- ✓ End point devices are not secure.
- ✓ End point devices are not being managed centrally.
- ✓ Remote access for users to College resources is not secure.

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

DETAILED FINDINGS

RISK: THERE IS NO MONITORING OR REPORTING OF THE EFFECTIVENESS OF IT SERVICE PROVISION.

Ref	Sig.	Finding
1		**ICT service performance reporting** It is important that there is sufficient management oversight and reporting on the performance of key operational functions. The ICT team produces reports from the Service Desk showing analysis of the tickets completed that were within or outwith the agreed SLA. However, these reports are operational. Regular formal reports on ICT and cybersecurity are not presented to College management. ICT service performance is monitored at a team level and through regular one to one meetings between the Head of ICT Services and Vice-Principal, Finance. There is a risk that management may not have sufficient oversight of the ICT department's performance, which may result in issues being unidentified and not actioned.

RECOMMENDATION:

We recommend that ICT produces performance reports to an appropriate level of College management on a regular basis. Reports should include but not be limited to analysis of key trends arising (trends in issues reported/assistance required), analysis of performance against SLAs and any actions required to improve performance where necessary, which should be tracked to completion.

MANAGEMENT RESPONSE:

Partially agreed.

The proposed recommendation would result in a level of service desk performance being reported to senior leadership that would not provide added value. This is currently covered through team meetings and reported verbally through on-going regular catch-up meetings between the Head of ICT Services and Vice-Principal, Finance.

The College will however introduce six monthly reporting to the Senior Leadership Team on the overall ICT service. This reporting will be a strategic overview report. For example, the report will include information relating to cyber security, ICT business continuity planning events, service desk performance, and ICT projects.

Responsible Officer:	Head of ICT Services
Implementation Date:	31 January 2022

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

RISK: THERE IS NO MONITORING OR REPORTING OF THE EFFECTIVENESS OF IT SERVICE PROVISION		
Ref	Sig.	Finding
2		**Accuracy of monthly SLA team reports** The ICT team produces reports from the Service Desk showing analysis of the tickets completed that were within, or out with the agreed SLA. We reviewed six monthly SLA reports produced and compared this with the analysis provided on why tickets were out with the relevant SLA. The audit identified two reports where the total number of incidents where the SLA was not achieved and the total number of incidents covered by the report did not match. Upon investigation, staff advised that these incidents were due to user error and an isolated error in reporting format resulting in data not being reported, and have advised that additional checks to prevent this issue arising will be performed going forward. There is a risk that the true performance of the ICT department is not assessed as a result of inaccurate reports being produced.

RECOMMENDATION:

We recommend, as planned, that additional checks are performed to ensure the data being reported is accurate.

MANAGEMENT RESPONSE:

This is an internal reporting tool. The audit finding did not identify any issue that would have changed how the ICT team responded to the data reported.

By putting in place additional checks to ensure the totals tally the College has mitigated the risk that key data would not be captured in the internal ICT team report.

Responsible Officer:	Head of ICT Services
Implementation Date:	Complete

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

RISK: THE PROCESSES AND PROCEDURES FOR USERS TO REPORT ISSUES OR REQUESTS ARE NOT EFFECTIVE		
Ref	Sig.	Finding
3		**Completeness of staff guidance documentation** The ICT team has created an internal guidance document which provides an overview of the service desk system, Simplysis. This is a live document that is regularly updated by the ICT team to reflect changes in working practices. We reviewed this document and found sections where no information had been input, for example there are headers for an SLA descriptor and escalation rules but no content was provided. It would also be useful to include guidance descriptors on how to decide the priority to be applied to each ticket, for example descriptors for what may constitute a 'critical' to 'very low' issue , and supporting definitions for high/medium/low urgency and impact, to aid staff in their decision making. Management has advised this has been explained verbally to staff, but it had not been formally documented at the time of the audit. There is a risk that the guidance available may not be comprehensive which may result in staff not discharging their duties effectively.

RECOMMENDATION:
We recommend that the guidance document is fully completed to address current gaps, and this should be communicated and made available to staff. We also recommend that the document is extended to include descriptors for assessing and prioritising tickets.

MANAGEMENT RESPONSE:	
Agreed. The College has developed descriptors for key sections of the document.	
Responsible Officer:	Head of ICT Services
Implementation Date:	Complete

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

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.

Brad Johnstone	Head of ICT Services

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

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 # 484082
09/08/2021 14:25:15

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this review is to review the processes and evaluate how effectively the College's IT services have operated during the COVID pandemic and the remote support provided.

While Ayrshire College's ICT department has had the ability to provide remote support it has been minimal until Covid-19. ICT Services have had to adapt to deliver a predominantly remote support service. We therefore want the remote support to be reviewed to ensure it provides a robust, safe and accessible service to users.

KEY RISKS:

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

- The processes and procedures for users to report issues or requests are not effective;
- The provision of remote or on campus IT support is not effective;
- End point devices are not secure;
- End point devices are not being managed centrally;
- Remote access for users to College resources is not secure; and
- There is not monitoring or reporting of the effectiveness of IT service provision.

SCOPE OF REVIEW:

The scope of this review will be to assess whether:

- There are clearly documented processes and procedures available for users to report issues or requests and these have been communicated to users;
- There are sufficient systems and resources in place to provide effective IT support to remote or on campus users;
- End point devices are secure;
- End point devices are being managed centrally;
- Remote access for users to College resources is secure; and
- There is regular and detailed monitoring and reporting on the effectiveness of IT service provision, including details of issues requiring attention and performance statistics.

However, 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.

Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE, IT SERVICE PROVISION DURING COVID-19

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.

Ayrshire College # 484082
09/08/2021 14:25:13

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Ayrshire College # 484082
09/08/2021 14:25:13

AYRSHIRE COLLEGE

INTERNAL AUDIT PROGRESS REPORT 2021-22

SEPTEMBER 2021

Ayrshire College # 484082
09/08/2021 14:25:13

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CONTENTS

Executive Summary	3
Work Completed	4
Performance Against Operational Plan	5
Audit Performance	6

Appendices:

I Definitions	7

Ayrshire College # 484082
09/08/2021 14:25:13

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 2020-21. 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 2020-21.

Internal Audit Plan 2020 - 21

Since the last Audit Committee meeting, the following internal audit reports for the 2020-21 plan have been finalised and are presented under separate cover:

- IT Services Provision
- Curriculum Planning
- Commercial Income

Conclusion

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

Ayrshire College # 484082
09/08/2021 14:25:13

WORK COMPLETED

Reports Issued	Overall Report Conclusions - see appendix I				
	▲	■	●	Design	Operational Effectiveness
FES Return	0	0	0	Substantial	Substantial
Student Support Fund	0	0	0	Substantial	Substantial
Partnership Working	0	0	0	Substantial	Substantial
Financial Controls	0	1	1	Substantial	Substantial
Coronavirus Job Retention Scheme Grant Claims	0	1	1	Moderate	Moderate
Staff Recruitment & Selection	0	0	4	Moderate	Moderate
IT Services Provision	0	1	2	Moderate	Moderate
Curriculum Planning	0	0	0	Substantial	Substantial
Commercial Income Generating Programmes	0	1	3	Moderate	Moderate

Ayrshire College # 484082
09/08/2021 14:25:13

PERFORMANCE AGAINST OPERATIONAL PLAN

Visit	Date of visit	Proposed Audit	Planned Days	Actual Days	Status
1	September 2020	Student Support Fund	3	3	Completed.
2	September 2020	FES Return	5	5	Completed.
3	November 2020	Partnership Working	5	5	Completed.
4	December 2020	Financial Controls	5	5	Completed.
5	May 2021	Commercial Income	5	5	Completed.
6	June 2021	Curriculum Planning	5	5	Completed.
7	March 2021	Staff recruitment & selection	5	5	Completed.
8	March 2021	IT Strategy	5	5	Completed.
9	February 2021	Coronavirus Job Retention Scheme	5	5	Completed.
10		Follow Up	3		In progress

Ayrshire College # 484082
09/08/2021 14:25:13

AUDIT PERFORMANCE

AUDIT	COMPLETION OF FIELDWORK	DRAFT REPORT	FINAL MANAGEMENT RESPONSES	FINAL REPORT
FES Return	7th October 2020	23rd October 2020	16th November 2020	16th November 2020
Student Support Fund	11th September 2020	30th September 2020	1st November 2020	2nd November 2020
Partnership Working	10 December 2020	18 December 2020	27 January 2021	27 January 2021
Financial Controls	18 December 2020	20 January 2020	3 March 2021	4 March 2021
Coronavirus Job Retention Scheme	5 February 2021	12 February 2021	25 February 2021	25 February 2021
Staff Recruitment & Retention	18 March 2021	26 March 2021	13 May 2021	13 May 2021
IT Services Provision	22 April 2021	5 May 2021	21 May 2021	21 May 2021
Curriculum Planning	1 July 2021	5 July 2021	12 July 2021	13 July 2021
Commercial Income Generating Programmes	10 June 2021	16 June 2021	10 August 2021	10 August 2021

Ayrshire College # 484082
09/08/2021 14:25:13

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

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.
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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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09/08/2021 14:25:12

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Ayrshire College # 48...082
09/08/2021 14:25:13

Audit Progress Report
Ayrshire College
Year ended 31 July 2021

September 2021

Ayrshire College # 484082
09/08/2021 14:25:13

Contents

01 Summary

02 Audit progress

03 National publications

04 Position statement on 2020-21 audit

05 Contact details

Ayrshire College # 484082
09/08/2021 14:25:13

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01

Summary

Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditor.

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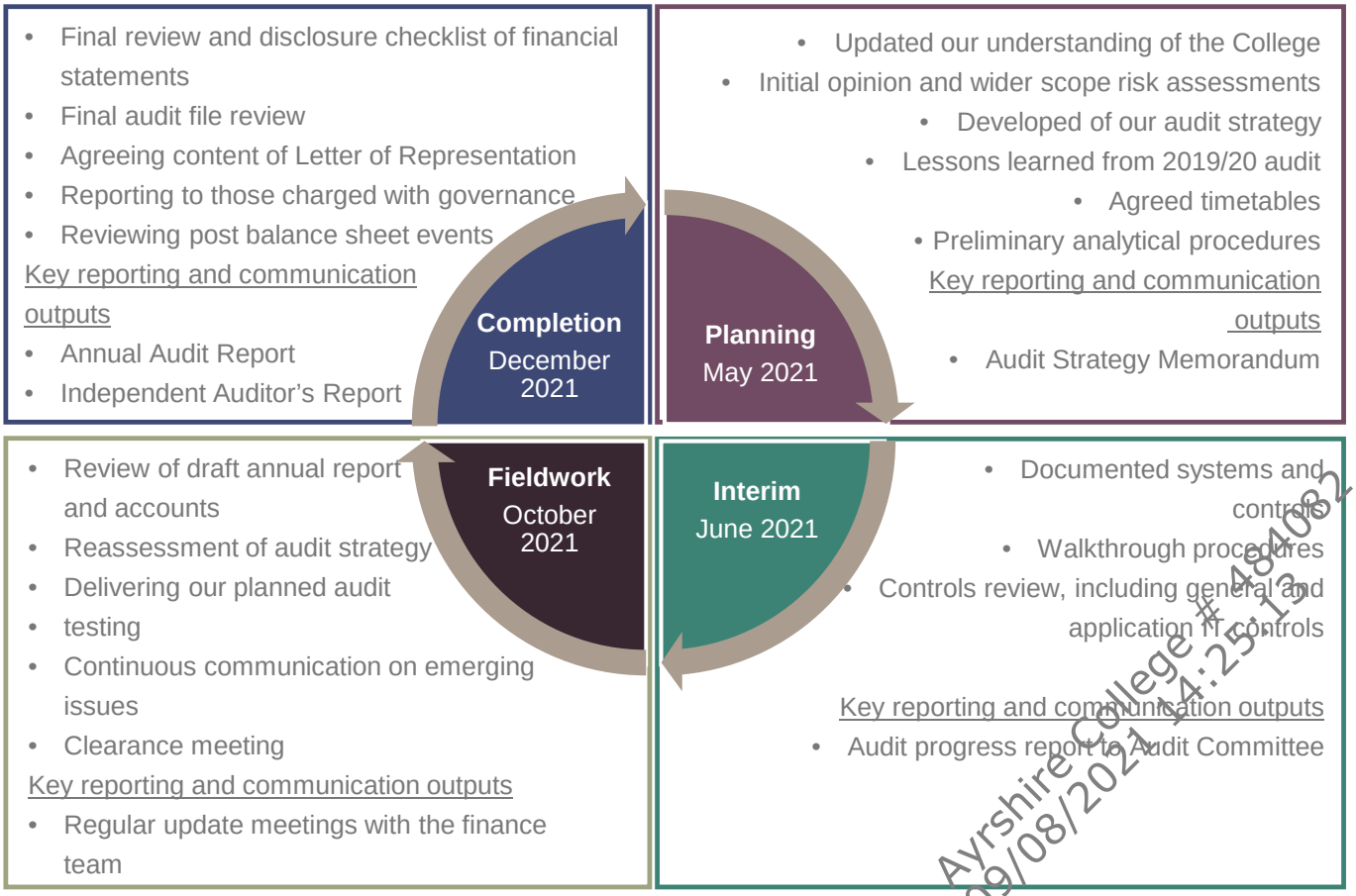
National publications and other updates

This section of the report sets out summaries from national publications and other updates which may be of interest to Members of the Audit Committee.

Audit timetable

Our key stages are summarised in the diagram shown below. Overall, work is on track and there are no significant issues arising. We remain cognisant of the potential impact of the COVID-19 pandemic and will flex the timetable with the College, as appropriate, if required.



Ayrshire College # 484082
09/08/2021 14:25:13

02

Audit progress

Audit progress

Since the issue of our Audit Strategy Memorandum in June 2021 we have:

- documented key controls and processes on material transaction streams in the accounts with no issues to report;
- attended a College sector update virtual meeting with Audit Scotland;
- had meetings with the finance team to discuss proposed changes in accounting policy for the capitalisation threshold of fixed assets and the use of reserves;
- developed a draft Accounts final visit project plan setting out the key dates when we plan to undertake our work and the likely documents, working papers and information we will need to review. We will agree this with management in the coming weeks; and
- continued to update our risk assessment for our Wider Scope work conclusion, including review of agendas and minutes for relevant meetings and consideration of reports by external regulators.

Our audit work is on track, and we have no matters to raise with the Committee at this stage of our audit. There are no changes to the risks previously reported in our Audit Strategy Memorandum, however, we have and will continue to consider whether additional audit procedures are required as a result of the impact of the Covid-19 pandemic.

Remote working

The final audit fieldwork is due to begin on 18 October 2021. We will discuss with management in advance to confirm the logistics for the delivery of the audit fieldwork which is likely to include a combination of remote working and on-site working. Any on-site visits will follow College requirements for external visitors to ensure the health and safety of both our audit team and College staff.

Our remote audit process will be facilitated by setting up secure online portals for sharing information – this ensures easier tracking of information provided and is accessible to all members of the audit and finance team. Detailed arrangements will be discussed and made with the finance team in the coming weeks to ensure the audit is as efficient as possible.

We will report to the Audit Committee on 23 November 2021 with our Annual Audit Report and draft opinion on the financial statements. The accounts are due to be approved by the Ayrshire College Board of Management on 9 December 2021.

Ayrshire College # 484082
09/08/2021 14:25:13

03

National publications

	Publication
1	Accounts direction for Scotland's colleges 2020-21, Scottish Funding Council, June 2021
2	Fraud and irregularity 2020/21, Audit Scotland, July 2021

1. Accounts direction for Scotland's College's 2020-21, Scottish Funding Council, June 2021

On 3 June 2021, the Scottish Funding Council issued its accounts direction for Scotland's Colleges for the 2020-21 year, along with supporting guidance.

Changes include:-

- Remuneration and staff report

  A new best practice disclosure has been introduced for Diversity and Inclusion which encourages institutions to include details and narrative of their own diversity and inclusion policies, initiatives and longer term ambitions in the staff report.

- Governance statement

  The Governance statement should now include the following:-

  - The ongoing process and structures used to identify, evaluate and manage the principal and emerging risks faced.
  - A statement that internal control systems have been in place for the year under review and up to the date of approval of the financial statements.
  - The main features that support regular monitoring, review and assurance.
  - The process applied in reviewing the effectiveness of the system of risk management and internal control, including explaining what actions have been or are being taken to remedy any significant failings of weaknesses.

Ayrshire College # 484082
09/08/2021 14:25:13

National publications (continued)

2. Fraud and irregularity 2020/21, Audit Scotland, July 2021

Since the start of 2020/21, the Covid-19 pandemic and the associated lockdowns have brought significant challenges across the public sector. Public bodies have sought to continue to deliver services in new working environments while at the same time experiencing an increase in demand for many services. The challenges during the last year include additional fraud risks for public bodies to identify and manage.

This report sets out a range of fraud risks emerging since the start of the Covid-19 pandemic along with suggestions of what public bodies may do to help reduce these risks. It aims to help public bodies identify and manage these risks.

Key fraud risks identified include, but are not limited to:-

- Covid-19 funding and reopening of premises and services
- Health and wellbeing
- IT and cybercrime
- Governance
- Procurement
- Payment
- Payroll and recruitment

The next steps for Boards in scrutinising counter-fraud arrangements include:-

- Ensuring there are appropriate and up to date counter-fraud strategies in place;
- Ensuring there are appropriate governance and oversight arrangements for the counter-fraud strategies which include performance reporting arrangements;
- Assessing where the fraud and error risks lie;
- Ensuring the risk from fraud and error risk has been measured and reported and updated regularly;
- Ensuring controls have been put in place to prevent and detect these risks;
- Ensuring the controls are regularly reviewed to ensure they are operating effectively and are appropriate; and
- Ensuring controls are amended or new controls implemented where new risks emerge.

www.audit-scotland.gov.uk/uploads/docs/report/2021/as_fraud_irregularity_2021.pdf

Ayrshire College # 484082
09/08/2021 14:25:13

04

Position Statement on 2020-21 Audit

Planned output	Expected completion date	Final report issued to Audit Committee	Comments
2020-21 Audit Strategy Memorandum	By 8 June 2021	8 June 2021	~
Audit Committee Progress Report and Briefing	By 14 September 2021	14 September 2021	~
2020-21 Audit Completion Report, incorporating: • Opinion on the financial statements. • Conclusion on Wider Scope work	By 31 December 2021	TBC	~

Ayrshire College # 484082
09/08/2021 14:25:13

05

Contact details

Please let us know if you would like further information on any items in this report.
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Ayrshire College # 484082
09/08/2021 14:25:13

Ayrshire College *(Paper 8)*

Audit and Risk Committee

14 September 2021

Subject:	2021-22 Internal Audit Rolling Internal Audit Action Plan as at 6 September 2021
Purpose:	To provide Members with an update on the Rolling Internal Audit Action Plan as at 6 September 2021
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 for 2021-22 onwards 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 Internal Audit Plan was 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 6 September 2021. Table 1 also shows if the recommendation has been actioned or is still remaining.

Table 1 – Audit Points Due for Completion

Ref	Audit Year	Audit Area	Points Due in Period	Actioned in Period	Remaining Points
1	2020-21	Coronavirus Job Retention Scheme	2	2	0
2	2020-21	Staff Recruitment and Selection	1	1	0
		TOTAL	**3**	**3**	**0**

2.1 Coronavirus Job Retention Scheme (CJRS)

The first audit point relates to an anomaly with one individual furlough claim identified through the auditors' testing. Upon investigation by the College, it was identified that part of the claim was made based on outdated contractual information, meaning the individual had been over claimed for. In line with HMRC guidelines, the amount overclaimed was deducted from a subsequent CJRS claim and no further action was required on this claim. Following identification of a similar instance in October 2020,

Ayrshire College # 484082
09/08/2021 14:25:13

the College had added an additional step to check that the salary furloughed employees received had not exceeded the amount claimed for. The check was not however applied retrospectively. The auditors recommended the College perform a retrospective check on all previous furlough schemes.

The College has undertaken this retrospective check and no further anomalies were identified. The audit point is therefore complete.

The second audit point relates to the accuracy of employee furlough extension letters to the period claimed for. The auditors found that seven of a sample of 20 furlough extension letters do not match the CJRS claim return to work date. The auditors recommended that the records be updated to hold accurate information.

The College has provided updated correspondence to the members of staff to confirm the actual date that the staff member returned to duties. The audit point is therefore complete.

2.2 Staff Recruitment and Selection

This audit point relates to the statement in the College's Hiring Manager's Guide states that the interview panel should have a minimum of three panel members. The auditors found that one out of a sample of 10 shortlising rationale forms, only listed one person on the shortlisting panel. One of the sample listed two individuals but listed only the title of team leader for the second person, but did not name the second individual.

The College confirmed that staff would be reminded that they need to list all staff members involved in shortlisting applicants. This has been actioned and the 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.

Ayrshire College # 484082
09/08/2021 14:25:13

8 Conclusion

Members are asked to note the content of this paper.

Michael Breen
Vice Principal, Finance
6 September 2021

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

Ayrshire College # 484082
09/08/2021 14:25:13